

Provisional Translation

Outline of the Social Security and Tax Number System

Construction of the Number System from the Viewpoint of the Sovereign
People of Japan

Headquarters of the Government and Ruling Parties for Social Security Reform

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1 Introduction

The Outline of the Social Security and Tax Number System ("the Outline") is based on study that has been carried out regarding a number system for social security and taxation ("the number system") as announced on January 31 , 2011, in the Basic Policy on a Number System for the Social Security and Tax Systems ("the Basic Policy") decided by the Headquarters of the Government and Ruling Parties for Social Security Reform and on April 28 in the Guidelines for Social Security and Tax Numbers ("the Guidelines"). The Outline indicates the Government and ruling parties' direction in concrete terms on the content of system design that establishes laws and regulations, smooth system introduction, implementation, and stabilization, action plans for improved convenience, and so on, with the work of settling on a bill in mind.

In the near future, public comment about the Outline will be accepted so that the opinions of the public can be heard. Based on those opinions and other input, the direction of necessary items will be adjusted in Working-level Panels on the Number System for Social Security and Taxation ("Working-level Panels") and mutually coordinated with national and local governments and relevant organizations (referring to the Japan Pension Service, health insurers, etc.; the same term is used below. "National and local governments and relevant organizations" are hereinafter referred to as "national and local governments, etc.>"). Flexibility of schedules will be established as preparation for the introduction of the system proceeds based on the circumstances of local governments and cost effectiveness.

2 Basic principles

1. Purposes of introducing the number system

(1) Background

In today's Japan, socioeconomic conditions are much different than they were during the 1960s, when the basic framework for the current social security system was created. The low birthrate and aging society are increasing the number of senior citizens and decreasing the size of the labor force. Anxiety over increased inequality of incomes is rising. In light of the background of the times, it is more necessary than ever to unify social security and taxation. Income redistribution must be carried out based on more accurate information regarding incomes and so on, and the people's right to receive appropriate social security benefits must be protected.

In addition, information and communication technology is progressing day by day and bringing benefits to all areas regardless private or government. The designs of various systems that affect people's lives should likewise be based as appropriate upon the progress of informatization in recent years. In particular, in the fields of social security and taxation, in which certain burdens are placed on the public, raising the efficiency and transparency of systems and operations based on the progress of informatization is extremely important in terms of increasing public confidence.

In order to gain the public's confidence in the social security and tax systems, people must be able to sense the fairness of benefits and burdens. From that perspective, it is necessary to accurately grasp information regarding income, which serves as the standard for benefits and basement of burdens, and to base operation of the systems on that information.

(2) Issues

Public dissatisfaction with the administration of government stems from the fact that systems have not necessarily been constructed to be able to always answer the following questions adequately. Is each member of the public handled fairly and impartially? Are social security benefits commensurate with the taxes and insurance premiums I have paid carried out thoroughly and appropriately? Are my rights fully protected? Can I confirm this with my own eyes?

Furthermore, the public faces burdens and unfairness when filling out government paperwork. Procedures are complicated, inconvenient, and costly, with each procedure requiring duplicates of the same documents and so on. And therefore, people often miss out on services that they are entitled to use because they are unaware of them.

On the other hand, government agencies have difficulty to specify individuals accurately, which is a precondition for providing services based on each person's circumstances. Thus, the provision of a safety net to people who truly need help is imperfect, and prevention of and monitoring for misuse are not always meticulous.

In order to make up for this, government agencies have to inspect numerous documents at great cost in money, time, and labor. This results in the annual repetition of work that easily generates human errors. The sharing of information between the national and local governments, among national government agencies, among local governments, and among different departments inside administrative agencies and local governments is inadequate. Financial and human resources that should go toward helping the public are consumed instead by this redundant work.

Moreover, these circumstances that cause the public to feel dissatisfied and burdened also occur with private-sector services. Private-sector enterprises also face heavy costs in terms of money, time, and labor in order to accurately identify and specify individuals.

A major reason for this situation is the fact that in Japan there is no infrastructure that enables multiple agencies to confirm that the information each has collected on a person refers to the same individual. Without such infrastructure, it is difficult to meet the need to "vertically" link individual information that follows a person throughout life, such as pensions, or the need to "horizontally" link individual information across systems such as healthcare and caregiving in order to set an individual's maximum limit on costs.

Because there is no such infrastructure:

- Of records required to be submitted to tax offices (transaction information) in order to prevent underreporting of income, those for which collation of names is difficult are of limited usefulness
- Introduction of flexible and thorough social security and tax credit systems based on a more accurate grasp of income and assets is difficult (income-related pensions, tax credits with benefits, etc.)
- Appropriate management of systems that require specification of individuals over long terms is difficult (management of pension records, etc.)
- In health insurance, etc., collaboration among relevant organizations such as insurers is inefficient (adjustment of errors related to use of old insurance cards, etc.)
- Various issues arise, such as difficulty specifying individuals in cases where name changes have been misused through adoption

(3) Goals and expected effects of system introduction

Based on the background described, even if the number system cannot completely resolve issues such as those noted above through the application of information and communication

technology, it will be a starting point for raising awareness that the problems can be mitigated. Its introduction first as necessary infrastructure for unifying the social security and tax systems by transcending systems borders and for greater efficiency, transparency, and fairness of social security benefits is being considered.

In other words, the goals of the number system are to utilize the numbers defined in 3. (1) below ("the numbers") to grasp information regarding incomes and so on premised on accurate identification, to effectively use that information in the fields of social security and taxation, and, with the cooperation of the national and local governments, to construct social infrastructure that supports national life through the preparation of mechanisms¹ for efficient and secure information sharing using IT.

Such use of the number system can improve the accuracy of income information. With that information as benchmarks in the social security and tax systems, detailed system design that takes into account the income and co-payment situation of each member of the public is possible. This in turn enables appropriate income redistribution. Additionally, regarding measures for people with low incomes, it will enable the introduction of a "total accumulation system" (provisional name) as defined in 2. (1) (i) that limits individual burdens for healthcare/caregiving, etc. This will result in improved social security for people who truly need help, ensure fair burdens and allocations, and achieve more efficient administration. Furthermore, if the extent of the information sharing system that has adopted IT is expanded, individuals will be able to obtain and use information regarding healthcare/caregiving and other social security services that they utilize. Because it will also connect with the shift to electronic government in terms of simplification of various procedures and online viewing of documents, it will achieve greater public convenience.² In addition, if secondary use of medical information with individual anonymity guaranteed is permitted, efficient collection of medical statistical data will be made possible. This will contribute to the improvement of medical science.³

(4) Systems in other countries

Similar number systems have already been introduced in numerous other countries. For example, Sweden uses single numbers that developed from historical management of residency by churches into broad application in government administration. South Korea introduced a system in response to national security concerns. The USA introduced Social

¹Rules, information systems, etc., for information sharing. Such mechanisms could be shared with the Citizen identification(ID) System being considered by the Strategic Headquarters for the Promotion of an Advanced Information and Telecommunications Network Society (IT Strategic Headquarters).

²The merits of this type of electronic government are being deliberated in the IT Strategic Headquarters from the perspective of the Citizen identification(ID) System.

³For example, matching information from medical institutions regarding registered cancer patients is difficult, and thereby, the accuracy of regional cancer registries is low. This hinders improvement of the level of cancer treatment.

Security numbers because it has never had a family register or address registration system. Austria uses a sectoral model with advanced information technology in order to avoid central control by the state. Germany has introduced a taxpayer number system, but it remains cautious about information sharing and its use in other sectors.

(5) Principles for Japan

Japan has no number system. Why does it plan to introduce one? In order to protect the rights of the public, namely, the right to receive appropriate social security benefits and the right to have various kinds of government services provided properly.

In the past, number systems have been discussed mainly in terms of capturing the incomes of people with high earnings. However, the number system that is to be introduced will be designed mainly for the sake of receiving benefits. Thus it will emphasize more thorough and appropriate delivery of social security, including fuller benefits for people who truly need help, such as those with low incomes and few assets. It is an attempt to increase the fairness and transparency of benefits and burdens.

In short, the number system is first a guarantee of fairness and transparency. It is social infrastructure that supports members of the public who are truly in need. It must be designed so that the public can fully sense these merits.

(6) The society to be realized

From that perspective, the number system will provide infrastructure that enables confirmation whether personal information held by multiple institutions refers to the same individual. Through this system, the public will be able to experience the system's fairness and impartiality, their burdens will be lessened, their convenience enhanced, and their rights better protected. The principle of the system will be to take the perspective of the sovereign people of Japan in realizing the following kind of society.

- (i) A fairer and more just society
- (ii) A society that provides detailed and accurate social security
- (iii) A society without errors and waste in government
- (iv) A society that is convenient for its citizens
- (v) A society that protects its people's rights, one in which they have control of their personal information

The number system will become an essential means for the public to utilize the services of the national and local governments. In other words, it will build new relationships of trust between the public and national and local governments, etc. This is premised on it becoming a

mechanism giving the national and local governments a better grasp of each member of the public's information.

(7) Active support for people who truly need help in time of disaster

With the recent occurrence of the unprecedented major disaster that was the Great East Japan Earthquake, victim assistance and the recovery of the stricken area have become the nation's biggest issues. In particular, medium- and long-term initiatives to help victims rebuild their lives are necessary. Early introduction of the number system is likely to help this effort. It is necessary to consider the proper form for the number system from the perspective of disaster management welfare, so that future disasters can be prepared for in advance and responded to quickly when they occur, and the fullest efforts on recovery and rebuilding can be made.

2. What can be done with the number system?

In order to achieve the society to be realized as described in 1. (6) (i) through (v) above, the aim must always be for the system to be used in a wide range of fields. For the time being, focusing mainly on social security and taxation and premised on systemic response by relevant organizations, study will proceed with achievement of the following system, improved convenience and quality of services, and more efficient administrative work in mind. This is to be accomplished through notification and use of the numbers as discussed in terms of the extent of procedures in Part 3 III below and information sharing as discussed in Part 3 VIII below.

(1) Achievement of more detailed social security benefits

Accurate and efficient exchange of information regarding the status of social security benefits and burdens among national and local governments, etc., will enable the realization of detailed social security benefits responsive to individuals and households, as indicated below.

(i) Introduction of a "total accumulation system" (provisional name) that sets a maximum limit for total individual burdens for healthcare, caregiving, insurance, and disability by household rather than in terms of each social security system

(ii) In the catastrophic healthcare/caregiving accumulation system, enabling members of the public to receive healthcare/caregiving services with no out-of-pocket expenses when co-payment limits have been reached)

(iii) Prevention of benefit errors and oversights, redundant benefits, etc. Obtaining and confirming information will be made easier, as follows.

- In the catastrophic healthcare/caregiving accumulation system, obtaining awareness of the status of benefits among insurers and other relevant organizations
- Confirmation of the status of benefits from other systems when benefits are paid under the Health Insurance Act (law no. 70 of 1922; confirmation of the status of benefits such as disability pensions when a sickness and injury allowance is paid, etc.)
- Confirmation of the status of public pension payments when approving of child rearing allowances
- Confirmation of the status of public pension payments when approving of special child rearing allowances, disabled child welfare allowances, or special disability allowances
- Confirmation of the payment status of unemployment benefits when approving of various public pensions benefits
- When paying insurance benefits that are pensions based on the Industrial Accident Compensation Insurance Act (law no. 50 of 1947), confirmation of the status of pension benefit payments based on the Employees' Pension Insurance Act (law no. 115 of 1954), etc.
- Confirmation of the status of other system benefits (various types of public pensions, unemployment benefits, child rearing allowance, etc.) when assistance payments are made under the Public Assistance Act (law no. 144 of 1950)
- Coordination among various publicly-funded healthcare systems and between those systems and health insurance

(2) Matters related to more accurate grasp of income

The numbers and numbers assigned to incorporated bodies ("corporate numbers"; defined in Part 3 XIII) will be used in work related the imposition and collection of national and local taxes that is carried out by tax authorities under the law (e.g., handling of tax returns, surveys, etc.). This will enable tax authorities to, for example, use individual or corporate numbers to efficiently collate and match names regarding income and dependent information. This will contribute to obtaining a more accurate grasp of incomes.

