

The Current Development of the Japanese e-Government Platform

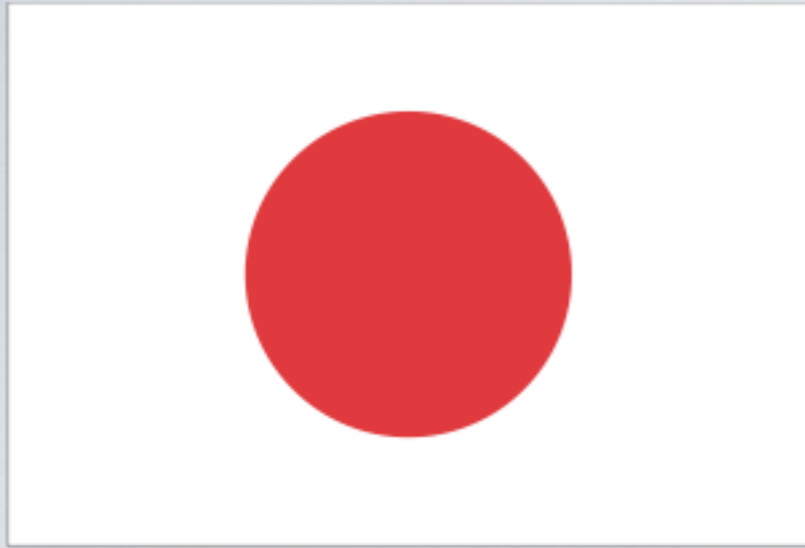
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Roadmap of Japan

for the continuous *KAIZEN* of e-Government

2015

**Number for Tax and Social Security
("My Number" and "Corporate Code")**

Numbers for Specific Use

Resident Code

2002

- Incremental expansion of the use of "My Number" is planned.

The Basic Structure of Cyber Laws of Japan

Efficiency

Privacy

Quality
of
Service



Facilitating e-Government Infrastructures

Protection of Personal Rights Against Abusive Use of Personal Information

Review and Audit of e-Governance

Regulating Governmental Agencies, Employees and Contractors

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Respective laws covering specific governmental services

1999 amendment of *the Act of the Basic Resident Registers*

2013 enactment of so-called “*My Number Act*” (Act on Use, etc. in Administrative Procedures of Numbers to Identify Specific Individuals)

