

Amendments to Japan's Act on the Protection of Personal Information: Increased risk following the introduction of an administrative fine system

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In brief

On 10 July 2026, the Japanese Diet passed a wide range of amendments to the Act on the Protection of Personal Information (Act No. 57 of 2003) (the "APPI"), including the introduction of an administrative fine system. The amendment act was promulgated on 17 July 2026. This amendment affects not only Japanese companies but also companies located outside of Japan. The APPI applies to companies located outside of Japan to the extent that they handle information regarding individuals in Japan in connection with providing goods or services to persons in Japan. Accordingly, non-Japanese companies, too, must understand the added and strengthened regulations pursuant to these amendments and establish systems designed to prevent violations before they occur.

This Newsletter outlines three aspects of the amendments that are particularly important for companies to know: (I) the introduction of an administrative fine system, (II) new regulations concerning the handling of children's personal information, and (III) new regulations concerning certain biometric data.

In detail

I. Introduction of an administrative fine system

A. Overview

Under the APPI, criminal penalties may be imposed where a company (which is referred to under the APPI as a "Business Operator Handling Personal Information") that has violated the APPI continues to violate the APPI after receiving an order issued by the Personal Information Protection Commission (the "PPC"). However, if the company ceases the violation after receiving the order, those criminal penalties do not apply. In addition, there was, originally, no administrative sanction that directly confiscated the economic benefits obtained through a violation of the APPI.

The amendments introduce an administrative fine system, under which companies may be ordered to pay administrative fines for certain categories of violations of the APPI. As a result of this change, companies that fail to comply with the APPI face a more direct financial form of administrative sanction than previously imposed.

B. Requirements for an administrative fine payment order

Pursuant to Article 148-3 of the APPI, five elements must be met in order for a payment order for administrative fine to be issued:

- (i) the conduct falls within one of the categories of violations specified in Article 148-3 of the APPI;
- (ii) the company received money or other consideration for the violating conduct referenced in the first element listed above or for ceasing such conduct;
- (iii) the company failed to exercise reasonable care to prevent the violation;
- (iv) the degree of harm to the rights and interests of the data subjects is significant; and
- (v) the number of data subjects affected by the conduct listed in the first element exceeds 1,000.

The following sections discuss the first and third requirements above.

1. Categories of violations specified in Article 148-3 of the APPI

Article 148-3 of the APPI identifies four categories of violations that may give rise to an administrative fine: (i) certain types of improper use or provision of personal information, (ii) violation of the restrictions on the provision of personal data to third parties under Article 27(1) of the APPI, (iii) violation of certain types of regulations governing the production of statistical information under Articles 30-2 and 31-3 of the APPI, and (iv) violation of the prohibition on acquiring personal information by improper means under Article 20(1) of the APPI and use of the information. This Newsletter focuses on the second and third categories, as follows.

Pursuant to the restrictions on the provision of personal data to third parties, a company is generally required to obtain the prior consent of the data subject before providing personal data to a third party. If a company receives money or other consideration through the provision of personal data to a third party without obtaining the data subject's consent or otherwise meeting an applicable exception, that conduct may become subject to an administrative fine. It should also be noted that, unlike Article 6(1)(f) of the EU General Data Protection Regulation (the "GDPR"), the APPI does not provide a legal exception equivalent to the GDPR's concepts of legitimate interests as concerns the third-party provision of personal data. Instead, third-party provision of personal data is permitted only where the data subject's consent has been obtained or where an individually specified exception under the APPI applies.

The regulations for production of statistical information are newly introduced exceptions to certain regulations requiring the data subject's consent, such as the restrictions on the provision of personal data to third parties. Under these exceptions, for example, a company may, without obtaining the data subject's consent, provide personal information to a third party that needs to handle such information for the purpose of production of statistical information, including the use of information as training data for artificial intelligence models—provided that the company takes measures such as disclosing certain matters. At the same time, these regulations impose various obligations upon companies with respect to the personal information provided in reliance upon these exceptions. Such obligations include prohibitions on using the information for purposes outside the disclosed scope of the production of statistical information, as well as prohibitions on disclosing such information to a third party. Violations of these types of obligations may result in an administrative fine.

