

II Self-Assessment System

“Taxpayer Services” and “Promotion of Proper and Fair Tax Administration”: the Two Cornerstones of the Self-assessment System

Japan adopts a self-assessment system for its national taxes. Under this system, each taxpayer himself or herself determines the amount of tax and pays the tax based on the income and other information that he or she submits to the tax office. For local taxes, on the other hand, the official assessment system is generally used. Under that system, the tax amount is determined by the municipality in which the taxpayer resides.

Concerning national taxes, the official assessment system was also adopted before World War II, and the tax authorities assessed the amount of taxable income and gave notice of the tax amount to taxpayers. In 1947, however, in order to democratize the tax system, the self-assessment system was adopted for three taxes – income tax, corporation tax, and inheritance tax – and was subsequently also adopted for many other national taxes.

For the self-assessment system to function properly, two things are necessary: Firstly, taxpayers must have a high level of awareness regarding tax payment and must properly and voluntarily fulfill the tax responsibilities prescribed by the constitution and law. To help taxpayers correctly file and pay their taxes by themselves, the NTA provides various taxpayer services, including tax education, tax consultation, enhancing convenience for filing, public relations activities concerning the significance of tax, and information on tax law and procedures.

Secondly, proper guidance and tax examinations are necessary to check tax returns and guide taxpayers on how to file their tax returns correctly, and, at the same time, so are the cooperation and coordination with certified public tax accountants and related private organizations as well. In addition, if the national tax is not paid by the due date, it is necessary to attempt tax collection without fail by demanding voluntary tax payment or by implementing procedures against tax delinquency. To this end, the NTA provides proper guidance on or makes a tax examination against taxpayers for whom any correction is needed, and performs strict and correct procedures against tax delinquency after taking into account the individual circumstances of the taxpayer. In this manner, the NTA promotes proper and fair tax administration.

1 Public Relations, Tax Consultations, etc.

To have taxpayers voluntarily and properly file their tax returns and pay their taxes, it is vitally important that the NTA takes advantage of every opportunity to enhance taxpayers’ understanding of their tax responsibilities. It is also important that we provide information on tax and respond to questions on tax.

Therefore, the NTA implements PR activities based on the basic ideas that “taxpayers should be able to obtain the information that they want at any time when they need without visiting the tax office,” “Public relations of tax information should be provided from the taxpayers’ viewpoint in clear and plain words,” and “taxpayers’ opinions should be widely sought and reflected in the improvement in the administrative work operations.”

As concrete PR activities, the NTA provides various information, such as the meaning, roles, and structures of taxes, mainly through the NTA website (accessed 109,779 thousand times in fiscal 2007), as well as mass media including TV and newspapers, various public relations media such as brochures available at tax offices and municipalities, and various briefing sessions.

The NTA responds to general questions and consultations in relation to tax on the telephone, and, in addition, provides information on the general interpretation and handling of tax laws as well.

(1) Information provided on the NTA website

On the NTA website, information is provided on tax-related matters near at hand, particulars of the services of the Agency, statistical information, materials released to the press, general interpretation of tax laws useful to taxpayers, and tax-related questions and answers, and tax return forms, etc. can also be downloaded. In addition, the NTA website not only provides information, but also functions as a provider of taxpayer services utilizing IT such as “e-Tax” and “preparation software” on the NTA website.

In this sense, the NTA is paying due attention to improving its functions as a search engine and guide, and to convenience for those with visual impairment and the elderly by providing the functions of magnifying letters and reading with voice.

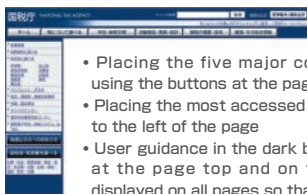
Items of information provided on the NTA website

- “Tax Answer System” posting tax information on matters near at hand
- Road rating map and evaluation coefficient table that are used as the basis for the evaluation of land etc. in the taxation of inheritance tax
- Leaflets and guidebooks such as “Tax Information for Daily Life,” “Income Tax Guide,” and “How to Conduct Year-end Year-end Adjustment”
- Guide to General Tax Consultation
- Examples of questions and answers on tax and responses in writing to taxpayer advance inquiries
- Guide to inquiry and consultation in relation to the Authorized NPO Corporation System and list of authorized NPO corporations

How to Use the NTA Website

※ The posted image is as of May 2008.

User Guidance for Information



- Placing the five major contents by using the buttons on the page top
- Placing the most accessed information to the left of the page
- User guidance in the dark blue section at the page top and on the left is displayed on all pages so that users are able to access their desired information easily.

① Check for each tax item

- Providing information on the contents that a taxpayer wishes to search “for each tax item” and “for each posted content”

検索項目	法人税	源泉所得税	贈与税	相続税	酒税	印紙税	消費税	所得税	雑所得	雑所得	雑所得	雑所得	雑所得	雑所得	雑所得
法人税	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
源泉所得税	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
贈与税	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
相続税	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
酒税	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
印紙税	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
消費税	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
所得税	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
雑所得	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
雑所得	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
雑所得	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
雑所得	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

② Searching contents within the site

- Search engine function for texts or related words
- For more information on how to use the site search engine, see “How to use the search engine.”

③ Mail Magazines

- Signing up for the “What’s new mail and magazine services”

④ Text Enlargement / Text-to-Speech

- Services for elderly or visually impaired users

The screenshot shows the NTA website homepage with the following callouts:

- 1: Navigation menu on the left side.
- 2: Search bar at the top.
- 3: Main content area with a large image and text.
- 4: Search options (text enlargement, text-to-speech).
- 5: Dark blue header section.
- 6: e-Tax and tax payment system information.
- 7: Tax Answer System (FAQ).
- 8: Home page usage guide.
- 9: Web-TAX-TV section.
- 10: Let's Learn about Taxes section.

⑤ Check for regional taxation bureaus or tax offices

- Entrance to the regional taxation bureau pages

⑥ Online national tax return filing and tax payment system (e-Tax)

- Information for supporting tax return filing, tax payment utilizing e-Tax for “Advance preparation,” “Initial Registration,” and “Flow of Procedure”.

⑦ Tax Answer

- Entrance to “Frequently Asked Questions on Tax” posting general answers to them

⑧ How to Use the NTA Website

- User guidance for users who are accessing the website for the first time

⑨ Web-TAX-TV

- Web-based TV that explains tax-related information by video

⑩ Let’s Learn about Taxes

- The section that teaches taxes to children for fun
- Tax education materials

(2) Tax Education

The NTA provides supportive measures, aiming to improve tax education for the purpose of having school children and students who will be major players in the next generation understand the meanings and roles of taxes that constitute the bedrock of democracy, and fostering their awareness to pay taxes as constituent members of society, have interest in how they are used and, in addition, voluntarily consider as taxpayers what our society or nation should be like.