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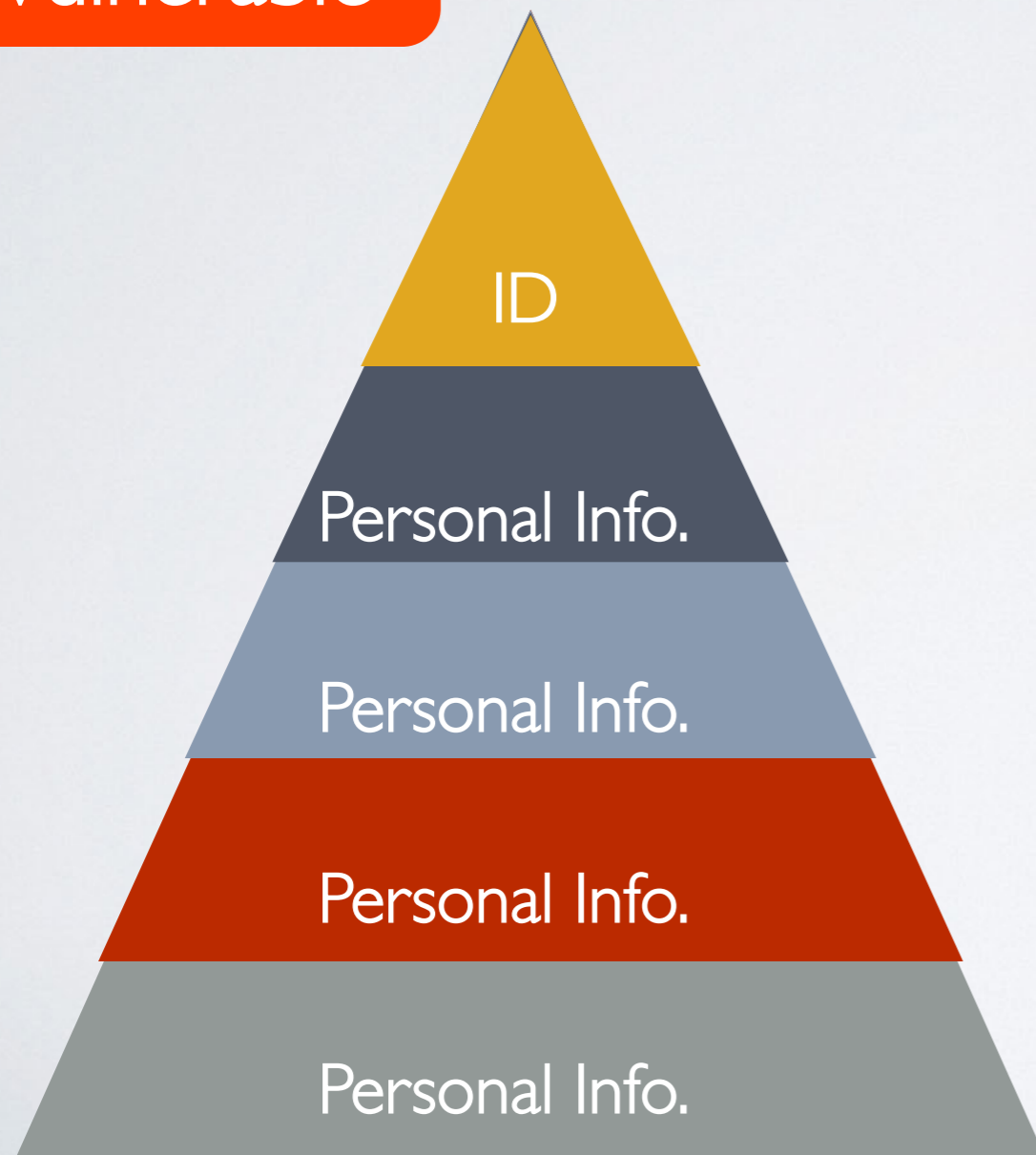
Civil Code

Act on the Protection of Personal Information Held by Administrative Organs (Act No. 58 of 2003)

