

## 1 Introduction and Establishment of the Social Security and Tax Number System ("My Number System")

### (1) Outline of My Number System

My Number System is the base of a more fair social security and tax system, and contributes to the people's convenience and a higher efficiency of administration as infrastructure of information society.

Upon the introduction of My Number System, the NTA acts as an entity assigning Corporate Numbers and also as an entity utilizing My Numbers (Individual Numbers) and Corporate Numbers.



Mascot character for My Number "Maina-chan"

#### ~ My Number (Individual Number) ~

From October 2015, a 12-digit Individual Number has been designated to anyone holding residential registration. The Number has been notified by a municipal office and the like that has been sending a notification card to the residential registration address. The use of My Number is limited to the procedures prescribed by law or municipal regulations, such as procedures in the fields of social security, taxes, and disaster measures.

#### ~ Corporate Number ~

From October 2015, the NTA has been designating a 13-digit Corporate Number to each corporation, such as stock companies. The Number has been notified by the NTA that has been sending a written notice to the corporation's registered address or principal place of business. The following 3 types of information on the corporation, etc., in principle, is publicly announced and available to anyone; ① trade name or name, ② address of head office or principal place of business, and ③ Corporate Number.

### (2) Actions as an entity utilizing My Numbers and Corporate Numbers

#### ~ Utilization in the national tax field ~

Upon the introduction of My Number System, an individual or corporation will have to fill in the Number (My Number or Corporate Number) on the declaration form and statutory statements they submit to the tax authority.

When My Number is provided, it is necessary to confirm the identity of individuals based on the Act in the Administrative Procedure (Number Act) to prevent identity fraud.

Therefore, the NTA enact a notice that establishes specific procedures to confirm the identity of individuals in the national tax field.

#### ~ Improving convenience for taxpayers ~

Taking the opportunity of the introduction of My Number System, the NTA is considering further improving convenience for taxpayers. Specifically, ① attaching a certificate of residence can be omitted in a declaration procedure to receive, for instance, a housing loan tax credit from 2016, ② electronic filing can be centralized for the withholding record and the payment record of salaries/pensions, which are currently submitted to both the national and local governments and ③ Mynaportal<sup>1</sup> and e-Tax function in a coordinated fashion.

<sup>1</sup> "Mynaportal" is a portal site by individuals with functions that makes convenient online services available on various channels such as PCs and portable terminals in cooperation with the private service sector for the purpose of further improvement in the convenience of citizens as well as functions that were available with "the Personal Information Cooperation Record Disclosure System," such as access to records of exchanging specific personal information among national and local governments, access to the user's specific personal information held by local governments, etc., and receiving various notifications including vaccination, pension and nursing care sent by local governments. (The operation is scheduled to begin from January 2017.)

### ~ Recognizing income properly and more efficiently ~

In the field of national taxes, as the Number will be required on documents such as declaration form and statutory statements, the NTA expects that name-based aggregation of statutory statements and matching with declaration form will become more accurate and efficient, and, in turn, income will be recognized more accurately. As a matter of course, it is difficult to recognize and verify some transactions, including information on business income and foreign assets and transactions, with statutory statements only. Therefore, it should be noted that recognizing all income is difficult even with Numbers.

### ~ Conducting public relations activities ~

To facilitate the introduction and establishment of My Number System, the NTA is actively conducting public relations by publishing FAQs, etc through special cite on its website and additionally holding a briefing session, etc regarding My Number System for the relevant private sectors and industrial associations, etc.

#### Latest information on the Social Security and Tax Number System and inquiries

• The Cabinet Secretariat website for the Social Security and Tax Number System: <http://www.cas.go.jp/jp/seisaku/bangoseido/english.html>

• Toll-free telephone service for My Number: 0120-95-0178 ※ Wrong calls have been increasing. Please make sure to dial the correct number.

Available from 9:30 am until 8 pm on weekdays and until 5:30 pm on weekends and holidays (excluding year-end and New Year holidays)


※ Latest information about operation hours is available on the website of the Cabinet Secretariat.

#### Latest information on the Social Security and Tax Number System (My Number System) pertaining to national taxes

For the latest Information on the Corporate Number and information on the My Number System for national taxes, please visit the special site on the NTA website.

• Click  on the NTA website to visit the special site. <http://www.nta.go.jp/mynumberinfo/index.htm> (in Japanese)

The Corporate Number is published on the NTA Corporate Number Publication Site on the Internet.

• Click  on the NTA website to visit the NTA Corporate Number Publication Site. <http://www.houjin-bangou.nta.go.jp/setsumeie/english/>

• Please inquire details, non-delivery, and resending of the Notification of Corporate Number from the Office of Corporate Number Management at the NTA.

