

Guidelines on Allowance for Training, Wages, and Management Expenses in the Technical Intern Training Program

Revised July, 2012

Japan International Training Cooperation Organization

JITCO

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I. Objectives

Due to the revision of the Technical Intern Training Program that took effect in July 2010, partial amendments were made to the handling of the allowance for training, wages, and management expenses between supervising organization and organization implementing technical intern training (hereinafter referred to as “implementing organizations”), which are indicated in relevant laws and in “Guidelines Concerning Entry and Residence Management of Technical Intern Trainees” published in December 2009 by the Immigration Bureau, Ministry of Justice.

These guidelines discuss specific matters required for an appropriate response to these amendments.

II. Handling Policies

1 Payment of allowance for training

During the training period in Japan under the technical intern training supervised by organizations, it is appropriate for supervising organizations to pay an allowance for training to technical intern trainees as actual living expenses, because an employment contract is not yet in effect and technical intern trainees have no wage income.

The following items should be kept in mind for the payment of an allowance for training.

- (1) The amount of the allowance for training must be notified to technical intern trainees before their entry into Japan. In particular, it is required to indicate the amount of the allowance for training and how food expenses will be paid during the training period, in the “Outline of Treatment during the Training Period” to be submitted at the time of application for a Certificate of Eligibility for the Status of Residence.
- (2) The payer of the allowance for training must be the supervising organization, and it is necessary that supervising organizations pay the allowance for training in full on the specified date (as early as possible during the training period), directly and without fail to the technical intern trainees. The organization must also obtain the trainee's receipt stamp (or signature) when making payments.
- (3) The amount of the allowance for training should be determined taking food and miscellaneous living expenses into account.

It is not appropriate to increase or decrease the allowance for training according to the frequency of attendance at training. Accommodations during the training period must be provided free of charge by the supervising organization or implementing organization.

- (4) Expenses to be borne by supervising organizations must not be deducted from the allowance for training, and technical intern trainees should not be forced to save money from the allowance.
- (5) Failure of the supervising organizations to pay the allowance for training in part or full may be designated as improper conduct (five-years suspension of acceptance).

2 Payment of wages

Implementing organizations must comply with labor-related laws and regulations, keeping in mind matters concerning wages, working hours and other employment conditions for technical intern trainees. Supervising organizations must instruct and advise its affiliate implementing organizations to fully comply with labor-related laws and regulations, focusing on the matters below.

Implementing organizations or supervising organizations must give a full explanation to technical intern trainees in accordance with the employment contract and conditions of employment when concluding the employment contract and when the training has finished, in order that they sufficiently understand employment conditions.

- (1) Proper payment of wages by implementing organizations

Wages must be paid properly in the following way:

- 1. Wages must be paid directly to technical intern trainees in currency, in full, and at a fixed date every month. In addition to issuing a paystub, implementing organizations must also obtain the technical intern trainee's receipt stamp (or signature) on the wage ledger.
- 2. In case of payments through bank transfers, the written consent of the technical intern trainee and the issuance of paystub are required, and a labor-management agreement^{*1} relating to payment of wages by bank transfer must also be concluded.

Even if requested by technical intern trainees, implementing organizations may neither control nor keep technical intern trainees' bankbook, cash card, or personal seal.

If technical intern trainees request the control and keeping of their bankbook, cash card, and personal seal, it is recommended that supervising organizations and implementing organizations provide technical intern trainees with a lockable facility where they can store their cash card and personal seal under their own control from the perspective of preventing thefts and loss.

- 3. The start and end of work times of technical intern trainees must be checked daily to record actual working hours, and wages and extra wages for overtime must be paid properly subject to the recorded working hours.

Working hours (including overtime, days-off, and late-night working hours) must be written down in the wage ledger in addition to the amount of wages paid (including the name and sum of each allowance), and items/amounts of expenses etc. deducted.

In the case of the technical intern training in the agricultural sector, the number of working hours are also be controlled in compliance with the stipulations of the Labor Standards Law, and the specified wages and extra wages in the case the technical intern is made to work overtime are paid based on this law.

