

# Multi-Billion Dollar Japanese Tech Conglomerate to Process Salaries in Bitcoin

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GMO Internet Inc. (“GMO”) is a Japanese-based tech conglomerate with over 4,700 full-time employees and a market cap of over 200 billion yen. Since May 2017, the organization has taken steps to enter the cryptocurrency space, including the creation of a cryptocurrency exchange targeted towards institutional investors and retail traders and the formation of a cryptocurrency mining business in Northern Europe.

Recently, GMO released a statement that domestic employees will have the option to receive part of their salary payment in bitcoin. This announcement is both interesting and important for a multitude of reasons, particularly because Japan is one of the primary players in the cryptocurrency world. According to [jpbitcoin.com](http://jpbitcoin.com), a Japanese website serving as a central hub for cryptocurrency news and information, yen-based bitcoin trades accounted for nearly half of all bitcoin trades in November. And while Japan’s Finance Minister recently remarked that bitcoin “has not yet proven to be credible enough to become a currency,” Japan’s Financial Services Agency confirmed that that bitcoin can be used as legally accepted payment in the country.

Since GMO is a corporate leader in Japan, it is plausible that GMO’s cryptocurrency compensation scheme may serve as a model for Japanese and non-Japanese corporate entities moving forward. To that end, GMO has implemented a number of limits to their bitcoin payment program, likely to minimize their potential legal and financial exposure. Rather than offering the compensation scheme to all employees, the program will initially only be offered to one of GMO’s largest subsidiaries, GMO Internet Co., Ltd. Additionally, GMO is limiting the maximum amount of bitcoin that employees may receive on a monthly basis. At the onset, GMO Internet Co., Ltd. employees will be permitted to deduct a maximum payment of 100,000 yen per month (roughly \$885) from their salaries to purchase the bitcoin equivalent of such amount. These employees will also be offered a 10 percent bonus to opt-in to the compensation scheme.

As we discussed [here](#), paying U.S. employees in cryptocurrency puts an employer at risk of U.S. wage and hour violations. However, Japanese wage and hour laws differ from comparable U.S. laws, making it easier for Japanese organizations like GMO to create a cryptocurrency-based compensation scheme. Chapter III, Article 24 of Japan's Labor Standards Act dictates that payment to employees must be made in cash (recognized currency), subject to multiple exceptions. One such exception exists when there is a partial deduction of wages pursuant to an agreement with a person representing the majority of the employees. GMO has taken the position that their compensation scheme is compliant with this exception, since the option to receive compensation in bitcoin is consensual (and likely pursuant to such an agreement).

If GMO's February 2018 roll-out of the program is successful, we anticipate that other international organizations will follow suit.

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