Based on the idea that society should tackle tax education, the NTA, in the area of school education, holds lectures on taxes, prepares and distributes tax education materials, and also holds a writing contest, backed mainly by the Council for the Promotion of Tax Education, which consists of teachers and representatives from central and local governments, established in each prefecture, with the cooperation of related private organizations over a wide range.

As a facility for nurturing schoolchildren's and students' abilities to find, learn, think of, and make their own decisions, or solve tax-related problems, the NTA has set up "Tax Space☆UENO" at the Tokyo Ueno Tax Office exclusively for tax education purposes.

Many people such as schoolchildren, university students, and workers wishing to visit the tax office or learn more about taxes visit this facility.



Tax Space☆UENO

Diffusion of tax knowledge by "Tax Museum"

In the Tax Museum on the Wako Campus of the National Tax College, which is the sole specialized facility owning a wide range of historical reference materials on tax in Japan, such materials are made public.

In addition, as specialized staff members are engaged in the study of historical materials collected and ancient tax systems, not only specialists studying the history of tax, but also many people ranging from junior and senior high school students to members of society, use the museum.

In this connection, please view the National Tax College part on the NTA website, for detailed information such as interpretation of historical reference materials in museum collections.

<http://www.nta.go.jp/ntc/english/index.htm>



Tax Museum

(3) Briefings for Taxpayers

The NTA holds briefings at tax offices for taxpayers to deepen their understanding of taxation procedures and revised tax laws.

Concretely, tax offices hold various briefings on a timely basis to provide tax information such as briefings for preparing tax return forms and financial statements for taxpayers filing final returns, year-end adjustment briefings for withholding agents, briefings for revised tax laws, and briefings for newly established corporations.

● Number of Briefings and Participants (July~December 2007)

Briefings	
Number of Briefings	17,991
Number of Participants (thousand persons)	939

(4) Tax Consultations

In order to answer taxpayers' questions and inquiries, the NTA has placed tax counselors and staff with vast experience in all aspects of tax at tax counsel offices throughout the nation to provide general tax consultations by telephone or otherwise. Consultations in English are provided at the tax counsel offices of the Tokyo, Nagoya, and Osaka Regional Taxation Bureaus.

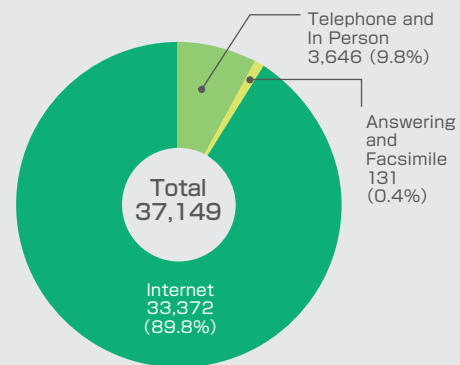
Furthermore, concerning tax consultations by telephone, which tax counsel offices and tax offices have dealt with individually, the NTA is making an effort to establish a system for accepting requests at the telephone consultation center to be placed in each regional taxation bureau in a concentrated manner, in order to further improve convenience for taxpayers, since it is considered that uniform, high-quality, and prompt responses can be provided by setting up a consultation system for each tax item in principle.

Telephone consultation centers had been established in all regional taxation bureaus by 2007. In 2007, centralized acceptance of telephone consultations was implemented in 284 out of 524 tax offices throughout the nation, and is scheduled to be in all tax offices in 2008.

In this connection, the NTA is striving to respond more

smoothly to complicated tax consultation requiring individual factual verification that is difficult to handle over the telephone, by accepting reservations and providing in-person consultation at the tax office.

● Tax Consultations at Tax Counsel Offices in Fiscal 2007 (Thousand cases, %)



(5) Dealing with Taxpayer Advance Inquiries

The NTA provides information on the general interpretation and handling of tax laws by publishing directives concerning the interpretation of tax laws and regulations or by tax consultations at tax counsel offices.

Furthermore, if it is unknown how the tax laws apply to transactions actually conducted by taxpayers, tax offices respond to advance inquiries. Among such inquiries, if a taxpayer requests an answer in writing, the tax office concerned answers in writing when the prescribed requirements are met, as in the case where it is not made clear how a transaction of a similar kind is treated in the tax law. In addition, the contents of inquiries and answers as well as other related matters are also published on the NTA website so that they may be useful for other taxpayers. The number of inquiries for which taxpayers requested answers in writing was 60 in fiscal 2007.

In this connection, in order to make it clear beforehand how the tax law is to be applied to transactions, the NTA has revised the procedure since April 2008 by changing the definition of transaction from "the transaction actually conducted or will surely be conducted" to "the transaction actually conducted or anticipated to be conducted for which individual and specific materials can be submitted." Concurrently, the procedure have been revised so as not to disclose, in principle, items of related information from which the inquirer can be specified, such as his or her name, for example, in order to make the system easier for the taxpayer to use.

(6) Integration of the Services Provided to Taxpayers over the Counter

With respect to the back office work conducted in each department of the tax office including the services provided to taxpayers over the counter, the NTA has been taking a measure referred to as the "integration of back office works" to eliminate its rather vertically divided back office works that have been handled by different departments for each tax item, and handle the same type of work at one department in an integrated fashion.

At present, a trial operation is being implemented in 61 out of all tax offices throughout the nation, aiming at implementation at all tax offices around summer in 2009.

For example, now at many tax offices, when a taxpayer receives certificates of tax payments, he or she has to submit an application form to each of the Individual Taxation

Group, Corporation Tax Group, and Management and Collection Group for each type (No.1 ~ No.4). After the completion of the integration, all offices offer several services, which are provided by separate groups, at one counter.

In addition, since acceptance of tax returns, application as well as tax payment, and general tax consultation are to be handled at one counter, it is expected that convenience will be improved from the viewpoint of the taxpayer.

2 Improvement of Convenience by IT

To ensure that the self-assessment system operates smoothly, the NTA is trying to improve convenience for taxpayers by promoting tax return filing and tax payment utilizing IT, such as the e-Tax system for online tax return filing and tax payment, and “preparation software” on the NTA website.

(1) e-Tax

e-Tax is a system via which taxpayers can, through the Internet, implement procedures for applications and filing, such as the return filing of income tax, corporation tax, and consumption tax, submission of information returns, applications for approval of blue returns, and notice of changes in the place of tax payment that were previously made in writing.

Furthermore, it has become possible to pay tax of all items by utilizing Internet banking and ATM connected with Pay-easy^{*1}.

Taxpayers and CPTAs can take procedures for tax returns and tax payment at their own houses or offices without visiting the counter of a tax office or financial institution by e-Tax. Furthermore, by tax accounting software compatible with e-Tax, tasks ranging from account processing to preparation and submission of data for tax returns can be performed electronically, thus facilitating labor-saving and paperless operation.