(2) Standard of wages

The following items should be kept in mind when deciding the amount of wages.

1. Wages for technical intern trainees must be equal to or more than those for Japanese workers.
2. It is preferable to stimulate the motivation of technical intern trainees by increasing wages in accordance with their level of learning.

(3) Prohibition of improper deductions from wages

Excluding social insurance premiums, taxes or other items for which deductions are made by law, any deduction of expenses from wages must be limited to reasonable items, such as food costs, housing expenses and so on, and the following measures must be taken:

1. A labor-management agreement^{*1} must be concluded regarding deductions from wages.
2. The deduction amount must not exceed actual expenses.
3. Items and amounts for deduction must be sufficiently explained to technical intern trainees, and their understanding obtained.
4. The following must be kept in mind with regard to housing expenses etc.
 - a The amount of housing expenses must not exceed the market price for the area.
 - b The amount of housing expenses, breakdown and calculation procedure must be sufficiently explained to technical intern trainees, and their understanding obtained.
 - c In the case one house is provided for several technical intern trainees, the amount of housing expenses per person must not exceed the amount obtained when dividing the overall lodging expenses by the number of technical intern trainees.
 - d When renting accommodation to technical intern trainees, the allocation rate for each expense expected to arise until the trainees leave Japan must be agreed in advance, including the expense allocations for repairs in the event of broken furnishings and the expense allocation for restitution of the property upon vacating.
 - e Sundry expenses such as electricity, gas, and water must not exceed the cost price of that

the technical intern trainees actually use.

(4) Prohibition of compulsory savings

The supervising organizations and implementing organizations must not make technical intern trainees save money through wage deductions, etc.

(*1) A labor-management agreement is an agreement with a person representing the majority of workers at a workplace including both technical intern trainees and Japanese workers (if a Labor Union is organized by a majority of workers, agreement is with the Union).

3 Guarantee of travel expenses to and from Japan

In light of the purpose of the Technical Intern Training Program, which aims to transfer skills overseas, it is stipulated that in accepting the technical intern trainees, the supervising organizations shall take measures for ensuring their return to their home countries, such as guaranteeing return travel expenses, and the supervising organization and implementing organization must bear the full amount of return travel expenses in order to prevent obstacle to the technical intern trainees' return to their home countries.

In light of cases where it became difficult to guarantee return expenses of technical intern trainees who could not continue technical intern training as a result of bankruptcy of implementing organizations, it is preferable for the supervising organizations to take measures such as securing the full amount of travel expenses for technical intern trainees in sufficient time before their return to their home countries.

Furthermore, costs for travel within Japan relating to the technical intern trainees' return to their home countries are included in return expenses.

In addition, it is preferable for supervising organizations or implementing organizations to bear the full amount of travel expenses to Japan.

4 Handling of management expenses

(1) In these guidelines, management expenses mean the direct or indirect expenses (excluding expenses for employment placement) necessary for various and wide-ranging operations carried out by both supervising organizations and sending organizations in implementing the Technical Intern Training Program, and are classified into the following three categories:

1. Expenses for the supervision of the technical intern trainee

Expenses for supervising operations necessary for the supervising organizations to implement the Technical Intern Training Program.

2. Management expenses for sending the technical intern trainee

Expenses necessary for the sending organizations to send the technical intern trainees to Japan and also to carry out other related operations.

3. Miscellaneous expenses for sending the technical intern trainee

Actual expenses incurred by each technical intern trainee, apart from the management expenses for sending the technical intern trainee.

(2) Principles for handling management expenses

With regard to management expenses, it is extremely important to make it clear how much is required for each item, who should bear such expenses, and how these expenses shall be collected, in order to implement the Technical Intern Training Program properly and smoothly. Therefore, it is necessary to handle any management expenses based on the following principles of transparency, fairness, and appropriateness.

1. Principle of transparency

The flow of money relating to management expenses must be made clear.