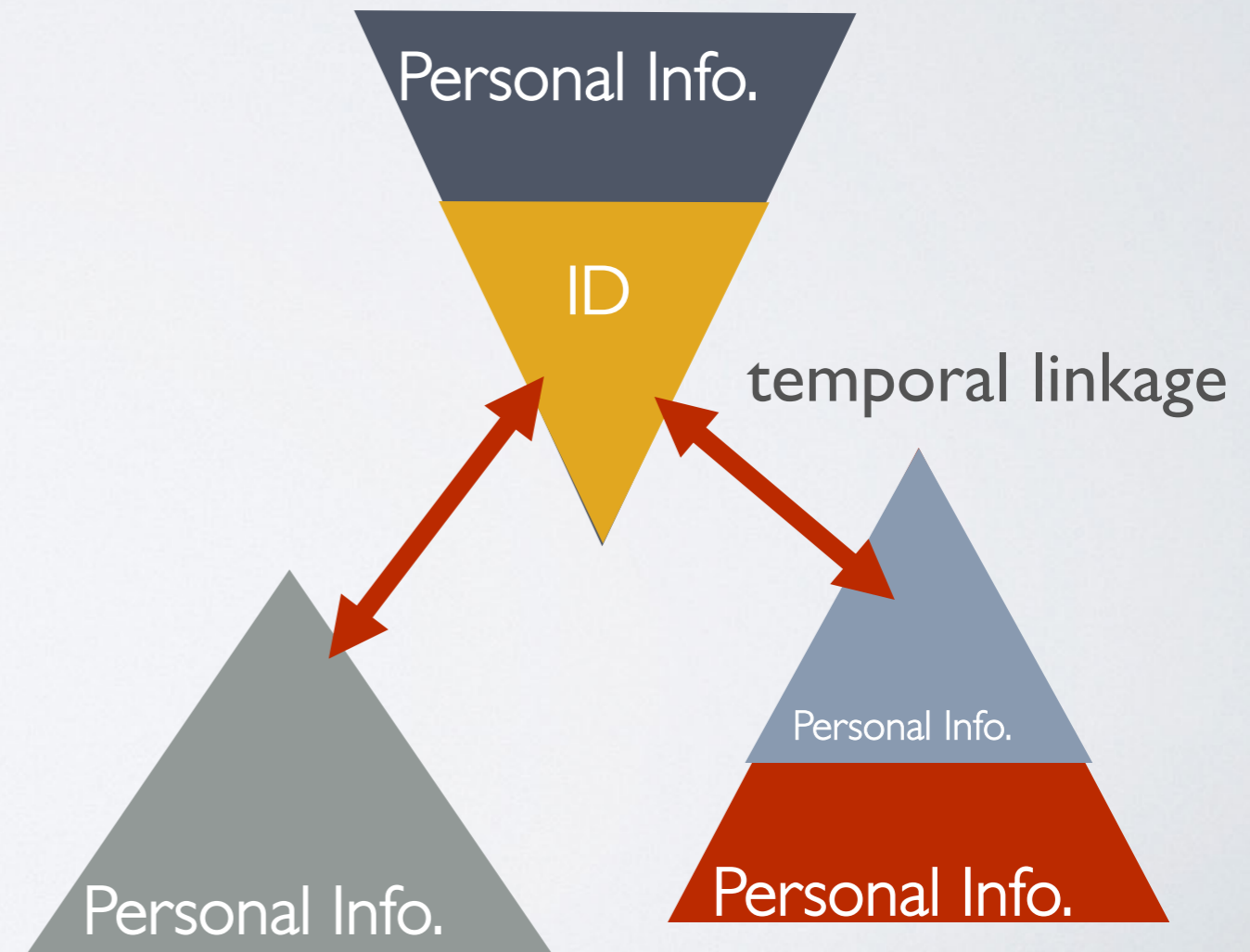
Act on the Protection of Personal Information (Act No. 57 of 2003)

The Japanese Government Understands that the Need for an Invulnerable Platform was suggested by the Supreme Court of Japan

Vulnerable



More Invulnerable



The Supreme Court Judgment of 6 March 2008

2007 (o) No. 403, 2007 (ju) No. 454

- In order to held that the Resident Registry Network implementing Resident Codes is legal, the Court emphasized that:
 1. the linkage between the ID (Resident Code) of a resident and the specific governmental services demanded by the resident is temporal;
 2. the said linkage is not recorded by the respective governmental offices;
and
 3. the governmental offices cannot easily aggregate personal information using the ID.

Striking a Balance



- The demand for efficiency of governmental services pushes aggregation of personal information by the governmental agencies.
- The need for invulnerability restricts such aggregation.

“My Number Act” enacted 2013

“My Number” will launch 2015

- The primary purpose of “My Number Act” is to improve the *efficiency* of the Tax and Social Security services.



The Difficulty in Drafting the “My Number Act”