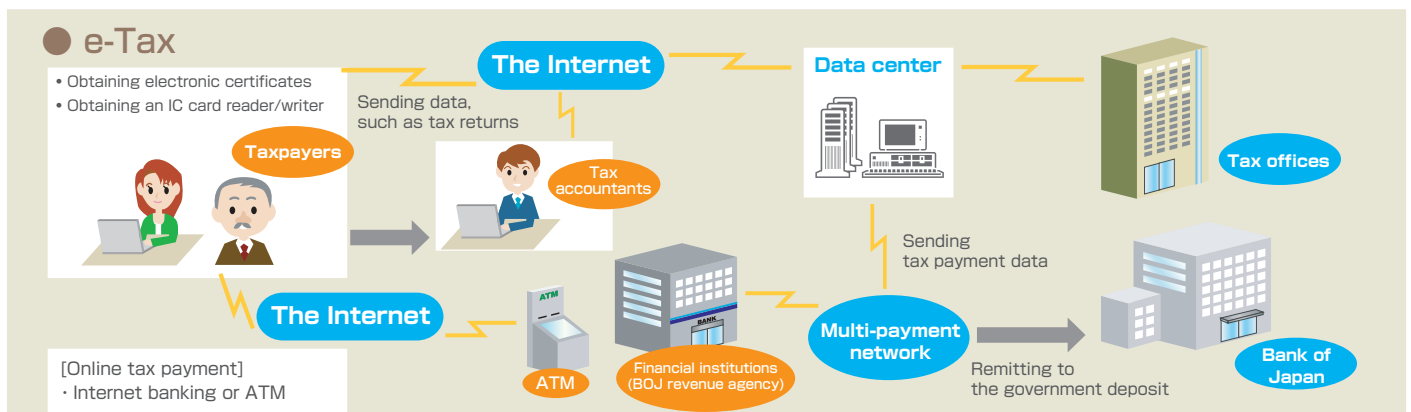
The NTA has taken various measures vigorously to diffuse e-Tax in accordance with the “Action Plan.” The main effort made since January 2008 allows the individual taxpayer to deduct 5,000 yen (limited to the amount of income tax for that year), when he himself or she herself sends the final tax return, utilizing e-Tax, for the income tax for either 2007 or 2008, within the filing period ^{*2}, attaching a digital signature and electronic certificates.

Furthermore, the taxpayer can file the tax return without certain documents being prepared by a third party such as the receipt of medical expenses and withholding record of employment income, if a taxpayer inputs the items stated on the document. ^{*3} This has improved convenience for the taxpayer.

In addition, while it is necessary for utilizing e-Tax to obtain a user identification number by submitting in advance the “Notification of Start Using e-Tax,” for those who submitted the Notification of Start online, the user identification number is to be issued online. In this way, the NTA tried to make the procedure implementation quicker and simpler, and in the final tax return for 2007, personal computers were installed in tax offices to let taxpayers who come to the office operate them and actually experience the convenience of e-Tax, and, in addition, prepare tax returns utilizing “preparation software.” This measure has just been introduced, aiming to let taxpayers utilize e-Tax on the personal computer at home or elsewhere from the following year on.

Moreover, during the filing period for final tax returns, when many taxpayers use the e-Tax system, the NTA has operated the e-Tax system 24 hours a day (the system is usually closed at 9:00 p.m.), advancing the schedule to start from the previous year.

Through questionnaires concerning the usage of e-Tax, the NTA has received various opinions and requests to date from many taxpayers and tax accountants. To further enhance the convenience of e-Tax for taxpayers in future, the NTA will make it more user friendly so that increasing numbers of taxpayers and tax accountants may use the e-Tax system.



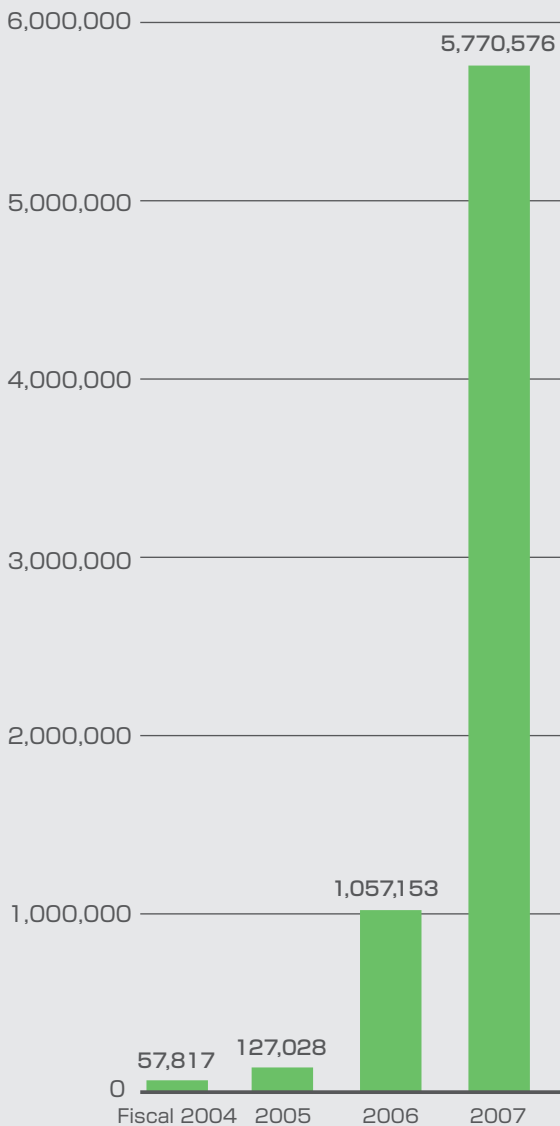
^{*1} “Pay-easy” means a service by which taxpayers can pay public utility charges, etc. via ATM or Internet banking that have been paid at the counters of financial institutions and convenience stores.

^{*2} The designated period is from January 4 to March 17, 2008 and from January 5 to March 16, 2009 for returns for 2007 and 2008, respectively.

^{*3} When it is necessary for the purpose of confirming the contents of input, a request may be made by the tax office for submission or presentation of the originals of these documents for three years from the statutory due date of filing a tax return.

● Trends in the number of tax returns filed via e-Tax

(Number of returns)

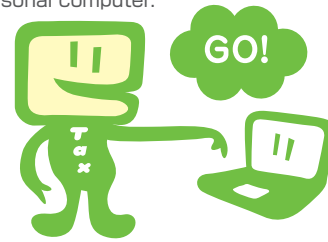


*The figure represents all users who used the online services that the government has been promoting in accordance with the "Action Plan for Promoting the Utilization of Online" for national tax-related procedures.

"Mr. e-Ta"

"Mr. e-Ta" is an image character for e-Tax.