In particular, the accounting of management expenses must be conducted separately from wages, and management expenses must not be deducted from wages. In addition, the accounting of expenses for employment placement must be conducted separately from management expenses.

2. Principle of fairness

In implementing the Technical Intern Training Program lawfully and effectively, the parties involved must fully discuss which party does what and how in order to clarify the division of roles. The amount of management expenses is decided according to the division of roles, and a contract must be concluded.

3. Principle of appropriateness

The amount of management expenses must be appropriate in consideration of the actual expenses required for such operations. That means the amount of management expenses should remain in a reasonable range considering the relationship between management expenses and operations.

(3) Contents and handling of management expenses

Since there are conceivably various expense items concerning each management expense, typical expense items related to the Technical Intern Training Program are presented here.

In deciding the amount of management expenses, it must be appropriate in consideration of the actual costs required for these expense items.

1. Expenses for the supervision of the technical intern trainee

- a Actual amounts of expenses for the supervision of technical intern trainees should be determined individually and specifically, depending on to what extent the supervising organization carries out management and support of the implementing organizations. The supervising organization must collect expenses for supervision of the technical intern trainee directly from the implementing organizations.

In the Ministerial Ordinance (Ordinance to provide for requirements of supervising organization), it is stipulated that, if a supervising organization collects expenses for supervision of technical intern trainees, it must specify the amount and purpose of expenses to those who bear them before acceptance of the technical intern trainees, and it must not impose them directly or indirectly on the technical intern trainees.

- b Expenses for the supervision of technical intern trainees include the following:

- Costs required for training^{*2}
- Costs required for supervising implementing organizations
- Costs required for guidance visits to implementing organizations
- Costs required for communicating and meeting with sending organizations
- Technical intern trainee's travel expenses to and from Japan
- Costs required for giving guidance and support to implementing organizations and technical intern trainees
- Costs required for taking measures in the event that technical intern training may not be continued due to bankruptcy (Including immediate expenses necessary for the daily life of the technical intern trainee. Excluding expenses for employment placement)^{*3}
- Administrative costs required for implementing technical intern training, such as personal costs, office expenses, meeting costs, etc.

^{*2} Including training that the supervising organization implements abroad (including those commissioned to foreign organizations by the supervising organization)

^{*3} Costs required for transferring technical intern trainees to other implementing organizations are treated as expenses for employment placement

<References>

Expenses in the following list are borne by the implementing organizations, because these expenses are incurred by implementing organizations when they employ technical intern trainees.

- Premiums for social and labor insurance (employer's contributions)

- Costs required for health examinations (including health examinations at time of engagement, periodical health examinations and special health examinations)
- Welfare expenses
- Educational training expenses (examination fees for National Trade Skills Tests necessary for transfer to technical intern training (ii))^{*4}
- Costs for Japanese language education (that deemed necessary for technical intern training apart from training given by supervising organizations)
- Costs for obtaining licenses and training based on Industrial Safety and Health Law

^{*4} It is proper for the implementing organization to bear the travel costs to the exam site, wages for the day of the examination, and examination fees for the upper level after transfer to technical intern training (ii).

2. Management expenses for dispatching technical intern trainees

- a Which organization should bear the management expenses for sending technical intern trainees and to what extent is to be decided by the parties concerned through sufficient deliberation, and a contract is to be concluded. In addition, payment of management expenses for sending technical intern trainees shall be made by the supervising organization with which the sending organization has concluded the agreement concerning the Technical Intern Training Program. Accordingly, it is not proper for the implementing organization to directly pay the management expenses to the sending organization or other organization, not the supervising organization.

Since the operation of the Technical Intern Training Program may differ depending on the actual conditions and special circumstances of each country, these guidelines shall not preclude a possibility to implement the program in accordance with those particular circumstances.