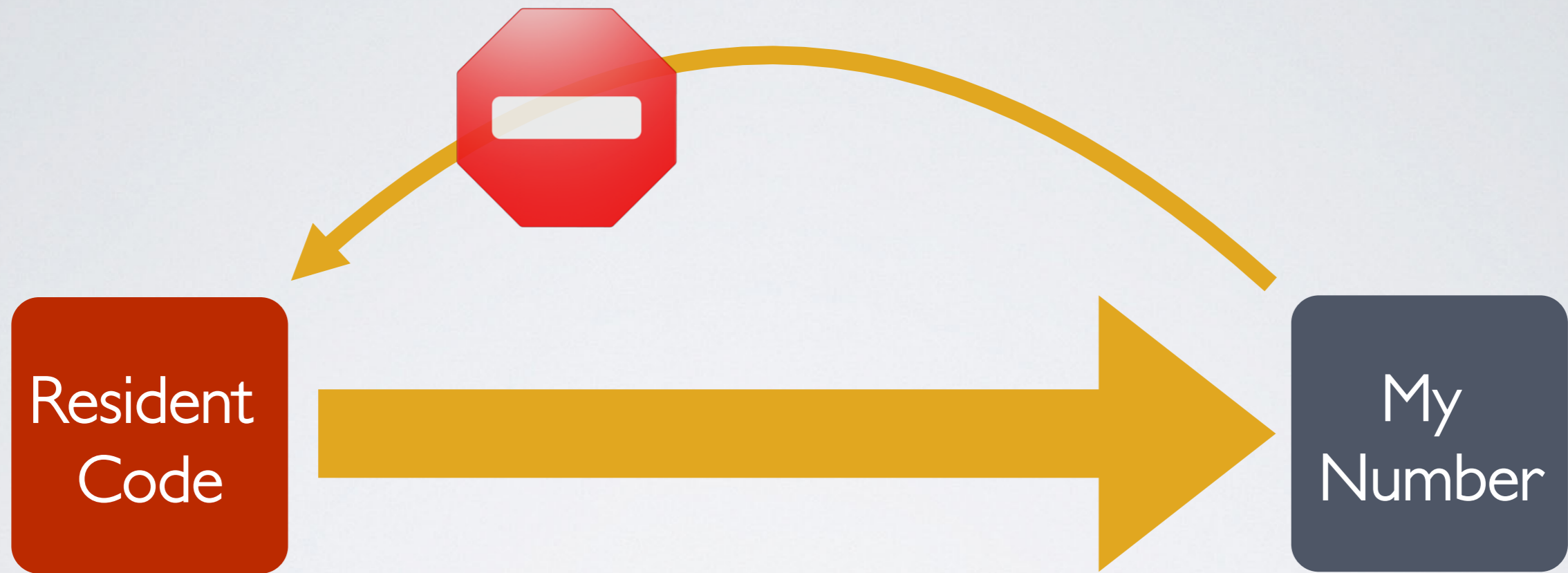
- Because both of Tax and Social Security are the means to re-distribute wealth among people, it is essential to use Personal Code (“My Number”) and Corporate Code to aggregate certain kinds of personal information that needs to be used to calculate the tax amount payable by each resident and the social security benefit given to the same resident.
- Corporate Codes will be made public because they are not linked to personal data. Aggregation of corporate information by both the government and private sector is not restricted.
- However, we must be careful about aggregation of personal information by using “My Number.”

The Tactics employed by “My Number Act” to strike a balance between “efficiency” and “invulnerability”

1. Unilateral Linkage between “Resident Code” and “My Number”
2. Incremental and careful expansion of the scope of permitted use of “My Number”



Unilateral Linkage between “Resident Code” and “My Number”



- “My Number” of a resident is generated from their “Resident Code.”
- However, “My Number” is designed so that “Resident Code” cannot be ascertained from “My Number.”

Incremental and careful expansion of the scope of permitted use of “My Number” (Article 9 of “My Number Act”)

- The scope of permitted use of “My Number” is strictly limited to the governmental services for the purpose of:
 1. Taxation;
 2. Social Security; and
 3. Identification of and aid to residents in the occasion of a disaster.



- Any expansion of the scope requires amendment of the Act by the Diet.
- The government is not given a discretion to expand the scope.
- However, the Supplementary Provision (Article 6) of the “My Number Act” expects the scope will be re-considered in 2018.



The discussion for future expansion of the use of “My Number”

1. Who should be authorized to use “My Number?”
2. What purposes should be included within the permitted scope for the use of “My Number?”



Who should be authorized to use “My Number?”

- Only governmental agencies, local governments, independent administrative institutions executing governmental services, and their contractors handling part of governmental services (such as data centers) are permitted to use “My Number.”

Employers?



- Japanese income taxation heavily depends on the withholding tax deducted by employers from the salaries paid to employees.
- Adjustment of the tax payable by employees is usually made through the employers annually.
- For the purpose of the efficiency of income taxation, having employers to use their employees' "My Numbers" would be helpful.
- However, the risk to the protection of personal information would apparently be increased.

