

# Mobility: Immigration alert

March 2024

## Japan

### Government mulls proposals for new residency scheme for angel investors

#### Executive summary

In mid-March 2024, Japanese media reported that the government is planning to introduce a new residency scheme to attract foreign angel investors who invest in startups and other companies. The central government has invited proposals from local governments regarding specific details and is expected to officially announce the scheme in mid-2024.

#### Key developments

The new scheme is expected to be implemented in several of Japan's 13 National Strategic Special Zones. Once the zones are selected, policymakers will take action to strengthen the staff and systems in these zones. To prevent fraudulent activities, the municipalities where the chosen zones are located will be responsible for certifying the individuals whose applications for the residency scheme are accepted and overseeing their activities.

To be eligible, it is expected that individuals will be required to make qualifying investments in startups and other companies located in the chosen zones. In general, applicants will be assessed based on their investment plans, overseas investment records, amount of assets held and contributions made to the growth and development of startups (e.g., providing advice to companies). Successful applicants will be issued residence authorization for up to five years.

Several local governments have already proposed ideas for the new scheme:

- ▶ The Kishida administration has suggested developing Japan as a "financial asset management power" and is promoting a virtuous cycle where households invest savings in corporate stocks, and companies that improve performance increase returns to investors. To encourage more investment, the administration proposed establishing a "Financial and Asset Management Special Zone." Overseas asset management companies that set up offices in this zone would receive special benefits.
- ▶ The Osaka Prefecture has proposed the idea of "investment migration," wherein foreign nationals who make certain investments in Osaka would be granted permanent residence.
- ▶ Tokyo's Shibuya Ward has recommended providing residence authorization to angel investors who invest an amount in the range of at least tens of millions of yen to around 100 million yen.

The Japanese government is also prioritizing policies to attract promising startups from overseas. The government is expected to implement another immigration program in 2024, which will allow foreign nationals seeking to start a business in Japan to stay in the country for up to two years even if they do not have a business location, or have not made capital investments, at the time of filing their application.

### Impact on employers

The proposed schemes would benefit qualifying foreign investors who seek to invest in Japanese startups and foreign nationals seeking to start a business in Japan.

### Key steps

EY will continue to monitor these developments. Should you have any questions, we encourage you to contact one of our immigration professionals.

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