- b Management expenses for sending technical intern trainees include the following:

- Costs required for health examinations before trainees are dispatched
- Costs required for advance training for trainees, such as for Japanese language learning, lifestyle guidance for staying in Japan, etc.^{*5}
- Costs required for communicating and meeting with a supervising organization or implementing organization (not including expenses for employment placement)
- Costs required for communicating and coordinating with companies that dispatch technical intern trainees (not including expenses for employment placement)
- Costs required for the sending organization's assistance operations to provide guidance, support and assistance with daily life to technical intern trainees through

dispatching its employees to Japan.*⁶

- Costs required for taking action in the event that trainees are involved in an accident
- Administrative costs necessary for sending technical intern trainees, such as personnel costs, office expenses (not including expenses for employment placement)

*5 Costs relating to training, which are given by a supervising organization abroad (including those commissioned to foreign organizations by the supervising organization) fall under the category of expenses for supervision of technical intern trainees.

*6 Supervising organizations or implementing organizations should basically be responsible for guidance, support and assistance with daily life for technical intern trainees after their entry into Japan, with sending organizations playing a supplementary role.

3. Miscellaneous expenses for sending technical intern trainees

- a Miscellaneous expenses for sending technical intern trainees are actual expenses incurred by each technical intern trainee who plans to travel to Japan individually, and by their nature, are conceivably his/her own responsibility. It is acceptable for the supervising organization and sending organization to discuss which party will bear such expenses and to what extent.
- b Miscellaneous expenses for sending technical intern trainees include the following:
 - Passport and visa fees
 - Domestic transportation expenses before being dispatched and after return to their home countries
 - Costs of dental examinations

It is possible that technical intern trainees shall bear the costs of medical examinations carried out in the country from which they are sent prior to arrival in Japan (excluding those that correspond to costs relating to health examinations at time of engagement).

(4) Other matters

1. Conclusion and notification of contracts concerning management expenses

The handling of management expenses must be sufficiently discussed and determined by the parties concerned.

Specifically, the parties concerned must hold adequate discussions on which party should bear management costs and to what extent in the light of the division of operations or roles of each party, and decide this based on mutual agreement. With regard to decisions, it is necessary to draw up an agreement or other relevant documents (indicating all documents where agreements between parties concerned are put in writing, regardless of their name,

including annexures). It is also necessary to clearly specify division of roles and responsibility of each party in those documents.

When applying for entry and residence in Japan, a copy of an agreement or other relevant documents must be submitted to the local immigration bureau concerned. In the case an agreement is changed or renewed, the same procedure is to be applied.

2. Prohibition of deducting management and supervision expenses from technical intern trainees wages

Supervising organizations, implementing organizations and sending organizations, must not deduct expenses for supervision of technical intern trainees nor management expenses for sending technical intern trainees from the wages of technical intern trainees for any reason whatsoever.

3. Account processing of expenses for supervision of technical intern trainees

Supervising organizations must journalize expenses for the supervision of technical intern trainees paid by implementing organizations according to each expense item, and make clear the income and expenditure status of each expense item.

Supervising organizations must also treat expenses for the supervision of technical intern trainees separately from other expense items, and set up a bank account exclusively for them.

4. Clear indication of breakdown of expenses for the supervision of technical intern trainees by supervising organizations

Supervising organizations are to present a “Breakdown of Expenses for the Supervision of Technical Intern Trainees”, when applying for a Certificate of Eligibility for the Status of Residence. In this document, it is necessary to clearly specify the expense items and the amount of each individual item that serves as the basis for expenses for the supervision of technical intern trainees, and also the fact that the implementing organizations that bear such expenses have confirmed its contents.

5. Prohibition of dual contracts (secret contracts)

Supervising organizations, implementing organizations and sending organizations must not conclude, for any reason whatsoever, any contracts where the parties concerned agree to conditions such as the allowance for training, payment of wages and extra wages and payment of management expenses being different from those submitted to regional immigration bureaus in connection with the operations of the Technical Intern Training Program. That is, to conclude dual (secret) contracts is strictly prohibited.

Submission of false documents in entry and residence procedures may be designated as improper conduct (five-years suspension of acceptance).