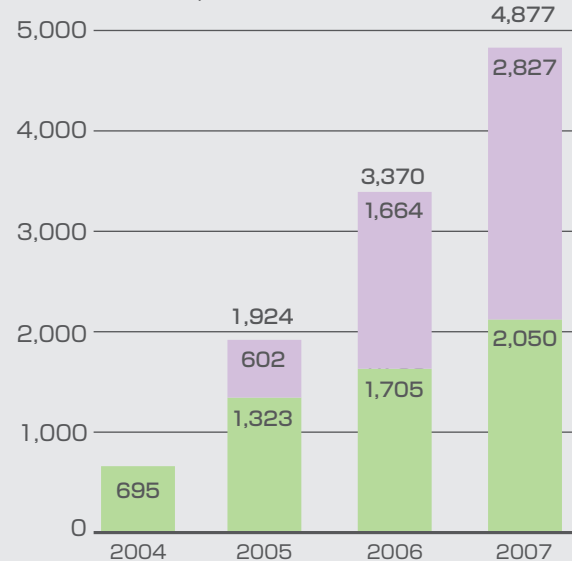
"Mr. e-Ta" is named after e-Tax, and the design is conceived by borrowing motifs from the "e" of e-Tax and the monitor screen of a personal computer.



● Trends in the number of tax returns prepared by preparation software

- Number of tax returns filed (Tax office)
- Number of tax returns filed (Website)

(Number of returns)



*These figures represent those submitted by March 31 of the following year.
The preparation software for those placed in the tax office began to be used from those returns for 2004, though the number of tax returns filed in this way has not been grasped as yet.
The number of tax returns filed for 2003 and before is not grasped as yet.
The number of tax returns for 2007 includes those that utilized e-Tax.

(2) Tax Return Preparation Software

The preparation software on the NTA website allows taxpayers to complete their tax returns on income tax, individual consumption tax, and gift tax as well as financial statements for blue returns, just by entering the necessary information in accordance with the procedure displayed on the screen of a personal computer. The amount of taxable income and tax due are then automatically computed.

In addition, data for e-Tax returns can be prepared as well, and such data so prepared can be filed online directly from the site of preparation software, utilizing e-Tax (except for gift tax).

Furthermore, the taxpayer can print out the tax return, using a printer, and submit it as it is by mail or otherwise.

Since the preparation software service was released on the NTA website during the filing period for the 2002 final tax return, usage has been steadily increasing year on year, and

the number of tax returns prepared on the site of preparation software on the NTA website and submitted reached around 2.05 million during the filing period for the 2007 final tax return, including those submitted using e-Tax. In this connection, personal computers were installed at the consultation sites in tax offices so that as many people as possible among those who visited may use these computers, prepare tax returns using the preparation software service, experience the convenience provided by e-Tax in addition, and, after the following year, file tax returns with the personal computer at home without visiting the consultation site. As a result of such effort, the number of tax returns filed using this system reached 2.83 million.

This service is considered to contribute to promoting the preparation of tax returns at the taxpayer's own house and a significantly wider diffusion of e-Tax.

The NTA continues to improve the services of the preparation software on the NTA website, based on user

requests, so that it becomes easier to use and available for many more taxpayers.

3 Making the Filing of Returns More Convenient

The number of taxpayers who filed a final income tax return for 2007 reached 23.62 million, meaning one in every five Japanese citizens filed such tax returns. In particular, more than 12 million filed a return for refund, accounting for more than half of all the final returns submitted.

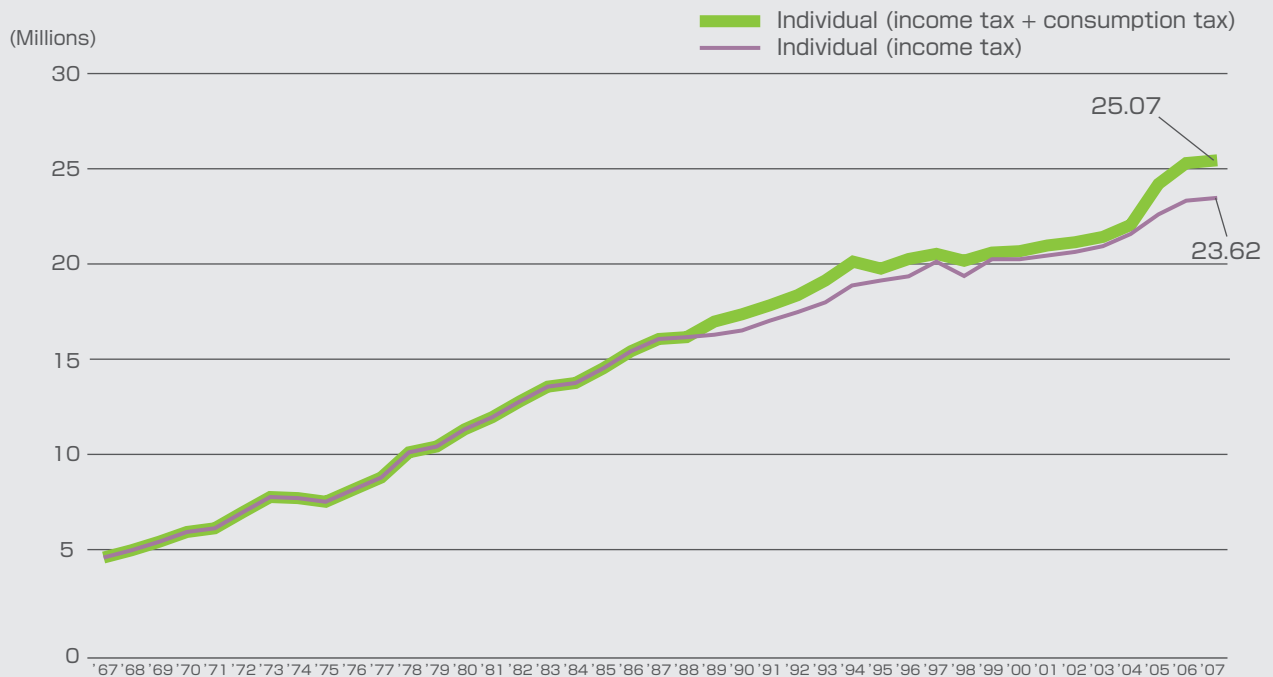
To respond to the increase and diversification of the number of income tax filers and to enhance taxpayer satisfaction, the NTA attempts to reduce the costs related to filing tax returns as much as possible and to provide even higher-quality services than before.

(1) Promoting the Self-completion of Tax Returns

Self-completion of tax returns means that taxpayers themselves prepare their tax returns and submit them to the tax offices. Under the principle of the self-assessment system, it is crucial that taxpayers understand the tax framework and prepare their tax returns by themselves. NTA officials encourage taxpayers visiting the return filing consultation center in the filing period for final tax return to complete their own return forms by themselves. To further encourage the self-completion of tax returns, we completely revised the tax form, starting with the 2001 final return form, and simplified the items to be entered.

It is expected that many final tax return forms will continue to be submitted. To deal with these circumstances, the NTA plans to take various measures using IT, including e-Tax and “preparation software” on the NTA website, so that more taxpayers can file their final returns voluntarily and properly. The NTA is preparing a convenient environment to improve the satisfaction level of taxpayers requiring consultation on self-assessment, while the NTA processes work related to tax returns efficiently using a limited number of staff.