Toll-free telephone service of the Office of Corporate Number Management at the NTA 0120-053-161 Available from 8:45 am until 6 pm on weekdays (not available on weekends, holidays, and New Year holidays)

When the above number is not accessible from IP phones, etc., please call 03-5800-1081 (calls will be charged).



### (3) Actions as an entity assigning Corporate Number ~ Assigning corporate numbers ~

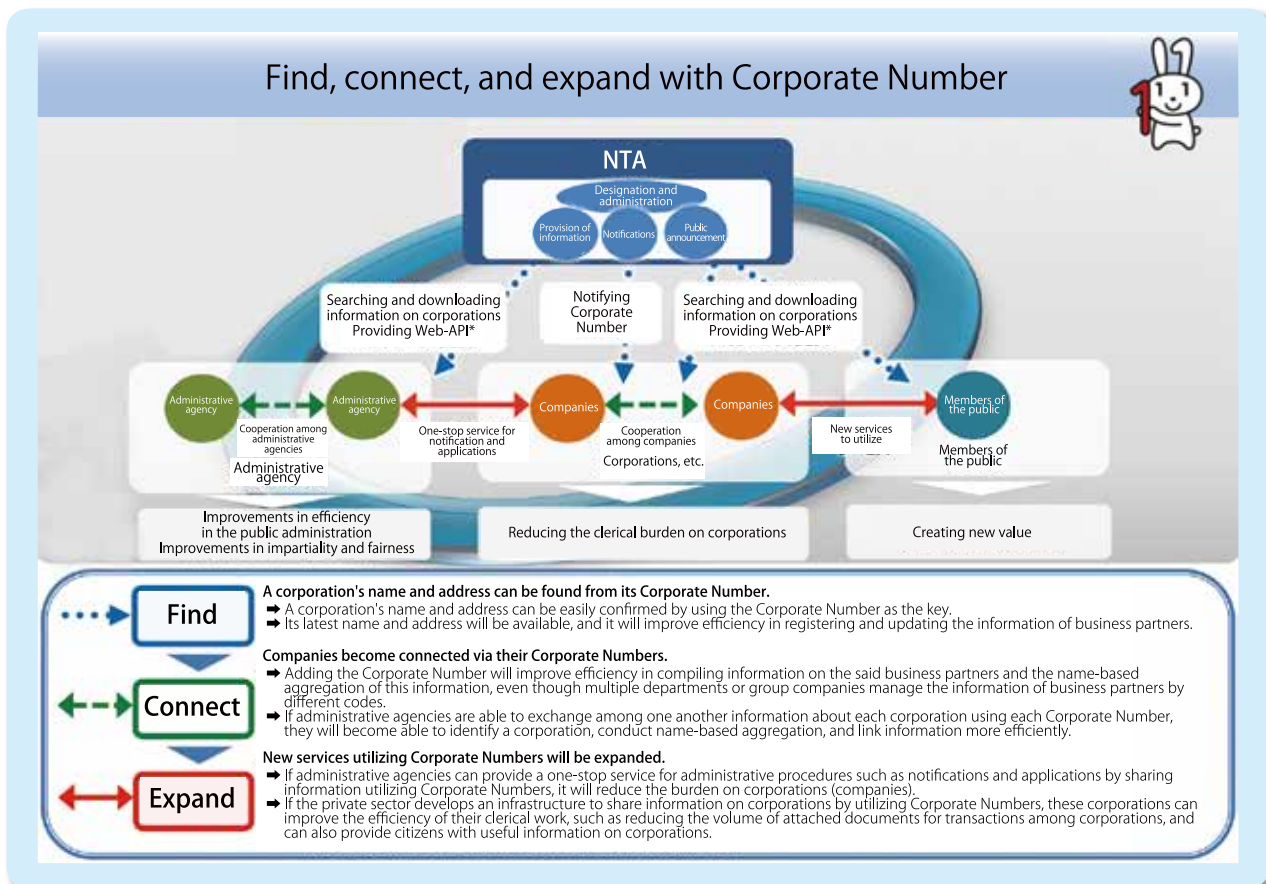
The Corporate Number is designated to ① established registered corporations, such as stock companies, ② national government organs, ③ local public entities, or ④ other corporations or associations without juridical personality, etc., other than those listed in ① through ③, those obligated to file and pay corporation or consumption tax, or to withhold income tax from salaries, etc. The NTA designates the Corporate Number based on the registration information provided by the Ministry of Justice or other information without requiring any particular notification procedures, and also sends the Notification of the Corporate Number.

※ A corporation or association without juridical personality other than those mentioned above can also receive a designated number by submitting a request to the NTA Commissioner if it meets certain requirements.

The NTA publishes the designated Corporate Numbers via the Internet (Corporate Number Publication Site). The Internet site provides a function to search for Corporate Numbers from a corporation's trade name or address, and a function to download data so that the publicized information will be available for users' secondary use.