To enable such responses, submitters of existing returns and other required records submitted to tax authorities (filers of returns, persons with a duty to submit required records, etc.) will be required to include the individual or corporate numbers of themselves and any third parties involved (exempt dependents, people paid wages, etc.). The date from which entry of individual or corporate numbers will be required, proper notification of the numbers, methods of assuring identification, and so on will be studied. Expansion of required records will be studied based on the purposes of the number system's introduction and with reference to examples in other countries.

(3) Matters related to use in time of disaster

The following initiatives from a disaster management welfare perspective will become possible.

(i) Creation and updating of lists of people needing assistance in time of disaster

Along with enabling the cross-sector collection of information such as certification of need for long-term care or degree of disability regarding people requiring assistance, the number system will also enable the prompt updating of lists when personal information changes. In addition, when a person requiring assistance moves in from another municipality, it will be easier for the municipalities to exchange information. With the permission of the person in question, information on required medications can be included in the lists. Cooperation with medical institutions can also be obtained to help provide efficient distribution of medicines and healthcare to evacuation centers even if an earthquake or other disaster occurs.

(ii) Identification in time of disaster

If people who have evacuated to shelters and so on provide four kinds of personal information (the "four types of basic information": name, address, date of birth, and sex) and their numbers, evacuee lists can be quickly drawn up. In addition, with the permission of the individuals involved, local governments can act on their own initiative to create mechanisms to keep photographs of evacuees.

(iii) Use for medical records

When disasters strike, hospitals and doctor's offices may be damaged, causing the loss of individual medical records. Therefore, as a special measure in time of disaster, if medical institutions can use the numbers to confirm prescription information held by insurers, it will provide effective support for healthcare.

(iv) Effective support for putting lives back in order

When applying for livelihood recovery support payments for disaster victims and so on, prompt and appropriate payments will be enabled because the attachment of certificates and other documents will no longer be required. Furthermore, since people receiving assistance can be followed over the long term, necessary support can be continued even for people who relocate from disaster-area municipalities. In addition, in the abnormal circumstances after an earthquake or other disaster, victims will be able to smoothly retrieve their savings from financial institutions by using their numbers.

(4) Matters related to information provision, including obtaining one's own data and necessary notifications

People will be able to view their personal information related to social security, taxation, and services they use from their home computers and other devices, and necessary services will be easier to obtain. This will make systems more convenient to the public. The following types of information will be provided.

- Various types of social insurance premiums (pensions, health insurance, care insurance, and unemployment insurance)
- Payments made for services received (fees for health insurance, care insurance, daycare, etc.)
- Notices to welfare services recipients of changes to services, etc.
- Information related to one's past tax returns and payments
- Reference information for completing final tax returns, etc.

(5) Matters related to simplification and easing of paperwork and procedures

Timely exchange of necessary information regarding applications and so on among the national and local governments, etc., will simplify paperwork and other procedures, reducing burdens on the public and the national and local governments, etc., while increasing convenience.

(i) Reduction of attached documents

By reducing the attachment of documents issued by government agencies required when a member of the public submits an application or report, public convenience will be increased. At the same time, clerical costs at the agencies will be reduced. In currently existing systems (including measures enacted through temporary legislation), the following effects are postulated.

[Examples of procedures where attachment of certificates related to income information (certificate of income, certificate of tax payment, etc.) will be eliminated]

Assuming that when the number system is introduced, legislation permitting the provision of income information covered by a duty of confidentiality is passed, the attachment of documents related to income information need no longer be required for the following procedures.

- Procedures related to additional pension, transfer addition, and basic disability pensions under the National Pension Act (law no. 141 of 1959)
- Procedures related to determination of high-cost medical expenses under the Health Insurance Act (law no. 70 of 1922)
- Procedures related to applications to the catastrophic healthcare/caregiving accumulation system under the Health Insurance Act
- Procedures related to determining meal costs during hospitalization under the Health Insurance Act
- Procedures related to application for payment of child rearing allowance under the Child Rearing Allowance Act (law no. 238 of 1961)

- Procedures related to application for payment of special child rearing allowance, disabled child welfare allowance, or special disability allowance under the Act on Special Child Rearing Allowance (law no. 134 of 1964)
- Procedures related to application for medical benefits through research into treatment for specific child chronic diseases under the Child Welfare Act (law no. 164 of 1947)
- Procedures related to application for benefits for remedial education of a child with tuberculosis under the Child Welfare Act
- Procedures related to application for benefits for midwifery under the Child Welfare Act
- Procedures related to application for benefits for medical and infant care services for a premature infant under the Maternal and Child Health Act (law no. 141 of 1973)
- Procedures related to determining the user's share of costs upon admission to a nursing home for the elderly under the Act on Social Welfare Service for the Elderly (law no. 133 of 1963)

[Examples of procedures where attachment of certificates of residence will be eliminated]

By taking advantage of the number system to utilize the Basic Resident Registration network system (the "Basic Resident Registration network"), attachment of certificates of residence need no longer be required for the following procedures.

○ Social security

- Procedures related to application/submission of a ruling related to an insured person/recipient under the National Pension Act and Employees' Pension Insurance Act
- Procedures related to application for payment of child rearing allowance under the Child Rearing Allowance Act
- Procedures related to admission to a social welfare facility under the Child Welfare Act, etc.
- Procedures related to application for a welfare fund loan for single mother families and widows under the Act on Welfare of Mothers with Dependents and Widows (law no. 129 of 1964)
- Procedures related to application for payment of special child rearing allowance, disabled child welfare allowance, or special disability allowance under the Act on Special Child Rearing Allowance
- Procedures related to application to join a mutual aid association for people with mental and physical disabilities under the Act on the Welfare and Medical Service Agency, Independent Administrative Agency (law no. 166 of 2002)

○ Taxes

- Final income tax return procedures related to special deductions for holders of home loans (including loans for specified home improvements)

- Final income tax return procedures related to exemption of taxation of long-term capital gains when residential property has been transferred
- Final income tax return procedures related to special deductions of capital gains from residential property
- Final income tax return procedures related to special tax credit for specified renovation of existing housing
- Final income tax return procedures related to special tax credit for new construction of certified long-term conforming housing
- Final income tax return procedures related to exemption for aggregation of profit and loss and carry-over of capital losses when specified residential property has been replaced
- Final income tax return procedures related to exemption from taxation of long-term capital gains when specified residential property has been replaced
- Final income tax return procedures related to exemption of aggregation of profit and loss and carry-over of capital losses from specified residential property
- Final income tax return procedures related to exemption of long-term capital gains when specified residential property has been exchanged
- Inheritance tax return procedures related to exemptions for small-scale building land
- Gift tax return procedures related to notification of selection of tax settlement at time of inheritance
- Gift tax return procedures related to spousal exemption
- Gift tax return procedures related to tax-free funds for home acquisition

(ii) Confirmation of insurance status at medical institutions

Making it possible for medical institutions to confirm health insurance status online will lessen the amount of work required to correct errors in medical fees that arise because of changes in insurer information or mistakes when posting information on eligibility for prescriptions. This will reduce clerical costs for medical institutions, review and payment institutions, insurers, etc.

(iii) Less burden on businesses in terms of submission of required records

Today, payment records for wages and pensions above a certain level must be separately submitted to both the national and local governments even though they cover the same items. Combining them into a single online electronic submission will lessen the burden on businesses and reduce clerical costs at each accepting agency.

(6) Matters related to contribution to improved healthcare and caregiving services⁴

The suggestions from local governments described in 7. (2) below include not only ideas regarding more efficient administrative paperwork and procedures as discussed above, but also thoughts on how to use information on each individual's mental and physical state and the healthcare/caregiving and other services provided in order to contribute to higher quality services and improved public health and medical care. Additionally, within administrative paperwork and procedures, benefit applications commonly require the attachment of a doctor's medical certificate. If attachment of such documents could be eliminated, it would alleviate a certain amount of the burden on the public and others involved.

More complete and higher quality healthcare/caregiving and other services connect directly with more fulfilling national life. The number system should be used in as many scenarios as possible. Below are some examples of its possible uses. Further expansion of usage scenarios will be studied based on discussions in the sub-working group on social security and the opinions of stakeholders in healthcare/caregiving and other services. A careful eye will be kept on implementation priorities and cost effectiveness.

(i) Medical records and vaccination records can be confirmed even after moving house.

(ii) Continued grasp of children's medical records by government agencies will enable early detection of child abuse, etc.

(iii) Collection of ongoing, accurate data for medical research on intractable disease, etc., will be enabled.

(iv) Tracking of patient outcomes at regional cancer registries, etc., will be made easier.

(v) When people with care insurance move to a different municipality, viewing and confirmation of caregiving status and records from the previous location will be possible.

(vi) The advance of information sharing by medical institutions, government agencies, etc., will mean that individuals will no longer be required to attach medical certificates to various kinds of applications to government agencies.

(vii) Health insurance card functions will be combined in a single IC card with the individual's number on it. Because people can show one card instead of pension books, health insurance certificates, care insurance certificates, and so on, user convenience will increase.

⁴ These usage scenarios are predicated on special measures being taken through the legal system and so on depending on the sensitivity of the information being handled. (See Part 4 Special measures in response to sensitive information.)

3. Three mechanisms required for the number system

In order to construct a number system as infrastructure that enables multiple institutions to confirm that the information they hold refers to a single individual or corporation as described above, the following three mechanisms are necessary.

(1) Number assignment

This mechanism assigns new numbers associated with up-to-date data on four types of basic information.

The numbers will exist to grasp information regarding incomes and so on and efficiently utilize that information for social security and taxation. In addition, the public must be able to present their numbers when contacting government agencies and so on.

Numbers in the number system will therefore have the following five characteristics when used. They are (i) each member of the public shall have a number (completeness⁵),⁶ (ii) each person shall have a unique number (uniqueness),⁷ (iii) numbers shall be useable from the private sector to the private sector to the public sector,⁸ (iv) numbers shall be visually confirmable,⁹ and (v) numbers shall be associated with four types of up-to-date information.¹⁰

(2) Information sharing

This is a mechanism for multiple institutions to manage information relating to an individual by associating number system numbers and other numbers with him or her and then to jointly use the information.

In information sharing, when an institution with a database requires specific information from a database held by another institution, it uses some form of identifier to specify the individual in question and then obtains new information. (A "database" as used throughout this outline is a collection of information including personal information associated with the numbers [as defined in Part 3 IV], systematically constructed to enable the use of computers to search for specific personal information associated with the numbers in order to achieve a given clerical objective.)

⁵ Meaning "each and every person."

⁶Unless each person subject to burdens and benefits has a number, fair burdens and appropriate benefits will not be possible.

⁷ For efficient and accurate collation and matching of information.

⁸For example, if Company A pays wages to Individual B, in order for the national and local governments to obtain a grasp of Individual B's wages, Company A must send a payment record including Individual B's number to the governments. Individual B must therefore present his/her number to Company A. In that sense, the number is used from Individual B (private sector) to Company A (private sector) to the national and local governments (public sector).

⁹As noted in Footnote 8, it will be necessary for Company A to confirm the number presented by Individual B.

¹⁰In addition to being necessary to differentiate between people who happen to have the same name, date of birth, and sex, this is essential in order to determine which local government has jurisdiction over a given individual's social security benefits, taxation, and so on.

In order to clarify the type of personal information being shared and the reason for sharing it, the system must mandate the use of an information sharing infrastructure. ("Information sharing infrastructure" as used throughout this outline refers to an organization that processes electronic information so that information holding institutions can exchange personal information associated with the numbers needed to perform legally mandated work.

