

Forvis Mazars in Japan

Payroll Newsletter: October – December 2026

1. Revision of Tax-Exempt Limits for Commuting Allowances under the FY2026 Tax Reform

Under the FY2026 Tax Reform, the tax-exempt limit for commuting allowances has been revised. This amendment primarily affects employees who commute using private transportation, such as automobiles or bicycles. The new rules apply to commuting allowances paid on or after 1 April 2026. The key changes are as follows:

- An increase in the tax-exempt limit for employees who commute long distances (65 km or more one way)

	Revised Tax-Exempt Limit	Previous Tax-Exempt Limit
One-Way Commuting Distance	Reasonable monthly commuting expenses (up to JPY 150,000)	
55 km to less than 65 km	JPY 38,700	JPY 38,700
65 km to less than 75 km	JPY 45,700	
75 km to less than 85 km	JPY 52,700	
85 km to less than 95 km	JPY 59,600	
95 km or more	JPY 66,400	

- Parking and bicycle parking fees that meet certain requirements may now be added to the tax-exempt limit, up to a maximum of JPY 5,000 per month.

Please note that there is no change to the tax-exempt limit (JPY 150,000 per month) for employees who commute exclusively by public transportation, such as trains or buses.

2. Changes to the Year-End Tax Adjustment Forms

In line with the FY2026 Tax Reform, revisions are planned to the various declaration forms used for the 2026 year-end tax adjustment process. The main changes include a review of the basic deduction amount, the introduction of a Special Deduction for Specified Relatives, and amendments to accommodate special life insurance premium deduction rules applicable to dependent relatives under the age of 23.

As a result, the information required and calculation sections of the following forms are expected to be revised.

- Declaration of Basic Deduction
- Declaration of Spouse Deduction, etc.
- Declaration of Special Deduction for Specified Relatives
- Declaration of Insurance Premium Deductions

Once the finalized forms are released by the National Tax Agency, we will provide further guidance on the year-end tax adjustment process and inform you of any necessary actions to be taken.

3. Changes to Social Insurance Eligibility Requirements for Part-Time Workers

Previously, part-time workers* were required to meet **all** of the following conditions to be enrolled in Japan's social insurance program. However, under the legal amendment effective from **October 2026**, requirement ③ "**monthly prescribed wages of JPY 88,000 or more**" will be abolished. As a result, employees who satisfy conditions ①, ②, ④, and ⑤ will be subject to social insurance coverage

*Part-time workers: Individuals employed by specified applicable businesses who meet the eligibility requirements for enrollment in the Health Insurance and Employees' Pension Insurance programs.

- ① The employer has **51 or more employees**.
- ② The employee's prescribed working hours are **20 hours or more per week**
- ③ The employee's prescribed monthly wages are JPY 88,000 or more (**to be abolished**).
- ④ The employee is not a student.
- ⑤ The employee is expected to be employed for **more than two months**.

In addition, as a transitional measure, a **Premium Adjustment Program** has been introduced to help reduce the social insurance premium burden for eligible employees.

[保険料調整制度のご案内 | 日本年金機構](#)

4. Changes to the Application Procedures for Childcare Leave Benefits

Effective **1 August 2026**, several changes will be made to the application procedures for childcare leave-related benefits. These revisions are aimed at streamlining the process and enabling faster benefit applications and approvals.

1. Childbirth and Childcare Leave Benefit: Changes to the Definition of “Wages” Reported in the Application

Before the Revision	Wages paid in respect of the period of Childbirth and Childcare Leave
After the Revision	Wages with a payment date falling within the period of Childbirth and Childcare Leave

* The Childbirth and Childcare Leave Benefit refers to the benefit associated with the so-called “Postpartum Paternity Leave” (Dad Leave After Childbirth).

As a result of this revision, applications may be submitted earlier than under the current rules, helping to expedite the benefit claim process. However, the extent of this impact may vary depending on the employer's payroll closing and payment schedule.

2. Postpartum Leave Support Benefit: Simplified Supporting Documents for Applications by Mothers

- A copy of the **Maternal and Child Health Handbook** showing the spouse's name and date of birth will be accepted as supporting documentation.
- If the spouse's name and date of birth cannot be confirmed from the Maternal and Child Health Handbook, applicants may still be required to submit additional documents, such as a **certificate of residence (juminhyo)** listing all household members, as under the current procedures.