5 Handling of deposits

- (1) Sending organizations, supervising organizations, implementing organizations or placement agencies must not collect deposits from technical intern trainees or their spouses, lineal relatives or relatives living together, or other persons who have a close relationship with technical intern trainees in social life, for the purpose preventing their absconding during their technical intern training period. For any reason whatsoever, the aforesaid organizations must neither control money or other properties, nor plan to control them until the end of technical intern training.
- (2) In addition, the above-mentioned organizations must not conclude a contract stipulating penalty or unreasonable transfer of money or other properties in the event of breach of employment contract by technical intern trainees. It is, furthermore, required that such a contract should not be concluded until the end of technical intern training.
- (3) In relation to technical intern training, no contract is concluded among the organizations mentioned in (1) stipulating penalty or unreasonable transfer of money or other properties in the event of breach of employment contract by technical intern trainees. It is, furthermore, required that such a contract should not be concluded until the end of technical intern training.

6 Handling of passport and resident card

Even if requested by technical intern trainees, supervising organizations and implementing organizations must not keep their passports or resident cards. Technical intern trainees are obliged to carry them with themselves by law, and if they do not carry them because supervising organizations or implementing organizations have kept or dispossessed them, such organizations may be accused of violation of law and may be designated as having engaged in improper conduct (five-years suspension of acceptance).

It is recommended for supervising organizations and implementing organizations, from the perspective of preventing theft and loss, to provide technical intern trainees with a lockable facility where they can store their passport and resident card under their own control.

7 Management of technical intern trainees by improper means

- (1) Supervising organizations and implementing organizations, on the ground of preventing the absconding of technical intern trainees, must not prohibit them from going out of dormitories, nor keep their passports or resident cards. A curfew and a prior notification system concerning holiday outings are acceptable within the range of socially accepted limits. It goes without saying that going out should not be prohibited, as such might be a violation human rights.
In addition, making it difficult to contact their relatives and friends by prohibiting them from carrying mobile phones or meeting visitors is also considered to be management by improper

means.

- (2) Since there is no employment relationship between implementing organizations and technical intern trainees during the period of training implemented by supervising organizations after their entry into Japan, implementing organizations, as a future employer, must neither command nor order technical intern trainees taking training.

8 Handling of expenses regarding employment placement

Expenses for employment placement should be handled subject to the provisions of the Employment Security Law. According to the Immigration Control and Refugee Recognition Act, supervising organizations should be nonprofit organizations and not earn profits through employment placement. Therefore, the following must especially be kept in mind:

- (1) Supervising organizations shall not collect expenses for employment placement (including actual costs) from implementing organizations when conducting free employment placement business. That is, supervising organizations may collect expenses necessary for their operation such as expenses for training and expenses required by sending organizations from implementing organizations, but expenses for employment placement must not be included.
 - For example, salaries for employees and directors of supervising organizations that engage in employment placement, travel expenses of employees of supervising organizations necessary for selecting technical intern trainees, expenses for employment placement by sending organizations, and expenses for arranging interviews in home countries are considered as expenses for employment placement.
 - In cases where membership fees for those that accept technical intern trainees is higher than that for other members that do not, and it is not clearly specified that the difference is not attributable to employment placement, care must be taken inasmuch that such expenses might be considered to have been collected.
- (2) When supervising organizations conduct fee-charging employment placement business, they shall collect expenses for employment placement (only actual costs) from implementing organizations within the range of a schedule of fees notified in advance to the Minister of Health, Labour and Welfare in connection with the employment placement.

Nobody shall conduct free-charging employment placement business concerning construction work.
- (3) Supervising organizations, which conduct free or fee-charging employment placements, must carry out their operations by clearly separating expenses for employment placement (including actual costs) and management expenses, because they are required to make clear that they are neither collecting nor spending money regarding employment placement as a management fee,

and that they do not acquire income from employment placement business.

- (4) Supervising organizations must not collect expenses for employment placement from candidates for technical intern trainees.