"Information sharing institutions" as used throughout this outline are government agencies, local governments, and relevant organizations that possess personal information associated with the numbers.)

Regarding the submission of final returns and required records¹¹ to tax office directors by information holding institutions and applications to the Minister of Health, Labor and Welfare regarding acquisition of qualifications for pensions, unemployment insurance, and so on by employees of relevant information holding institutions, these are simply obligations to file returns or submit required records or duties of employers that are mandated by law in order to achieve specific administrative purposes. They are therefore not considered information sharing in the sense of the mutual use of information.

(3) Identification

This is the mechanism for identifying the user of a number as the person to whom it belongs (the Public Certification Service for Individuals, etc.).

This mechanism must be used for in-person identification and online authentication. In addition to these identification functions, the mechanism should confirm that the user is the owner of the numbers.

In concrete terms, the numbers will be recorded in IC chips in the IC cards described in Part 3 X below. The cards will be an updated version of the current Basic Resident Registration cards. The surface of the cards will display the four types of basic information and a facial photograph, and the cards will include the Public Certification Service for Individuals as a standard feature. After they are distributed to the public, they could be used for in-person identification and online authentication.

As for how the IC cards will be distributed, legislation will specify that the identities of people receiving cards would be confirmed as the cards are gradually handed out. Careful prevention of identify fraud will be necessary.

¹¹For income tax and resident tax, submission of a final income tax return is considered submission of a resident tax return, and the inspection of income tax information by municipalities is permitted by law. Information sharing on national and local taxes regarding final return data and associated information is therefore not covered.

4. Building the secure number system

(1) The necessity of protecting the numbers

With their characteristics of completeness and uniqueness, numbers are effective tools for identifying individuals. (Even if an individual cannot be identified at that moment, the accumulation of associated information will enable future identification.) However, because the use of numbers easily spreads in a society, identity fraud and other misuse have become problems in countries such as the USA and South Korea where individuals can identify themselves simply by declaring their numbers.

Based on the experiences of other countries, if people identify themselves by numbers alone without other proof to organizations that handle the numbers, it will breed identity fraud, which will shake the foundations of the entire system. It is therefore necessary that the numbers not be used as the sole means of confirming identity when identification is required. When constructing the number system, sufficient measures must be taken in light of the characteristics of the numbers and the experiences of other countries.

(2) The necessity of protecting personal information

The number system must use personal information effectively with the goals of enabling the public to experience its fairness and impartiality, easing burdens on them, increasing convenience, and more securely protecting their rights and interests.

If personal information becomes more useful, the types and amount of information that flows will increase. At the same time, however, the risk of information leaks and misuse will also rise. Misuse must therefore be prevented wherever the information is used. If this is neglected, there is risk that the public's privacy will be infringed and that serious harm from identity fraud will occur.

There is concern that if people's personal information were to be collated and matched without regard to their consent, comprehensive dossiers on them could be arbitrarily constructed without their permission. This could make it difficult for people to act based on their own self-determination, which would consequently constrain (have a chilling effect on) the exercise of freedom of expression and imperil democracy itself. Such views must not be ignored.

Sorting through the public's fears for matters that might arise because of the number system, they can be summarized as the following three concerns.

(i) Concern for government control

This is the concern that the state will use the numbers as the key to collating, matching, and centrally managing individual's personal information.

(ii) Concern for tracking and matching of personal information

This are the concerns that the numbers will be used to track, collate, and match personal information, and that

- The collected and concentrated personal information will be leaked externally
- The collected and concentrated personal information will be used to compile personal dossiers on individuals, which will be utilized in a discriminatory way

(iii) Concern for harm to assets, etc.

This is the concern that the numbers or personal information will be misused or falsified, resulting in damage to assets or other harm.

The following are the primary measures that will be taken to protect personal information in order to address the above concerns while considering the public’s convenience and the usability of personal information. These measures will sufficiently protect personal information so that people can use the number system with peace of mind.

Type of concern	Security measures in the system	Safety measures in the system
(i) Concern for government control	<ul style="list-style-type: none"> • Monitoring by the third-party institution • Confirmation of access records for one's own information 	<ul style="list-style-type: none"> • Decentralized administration of personal information • Information sharing that does not directly use the numbers
(ii) Concern for tracking and matching of personal information	<ul style="list-style-type: none"> • Regulations and other measures based on laws and ordinances¹² • Monitoring by the third-party institution • Strengthening of penalties 	<ul style="list-style-type: none"> • Information sharing that does not directly use the numbers • Access control • Encryption of personal information and communications
(iii) Concern for harm to assets, etc.	<ul style="list-style-type: none"> • Regulations and other measures based on laws and ordinances • Strengthening of penalties 	<ul style="list-style-type: none"> • Access control • Public personal authentication

When the number system is introduced, it will be imperative to work to protect personal information through mechanisms that allow the public to control their own information and measures that prevent information from leaking. It will be necessary for the number system to prepare sound and efficient mechanisms at minimum cost while tackling these initiatives.

¹²Essentially, a uniform national regime under law or regulations authorized by law is envisioned.

Preparation for the introduction of the number system must proceed with an earnest awareness that the preparation of mechanisms for the protection of personal information is essential and imperative.

(3) The relevance of the Supreme Court's upholding of the constitutionality of the Basic Resident Registration network system

When constructing the number system, due consideration must be given to the Supreme Court decision on the Basic Resident Registration network (Supreme Court decision on March 6, 2008).

Based on the intent of that decision, the number system must meet the following conditions.

(i) There is no right to have one's information disclosed to third parties or published without due cause

(ii) There is no organization or entity that can manage personal information in a unified way

(iii) Management and usage is founded on laws and regulations and takes place only to the extent required for legitimate administrative purposes

(iv) The system does not pose a concrete risk of easy leakage of information

(v) Use for unauthorized purposes and leaking of secrets is punishable by disciplinary action or criminal penalty

(vi) Systematic measures to guarantee the appropriate handling of personal information are taken through establishment of a third-party institution, etc.

In order to meet the above conditions, the system will be designed as follows.

Regarding (i), revealing the content of personal information associated with the numbers without due cause will be prohibited by law. Penalties will be established to punish provision of such information without a valid reason.

Regarding (ii), (a) personal information subject to information sharing will be managed in a decentralized manner in the databases of information holding institutions, (b) in the information sharing infrastructure, the numbers that will be widely used "from private sector to private sector to public sector" will not serve directly as the means of sharing information; instead code numbers will be assigned to individuals for use only by the information sharing infrastructure and information holding institutions, and (c) steps will be taken so that the numbers cannot be derived from the code numbers.¹³

Regarding (iii), the types of work that may utilize the numbers, the types of work that may utilize the information sharing infrastructure, and who may provide what types of personal information to whom will be individually stipulated by law or by regulations authorized by

¹³Construction of the information sharing infrastructure with the intention of making information sharing possible in a wide range of administrative fields.

law.¹⁴ In addition to specification of the extent and purposes of use of the number system,¹⁵ records of access to personal information associated with the numbers using the information sharing infrastructure will be confirmable on the My portal. ("the My portal" as used throughout this outline refers to an electronic information processing organization that enables each individual to confirm his or her own personal information associated with the numbers that is possessed by information holding institutions.)

Regarding (iv), security measures such as encryption during information sharing will be fully implemented.

Regarding (v), along with setting penalties to punish wrongful use or collection of information by employees of government agencies, statutory penalties from the Act on the Protection of Personal Information Held by Administrative Organs (law no 58 of 2003) will be strengthened. In addition, direct punishments for illicit procurement of information through unauthorized use or access by private-sector enterprises and their employees will be established. Necessary regulations regarding violations of the duty of confidentiality will be set, and existing penalties for the crime of breaching said duty will be strengthened.

Regarding (vi), a third-party institution with guaranteed independence will be established to monitor national government agencies.

On social security and tax information, the personal information handled by the number system will be more highly confidential than even the identification information in the Basic Resident Registration network (name, address, date of birth, sex, and Resident Register codes; used throughout this outline). Furthermore, the number system will carry out data matching that is not performed in the Basic Resident Registration network. Higher security must therefore be ensured.

5. Number system possibilities, limits, and precautions

(1) Number system possibilities

Enhancing collaboration among the national and local governments, etc., in administrative fields including social security and taxation could make systems and their operation fairer, more impartial, and more efficient.

Of course, this cannot be immediately achieved simply by introducing the number system. Study must be carried out in conjunction with reform of social security, taxation, and other

¹⁴Technical items and details might be authorized by ministerial regulations.

¹⁵Of the targeted personal information, that which may only be shared with the prior consent of the individual will be noted in laws or in regulations authorized by laws.

systems. Because the number system will be infrastructure that permits the rethinking of how existing work and business are done, the nature of that work should be reconsidered in light of the utilization of the number system so that high-quality government services can be provided and the public can enjoy those benefits. At the same time, study from the perspective of optimizing the system is necessary.

As shared social infrastructure in several fields, the number system will expand the options for system reform. It must not be forgotten that hitherto inconceivable reforms may become possible with the number system.

(2) Number system limits

On the other hand, even if the number system is combined with such system reforms, perfection will not be achieved. For example, it is unrealistic to expect all transactions and income to be grasped and all false declarations and cheating to be stopped. In addition, even with the use of the numbers, there are limits to how much information on business income and foreign assets and transactions can be obtained. Public understanding of these matters must be obtained.

However, even if perfection cannot be achieved, the improvements made through the introduction of the number system and system reform will be significant.

(3) Backup system for the Number System

After the Number System has begun to operate, if the Information Sharing Infrastructure were to malfunction, it would likely have a significant impact on the social security and tax systems and thus on national life.

When deciding the fields that the Number System will cover and designing the system, it is therefore necessary to envision work that can promptly respond when a malfunction occurs, including a backup system and backup system maintenance.¹⁶

(4) Handling of consent

The Number System that the government is currently considering will serve to increase efficiency and transparency in the social security and tax systems. It will be social infrastructure that ensures the fairness of benefits and burdens.

¹⁶ Preparation of alternative functions and an alternative system that can replace system functions if the system breaks down and stops operating.

In other words, introduction of the Number System aims to enable a more accurate grasp of individual income and burdens in social security and taxation as well as provision of appropriate social security benefits based on each individual situation.

When the Numbers are used or information is shared only with the prior consent of the individual, government is placed in a situation of so-called information poverty. That makes it difficult to grasp what is happening and to provide appropriate benefits to people who truly need help. At the same time, one cannot expect people who would file falsified returns or fraudulently accept benefits to voluntarily join the Number System. In light of the intent of the system, its objectives cannot be met.

On the other hand, people are concerned that their information will be collated or matched through use of the Numbers or information sharing.

Therefore, while in principle the Number System will be introduced with mechanisms that do not require the consent of the individual. However, as described in 4. (3) (iii) below, in order to prevent arbitrary use of the Numbers and give the public a clear understanding of work using the Number System, the extent of work assigning numbers and carrying out information sharing shall be set by law or by regulations authorized by law. At the same time, from the perspective of controlling one's own information, a mechanism will be set allowing individuals to use the My portal to access records regarding the exchange of their personal information through information sharing.

In addition, highly sensitive personal information¹⁷ that requires the prior consent of the individual for use of the Numbers or information sharing will be noted in laws or in regulations authorized by law.

6. Future uses of the Number System

As described above, the Numbers will be widely used in social security and taxation, which directly affect the lives of the public. Information holding institutions will manage personal information associated with the Numbers (Number Personal Information) in a decentralized way. Because of the high-level system safety and security measures that will be taken based on this decentralized management, the public will be able to enjoy the benefits of the Numbers with peace of mind.

In addition, system design shall be carried out caring for security such that the Number System's Information Sharing Infrastructure can become the Citizen identification(ID) System's Information Sharing Infrastructure. This will enable information sharing in a wide

¹⁷Indicates personal information for which particular care in handling is required.

range of government sectors and, only with the consent of the public, in private-sector services as well.

