

Dependent Certification for Self-Employed Individuals

Certification of dependents is conducted in accordance with the Criteria for Dependent Certification. A person who operates or belongs to a business that is a corporate entity falls under a Mandatory Applicable Office of Health Insurance. Accordingly, such an individual cannot be certified as a dependent.

From a general social standpoint, a self-employed person is deemed to be economically independent, responsible for the results of the business, and engaged in work chosen to maintain their own livelihood. Therefore, if a business owner claims to require financial support from the insured person for daily living, the EY Japan Health Insurance Society will verify the business activities and income conditions in detail.

Individuals whose income decrease is temporary are not eligible for certification as dependents. Only those who are continuously supported, with the majority of their living expenses maintained by the insured person, may be certified. Even when the reported income is within the allowable standard, the Society will confirm that the decline is not temporary. This review includes past income levels as well as the current and expected business condition, based on which a comprehensive determination will be made.

Calculation of Business Income

As a general rule, business income is calculated based on the most recent actual sales results, and the amount is estimated for the one-year period starting from the date of application.

$$\text{Business Income} = \text{Sales} - (\text{Cost of Goods Sold} + \text{Direct Operating Expenses}^*)$$

* "Direct operating expenses" differ from deductible expenses under the Income Tax Act. These refer only to expenses that are essential for the operation of the business and are limited to those recognized by the Society. Therefore, business income for self-employed individuals is not the same as the taxable income reported in the tax return.

Expenses such as initial costs or other items that arise only in the first year of business and are clearly not expected to occur in subsequent years are excluded from direct operating expenses. In principle, only sales and expenses that are expected to continue after the time of application are included in the calculation.

Direct Operating Expenses List

1. General Business

Item	Allowed	Notes
Cost of Goods Sold	○	
Wages and Salaries	×	Because the individual is considered to have the ability to pay wages, they cannot be certified as a dependent.
Subcontracting Fees	×	Because dispatch agency fees are regarded as equivalent to wages, they are treated in the same way as wages and the individual cannot be certified as a dependent.
Depreciation Expenses	×	
Bad Debt Expense	×	
Rent	△	1. When the residence and the business location are the same, it is not recognized as an expense. 2. When the lessor is a relative, it is not recognized as an expense.
Interest and Discount Expense	×	
Taxes and Public Charges	×	
Packing and Shipping Expenses	○	
Utility Expenses	△	When the residence and business location are the same, it is not recognized as an expense.
Travel and Transportation Expenses	×	
Communication Expenses	×	
Advertising Expenses	×	
Entertainment Expenses	×	
Non-life Insurance Premiums	×	
Repair Expenses	△	1. When the residence and business location are the same, it is not recognized as an expense. 2. Although not generally allowed, it may be recognized depending on the business content and purpose of the repair.
Consumables Expenses	×	
Employee Benefits Expenses	×	
Miscellaneous Expenses	×	
Special Family Employee Deduction	×	

2. Agriculture

Item	Allowed	Notes
Labor Costs	×	Because the individual is considered to have the ability to pay wages, they cannot be certified as a dependent.
Land Lease and Rental Fees	○	
Depreciation Expenses	×	
Bad Debt Expense	×	
Interest and Discount Expense	×	
Taxes and Public Charges	×	
Seed and Seedling Costs	○	
Livestock Purchase Costs	○	
Fertilizer Costs	○	
Feed Costs	○	
Farm Tools and Equipment Costs	○	
Agricultural Chemicals and Sanitation Costs	○	
Various Material Costs	×	
Repair Expenses	△	<p>1. When the residence and business location are the same, it is not recognized as an expense.</p> <p>2. Although not generally allowed, it may be recognized depending on the business content and purpose of the repair.</p>
Power and Utility Expenses	△	When the residence and business location are the same, it is not recognized as an expense.
Work Clothing Costs	×	
Agricultural Mutual Aid Premiums	×	
Packing, Shipping, and Handling Fees	○	
Land Improvement Costs	○	
Miscellaneous Expenses	×	
Special Family Employee Deduction	×	

3. Real Estate Business

Item	Allowed	Notes
Wages and Salaries	×	Because the individual is considered to have the ability to pay wages, they cannot be certified as a dependent.
Depreciation Expenses	×	
Bad Debt Expense	×	
Rent	△	1. When the residence and business location are the same, it is not recognized as an expense. 2. When the lessor is a relative, it is not recognized as an expense.
Loan Interest	×	
Taxes and Public Charges	×	
Non-life Insurance Premiums	×	
Repair Expenses	△	1. When the residence and business location are the same, it is not recognized as an expense. 2. Although not generally allowed, it may be recognized if documents clearly show that the expense arises every year and, after confirming the business content and purpose of the repair, it is deemed appropriate.
Miscellaneous Expenses	×	
Management Fees	×	
Special Family Employee Deduction	×	

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