3. Childcare Reduced Working Hours Benefit: Revised Methods for Verifying Eligibility Requirements

1. Re-submission of documents such as a copy of the **Maternal and Child Health Handbook** will no longer be required.
2. Certain information currently required on the wage certificate may be omitted.
3. The method for calculating prescribed weekly working hours will be partially revised for insured employees working under flexible working hour systems, variable working hour systems, or shift-based work schedules.
4. The certificate relating to the childcare reduced working hours period (sample form) will be revised so that it can be used as supporting documentation to verify both the start date of the reduced working hours arrangement and the employee's prescribed weekly working hours.
5. For documents used to verify prescribed weekly working hours before and after the reduction in working hours, employers eligible for document matching exemptions will be allowed to omit cross-checking procedures in the same manner as for payroll ledgers and similar records.

For further details, please refer to the link below.

[育児休業等給付について | 厚生労働省](#)

5. Amendments to the iDeCo Regulations

1. The maximum age for participation in iDeCo (Individual-type Defined Contribution Pension Plan) will be increased to 70 years old for the following individuals:

- ① Existing iDeCo participants
- ② Individuals who maintain an iDeCo account as investment instruction providers
- ③ Individuals transferring assets from a corporate pension plan to iDeCo

This expansion applies to persons who fall into any of the categories above and who are not insured under the National Pension system, have not yet begun receiving the Old-Age Basic Pension or iDeCo old-age benefits, and are not making matching contributions through a corporate defined contribution pension plan.

2. Increase in Contribution Limits for iDeCo, Corporate DC Plans, and the National Pension Fund

Contribution limits for iDeCo, Corporate Defined Contribution (DC) Plans, and the National Pension Fund will be increased.

For Category II insured persons (employees), the iDeCo contribution limit will be integrated into a common contribution limit shared with corporate pension plans, and this combined limit will be increased to JPY 62,000 per month.

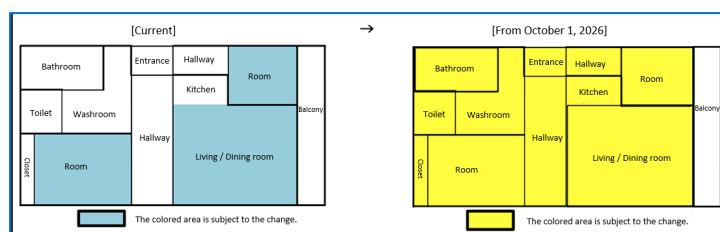
For Category I insured persons (self-employed individuals, etc.), the combined contribution limit for iDeCo and the National Pension Fund will be increased to JPY 75,000 per month.

If you would like support regarding Corporate DC Plans, please feel free to contact us.

6. Planned Changes to the Valuation Method for In-Kind Housing Benefits under Social Insurance

Effective **October 1, 2026**, the method for calculating the value of housing provided as an in-kind benefit for social insurance purposes will be revised.

Currently, the value of housing benefits is calculated based on the number of **tatami mats (jo)** in the living space, excluding bathrooms and toilets. Following the revision, however, the calculation method will be changed to one based on the **total floor area of the residence (measured in square meters)**



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【Notice】

A. 2026 Annual Schedule

Item	Period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Review of Labor Insurance Premium rate (Employment & Workers' accident insurance)	April 2026												
Start of Child and childcare support fund collection	From April 2026 payroll												
2026 Start of Resident tax deduction with new tax amount	From June 2026 payroll												
Annual renewal of Labor insurance	1 June 2026 ~ 10 July 2026												
Regular revision of Health insurance & Welfare pension (Calculation basis report)	1 June 2026 ~ 10 July 2026												
2026 Year-end adjustment preparation period	Around the end of October ~ (expected starting date)												

Year-end adjustment related

Health insurance & welfare pension related

Labor insurance related

B. APAC Payroll Essentials 2026

(Guide to country specific payroll across Asia Pacific)

We are pleased to announce the release of the latest “APAC Payroll Essentials 2026” guidebook, designed to support efficient payroll management and ensure compliance across the Asia-Pacific region.

This practical guide provides a clear overview of key payroll requirements in each country and territory, including:

- Country and territory backgrounds
- Mandatory registrations
- Work visa requirements
- Employment contracts and internal policies
- Employment commencement procedures
- Compensation, wages, and allowances
- Social security and retirement systems
- Termination procedures

Whether you are expanding into new markets or managing multi-country payroll, this guide serves as a valuable reference for your day-to-day operations.

Download your copy now: [APAC Payroll Essentials 2026](#)

Contact:

Should you have any questions or require further information, please do not hesitate to contact our team at Forvis Mazars in Japan.