7. Immediate and future plans

(1) Action to obtain the public's understanding and acceptance

In order to obtain acceptance and understanding of the Number System from all levels of society, on January 31, 2011, members of the Headquarters of the Government and Ruling Parties for Social Security Reform established the Headquarters for Promotion of the Creation of the Number System. In collaboration with private sector organizations, it promotes the creation of the Number System.

In addition to actively carrying out government public relations activities, the Headquarters will obtain the cooperation of people in every area and on every level nationally and locally to put on symposiums on the Number system in all 47 prefectures during the current and coming fiscal years. Having kicked off with one held in Tokyo on May 29, symposiums are now being held.

In addition, the Headquarters supports and works closely with private sector organizations that are carrying out public relations activities regarding the introduction of the Number System.

(2) Collaboration with local governments

Government is intimately connected with national life, especially in caregiving and welfare. Most of this is provided by local governments. In addition, income information with collated information on dependents gathered by municipalities for the sake of levying of local taxes forms a basis for various types of welfare policies.

Thus, in order to achieve better social security with fair burdens and allotments, as well as greater efficiency in various types of administrative work, through use of the Number System, it is essential that the national and local governments work closely together. Relevant organizations such as the Japan Pension Service and health insurers are also deeply involved.

The national and local governments, etc., should therefore coordinate with each other as the Number System is being introduced. Based on actual conditions in local governments, they should study and discuss the form it should take.

During December 2010 and January 2011, three organizations of local governments, the Association of Prefectural Governors, the Japan Association of City Mayors, and the National Association of Towns and Villages were asked for their opinions, responses, and suggestions regarding usage scenarios for the Number System. This was based on the Interim Summary of the Working-level Panel on the Number System for Social Security and Taxation (December 3, 2010). This Outline discusses usage scenarios based on study of those suggestions by national government agencies.

On April 13, at the seventh meeting of the Working-level Panel, representatives of six regional organizations exchanged opinions with the members of the panel. Working on the Guidelines, the panel asked local governments for their opinions through the Association of Prefectural Governors, the Japan Association of City Mayors, and the National Association of Towns and Villages. Those opinions are reflected in the Guidelines.

In May, the Number System was explained to mayors at a general meeting of the branches of the Japan Association of City Mayors, and opinions were exchanged. In Tokyo, a meeting on the Guidelines for Social Security and Tax Numbers was held for relevant section chiefs from prefectural and large city governments. Briefings were given and opinions were exchanged there.

On June 24, at the tenth meeting of the Working-level Panel, representatives of local governments exchanged opinions with the members of the panel. The panel asked local governments for their opinions through the Association of Prefectural Governors, the Japan Association of City Mayors, and the National Association of Towns and Villages. Those opinions are reflected in the Outline.

In addition, relevant organizations are exchanging opinions and coordinating in a matter-of-fact way.

During July and August, at Council on the Computerization of Local Taxes National Briefings by Block in 16 blocks around Japan, briefings are given to and opinions are exchanged with relevant municipal employees in each region. In addition, various opportunities are being taken to create many venues for briefings and the exchange of opinions in communities. Venues are being created for the national and local governments, etc., to exchange opinions with each other. Study and discussion regarding the realization of the Number System is thus proceeding in light of real conditions in local governments and relevant organizations.

The Information Sharing Infrastructure Technology User Sub-Working Group under the Working-level Panel provides a venue for mutual coordination with local government working-level actors well versed in practical affairs and systems.

(3) Costs and benefits of introducing the Number System

In order to realize the various advantages of introducing the Number System, development of new systems will be necessary. The new systems will necessitate appropriate expenditures. In light of Japan's difficult fiscal situation, greater cost reductions must be achieved through the higher efficiency introduction of the Number System will bring to various types of work in the national and local governments.

Costs and time required for the introduction of the Numbers will, in general, increase according to the extent to which the information is to be used. They will also increase or decrease depending on factors such as the nature of mechanisms for the protection of personal information. Cost effectiveness must therefore be duly considered during technology design and procurement for systems and so on.

As for who should bear how much of the expenditures, it must be noted that further study is needed, including the perspective of beneficiaries paying costs.¹⁸

It must also be noted that costs will vary depending on how the system is designed and how much it must be revamped after actual introduction.

As for timing, even if the extent of use is kept narrow, in light of the time that will be required for system adjustment, assignment of the Numbers, notification, publicity, and so on, it will likely take three to four years for the system to become operational. It must be noted that, as with costs, timing will vary depending on how systems are designed for each type of usage.

In addition, the costs and benefits of introducing the Number System, including reduced expenditures due to greater efficiency in government, are being shown to the public in easy to understand ways.

(4) Schedule

The introduction period for the Number System may vary depending on system design and the date of passage of legislation, but the goals are as follows.

In order to smoothly implement the Number System, it is necessary to work to ensure flexibility by fully considering compatibility with existing infrastructure, future maintenance and operating costs, versatility of system and work conditions, and so on in the use of system technology.

¹⁸It is necessary to proceed with items that will be shared with the Citizen identification(ID) System, such as mechanisms for information sharing and protection of personal information, on a collaborative basis in order to avoid redundant expenditures.

A. Submission of a bill on the Number System and related bills as soon as possible beginning in autumn 2011

B. After passage of bills, establish and launch the third-party institution as quickly as possible

C. Assignment of the Numbers to individuals and Corporate Numbers to incorporated bodies and so on in June 2014¹⁹

(*) Regarding IC cards as discussed in Part 3 X below, the proper form of distribution should be studied from the perspectives of the implementation of certain identification and improved convenience for the public and in light of the various costs that will accompany introduction and updating

D. Commence use of Numbers to the extent possible in the social security and tax fields beginning in January 2015

E. Depending on the course of implementation, continue considering revision of the Number Act, including expansion of the use of the numbers, in 2018

¹⁹As for the assigning agency, the basic policy is to act in light of the direction of social security and tax system reform, considering both the establishment of a "Revenue Agency" and placing it within existing agencies. When assigning the Numbers to individuals and Corporate Numbers to incorporated bodies, the Number Act shall specify that necessary preparations to carry out work may be performed even up to the day before implementation.

Part 3 Legislation

In order to introduce the Number System in Japan, the following must be stipulated by law or by regulations authorized by law.

- Basic principles of the Number System
- How to assign the Numbers and the Corporate Numbers, send notification, etc.
- The extent of procedures for which the Numbers can be disclosed and used
- Personal information associated with the Numbers
- The extent of operations for which the Information Sharing Infrastructure may be accessed
- The types of personal information associated with the Numbers (Number Personal Information) that can be shared, and whom they can be shared by and with
- Personal information associated with the Numbers that requires prior consent of the individual for information sharing
- The form of identification associated with the Numbers
- Various measures contributing to the protection and proper use of the personal information associated with the Numbers (Number Personal Information)
- Information sharing mechanisms
- The My portal for management of people's own information
- Conditions for IC cards and so on needed for the My portal login, etc.
- The third-party institution
- Penalties
- Date of implementation
- Preparation for implementation

I. Basic principles

A Number Act regulating common matters relating to the Number System shall be passed. The Number Act shall take the position of the people of Japan, who are sovereign, in addressing the following matters as basic principles.

- (i) Regarding social security benefits and burdens as well as the imposition and collection of taxes, aim for be the realization of a society in which the public can experience fairness and impartiality
- (ii) Aim for the realization of a society in which appropriate social security benefits are paid because income levels are accurately grasped
- (iii) Aim for the realization of a society in which government operates correctly and efficiently
- (iv) Aim for the realization of a society in which the use of system technology and advanced information and communication networks can work to make national life more fulfilling and convenient
- (v) Aim for a society in which appropriate handling of personal information associated with the Numbers (Number Personal Information) held by government agencies is ensured and members of the public can confirm access records regarding their own information

II. Numbers assigned to individuals

1. Number assignment

- (1) Individuals subject to number assignment are persons with Japanese citizenship whose Resident Register codes are recorded in a certificate of residence under Article 7 Item 13 of the Residential Basic Book Act (law no. 81 of 1967) and residents with foreign nationality who are long-term residents, special permanent residents, etc., as noted in the top row of Article 30 Table 45 of the same Act.
- (2) When a mayor affixes a new Resident Register code to a certificate of residence because of birth, etc., s/he shall notify in writing the individual in question of the Number corresponding with the Resident Register code that has been designated by the Number generating organization as specified in Part 3 VII 1. below. The number shall be entered into the individual's certificate of residence in accordance with the Residential Basic Book Act. However, if an IC card as described in Part 3 X with the Number recorded in an IC chip has already been distributed to the individual, there shall be no need for further notification.
- (3) When a mayor has entered a Number into a certificate of residence, s/he shall notify the prefectural governor and the Number generating organization of the Number and identification information in accordance with the Residential Basic Book Act.
- (4) The Ministry of Internal Affairs and Communications shall have jurisdiction over the assignment of the Numbers.

(5) In light of the fact that number assignment is fundamental to the Number System, the national government shall also take appropriate measures to enable stable, efficient, and transparent operation.

2. Changes

Persons who have been notified of their Numbers may request a change. Regarding requirements for requests for change, the proposition that that no particular conditions be set and the proposition that requests be conditioned upon harm from misuse of the Numbers or other reasons generally agreed upon by mayors are both conceivable. In light of administrative costs and burdens upon the system, however, study of the matter should continue until a Number Bill is submitted.

3. Revocation

(1) When a new number is assigned due to a change, the previously assigned number shall be revoked.

(2) A number may be revoked if it has been assigned through fraud or other wrongful means.

III. Extent of procedures including notification and use of the Numbers

The following is currently being considered as the extent of procedures in various fields in which the public will provide and use the numbers. This shall be subject to change until a bill is decided upon.²⁰

1. Pensions

- Under the National Pension Act, procedures related to notices of qualification as an insured person, requests for a ruling concerning pension benefit rights, receiving pension benefits, insurance premiums, joining or withdrawing from the National Pension Fund, requests for a ruling concerning rights to pension benefits paid by the Fund and receipt of benefits, installments, requests for a ruling concerning rights to pension benefits paid by the National Pension Fund Association and receipt of benefits, and other uses mandated by government ordinance under the Number Act

²⁰In addition to procedures discussed in Part 3 III, measures for people with low incomes and other social security related procedures shall also be considered until a bill is ready.

- Under the Employees' Pension Insurance Act, procedures related to notices of qualification as an insured person, requests for a ruling concerning pension benefit rights, receiving pension benefits, insurance premiums, joining or withdrawing from an employee's pension fund, requests for a ruling concerning rights to pension benefits paid by the fund and receipt of benefits, installments, requests for a ruling concerning rights to pension benefits paid by a Pension Fund Association and receipt of benefits, and other uses mandated by government ordinance under the Number Act
- Under the Defined-Benefit Corporate Pension Act (law no. 50 of 2001), procedures related to requests for a ruling concerning pension benefit rights and receipt of benefits, installments, and other uses mandated by government ordinance under the Number Act
- Under the Defined Contribution Pension Act (law no. 88 of 2001), procedures related to requests for a ruling concerning pension benefit rights and receipt of benefits, installments, and other uses mandated by government ordinance under the Number Act
- Under the Coal Mining Pension Fund Act (law no. 135 of 1967), procedures related to requests for a ruling concerning pension benefit rights, installments, and other uses mandated by government ordinance under the Number Act
- Under the Mariners Insurance Act (law no. 73 of 1939), procedures related to notices of qualification as an insured person, requests for a ruling concerning pension benefit rights, receiving pension benefits, insurance premiums, and other uses mandated by government ordinance under the Number Act
- Under the National Public Officers Mutual Aid Association Act (law no. 128 of 1958), procedures related to notices of qualification as an association member, requests for payment of long-term benefits, installments, and other uses mandated by government ordinance under the Number Act
- Under the Local Public Officers, etc. Mutual Aid Association Act (law no. 152 of 1962), procedures related to notices of qualification as an association member, requests for payment of long-term benefits, installments, and other uses mandated by government ordinance under the Number Act
- Under the Private School Personnel Mutual Aid Association Act (law no. 245 of 1953), procedures related to notices of qualification to join, requests for payment of long-term benefits, installments, and other uses mandated by government ordinance under the Number Act

- Under the Public Officers Pension Act (law no. 48 of 1923; other laws may also apply), procedures related to receipt of pension benefits and other uses mandated by government ordinance under the Number Act
- Under the Act on Relief of War Victims and Survivors (law no. 127 of 1952), procedures related to receipt of pension benefits and other uses mandated by government ordinance under the Number Act

In concrete terms, the Numbers can be used to replace the universal pension numbers and various types of mutual aid association long-term member numbers now used by the public in various procedures. The Numbers shall be usable in work related to the above procedures in the national government, the Japan Pension Service, mutual-aid associations, the National Pension Fund, the National Pension Fund Association, employee's pension funds, the Pension Fund Association, corporate pension funds, the Coal Mining Pension Fund, and applicable offices.