### ~ Promoting the utilization of Corporate Number ~

The Corporate Number, unlike My Number, has no limit on their range of use, and it is important to utilize them in broad fields as a part of the social infrastructure. Cooperating with relevant ministries and agencies, the NTA is striving to explain the system under the slogan of "find, connect, and expand" and to encourage the utilization of the system by national and local administrative agencies and private organizations.



- About the NTA
- Enhancement of Services for Taxpayers
- Proper and Fair Taxation and Collection
- Remedy for Taxpayer Rights
- Efforts to Enhance Taxpayer Convenience and to Boost Efficiency of Tax Administration
- Proper Management of Liquor Administration
- Proper Administration of Services by Certified Public Tax Accountants (CPTAs)
- Evaluation of Policies
- Statistics

Column 10

**Registering NTA as an issuing agency based on international standards**

1 Outline of the registration as an issuing agency based on international standards

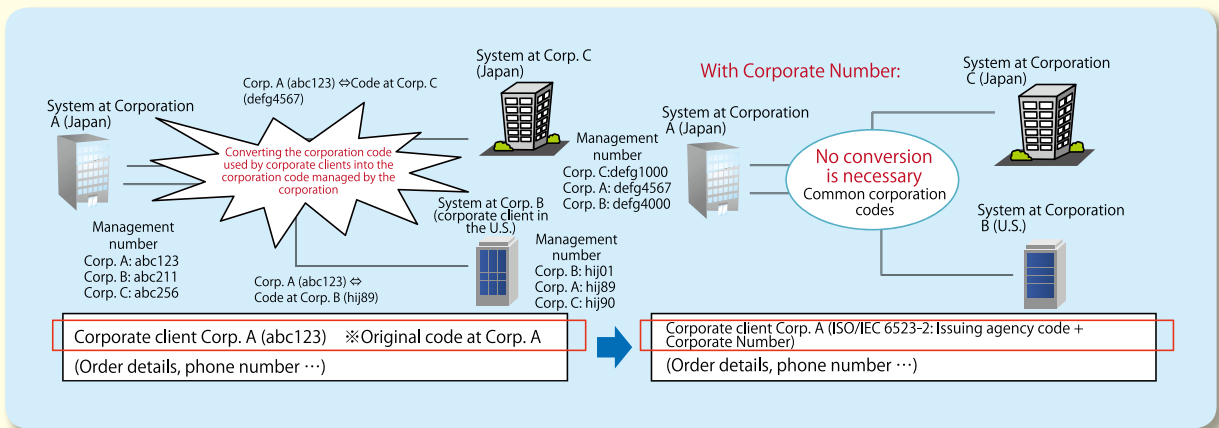
The NTA is registered as an issuing agency with the United Nations (UN) and the International Organization for Standardization (ISO), and has obtained “issuing agency codes” so that Corporate Numbers can be used as common corporation codes in international distribution (e.g., electronic commerce) as well as in Japan.

Corporate Numbers became available for international transactions as a unique gratuitous corporation code when issuing agency code and corporation code (Corporate Number) are used in combination.

2 Specific cases

(1) Electronic commerce

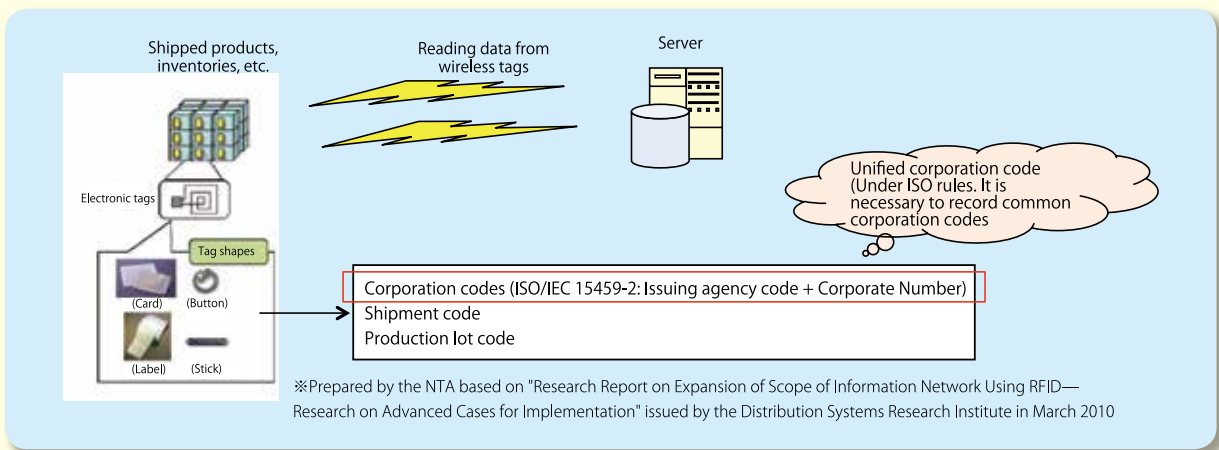
If sales orders are made among corporations without common corporation codes, corporations are required to convert the corporation code used by corporate clients into their own corporation code. Using Corporate Numbers as common corporation codes does not require such a conversion and leads to the reduction in costs (operation loads) relating to the conversion and maintenance of corporation codes.