● Number of Final Tax Returns Filed by Individuals



(2) Weekend Tax Consultations

“Tax consultations on weekdays only are insufficient. Consultations should be made available also on weekends.” In response to such requests by taxpayers, the NTA has offered tax return consultation on two Sundays in the filing period for the 2003 final tax return and thereafter.

In the fiscal 2007 filing period for final tax returns, several tax offices jointly held consultation outside tax offices, which was based on a review of the consultation services of the preceding year. On February 24 and March 2, 2008, 228 tax offices provided return filing consultation services at joint venues both inside and outside tax offices.

A questionnaire survey on the two Sundays’ services indicated that many taxpayers, mainly salaried persons, used the services for consultation on medical expenses and housing loan deductions, and those users gave high ratings to the weekend services.

The NTA will fully review the information gathered on the weekend consultations to date and announce future plans before the filing period for the 2008 final tax return.

Reference Filing Return for Refund and Request for a Correction

If the amount of withheld tax or an estimated tax prepayment exceeds a tax amount based on real annual income, overpaid tax will be refunded.*1

If a taxpayer finds that a filed tax return includes an excessive tax amount or a short tax refund due to erroneous overestimation of the tax amount, the taxpayer may request a correction to the tax return*2.

The NTA properly applies the relevant laws and properly and promptly processes filing returns for refund and requests for corrections to tax returns.

Reference If a Taxpayer Encounters a Disaster

- (1) If a taxpayer cannot file a tax return or pay tax by the deadline due to a disaster or for a similar reason, the taxpayer may file an application with a competent district director of the tax office. Upon approval by the district director of the tax office, the deadline may be extended for up to two months from the end of the reason.
- (2) If an earthquake, fire, windstorm, flood, or any other natural disaster damages a taxpayer’s housing or household goods, the taxpayer may choose, at filing their final tax return, (a) the deduction for casualty losses under the Income Tax Law or (b) the tax reduction or exemption as provided in the “Law relating to Tax Reduction and Postponement of Collection for Disaster Victims,” whichever is favorable, to obtain relief for all or part of the income tax due.
- (3) If a disaster or similar damages a taxpayer’s assets considerably or makes it difficult for a taxpayer to pay their tax in a lump sum immediately, such taxpayers may file an application with a district director of the tax office, and by obtaining the permission of the same, benefit from a postponement of the tax payment.

Cooperation with local tax authorities

Since some local taxes are levied on the same taxpayers and have the same tax framework as national taxes, national and local tax authorities cooperate closely in terms of system structure and administration to simplify filing procedures. For example, in terms of the system structure, taxpayers who have filed income tax returns need not submit returns for sole proprietorship tax or individual inhabitant tax, both of which are local taxes. Moreover, taxpayers can file their consumption tax and local consumption tax returns through a single procedure. In terms of administration, many municipalities provide consultations on income tax, and services related to national tax. In addition, the national and local tax authorities hold collective briefings on tax return filing and conduct tax PR. Cooperation in the area of tax administration is conducted based on consultations between the national tax authorities and various local authorities, including prefectural and municipal officials.

*1 Interest on refund may be added if certain conditions are met.

*2 Taxpayers may request corrections by submitting written requests, specifying the details of any errors, etc., to the tax office within a specified time.

4 Promotion of Proper and Fair Tax Administration

To realize proper and fair taxation, the NTA provides guidance regarding tax returns and payment and implements rigorous examinations from various angles on taxpayers who attempt to evade their tax obligations.

Concretely, in selecting taxpayers for examination, we analyze their income tax and corporation tax returns entered into the KSK System from the viewpoint of their industry type, business category, and business scale.

(1) Guidance

The NTA checks tax returns with information gathered from various sources. If, as a result, there is any negligence or understatement, the tax office requests the taxpayer to submit a return or amend the return filed. If the taxpayer

does not comply voluntarily, the tax office issue an assessment notice under the authority of the district director of the tax office. *1*2

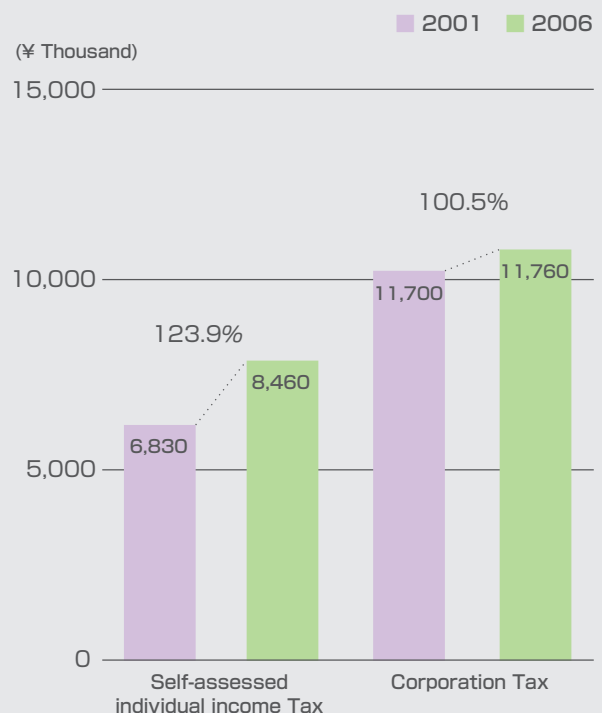
(2) Strict Treatment of Unscrupulous Taxpayers

To facilitate the smooth operation of the self-assessment system and to ensure proper and fair taxation, the NTA has been granted the authority to conduct tax examinations. Such examinations aim to check the content of tax returns based on the taxpayer's books and to correct any mistakes found. We give higher priority to the examination of unscrupulous taxpayers and invest a sufficient number of days on such cases.

Understated income discovered through field examination averaged ¥8,460 thousand per case for self-assessed individual income tax return*3 and ¥11,760 thousand for corporation tax in the year from July 2006 to June 2007. Comparing this result to the figures of five years ago, the amount of understated income per field examination case is on the rise.

In light of this situation, the NTA believes that it is essential to ensure a sufficient number of examinations for proper and fair taxation. By singling out and conducting examination on taxpayers who are believed to be filing improper returns, and thereby constantly keeping such unscrupulous taxpayers under our watchful gaze, we believe that conscientious taxpayers' willingness to pay tax could be enhanced, leading to better taxpayer service overall.

● Understated Income Discovered through Field Examination per Case for Self-assessed Individual Income Tax and Corporation Tax



*1 If the tax and other figures declared in the tax return are too high or low, a "correction" will be issued by the tax authority.

*2 If a taxpayer who must submit a tax return fails to file by the deadline, "determination" confirming the amount of tax will be issued by the tax authority.

*3 The data represent the amount of understated income taxes identified in special and general field examinations.