2. Healthcare

- Under the Health Insurance Act, procedures related to notices to insured persons, receipt of treatment benefits, payment of insurance premiums, and other uses mandated by government ordinance under the Number Act
- Under the Mariners Insurance Act, procedures related to notices of qualification as an insured person, notices concerning dependents, receipt of treatment benefits, insurance premiums, and other uses mandated by government ordinance under the Number Act
- Under the National Public Officers Mutual Aid Association Act, procedures related to notices of qualification as an association member, notices concerning dependents, receipt of short-term treatment benefits, installments, and other uses mandated by government ordinance under the Number Act
- Under the Local Public Officers, etc. Mutual Aid Association Act, procedures related to notices of qualification as an association member, notices concerning dependents, receipt of short-term treatment benefits, installments, and other uses mandated by government ordinance under the Number Act
- Under the Private School Personnel Mutual Aid Association Act, procedures related to notices of qualification to join, notices concerning dependents, receipt of short-term treatment benefits, installments, and other uses mandated by government ordinance under the Number Act

- Under the National Health Insurance Act (law number 192 of 1958), procedures related to notices of qualification as an insured person, receipt of treatment benefits, insurance premiums, and other uses mandated by government ordinance under the Number Act
- Under the Act on Assurance of Medical Care for Elderly People (law no. 80 of 1982), procedures related to notices of qualification as an insured person, receipt of older senior citizens' medical treatment benefits, insurance premiums, and other uses mandated by government ordinance under the Number Act
- Under the Maternal and Child Health Act, procedures related to applications for medical and infant care services for premature infants and other uses mandated by government ordinance under the Number Act
- Procedures related to applications for benefits from research into treatment for specific child chronic diseases based on the Child Welfare Act and other uses mandated by government ordinance under the Number Act
- Under the Act on Special Aid to the Wounded and Sick Retired Soldiers (law no. 168 of 1963), procedures related to applications for wounded and sick retired soldiers certificates and other uses mandated by government ordinance under the Number Act
- Under the Atomic Bomb Survivors' Assistance Act (law no. 117 of 1994), procedures related to applications for atomic bomb survivors certificates, applications for medical benefits, and other uses mandated by government ordinance under the Number Act
- Under the Services and Supports for Persons with Disabilities Act (law no. 123 of 2005), procedures related to applications for service and support benefits and other uses mandated by government ordinance under the Number Act

In concrete terms, the Numbers can be used to replace the insurance card codes and numbers now used by the public in various procedures. The Numbers shall be usable in work related to the above procedures in the national government, prefectures, municipalities, the Japan Health Insurance Association, the National Federation of Health Insurance Societies, health insurance societies, mutual-aid associations, national health insurance unions, older senior citizens medical system associations, Health Insurance Claims Review and Reimbursement Services, the Federation of National Health Insurance Associations, the All-Japan Federation of National Health Insurance Organizations, applicable offices, social insurance medical institutions, and health insurance pharmacies.

3. Care insurance

- Under the Long-Term Care Insurance Act (law no. 123 of 1997), procedures related to notices of qualification as an insured person, receipt of insurance benefits, insurance premiums, and other uses mandated by government ordinance under the Number Act

In concrete terms, the Numbers can be used to replace the insurance card numbers now used by the public in various procedures. The Numbers shall be usable in work related to the above procedures in the national government, prefectures, municipalities, extended associations, the Federation of National Health Insurance Associations, the All-Japan Federation of National Health Insurance Organizations, and caregiving service providers.

4. Welfare

- Under the Child Rearing Allowance Act, procedures related to applications for payment of child rearing allowances and other uses mandated by government ordinance under the Number Act
- Under the Act on Special Child Rearing Allowance, procedures related to application for payment of special child rearing allowances, disabled child welfare allowances, or special disability allowances and other uses mandated by government ordinance under the Number Act
- Under the Child Welfare Act, procedures related to applications for midwifery benefits, placement in social welfare facilities, and other uses mandated by government ordinance under the Number Act
- Under the Act on Mental Health and Welfare for the Mentally Disabled (law no. 123 of 1950), procedures related to applications for mental disability certificates and other uses mandated by government ordinance under the Number Act
- Under the Act on the Welfare and Medical Service Agency, Independent Administrative Agency, procedures related to applications to join a mutual aid society for persons with disabilities and other uses mandated by government ordinance under the Number Act
- Under the Public Assistance Act, procedures related to applications for public assistance, various types of notices, and other uses mandated by government ordinance under the Number Act

- Under the Act on Welfare of Mothers with Dependents and Widows, procedures related to applications for welfare fund loans for single mother families and widows and other uses mandated by government ordinance under the Number Act
- Procedures related to applications for welfare loans provided by social welfare councils as no-interest or low-interest funds for people who have difficulty making a living as specified in Article 2 Paragraph 2 Item 7 of the Social Welfare Act (law no. 45 of 1951) and other uses mandated by government ordinance under the Number Act
- Under the Act on Provision of Special Disability Benefit to Specified Persons with Disabilities (law no. 166 of 2004), procedures related to applications for payment of special disability benefits and other uses mandated by government ordinance under the Number Act

In concrete terms, the Numbers can be used in various procedures now carried out by the public, such as applications for social security benefits. The Numbers shall be usable in work related to the above procedures in the national government, prefectures, municipalities, and social welfare councils.

5. Labor insurance

- Under the Employment Insurance Act (law no. 116 of 1974), procedures related to notices regarding qualifications as an insured person, receipt of unemployment benefits, and other uses mandated by government ordinance under the Number Act
- Under the Employment Security Act (law no. 141 of 1947), procedures related to applications for employment referrals at public employment exchanges and other uses mandated by government ordinance under the Number Act
- based on the Industrial Accident Compensation Insurance Act, procedures related to payment of insurance benefits as pensions and other uses mandated by government ordinance under the Number Act

In concrete terms, the Numbers can be used for procedures in which the public uses insurance numbers. The Numbers shall be usable in work related to the above procedures in the national government and applicable offices.

6. Taxes

(1) National taxes

- Notation on documents required to be submitted to tax office directors in accordance with the stipulations of statutes on national taxes, related uses, and other uses mandated by government ordinance under the Number Act

In concrete terms, this refers to notation of the Numbers on documents such as final returns and legal records related to taxes that individuals and tax practitioners submit to tax office directors, as well as use of the Numbers in necessary related work.

- In accordance with the stipulations of statutes on national taxes, use in work that tax officers perform to impose and collect national taxes correctly and fairly and other uses mandated by government ordinance under the Number Act

In concrete terms, this refers to tax officers using the Numbers in work related to processing and investigating returns, etc.

(2) Local taxes

- Notation on documents required to be submitted to local governments in accordance with statutes on local taxes and ordinances based thereon, related uses, and other uses mandated by government ordinance under the Number Act

In concrete terms, this refers to notation of the Numbers on documents such as final returns and legal records related to taxes that individuals and tax practitioners submit to the heads of local governments, as well as use of the Numbers in necessary related work

- In accordance with statutes on local taxes and ordinances based thereon, use in work that employees of local governments perform to impose and collect local taxes correctly and fairly and other uses mandated by government ordinance under the Number Act

In concrete terms, this refers to employees of local governments using the Numbers in work related to processing and investigating returns, etc

7. Other

- Of procedures in the social security and local taxes fields, uses related to items mandated by prefectural ordinance

In concrete terms, prefectural governments can require residents to disclose or submit their Numbers for procedures related to social security benefits or local taxes that are mandated by prefectural ordinances.

- Based on financial regulations, of work performed by financial institutions, use for refunds by financial institutions when earthquakes or other emergency situations occur and other uses mandated by government ordinance under the Number Act

In concrete terms, this refers to use of the Numbers in the above fields, as well as financial institutions that possess the Numbers using them to repay deposits, make insurance payments, and so on in time of major disasters such as the recent Great East Japan Earthquake.

IV. What personal information is associated with the Numbers (Number Personal Information)?

Personal information is associated with the Numbers refers to 1) the Numbers, 2) personal social security and tax information designated by law as subject to sharing via the Information Sharing Infrastructure, and 3) personal social security and tax information associated with the Numbers in work allowed use the Numbers according to law (even though the information is not subject to sharing via the Information Sharing Infrastructure).

In concrete terms, this refers to the following information.²¹

1. Social security

- Personal information held by the national government, the Japan Pension Service, mutual-aid associations, the National Pension Fund, the National Pension Fund Association, employee's pension funds, the Pension Fund Association, corporate pension funds, the Coal Mining Pension Fund, and applicable offices for pension procedures listed in Part 3 III 1. above (Note 1)
- Personal information held by the national government, prefectures, municipalities, the Japan Health Insurance Association, the National Federation of Health Insurance Societies, health insurance societies, mutual-aid associations, national health insurance unions, Wide-Area Association of Healthcare for Later-Stage Elderly Persons, the Health Insurance Claims Review and Reimbursement Services, Federation of National Health Insurance Associations, the All-Japan Federation of National Health Insurance Organizations, applicable offices,

²¹ When the Number Act is passed, this shall be specified by law in more detail.

social insurance medical institutions, or health insurance pharmacies for healthcare-related procedures as listed in Part 3 III 2. above (Note 1)

- Personal information held by the national government, prefectures, municipalities, extended associations, the Federation of National Health Insurance Associations, the All-Japan Federation of National Health Insurance Organizations, or caregiving service providers for long-term care insurance procedures as listed in Part 3 III 3. above (Note 1)
- Personal information held by the national government, prefectures, or municipalities or social welfare councils for welfare procedures as listed in Part 3 III 4. above (Note 1)
- Personal information held by the national government or applicable offices for labor insurance procedures as listed in Part 3 III 5. above (Note 1)

2. Taxes

- Personal information on documents with the Numbers affixed submitted to tax office directors in accordance with statutes on national taxes and held by tax office directors for procedures related to the imposition and collection of national taxes (Note 1)
- Personal information held by persons with a duty to submit legal records related to taxes in order to affix the Numbers to documents submitted to tax office directors in accordance with statutes on national taxes (Note 1)
- Personal information on documents with the Numbers affixed submitted to the heads of local governments in accordance with statutes on local taxes and ordinances based thereon and held by local governments for procedures related to the imposition and collection of local taxes (Note 1)
- Personal information held by those with a duty of special collection in order to affix the Numbers to documents submitted to the heads of local governments in accordance with statutes on local taxes and ordinances based thereon (Note 1)

3. Other items common to both fields

- The Numbers (Note 2)
- Of procedures in the fields of social security and local taxes, personal information held for items designated by local government ordinance (Note 1)
- Personal information received via the Information Sharing Infrastructure (Note 1)

Note 1: However, handling of the four types of basic information and other similar information that is not considered particularly sensitive will be exempt from regulation under the Number Act and will instead be regulated by the general Act on the Protection of Personal Information. (This will apply only if the action in question is carried out without affixing the Numbers.)

