

## Section 4

### Promoting IT in Private Companies

#### 1. Establishment of Tax Incentives for Promoting Investment in IT Networking

In order to increase competitiveness of Japanese companies and to reform the industrial structure, it is necessary to make selected investment to promote establishment of IT networks that contribute to improving the efficiency of corporate operations and raising the added value of their businesses. Thus, tax incentives for promoting investment in IT networking were introduced in fiscal 2003 to improve operational efficiency and raise the added value in private companies through providing tax benefits for IT investment in both hard and soft aspects. This tax system will realize a tax reduction effect of approximately 600 billion yen in the initial fiscal year.

#### 2. Formulation of IT Strategy toward Increasing International Competitiveness of Japanese Companies

With the objective of deliberating a truly effective policy for driving IT in private companies, while giving consideration to the future situation of the information and communications network infrastructure and the emergence of new business models in the information and communications field, the MPHPT hosted a Study Group on IT Strategy of Private Companies for Recovering International Competitiveness from July 2002, which released a report in December 2002. Based on the proposals, the MPHPT is carrying out study on establishment of an “info-communications platform to support corporate IT usage” that can be utilized as a common infrastructure suitable for Japanese companies, so as to promote use of IT in companies and contribute to creating new high-value added businesses.

#### 3. Expansion of Support for IT Venture Companies

IT venture companies face difficulties in procuring funds, securing human resources, and securing clients, since many of them have only started up recently and lack credit capability. To promote start-ups and growth of IT ventures, the MPHPT provides various support measures in terms of funds, technologies, and human resources. In addition, since March 2003, the MPHPT has held the “IT Venture Study Group,” which comprehensively discusses about the various problems surrounding IT ventures and

concrete support measures for promoting IT ventures, aiming at development of concentrated and selective measures for promoting IT ventures. The MPHPT also encourages Telework and SOHO.

#### 4. Diffusing and Promoting Electronic Signatures and Certification Services

The Law Concerning Electronic Signatures and Certification Services was enforced in April 2001 under the joint jurisdiction of the MPHPT, the Ministry of Justice, and the Ministry of Economy, Trade and Industry (METI) with the objective of further promoting e-commerce and other social and economic activities utilizing information and communications networks through enabling smooth utilization of electronic signatures by citizens. This law introduced a national accreditation system for designated certification services to provide citizens with a guidepost for credible certification services, and as of the end of fiscal 2002, 12 designated certification services have been accredited. Moreover, diffusion and public awareness activities have been continued through publicity activities with respect to the legal effects of electronic signatures and the points to note when using electronic signatures, in order to improve citizens’ understanding of electronic signatures and certification services. Furthermore, a list of recommendable cryptographic techniques for procurement activities by Japan e-Government was decided in February 2003 by “CRYPTREC,” a cryptographic techniques evaluation project jointly carried out by the “CRYPTREC Advisory Committee” hosted by the MPHPT and METI and the “CRYPTREC Evaluation Committee” hosted by the Telecommunications Advancement Organization of Japan (TAO) and the Information-Technology Promotion Agency, Japan (IPA), after inviting citizens’ opinions.