The NTA provides taxpayers with proper examinations and guidance so that they can file their tax returns properly.

(1) Advance Notice of Tax Examination

In principle, taxpayers are notified in advance of the date for the tax examination by phone so that we can confirm the taxpayer's availability. In cases where we must confirm the actual state of the business itself, however, no advance notice is given.

Advance notice is given in approximately 80% of income tax examinations and about 90% of corporation tax examinations.

(2) How to Conduct Tax Examinations

When a tax official visits the residence or office of a taxpayer to conduct a tax examination, the official presents a photo identification card that clearly shows his or her name and identity as a tax official.

An examination proceeds quickly and smoothly if the taxpayer cooperates by presenting books and other documents that track daily transactions to the tax official in charge and responds accurately to questions regarding the tax return.

To minimize the burden on the taxpayer, we conduct the examination as speedily as possible. In principle, tax examinations are conducted in the presence of the taxpayer.

The taxpayer may also have his or her CPTA designated as tax proxy attend the examination.

(3) Actions to be Taken after Completion of Tax Examinations

When an error is found in a tax return in the tax examination, the examiner explains the contents of the error, the tax amount payable, delinquent tax and additional tax for deficient returns, additional tax for no return, or additional tax for fraud to the taxpayer.

When recommending a taxpayer to file an amended return for the purpose of correcting the error in the tax return, the tax office provides a document titled "About amended return," which explains that reinvestigation or reconsideration for amended return cannot be requested and describes the delinquent tax as well as additional tax. Furthermore, when there is a need for guidance in respect of future return filing and bookkeeping, their contents are explained, with the intention of providing taxpayers with opportunities to have a more in-depth knowledge of tax and to encourage them to file tax returns and pay tax voluntarily in future.

If the taxpayer does not cooperate with the tax office's request for an amended return, etc., the district director of the tax office makes a correction or determination, and sends a Notice of Correction or Notice of Determination to the taxpayer.

When no error is found in the tax return after tax examination, the tax office performs the following:

- a. If no error is found in the return and no guidance is needed, the tax office sends a written notification of "Tax examination findings" to the taxpayer.
- b. If there is no need for submission of an amended return, but guidance is needed regarding future tax returns or record keeping, or maintenance and storage of books and documents, the tax office provides an explanation to the taxpayer. The tax office also clearly communicates that the tax examination is closed.

Reference Strict Information Control

Incomes, sales, expenses, and other information involving taxpayers' privacy are necessary for tax calculation. Information about taxpayers' trading partners may sometimes be required for tax examinations. If taxpayers' privacy and information are leaked easily, taxpayers cannot be expected to cooperate with the NTA. This may negatively affect smooth tax examinations.

Tax officials who have leaked confidential information they obtained through tax examinations are subject to criminal penalty (up to two years in prison or up to ¥300,000 in fine) under tax law that is heavier than the penalty (up to one year in prison or up to ¥30,000 in fine) under the National Public Service Law. The NTA conducts regular training of tax officials to thoroughly inform them of such penalty provisions. When interviewing taxpayers, tax officials give consideration to their privacy and refrain from interviewing them at their shop fronts or at the front door of their homes.

Furthermore, in consideration of the purport of the "Act on the Protection of Personal Information Held by Administrative Organs," the NTA is enhancing the strict control of the taxpayer information that it holds.

Reference Treatment of and Exemption from Additional Tax and Delinquent Tax

To encourage taxpayers to file tax returns and pay taxes properly, delinquent tax may be imposed in addition to self-assessed individual income tax, corporation tax, and so forth, if tax returns are not filed or taxes are not paid properly by the due date. There are also cases where an additional tax for deficient returns, an additional tax for no return, or an additional tax for fraud is imposed.

● Delinquent Tax

Up to two months from the day after the due date	Annual rate of 4.7% (in 2008)*
After two months from the day after the due date	Annual rate of 14.6%

* The annual rate may change due to financial conditions.

● Additional Tax

	Regular Case	Case of Fraud Concealment
The return is filed by due date, but tax amount is understated.	For a deficient return (10% or 15%)	For a fraud case (35%)
The return is not filed by the due date.	For no return (15% or 20%)	For a fraud case (40%)

Where errors are not attributable to the taxpayer and a legitimate reason is found, then additional tax for deficient return or additional tax for no return will not be imposed.

In cases where certain requirements are met, for example, a taxpayer may have been granted postponement of tax payment due to a disaster, or may have failed to file a return or pay a tax due to erroneous guidance given by NTA officials, the taxpayer may be exempted from all or part of a delinquent tax corresponding to the grace period. The NTA has set up rules for cases where no additional tax is imposed and has published the rules on its website (Japanese only).

(3) Collecting Information

The NTA collects various information on off-the-book or fake transactions, obtained in the course of examination, in addition to the withholding record of employment income, payment record of interest, and others whose submission is obligatory under the provisions of the tax law .

The NTA collects 180 million items of information a year, and all the information is managed together with tax return data by the KSK System, and used for proper guidance and tax examination.

To keep pace with geographical expansion of business, globalization, and the use of highly networked information in an economic society in recent years, we collect information on new forms of transactions, striving to gather information on transactions with overseas entities, overseas investment, and electronic transactions utilizing the Internet.

(4) Examination of Business Groups

Enterprises are expanding their business widely by establishing subsidiaries and branches, and how to conduct tax examination of such enterprises properly is one of the issues for the NTA.

In examining an business group (including business groups filing consolidated tax returns), it is important to gain an overall picture of the group first and grasp the actual situation to confirm whether or not the group is conducting improper tax accounting by using intra-group transaction. For overseas subsidiaries, the NTA must consider international taxation issues. The state of the local economy and the subsidiaries' ties with the community represent valuable information to the NTA to fully ascertain the true situation of

the subsidiaries.

In examining business groups expanding business in a wide area, the NTA implements coordinated examinations on a nationwide scale where parent companies and those subsidiaries requiring close attention are examined by maintaining close communication and coordination among the national network of regional taxation bureaus (including regional taxation offices) and tax offices.

Businesses are rapidly expanding their area of activity in recent years along with internationalization and the increasing use of highly networked information. The NTA will deal with examinations of business groups as an important issue for the future as well.

Consolidated Taxation System

A consolidated taxation system was introduced to the Corporation Tax Act as part of the fiscal 2002 tax reforms in response to the current situation, where corporations are expanding their operations as business groups and corporate disclosure is primarily performed via consolidated financial statements.

The consolidated taxation system was introduced in August 2002. This system views an business group as a single corporation for the purposes of levying corporation tax. The NTA is improving the administrative framework for responding to advance inquiries, and examining applications for approval so that approval applications and consolidated tax returns are submitted properly. The number of consolidated groups of which consolidated tax payment has been approved is 724 (7,187 parent companies and subsidiaries in total), increasing by about 100 every year. When examining consolidated business groups, a tax office for parent companies and those for subsidiaries maintain close communication and cooperation to conduct integrated examinations. In the year from July 2006 to June 2007, examinations covered 80 business groups.