Note 2: If the Numbers are converted using a function or process to generate new code numbers (including multistage conversions), when the code numbers generated correspond one to one with the Numbers, they shall be considered the same as the Numbers themselves.

V. The form of identification associated with the Numbers

1. Measures to ensure the authenticity of identification and numbers

(1) Employees, etc. of government agencies, local governments, relevant organizations that are permitted to request disclosure of the Numbers (including their entry into documents; the same shall apply hereinafter), businesses permitted under the law to handle the Numbers²² (those commissioned to handle Number Personal Information, including those recommissioned or re-recommissioned; the same shall apply hereinafter), their workers, etc., and other third parties permitted by law to request entry of the Numbers shall identify the individual when receiving disclosure of his or her Number. They must take steps to attempt to ensure the authenticity of the Numbers. ("Employees, etc.," includes dispatched workers as specified in the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers ["Worker Dispatching Law"; law no. 88 of 1985]. "Workers, etc.," also includes dispatched workers as specified in the Worker Dispatching Law. The same shall apply hereinafter.)

(2) The proper form of identification and how to authenticate the Numbers for each procedure that handles them shall be based on identification and authentication using IC cards as discussed in Part 3 X. Because the levels of strictness of identification required will vary by procedure, they will not be specified in the Number Act. Instead, they will be designated by separate law. Regarding appropriate authentication for various transactions between the private sector and the public sector and within the private sector, utilization of certification businesses based on the Act on Electronic Signatures and Certification Business (law no. 102 of 2000) shall be considered.

²² At this time, financial institutions and businesses that are withholding agents or those with a duty of special collection are conceivable.

2. Prohibition of identification with numbers alone

The Numbers alone shall not be used for identification of any person except in the event of an unusual and severe disaster or other special circumstances.

VI. Various measures contributing to the protection and proper use of the Number Personal Information

1. Duty to provide the Numbers

Persons asked to provide their Numbers for a valid purpose must disclose them. Provision of Numbers shall not be refused without a valid reason.

2. Limits on requests to provide the Numbers

Provision of Numbers without a valid reason shall not be requested of anyone.²³

3. Prohibition of false provision of numbers

No one shall provide a false Number.

4. Consideration of penalties depending on how the Numbers are used

Separate specification of penalties in social security or tax laws for violations of duty of identification, duty of provision, limits on requesting provision, or false provision without valid reason will be considered.

5. Limits on the viewing, copying, and storing of Number Personal Information

(1) Employees, etc., of government agencies, local governments, or relevant organizations shall not view, copy, or create databases, etc., (including, in addition to databases, systematically constructed collections of information including Number Personal Information that enable easy searching for Numbers, names, and other Number Personal Information in

²³Businesses other than businesses permitted by law to handle the Numbers might learn other people's Numbers by using IC cards, an updated version of the Basic Resident Registration cards currently widely used as a means of personal identification, to identify people.

In that case, at a business carrying out such personal identification, requesting an IC card could essentially be the same as asking for the Number. Thus, it may not be appropriate to completely prohibit all businesses except those permitted by law to handle the Numbers from requesting them.

order to accomplish certain work objectives; the same shall apply hereinafter) of Number Personal Information for purposes not related to their work.

(2) Businesses permitted by law to handle the Numbers²⁴ or their workers, etc., shall not create databases, etc., that record the Numbers without a valid reason.

Because they will be used for submission of employees' (including workers on loan, employees or retirees from subsidiaries whose personnel are managed by the parent company, etc.) certificates of income and withholding tax, or submission of payment records by financial institutions, or other work permitted by law to handle the Numbers, when constructing databases that record the Numbers, if the Numbers are added to existing databases used for applications including those noted above, or if businesses permitted by law to handle the Numbers, or their workers, etc., shall create for purposes for which the consent of the employees of said businesses has been obtained, databases, etc., using their personal information, because said databases, etc., shall be used in conjunction with work permitted by law to handle the Numbers, when the Numbers are appended for a valid reason, it shall be finalized to the extent possible using a method in accordance with the Number Act or ordinances based thereon.

(3) No person outside government agencies, local governments, relevant organizations, and businesses permitted by law to handle the Numbers shall make a database, etc., recording the Numbers in the course of trade.

(4) Employees, etc., of government agencies, local governments, and relevant organizations and businesses permitted by law to handle the Numbers or their workers, etc., shall not, without a valid reason, make known to any other person the content of Number Personal Information that they obtain in the course of business, nor shall they use it for invalid purposes.²⁵

(5) If businesses or their workers, etc., learn Numbers in the course of their business²⁶ (not including Numbers learned from businesses permitted by law to handle the Numbers), they shall not make them known to any other person, nor use them for invalid purposes, nor record and store them in documents, images, or electromagnetic records.²⁷

²⁴Financial institutions and businesses that are withholding agents or those with a duty of special collection are conceivable.

²⁵For example, if businesses permitted by law to handle the Numbers or their workers, etc., use, with consent, worker income information, etc. (Number Personal Information [not including the Numbers themselves]), for housing placement or other employee welfare purpose, that will not be considered an "invalid purpose."

²⁶Conceivably this might happen when IC cards with the Numbers on them are used for personal identification.

²⁷Measures to avoid copying of the Numbers to the extent possible, such as placing them only on the backs of IC cards, will be considered.

6. Regulations concerning the commissioning and recommissioning of protection of the Number Personal Information

(1) When Number Personal Information is consigned, depending on the nature of the consigning agency, the same restrictions as those in the Act on the Protection of Personal Information Held by Administrative Organs or the Act on the Protection of Personal Information (law no. 57 of 2003) shall be imposed.

(2) Without the authorization or explicit permission of the commissioning government agency, local government, relevant organization, or business permitted by law to handle the Numbers, handling of Number Personal Information shall not be recommissioned, re-recommissioned, etc.

(3) Those receiving commissions, recommissions, re-recommissions, etc., must take reasonable measures to securely handle Number Personal Information.

(4) Commissioned workers shall be subject to the same duties as employees, etc. and workers, etc., at the commissioning entity.

7. Duty of confidentiality regarding secrets related to computer processing of Number Personal Information

Employees, etc., of government agencies, local governments, or relevant organizations and workers on commissioned business (including recommissioned and re-recommissioned business; the same shall apply hereinafter.) shall not disclose secrets related to computer processing of Number Personal Information that has been learned in the course of business.

8. Office safety control measures for the Number Personal Information

In order to securely manage Number Personal Information, government agencies, local governments, relevant organizations, and businesses permitted by law to handle the Numbers shall take reasonable measures to prevent leaks, loss, or other harm.²⁸

9. Office safety control measures for information associated with the Numbers that can be used to identify deceased persons

When government agencies, local governments, relevant organizations, and businesses permitted by law to handle the Numbers store information associated with the Numbers that

²⁸The Committee described in XI below shall collaborate with existing supervisory institutions for the protection of personal information on supervision of such entities to ensure measures are taken.

can be used to identify deceased persons because of regulations on duration of storage, the same measures for secure management as those taken for personal information shall be taken.

10. Confirmation of access and access records regarding Number Personal Information

(1) Access to Number Personal Information

A. Of Number Personal Information held by government agencies and relevant organizations, information that has been determined in advance not to be non-disclosable and that will not hinder the appropriate execution of work if disclosed to the individual shall be made available on the My portal. Personal information associated with the Numbers held by local governments shall also be made available on the My portal at the discretion of the relevant local governments.

B. Of Number Personal Information held by government agencies and relevant organizations, procedures for requests for disclosure, requests for correction, and requests to cease use that are currently carried out on paper regarding information that does not correspond to the above shall be made available through the My portal. Procedures for requests for disclosure, requests for correction, and requests to cease use regarding Number Personal Information held by local governments shall also be made available via the My portal at the discretion of the local governments.

(2) Confirmation of access records

A. Mechanisms shall be created by which individuals can confirm exchanges of Number Personal Information by information holding institutions using the Information Sharing Infrastructure (access records) in terms of dates, actors, type of information, reasons, and so on.

B. Grounds for exception shall be established based on the grounds for exception specified in Article 14 of the Act on the Protection of Personal Information Held by Administrative Organs.²⁹

C. In addition to confirmation of access records on the My portal after performing identification, other mechanisms for confirmation shall be established for people who might have difficulty connecting to the My portal.

²⁹Because the Act on the Protection of Personal Information Held by Independent Administrative Agencies, etc. (law no. 59 of 2003) accords with the Act on the Protection of Personal Information Held by Administrative Organs, only the Act on the Protection of Personal Information Held by Administrative Organs is cited.

11. Handling by agents

(1) Legal agents

A. Legal agents of underage people or adult wards may perform requests for disclosure of Number Personal Information and so on.

B. As with the current Act on the Protection of Personal Information Held by Administrative Organs, when an agent requests disclosure of information, information shall be considered non-disclosable if there is risk to the individual's life, health, livelihood, or assets.

C. In making the above information non-disclosable information, measures to prevent the careless automatic display of information on the My portal that may cause a conflict of interest will be considered (Note).

Note: For example, regarding information that typically carries a risk of conflict of interest, one method would be to display the information on the My portal at the discretion of government agencies after requests for disclosure on the My portal are received. However, appropriate measures to restrain excessive automatic display even of information that does not carry a risk of conflict of interest will also be considered.

(2) Appointed agents

A. Appointed agents shall be recognized so that people who would have difficulty requesting disclosure of information on their own but have no legal agents can request disclosure of Number Personal Information and confirm access records. Strict measures to confirm agent status shall be taken in order to prevent fraud.

B. Even when an appointed agent requests disclosure of information, information shall be considered non-disclosable if there is risk to the individual's life, health, livelihood, or assets (Note).

Note: As with the current Act on the Protection of Personal Information Held by Administrative Organs, even when an individual requests disclosure of his or her information, information shall be considered non-disclosable if there is risk to the individual's life, health, livelihood, or assets.

12. Performance of information protection assessments

(1) In order to ensure appropriate handling of Number Personal Information, prior assessments ("information protection assessments") of the protection of Number Personal Information shall be performed. The impact of the construction or improvement of

information systems on Number Personal Information shall be evaluated, and protective measures shall be taken.

(2) Before developing or upgrading systems that handle Number Personal Information, government agencies and relevant organizations shall carry out internal information protection assessments. The results are to be reported to and approved by the Committee established under the Prime Minister for purposes such as protection of personal information in the Number System as described in XI below.³⁰

(3) The Committee in XI shall create guidelines for government agencies and relevant organizations (whose compliance shall be mandatory) and guidelines for local governments and businesses permitted by law to handle the Numbers (whose compliance shall not be mandatory). The Committee shall be able to provide advice on performance of information protection assessments. The guidelines shall include standards for information system for which information protection assessments must be performed, methods for performance of information protection assessments, implementation procedures, and so on.

(4) The Information Sharing Infrastructure will begin operating at the same time the Number System does. Development is expected to begin before the Committee in XI is formed. Therefore, a sub-working group on information protection assessments shall be formed under a working group on protection of personal information. The sub-working group on information protection assessments shall create guidelines for and provide advice on the performance of information protection assessments.

VII. Institution generating the Numbers

1. Formation of organization

The Numbers are new numbers that correspond one-to-one with Resident Register codes. Number assignment must smoothly collaborate on entering the Numbers into the certificates of residence of the Resident Register codes. In order to prevent the double assignment of Numbers and carry out the work of number assignment stably and steadily, it is necessary for a single actor to generate the Numbers. Therefore, the organization that generates the Numbers (the "Number generating organization") shall be a local government corporation (based on a law that strengthened the governance of local governments) based on a specified information processing organization prescribed by the Residential Basic Book Act.

³⁰Local governments and businesses permitted by law to handle the Numbers shall be able to voluntarily perform information protection assessments at their own discretion.

2. Notifying mayors of the Numbers

The Number generating organizations shall designate the Numbers such that they correspond one-to-one with Resident Register codes and shall notify the relevant mayors thereof.