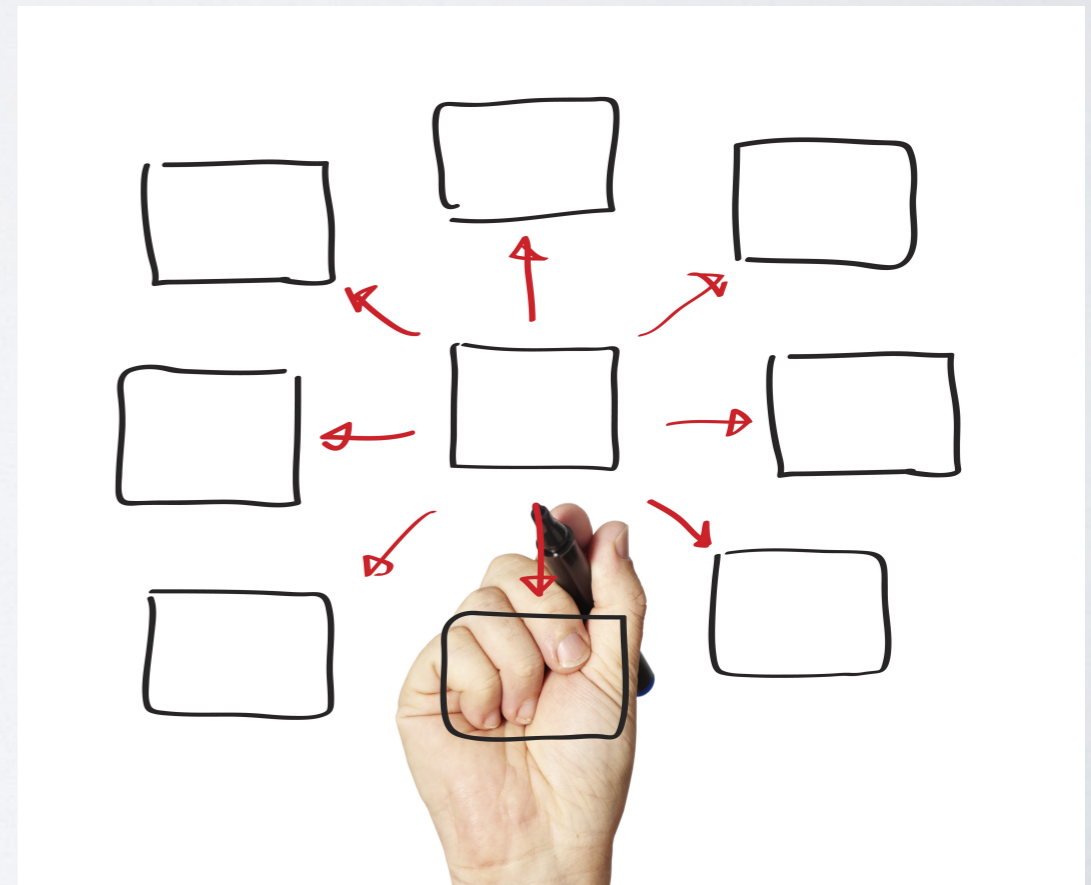
Financial Institutions?



- Japanese income taxation also considerably depends on the withholding tax deducted by the banks and security firms on interests, dividends and fund distributions.
- For the purpose of the efficiency of income taxation, having financial institutions to use their customers' "My Numbers" would be helpful.
- The risk to the protection of personal information would be limited because the protection of personal information by Japanese financial institutions is well managed.

What purposes should be included within the permitted scope for the use of “My Number?”

- The Japanese Government is studying the expansion of the scope.
- Specifically, the use of “My Number” for healthcare and financial services.



Healthcare



- When an insured person changes their employer, their medical insurance ID also changes.
- ID Changes are inconvenient for Health Insurance Societies, Insureds, and Hospitals and Clinics.
- ID Changes also make it difficult to record and refer to medical records of an insured throughout their lifetime.
- “My Number” would be convenient for life-time health insurance and healthcare.



Financial Services

- The burden of financial services and their customers would be remarkably reduced if they can use “My Number” to verify the identity of their customers.
- Also, financial institutions play important roles in Japanese income taxation.

Thank you.