● Consolidated Taxation Returns

Consolidated Returns	Number of Returns	581
	Percentage of Returns Declaring a Surplus	41.5%
	Reported Income (¥ Billion)	3379.1

*The figure represents the number of corporations that filed consolidated tax returns between July 2006 and June 2007.

(5) Electronic Commerce

In recent years, the number of transactions utilizing the Internet has remarkably increased, and electronic commerce transactions across borders are conducted widely on an individual level, while the forms of electric commerce transactions have been increasingly diversified, as utilization of electronic settlement has also rapidly increased.

To collect information concerning the state of these kinds of electronic commerce transactions and to ascertain the parties involved in the same, the NTA has set up a

Professional Team for E-Commerce Taxation (PROTECT) at each regional taxation bureau. This team professionally collects information on e-commerce service providers and others, conducts tax examinations based on the information collected, and develops and accumulates examination methods. It also provides officials of all the regional taxation bureaus (including Okinawa Regional Taxation Office) and tax offices with the information collected and various examination methods.

(6) Criminal investigations

To impose correct taxation on taxpayers who intentionally evade tax using illegal means such as fraud and also to pursue criminal responsibility for such antisocial behavior, the NTA may conduct examinations using methods similar to those used in criminal investigations by executing compulsory authority. Such examinations will be conducted apart from general tax examinations. Based on the findings, the NTA may issue an accusation and request that prosecutors launch a public prosecution against the tax evader. This is known as the criminal investigation system, and it pursues the criminal responsibility of large-scale and malicious tax evaders. Taking advantage of the fact that punishment serves as a warning to others, this system has an important mission in realizing proper and fair taxation and maintaining the self-assessment system.

Due to not only the cross-regional expansion and internationalization of economic transactions but also the recent change in the financial environment, tax evasion methods are becoming increasingly complex and diverse. By enhancing and strengthening our information and conducting efficient examinations, the NTA is actively pursuing criminal charges and prosecuting large-scale and malicious tax evaders.

In fiscal 2007, the NTA commenced 220 criminal investigative examination cases and referred 158 cases to the public prosecutor. The total tax evaded was about ¥35.3 billion, with an average evaded tax sum of ¥195 million per case.

Notable tax evasion methods were the intentional concealment of sales and recording of costs at unreasonably high figures.

Furthermore, there were also cases of tax evasion related to overseas transactions, tax evasion involved in consumption tax, and tax evasion by filing no return.

In fiscal 2007, 189 cases were resolved at the court of first instance, and in all cases, a guilty ruling was handed down. The average prison sentence was 16.1 months, and the average fine was about ¥31 million per case. Prison sentences without probation were given to 22 people. Prison sentences without probation have been handed down every year since 1980.

● Details of Criminal Investigation

Fiscal Year	Number of Cases Conducted	Number of Cases Closed	Number of Cases Prosecuted	Total Tax Evasion (The number in parentheses represents total tax evasion in prosecuted cases.) (¥ Million)	Tax Evasion per Case (The number in parentheses represents tax evasion per prosecuted case.) (¥ Million)
2006	231	221	166	30,398(27,755)	138(167)
2007	220	218	158	35,340(30,888)	162(195)

* Tax evasion figures include additional tax.

● Results of Criminal Investigation Cases

Fiscal Year	Number of Judgments (1)	Number of Convictions (2)	Percentage of Cases Convicted (2)/(1)%	Convictions with Prison Sentences without Probation (3)	Amount of Tax Convicted per Case (¥ Million) (4)	Average Prison Sentence per Person (Months) (5)	Average Fine per Case (¥ Million) (6)
2006	160	160	100.0	14	107	16.4	27
2007	189	189	100.0	22	127	16.1	31

* Figures (3) to (6) exclude those combined with non-tax crimes.

The "Amount of Convicted Tax" is the amount of tax evaded through fraud and other illegal activities.

5 Tax Collection

(1) Voluntary Tax Payment

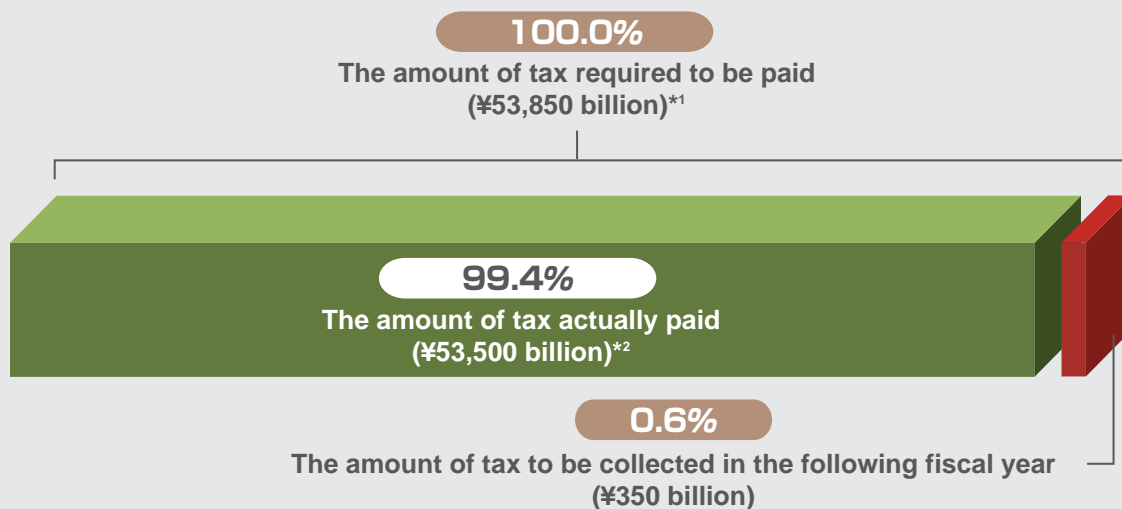
National taxes for which returns were filed are treated as tax revenue only when they are actually paid to the national treasury. In fiscal 2006, the tax amount of national taxes filed to tax offices (the amount determined for collection) was around ¥53,850 billion, while the amount of tax paid within the said fiscal year was around ¥53,500 billion. Accordingly, the rate of paid tax was 99.4%.

For national taxes, taxpayers file a tax return themselves and pay the tax by the due date under the self-assessment system in principle. Therefore, the NTA makes efforts to carry out publicity activities to ensure that taxpayers do not allow the tax payment deadline to pass by mistake. As for self-assessed individual income taxes and sole proprietor's consumption taxes that involve declaring and paying taxes on an ongoing basis, the NTA is publicizing that the tax can be paid by direct debit from taxpayers' deposit accounts. Moreover, from 2004, taxpayers can perform tax payment procedures at their homes or offices with e-Tax. In January

2008, a tax payment system at convenience stores will be newly introduced. Thus, the NTA is improving taxpayer services.