3. Relationships with information holding institutions

(1) At the time the Number System is introduced, information holding institutions that may request disclosure of Numbers shall match the four types of basic information they hold on users with the four types of basic information in the Basic Resident Registration network. They shall be able to request that the Number generating organization provide them with the Numbers associated with the four types of basic information.

(2) After the Number System is introduced, when information holding institutions that may request disclosure of Numbers have been provided by users with four types of basic information and the Numbers, if the information and the Numbers they have for the user do not match, or if they do not hold that information, they shall be able to ask the Number generating organization for the users' four types of basic information and the Numbers and confirm the data.

VIII. Information sharing

1. Provision of personal information related to the Numbers

(1) Information holding institutions shall be able to provide the information when 1) the type of work permitted to use the Information Sharing Infrastructure, 2) the type of information, and 3) the information's source and destination are specified in accordance with the Number Act or ordinances based thereon and it is provided via the Information Sharing Infrastructure.

(2) Information holding institutions shall be able to request that other such institutions provide information they hold via the Information Sharing Infrastructure. Information holding institutions that receive requests for information they hold from other such institutions shall provide the information via the Information Sharing Infrastructure.³¹

(3) In the event of (1) and (2) above, because the Numbers "visible numbers" widely used in "private sector to private sector to public sector" transactions, in order to protection of personal information, they shall not be used directly as common identifiers to specify individuals.

³¹Information collection such as the submission of legal records related to taxes by businesses and the sending of information such as final tax returns that are expected to be held in common on the system by the national government to local governments in accordance with law, whether in writing or by electronic means, is not considered information sharing.

(4) As exceptions to (1) and (2) above, even when not specified by law as in (1), or under special circumstances such as an unusual and severe disaster emergency, information may be shared via the Information Sharing Infrastructure with the permission of the Committee discussed in XI.

(5) Information holding institutions and the organization managing the Information Sharing Infrastructure shall limit in advance which employees may perform tasks related to information sharing. Access to relevant terminals and databases shall be appropriately restricted. They shall be subject to after-the-fact internal inspections and inspection by the Committee discussed in XI.

(6) The Information Sharing Infrastructure and information holding institutions shall maintain records on access to the Number Personal Information for a certain period of time.

(7) The Information Sharing Infrastructure shall take measures to ensure the continuity of its work even in the event of a large-scale disaster or a major mechanical failure.

(8) In accordance with the Act on the Protection of Personal Information Held by Administrative Organs, government agencies that provide Number Personal Information shall note in advance in a personal information file what information was sent and to whom.

(9) Information holding institutions shall strive to ensure the accuracy of the Number Personal Information that they hold.

2. Extent of information sharing

As shown in Part 2 2., in order to achieve greater convenience, improved service quality, and more efficient administrative work, the type of work that can use the Information Sharing Infrastructure, the type of personal information provided, and the sources and destinations of the information provided under the new system will be clarified by the time a bill is readied.³²

In fields such as healthcare/caregiving, etc., the number of information holding institutions is expected to grow quite large,³³ with an enormous amount of information exchange taking place, and private sector medical institutions will also participate. Therefore, along with

³² In addition to Footnote 31, if there is information expected to be held in common on the system that is not currently shared in writing or by electronic means, its handling based on individual circumstances will be considered.

³³ There are about 180,000 medical facilities (2009 survey of medical facilities, Ministry of Health, Labor and Welfare) and about 260,000 long-term care service facilities/offices (2009 survey of long-term care facilities, Ministry of Health, Labor and Welfare).

particular legal measures,³⁴ special technology design will be studied in order to make the system efficient in terms of burdens and costs.

3. Synchronization of the four types of basic information held by information holding institutions with the four types of basic information in the Resident Register network

(1) When the Number System is introduced, in order to affix code numbers to their databases of personal information, information holding institutions connected to the Information Sharing Infrastructure shall attempt to match the four types of basic information with the four types of basic information in the Basic Resident Registration network.

(2) The Residential Basic Book Act shall mandate that information holding institutions connected to the Information Sharing Infrastructure can request provision of the four types of basic information via the Basic Resident Registration network in order to accomplish (1).

(3) Regarding the four types of basic information held by each information holding institution connected to the Information Sharing Infrastructure and matched with the four types of basic information in the Basic Resident Registration network in (1), each such connected institution shall attempt to synchronize that information as often as necessary with the four types of basic information in the Basic Resident Registration network.

4. Organization managing the Information Sharing Infrastructure

The proper form for the organization managing the Information Sharing Infrastructure shall continue to be studied.

IX. The My portal helps manage one's own information

1. Establishment

So that individuals may confirm their Number Personal Information held by information holding institutions, relevant information shall be made available for display to each individual on the My portal.

2. Functions

Individuals shall be able to use the My portal for 1) confirmation of access records for their Number Personal Information, 2) confirmation of their Number Personal Information

³⁴See Part 4 Special measures in response to sensitive information.

possessed by information holding institutions, 3) electronic applications, and 4) confirmation of notices from government agencies.

3. Business continuity measures

The My portal shall take measures to ensure the continuity of its work even in the event of a large-scale disaster or a major mechanical failure

4. Managing organization

The organization managing the My portal shall be the same as that managing the Information Sharing Infrastructure.

X. IC cards needed for login to the My portal

1. Overview

IC cards shall be issued so that individuals can login to the My portal to check access records for their Number Personal Information and so that businesses permitted by law to handle the Numbers can confirm the Numbers after checking identification. (An IC card is a card with a person's name, address, date of birth, sex, Number, and other items specified by law ["items noted in the cards"] noted as found in his or her certificate of residence. In addition to the items noted in current Basic Resident Registration cards, IC cards will include electronic verification of the Numbers and the Public Certification Service for Individuals recorded in semiconductor integrated circuits, with all the current functions of Basic Resident Registration cards.)

However, in some cases residents who receive IC cards may not want their Numbers to appear on the cards. How to respond in such cases will be further studied.

Based on experience to date with efforts by the national and local governments to disseminate and expand use of Basic Resident Registration cards, IC cards shall utilize the existing Basic Resident Registration cards, Basic Resident Registration network, and the Public Certification Service for Individuals to the extent possible. In addition to the functions of Basic Resident Registration cards, they will be improved as discussed below. As with the issuance of Basic Resident Registration cards, issuance of IC cards shall require careful identification, and appropriate measures shall be taken to prevent fraudulent procurement and counterfeiting.

In order to increase user convenience, ways to make IC cards usable for various types of identification and so on in the future, once they have become widely disseminated, will be studied.

(1) For the My portal login, an authentication application will be added to the the Public Certification Service for Individuals that are currently limited to signature service only.

(2) The validity of electronic certificates will be extended from three to five years in order to increase the convenience of public personal authentication.

(3) Because electronic identification will take place at private-sector enterprises, signature verification service providers will be expanded in the private sector.

(4) In order to guarantee authenticity when Numbers are provided, they shall appear on the faces of IC cards and they will be recorded in the IC chips.

2. Issuance, etc.

(1) Mayors shall issue IC cards upon request to residents recorded in their municipalities' Basic Resident Registrations.

(2) A person who wishes to receive an IC card shall obtain an application for issuance from a location specified by law, fill it out in accordance with government ordinance, and submit it to the mayor of the municipality in which he or she is recorded in the Basic Resident Registration (the "mayor where domiciled").

(3) When a mayor where domiciled receives an application for issuance as in (2), he or she must issue an IC card to the individual at a location specified by law.

(4) The form of the IC cards and other necessary matters shall be specified by government ordinance.

(5) When person who has been issued a card submits a change-of-residence registration, s/he must turn in his or her IC card to the mayor at the same time.

(6) Mayors who receive IC cards as specified in (5) must make changes in items noted in the cards and take the necessary measures to ensure that the cards will be used appropriately in their municipalities.

(7) In cases not including (5), persons who have been issued IC cards shall have 14 days from the date of the change to notify the mayor where domiciled of any changes to items noted in the cards so that the changes can be noted in the cards.

(8) When a person who has been issued an IC card loses it, s/he must immediately report the loss to the mayor where domiciled.

(9) The term of validity of the electronic signatures of the Public Certification Service for Individuals and the durability of IC chips shall be taken into consideration when setting the term of validity of IC cards. When a card's term of validity expires or as otherwise specified by law, it shall no longer be valid.

(10) When the term of validity of an IC card issued to a person expires or as otherwise specified by law, the person must return it to the mayor where domiciled at a place specified by law.

(11) In addition to the cases mentioned above, procedures and other necessary matters related to the reissuance of IC cards will be specified by law.

(12) Mayors and other municipal executive agencies can use IC cards in locations and for purposes specified by ordinance.

3. Improvement of the Public Certification Service for Individuals

(1) In addition to the issuance of electronic signatures today, in order to login to the My portal and otherwise perform identification for access without using documents, measures can be taken regarding information that can be recorded electronically. Electronic signatures for authentication shall be issued in order to enable proof that the person carrying out such measures is the person in question.

(2) Through their mayor where domiciled, residents shall be able to request issuance of electronic signatures for signing and electronic signatures for authentication ("electronic signatures") by prefectural governors.

(3) Key pairs shall not be created by requesting parties themselves on computers used by the mayor where domiciled. When municipalities of residence issue electronic signatures, another method will be used through the performance of careful identification.

(4) Upon request from government agencies, prefectural governors shall advise whether an electronic signature for signing and an electronic signature for authentication belong to the same person.

(5) The term of validity for electronic signatures shall in principle be until five years and one day from their issuance, including the day of issue.

(6) Signature verification service providers and authentication service providers shall be private enterprises rather than the current government agencies. The Minister of Internal Affairs and Communications shall certify vendors as meeting standards mandated by law.

When other private-sector enterprises utilize the electronic signatures of the Public Certification Service for Individuals, certification authorities and so on shall be the signature verification service providers and authentication service providers that issue electronic signatures with the consent of the individual.

(7) Signature verification service providers and authentication service providers shall be given mandatory restraints on the use of electronic signatures or expired information for purposes other than those stated, and shall be required to appropriately differentiate between electronic signatures for signing and electronic signatures for authentication. In addition, restrictions similar to those that apply to requests for disclosure of Resident Register codes shall be established for the serial numbers of the electronic signatures of the Public Certification Service for Individuals. Concrete measures for restricting requests for disclosure of serial numbers and other security measures are being studied.

(8) Because the Public Certification Service for Individuals will serve as important infrastructure for the Number System, certification authorities will be signature verification service providers and authentication service providers, and connection with the Basic Resident Registration network will be necessary in order to increase the convenience of the Public Certification Service for Individuals, the work of certification authorities for the Public Certification Service for Individuals shall be borne by local government corporations as described in VII 1.

XI. The third-party institution

1. Establishment, etc.

(1) A committee ("the Committee") shall be formed under the Prime Minister with purposes such as protecting personal information in the Number System

(2) The Committee shall perform the following work.

A. Supervision of the handling of Number Personal Information by government agencies, local governments, relevant organizations, or businesses that handle the Numbers³⁵ ("organizations subject to monitoring")

B. Processing of complaints related to the handling of Number Personal Information

³⁵As used throughout this Outline, "businesses that handle the Numbers" refers to enterprises allowed by law to handle the Numbers and enterprises that learn the Numbers as described in VI 5. (5) above.

- C. Inspection of the Information Sharing Infrastructure and its interfaces with other organizations
- D. Advice concerning information protection assessments and approval of reports
- E. Approval of appropriate means of authentication related to the Number Act
- F. International cooperation concerning affairs under its jurisdiction
- G. Public awareness activities and consultations regarding Policies for the protection of personal information associated with the numbers and the Number Act³⁶

(3) The Committee Chair and Members shall exercise independent authority.

(4) The Committee Chair and Members shall be appointed by the Prime Minister with the consent of both houses of the Diet.

(5) Committee Members shall include stakeholders such as experts on relevant law and information technology, personnel from local governments, and members of the private sector. The Committee Chair shall have charge over the Committee's affairs and shall represent the Committee.