(2) Electronic tag

Information about shipped products and inventories in daily transactions are available through the attached wireless electronic tags (cards or buttons in the shape of a tag). This technology is spreading.

In the future, if corporations record internationally common corporation codes based on Corporate Numbers on electronic tags, the use of electronic tags will spread, and the efficiency of distribution will be improved as codes are used in a greater variety of fields.





## 2 Optimization of operations and systems

### ~ Promotion for optimization of operations and systems ~

In order to improve serviceability and improve administrative operations more simply, efficiently, reliably and transparently by utilizing ICT and reviewing operations and legal systems, the “e-Government Establishment Plan” was decided in July 2003.

In addition, the “Declaration to be the World's Most Advanced IT Nation” was decided on in June 2013 to enable Japan to be the society that utilizes IT at the most advanced level in the world. Based on this decision, the “Roadmap for government's information system reform” and the “Investment plan for government's information system” were decided on to reform information systems.

Following these plans, the NTA will make a constant effort to reduce 30 percent of the operation costs of the information systems, such as the KSK (Kokuzei Sogo Kanri) system and e-Tax, targeted for 2021. We will also promote strategic initiatives to rebuild these systems into systems of higher added value.

### Ensuring stability and reliability of ICT system and information security

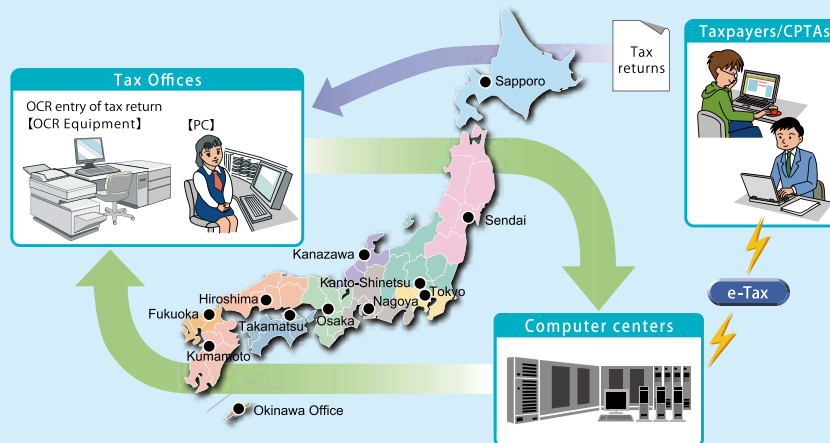
Because the national tax-related operations are closely connected to public rights and obligations, failure in its ICT system is likely to have a large impact on citizens and impair the credibility of tax administration. Therefore, the NTA is working to maintain stable operation of ICT systems by regularly updating ICT equipments.

Since the NTA holds and accumulates large amounts of taxpayer information, it takes great care for the prevention of its improper use and information leakage. For instance, the NTA officials are restricted their use of taxpayer's information only to the necessary information for their work, and the NTA physically disconnects officials' PCs that access taxpayer information from the internet. The NTA also conducts security audits regularly.

At the computer center which stores data for e-Tax and the KSK System, the NTA implements an information security management system (ISMS)<sup>1</sup> which complies with international standards. In 2007, the NTA also obtained certification based on the ISMS compliance evaluation system (certification based on ISO/IEC27001 and JISQ27001)<sup>2</sup> and regularly renews the certification afterward.

### Kokuzei Sogo Kanri (KSK) System

The KSK System, which links all Regional Taxation Bureaus and Tax Offices, is a computer system to centrally manage national tax receivables etc. by inputting the data of past tax returns and tax payment, or a variety of other information. Moreover, this data is analyzed for use for tax examinations and the collection of delinquent tax. As such, the system also facilitates sophisticated and efficient administration.



1 An Information Security Management System (ISMS) is an organizational initiative to implement the planning, operation, review and improvement which are required in order to maintain a situation of appropriate management for confidentiality and completeness and usability of information assets which should be protected.

2 ISO/IEC27001 is one of the standards created by the International Organization for Standardization. This became a global standard for information security management systems in October 2005. JISQ 27001 is a Japanese domestic standard published in May 2006, corresponding to ISO/IEC27001.