2. Failure to exercise reasonable care

Another element that must be met in order for a company to be subject to an administrative fine is that the company must have been found to have failed to exercise reasonable care to prevent the violation throughout the period of the violation (APPI, Article

148-3(1), (2)). Nevertheless, at present, it is not clear what measures will be sufficient to satisfy this standard. Further clarification is expected through PPC guidelines, publicised questions and answers, or other materials. This element appears to be intended to prevent the administrative fine system from becoming excessively burdensome. Moreover, this element serves to incentivise companies to be proactive in ensuring the legality of their handling of personal information. For that reason, the fact that a company failed to establish an appropriate system to comply with the APPI may be considered an important factor in supporting a finding that the company failed to exercise reasonable care.

C. Calculation of administrative fines

A company that is ordered to pay an administrative fine must pay a pecuniary sum calculated as an amount equivalent to the money or other consideration received for the violating conduct or for ceasing such conduct (APPI, Article 148-3(1), (2)). The specific method of calculation will be prescribed by a cabinet order at a later date (APPI, Article 148-3(1), (2)). Depending upon the content of the cabinet order, the amount of an administrative fine could be substantial. Companies, therefore, should monitor future developments closely.

II. New regulations concerning the handling of children's personal information

Previously, the APPI did not contain regulations specifically concerning the handling of children's personal information. The PPC guidelines and related publicised questions and answers provided only limited interpretive guidance. The amendments to the APPI introduce obligations that apply where a company handles personal information of children under 16 years of age. The main obligations are as follows:

- Where the APPI requires consent or notification, such consent or notification must, in principle, be obtained from or given to, respectively, the legal representative of the child (APPI, Article 40-2).
- With respect to retained personal data, a data subject generally has the right to request that a company discontinue use, erase, or discontinue provision of such data to a third party; however, that right normally may be exercised only upon certain grounds, such as where the company has violated certain provisions of the APPI or the data have become unnecessary for the company. With respect to children specifically, those under 16 years of age, in principle, may exercise these rights without such limitations (APPI, Article 35(9)).
- Companies and the minor's legal representatives are each required to give primary consideration to the best interests of the minors (APPI, Article 58-3).

III. New regulations concerning certain biometric data

Previously, biometric data, such as facial feature data, were subject to the same regulations as ordinary personal information under the APPI, and the APPI did not establish obligations or restrictions specific to biometric data. The amendments to the APPI define certain biometric data as Specific Biometric Personal Information and introduce certain obligations, principally as follows (APPI, Article 16(5)).

- When handling Specific Biometric Personal Information, a company must, in advance, notify the data subject of, or make readily accessible to the data subject, certain matters, including the purpose of use (APPI, Article 21-2(1)).
- A data subject may, in principle, request that a company discontinue use, erase, or discontinue provision to a third party of Specific Biometric Personal Information that constitutes retained personal data, even without relying upon one of the grounds normally required for such requests, such as there being a violation of the APPI by said company (APPI, Article 35(7)).
- Although the APPI permits third-party provision of personal data on an opt-out basis if certain requirements, including notification to the PPC, are satisfied, third-party provision on an opt-out basis is prohibited for Specific Biometric Personal Information that constitutes personal data (APPI, Article 27(2)).

The takeaway

The amendments to the APPI introduce an administrative fine system and enhance obligations concerning children and biometric data. As a result, the risks that companies face from failing to take the APPI into account are expected to increase further.

Companies that handle information regarding individuals in Japan should be attuned to these amendments and review their data-privacy compliance framework. This proactive approach is particularly important for companies that have historically focused on the GDPR compliance and have not taken any specific measures to address the APPI. Indeed, compliance with the GDPR alone may not satisfy the APPI. For example, the APPI does not have a legal exception equivalent to the GDPR's concepts of legitimate interests as concerns the third-party provision of personal data. Accordingly, failing to take the APPI into account can put a company at grave risk. Such companies are strongly encouraged to take these amendments as an opportunity to establish an appropriate system to comply with the APPI. As noted above, doing so may also assist in avoiding the newly introduced administrative fines.

PwC Legal Japan not only provides advice and guidance concerning the APPI but also provides comprehensive support for building global data-privacy compliance frameworks, including with respect to the preparation of global privacy policies, intra-group data-transfer agreements, and various internal rules, including those relating to incident response, in co-operation with PwC member firms in Japan and abroad, including Consulting and Assurance.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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