The Committee Chair shall be able to convene the Committee at any time if there is a situation that requires an immediate response.

2. Rights, functions, etc.

The Committee shall have the following rights and functions.³⁷ Ordinarily, monitoring by the Committee shall be carried out as efficiently as possible by utilizing existing monitoring systems related to the organizations subject to monitoring.

(1) Rights and functions concerning discovery or investigations of problems

A. The Committee shall be able to request documents and explanations regarding how organizations subject to monitoring handle Number Personal Information.³⁸

B. The Committee shall be able to respond to and investigate complaints regarding the handling of Number Personal Information by organizations subject to monitoring.³⁹

³⁶The Committee shall work through public awareness activities to prevent so-called overreactions. (In addition, it is conceivable that private sector firms could fill out applications to government agencies with jurisdiction for confirmation whether actual business activities that they are attempting to carry out are specified under the Number Act.)

³⁷Depending on the organizational form of the third-party institution, recommendations and so on may be issued through the Prime Minister.

³⁸As in D below, demands for explanations or the submission of documents shall not include documents related to certain causes, such as criminal investigations.

C. The Committee shall be able to require businesses that handle the Numbers or relevant organizations to make reports regarding the handling of Number Personal Information, and be able to dispatch personnel to their offices, inspect relevant documents, and question relevant persons.

D. The Committee shall be able to perform on-site inspections of the handling of Number Personal Information by government agencies and local governments (other than for certain purposes, such as criminal investigations).

(2) Rights and functions to eliminate discovered or investigated problems

A. The Committee shall be able to provide necessary advice and guidance to organizations subject to monitoring.

B. When organizations subject to monitoring violate regulations specified by the Number Act, etc., the Committee shall be able to recommend to the organizations the measures they should take.

C. When businesses or relevant organizations without valid reason fail to implement measures described in recommendations, the Committee shall be able to order them to carry out the measures.

D. When the Committee finds that the handling of Number Personal Information by local governments is in violation of legal regulations, it shall be able to recommend that the Prime Minister, under Article 245-5 or 245-7 of the Local Autonomy Act (law no. 67 of 1947), require the local government to take necessary action to correct the situation and provide necessary instructions regarding that action.

E. If the Committee finds that it is necessary for government agencies to quickly implement recommended measures, it shall be able to recommend that the Prime Minister require that the heads of the government agencies in question promptly implement the measures.

(3) Rights and functions concerning information protection assessments and inspection of Information Sharing Infrastructure

A. The Committee shall inspect the Information Sharing Infrastructure and its interfaces with other organizations before operations begin and shall inspect the Information Sharing Infrastructure as needed.

B. The Committee shall be able to advise government agencies, local governments, relevant organizations, and businesses permitted by law to handle the Numbers on the performance of

³⁹The Committee shall serve as the contact point for complaints about the handling of Number Personal Information, whether they concern the public sector or the private sector. The Committee shall make full use of its investigative powers to enquire into complaints against the public or private sector. When it confirms problem, it shall attempt to help by giving the institutions in question advice, guidance, or recommendations.

information protection assessments. It shall also be able to approve reports submitted by government agencies and relevant organizations.

(4) Other

A. Even when not specified by law as in VIII 1. (1), or for special reasons such as an unusual and severe disaster emergency, the Committee may permit information sharing via the Information Sharing Infrastructure.

B. The Committee shall be able to offer the Prime Minister its opinions to on important policy matters concerning the Number System or the protection of personal information in that system.

C. When government agencies attempt to have databases, etc., with Number Personal Information, except in certain cases they must inform the Committee in advance of the name of the file, its purpose, and to whom it will regularly provide information.

XII. Penalties

Penalties shall be created for the following acts and persons.⁴⁰ If necessary, penalties for crimes committed outside Japan and dual liability shall apply.

More detailed content, statutory penalties, the necessity of other penalties, and the options of expanding penalties in separate social security or tax laws or adding statutory penalties, will be studied in light of the proper form for the entire system.

1. Matters mainly involving people who are employees of government agencies, local governments, or related organizations⁴¹

(1) Action by employees, etc., of government agencies, local governments, or relevant organizations or by workers, etc. of commissioned businesses ("employees, etc., of government agencies") to provide without valid reason a database in which the Numbers are recorded

(2) Action by employees, etc., of government agencies to provide without valid reason Number Personal Information learned during the course of his or her work or to misappropriate (i.e., use illegally for the benefit of oneself and/or a third party; the same shall

⁴⁰Because the general provisions of the Penal Code (law no. 45 of 1907) will apply in principle to the Number Act (Article 8 of the Penal Code), crimes committed without intent (malice) shall not be punished (Article 38 Item 1).

⁴¹Regarding 1 (1) through (3), statutory penalties stronger than the penalties in Articles 53–55 of the Act of the Protection of Personal Information Held by Administrative Organs will be considered.

apply hereinafter) it (not including cases in which the Numbers are provided without other accompanying personal information)

(3) Action by an employee of a government agency, local government, or relevant organization to abuse his or her authority and collect for a purpose not related to his or her specific work a document, image, or electromagnetic record in which the Numbers are recorded

(4) Persons who violate the duty of confidentiality regarding secrets related to computer processing of Number Personal Information described in VI 7. and leak secrets related to computer process

2. Matters mainly involving people who are not employees of government agencies, etc.

(1) Action by businesses that handle the Numbers, their workers, etc., or workers, etc., at commissioned businesses ("businesses, etc., that handle the Numbers") to provide without valid reason a database in which the Numbers are recorded

To the degree possible, the extent of valid reasons such as the following shall be specified in the Numbers Act: if Number Personal Information is provided to commissioned businesses that handle it, if the information is necessary for the personnel management or welfare of employees (including workers on loan, employees or retirees from subsidiaries whose personnel are managed by the parent company, etc.) and the individual's consent for provision to third parties has been obtained, if a business permitted by law to handle the Numbers is acquired through merger, spinoff, or transfer of business and a database recording the Numbers is transferred, or if it is provided in accordance with law.

(2) Action by businesses, etc., that handle the Numbers to provide without valid reason Number Personal Information learned during the course of business or to misappropriate it (not including cases in which the Numbers are provided without other accompanying personal information)

To the degree possible, the extent of valid reasons such as the following shall be specified in the Numbers Act: if Number Personal Information is provided to commissioned businesses that handle it, if the information is necessary for the personnel management or welfare of employees (including workers on loan, employees or retirees from subsidiaries whose personnel are managed by the parent company, etc.) and the individual's consent for provision to third parties has been obtained, if a business permitted by law to handle the Numbers is acquired through merger, spinoff, or transfer of business and Number Personal Information is transferred, or if it is provided in accordance with law.

(3) Persons obtaining Number Personal Information through fraudulent action or action violating control obligations (unauthorized access or other acts violating the control of the possessor)

(4) Persons entering a false record into a database, etc., containing Number Personal Information that is held by a businesses permitted by law to handle the Numbers⁴²

(5) As discussed in XI 2. (1) C. above, persons who fail to make a report, make a false report, refuse an on-site inspection, refuse to make a statement in answer to a question, or make a false statement

(6) As discussed in XI 2. (2) C. above, persons who violate an order of the Committee

3. Violation of duty of confidentiality by the Committee Chair, etc.

The act of leaking information learned in the course of their duties by the Committee's Chair, members, or employees, etc⁴³

XIII. Numbers assigned to corporations, etc.

1. Number assignment

"Corporate Numbers" will be assigned to incorporated bodies. For registered incorporated bodies, the legal intent of the 12-digit corporate registration numbers held by the Ministry of Justice shall be clarified. Number assignment shall be made based on those numbers. The Ministry of Justice and National Tax Agency shall take the necessary measures to accomplish this. The National Tax Agency shall assign numbers that do not overlap the corporate registration numbers of registered incorporated bodies to unregistered incorporated bodies without corporate registration numbers. The National Tax Agency shall have jurisdiction over the assignment of Corporate Numbers.

(1) National and local government agencies

(2) Corporations registered in registry offices

(3) Unregistered corporations established based on the law

⁴²The act of entering a false record into a business's database, etc., containing Number Personal Information may be covered by Article 161-2 Item 1 of the Penal Code, "unauthorized creation of electromagnetic records." However, since some such acts may not be covered, new penalties to cover them should be established. In contrast, the act of entering a false record into a file or database containing Number Personal Information held by a government agency is fully covered by penalties in Penal Code statutes on unauthorized creation of official electromagnetic records, making of false official documents, and so on.

⁴³Raising penalties for abuse of confidentiality above those in the National Public Service Act (law no. 120 of 1947) will be considered.

(4) Of incorporated bodies other than those listed in (1) through (3) (including persons considered corporations under statutes on national taxes), those with a duty to report and pay national and local taxes, withhold taxes, collect special taxes, or submit legal records related to taxes, or who engage in transactions requiring the submission of legal records related to taxes

Since the branches and places of business of incorporated bodies do not necessarily have corporate registration numbers, they shall not be assigned Corporate Numbers. On the other hand, there are many branches and places of business of corporations that have a duty to withhold national taxes and to specially collect local taxes, so national tax authorities shall share the numbers they use internally for withholding agents with local tax authorities. This will increase the efficiency of paperwork performed by local tax authorities and withholding agents.

2. Changes

Beginning in fiscal 2012, corporate registration numbers will no longer be subject to change even when registration is transferred to a different registry office or a corporation reorganizes. In the same way, Corporate Numbers shall not be changed.

In addition, in order to avoid overlapping number assignments, once a number has been used, it shall never be reused.

3. Notification

The Director of the National Tax Agency shall inform incorporated bodies in writing when they have been assigned Corporate Numbers.

4. Searching and viewing

Corporate Numbers shall be widely and generally disclosed. They shall be freely distributable, and both the public and private sectors shall be able to make various uses of them. The institution assigning numbers to incorporated bodies shall therefore consider public convenience and make available on a website services enabling the searching and viewing of three types of basic information (the "three types of basic information for incorporated bodies": trade name or name, location of headquarters or main office, and business incorporation number).

5. Various measures that contribute to the proper use of Corporate Numbers

In order for the Number System to operate correctly and smoothly, the same measures that must be taken for Numbers assigned to individuals must be taken for Corporate Numbers as well in terms of identification and authentication of the Numbers when receiving disclosure as in V above, the duty to provide as in VI 1. above, prohibition of false provision as in VI 3., and so on.

6. The agency that assigns numbers

(1) Because the agency that assigns numbers will use corporate registration numbers to assign numbers to incorporated bodies, it shall be able to request three types of basic information for incorporated bodies and other information necessary for the operation and management of Corporate Numbers from the items registered by corporations assigned numbers by the Ministry of Justice.

(2) The agency that assigns numbers must appropriately manage the Corporate Numbers and information on matters registered by corporations subject to number assignment provided by the Ministry of Justice.

(3) The agency that assigns numbers will study preparation of the necessary systems in the National Tax Agency.

Part 4 Special measures in regard to sensitive information

Information handled in the social security field, especially in the medical sector, includes particularly sensitive information regarding individuals' lives, persons, health, and so on. Therefore, when the Act on the Protection of Personal Information was passed, both houses of the Diet attached a supplementary resolution calling for consideration of a separate law concerning the medical sector because there is a risk that leaks of personal information could lead to serious invasions of privacy.

With the introduction of the Number System, the Number Act will call for even stricter handling of Number Personal Information than the Act on the Protection of Personal Information does. Therefore, in order to increase the convenience of the Number System in the medical sector and allow the public to utilize it with peace of mind, a special law associated with the Act on the Protection of Personal Information or the Number Act shall be prepared in conjunction with the Number Act. It will mandate special measures regarding the handling of particularly sensitive medical records and so on in light of the sensitivity and characteristics of information. The bill will be written by the Ministry of Health, Labor and Welfare, with collaboration by the Cabinet Secretariat and based on deliberations in the sub-working group on social security.