

Regarding the passage of the Act to amend the Subcontract Act and  
the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises

May 16, 2025  
Japan Fair Trade Commission  
Small and Medium Enterprise Agency

Today, the plenary session of the House of Councilors passed and enacted the “Bill to amend the Subcontract Act and the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises”. This Bill, which was submitted to the National Diet on 11 March this year, aims to ensure appropriate price shifting and proper transactions between businesses based on an equal client-contractor relationship.

**1 Status of Diet Deliberations**

217th Session of the Diet

April 11, 2025	House of Representatives	Plenary Session	Bill overview, inquiries
April 11, 2025	House of Representatives	Committee on Economy and Industry	Bill overview
April 16, 2025	House of Representatives	Committee on Economy and Industry	Inquiries
April 18, 2025	House of Representatives	Committee on Economy and Industry	Inquiries, vote
April 24, 2025	House of Representatives	Plenary Session	Vote
May 9, 2025	House of Councilors	Plenary Session	Bill overview, inquiries
May 13, 2025	House of Councilors	Committee on Economy and Industry	Bill overview, inquiries
May 15, 2025	House of Councilors	Committee on Economy and Industry	Inquiries, vote
May 16, 2025	House of Councilors	Plenary Session	Vote

**2 Outline of the Act** (See the attachments for details)

<Amendments of Regulations (Subcontract Act)>

(1) Prohibition on Determination of Price without Proper Negotiation [Addressing Fixed-Price Transactions]

The Act prohibits unilateral price determination in the covered transaction without responding to price negotiations or providing necessary explanations or information during the negotiations.

(2) Prohibition of Payment by Promissory Notes, etc.

The Act prohibits payment by promissory notes in the covered transactions. It also prohibits payment methods that make it difficult to receive the full amount of the purchase price by the payment date.

(As a result of the prohibition of promissory note payment, regulations on promissory notes that are difficult to discount have been abolished.)

(3) Inclusion of Transport Consignment in the Scope [Addressing Logistics Issues]

Consignment of transport necessary for the delivery of the object of manufacture, sale, etc. is included in the scope of the Act.

(4) Additional Employee Criteria [Additional Applicable Criteria]

The scope of regulation and protection is expanded with new criteria of 300 employees (100 employees for outsourced services, etc.).

(5) Strengthening Extensive Enforcement

New provisions have been established regarding guidance and advice from relevant administrative agencies, mutual information sharing, etc.

(6) Other necessary amendments have been made.

<Enhancement of Promotion (Act on the Promotion of Subcontracting SMEs)>

(1) Support for Collaborative Efforts by Multi-Level Operators

Provisions have been added to allow approval and support for business promotion plans created by businesses operating at two or more levels of a supply chain.

(2) Expanded Scope

The consignment of transport necessary for the delivery of the object of manufacture, sale, etc. is included in the scope of the Act. Cases involving differences in the number of employees between legal entities are also included.

(3) Strengthening Cooperation with Local Governments

New provisions have been established regarding; the responsibility of national and local governments for taking measures to promote businesses throughout Japan in cooperation with each other; and tied collaboration of relevant agencies including information sharing, etc.

(4) Strengthened Enforcement by Competent Ministers

New provisions have been established to urge improvement by presenting more specific measures to business operators who have not improved despite guidance and advice by the competent minister.

<Revision of Terms such as ‘subcontractor’ (Subcontract Act and Act on the Promotion of Subcontracting SMEs)>

Regarding terminology, “subcontractors” is revised to “small and medium-sized entrusted business operators”, “main subcontracting business operators” to “entrusting business operators”, etc. Also, regarding the official title of the Acts, “Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors” is revised to “Act Against Delay in Payment of Fees, etc. to Small and Medium-sized Entrusted Business Operators in Manufacturing and Other Specified Fields”, and ‘Act on Promotion of Subcontracting Small and Medium-sized Enterprises’ is revised to “Act on Promotion of Entrusted Small and Medium-sized Enterprises”.

3	Effective Date
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The Act will come into force on January 1, 2026.

\*However, certain provisions shall come into force on the date of promulgation of this Act.