

## Identification Number for Tax and Social Security

### ■ Introduction of a New System

Currently, government authorities have their own system and rules in place for the identification of individuals in administrative procedures. For the purpose of improving administrative efficiency and enhancing public convenience, the government will introduce a new individual identification system, effective from January 2016, for individual tax and social security procedures. Individuals will be notified of a 12-digit number (a so-called “My Number”) by their municipality beginning from October 2015. The system applies to all individuals, both Japanese nationals and foreign residents, registered with their local municipal offices as of October 5, 2015.

### ■ Employers’ obligations

Employers are required to handle the My Numbers of employees and their family members for the purpose of employees’ social insurance and tax reporting to government authorities. Here is a brief summary of employers’ obligations.

- 1) Collect employee’s My Number and that of his/her dependents, together with other documentation to identify the persons such as driver’s license cards;
- 2) Validate the My Number and confirm the identity of the person submitting their My Number;
- 3) Manage My Numbers and personal information of employees in a highly secure environment to comply with legal regulations;
- 4) Dispose of the information immediately after the purpose of possession ceases, keeping records of disposal.

Employers are also required to have the established policies and procedures in place for secure operation.

### ■ Scope of Use

Use of My Number is strictly limited to the administrative procedures for taxation, social security and disaster response. The employer is required to indicate My Numbers on each report/form when submitting to the relevant authorities for the purpose of tax processing and social insurance reporting. The following table shows examples of reports/forms. As indicated, Health Insurance and Welfare Pension Insurance is scheduled for inclusion in the new system from 2017.

Categories	Reports/forms	Effective:
Withholding income tax	<ul style="list-style-type: none"> <li>• Withholding tax statement (<i>Gensen cyoshu-hyo</i>)</li> <li>• Payment certificate (<i>Shiharai chosho</i>)</li> <li>• Declaration form for dependents deductions and other tax forms for year-end tax adjustment. (<i>Fuyokojoto shinnkokusho</i>, etc.)</li> </ul>	January 2016
Employment insurance	<ul style="list-style-type: none"> <li>• Registration report/Termination report</li> <li>• Benefit claims for childcare leave, etc.</li> </ul>	January 2016
Health insurance / Welfare pension insurance	<ul style="list-style-type: none"> <li>• Registration report/Termination report</li> <li>• Reports on personal information changes such as address, dependents</li> <li>• Benefit claim forms, etc.</li> </ul>	January 2017

My Number should be used only for the legally required purposes. Use for other purposes or divulging to other persons is prohibited. For instance, when an employee requests a withholding tax statement for purposes other than tax filing, such as income certification for the borrowing of money from a bank, the employer should not disclose his/her My Number on the statement.