Furthermore, the NTA is striving to prevent tax delinquency by giving written previous notice requesting tax payment within the due date to taxpayers who paid tax after the due date in the previous year or giving notice by telephone before sending a payment demand letter to taxpayers who have failed to pay tax within the due date by mistake.

● Payment of national tax (fiscal 2006)



*1 The amount taxed based on the filed return, etc. (the amount determined for collection)

*2 Breakdown of the amount of tax paid

- The amount paid before a payment demand letter is issued (98.3%) [¥52,950 billion]
- The amount of tax delinquency collected during fiscal 2006 (1.0%) [¥550 billion]

(2) Reducing Tax Delinquency

Tax delinquency means that national taxes are not paid within the due date and a payment demand letter has been issued. The amount of tax delinquency was around ¥1,684 billion as of the end of fiscal 2006.

Allowing delinquency to go unpaid results in unfairness between delinquent taxpayers and the vast majority of taxpayers who pay their national taxes by the deadline. In the end, this undermines the principles of the self-assessment system, namely, self-declaration and payment. For this reason, the NTA strictly deals with tax delinquency while taking into consideration the unique situation of each taxpayer.

In the case that amount of the national tax is not paid within the due date and is demanded by issuing a payment demand letter and furthermore, in the case that no tax payment is made, even after the tax payment is demanded in writing or by telephone as necessary, the NTA may seize the assets of the delinquent taxpayer. For taxpayers who are having temporary difficulty with their tax payment because of natural disaster, sickness, or suspension or closedown of business operations due to economic

circumstances, however, the NTA deals with such cases in line with the situation of each taxpayer such as allowing installments for tax payment, as a measure to lighten the burden of tax payment.

The entire NTA is working to prevent delinquencies and to prioritize the collection of delinquent consumption tax and the resolution of large-scale and unscrupulous tax delinquency. The NTA also utilizes the Office of Tax Collections Call Center to handle new delinquency cases, with the aim of accelerating the reduction of tax delinquency effectively and efficiently. In addition, the NTA makes efforts to reduce tax delinquency, implementing public auctions for seized properties in various ways including “public auction on the Internet.” As a result, the amount of tax delinquency as of the end of each fiscal year has declined for eight consecutive years since fiscal 1999.

Moreover, the NTA requests law enforcement authorities to charge particularly unscrupulous taxpayers who conceal or dispose of assets with the intent to evade the procedure for collection of delinquencies, based on the penal provisions for evading delinquency disposition.

Tax payment at convenience stores

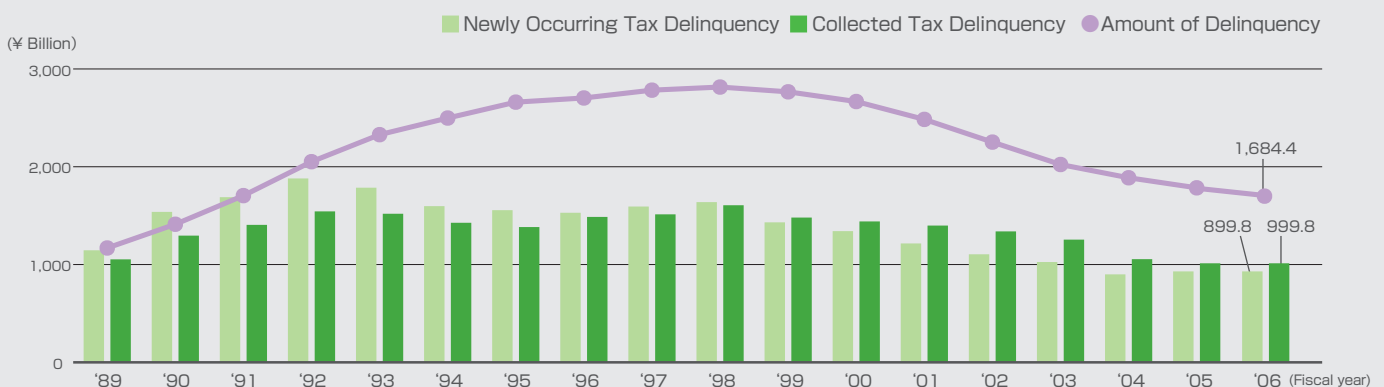
With respect to the payment of national taxes at convenience stores, the handling started from January 21, 2008 at the store consigned to receive tax payment (convenience store), designated by the NTA commissioner.

As this tax payment at convenience stores is introduced, the taxpayer can go through the procedure for tax payment at night or on holidays when financial institutions or tax offices are closed. Furthermore, the procedure for the payment of national taxes can be processed newly at more than 40,000 convenience stores in addition to about 40,000 offices of financial institutions that have so far handled the procedure, contributing to improvement in convenience for the taxpayer.

It is necessary for paying tax at a convenience store to use a bar-coded tax payment slip issued by the regional taxation bureau or tax office in the case of a payment amount for ¥300 thousand or less and in the cases stated below.

- (1) The case where the determined tax amount is notified before the due date (estimated income tax prepayment and so forth)
- (2) The case where the tax payment is demanded by letter or telephone (for all tax items)
- (3) The case where the tax payment is under official assessment system (for various additional taxes)
- (4) The case where a taxpayer requested the issuance of a tax payment slip for the determined amount (for all tax items)

● Trends in Tax Delinquency



(3) Office of Tax Collection Call Center

At the Office of Tax Collections Call Center, tax officials make demand notifications for tax payment to delinquent taxpayers by telephone while referring to the taxpayer information that appears on a computer screen. The calls are placed automatically by a computer system that simultaneously displays the data for the delinquent tax per

call. Out of 820 thousand people subject to demand notification in the year from July 2006 to June 2007, approximately 558 thousand people (68.0%) have completely paid their tax. The Office of Tax Collection Call Center is contributing to improving the efficiency of collecting delinquent tax.



Office of Tax Collection Call Center

(4) Proper and Efficient Management of Tax Payments and Refunds

The NTA manages a vast number of national tax payments and refunds by processing tax returns. In 1966, we started to introduce a computer system to properly and efficiently manage these payments and refunds. In 2001, the KSK System was introduced at tax offices nationwide, and tax payments and refunds have since been managed via this integrated system.

Every year, about 45 million tax payments are made, mainly of income tax. The majority of these are paid at financial institutions or by account transfer. To efficiently process such a large number of payments, the NTA has streamlined operations through cooperation with financial institutions and the Bank of Japan, including OCR processing*1 of tax payment slips by the Bank of Japan. We have also streamlined administrative operations by

introducing payment by account transfer*2 through the exchange of magnetic tape for self-assessed individual income tax and sole proprietors' consumption tax. Transfer procedures to pay refunds used to be performed through written documents from tax offices, but the NTA developed paperless procedures for refund transfers by magnetic tape in 2001 and adopted online transfer procedures in September 2006. In these ways, we are pursuing efficient and speedy payment processing.

The management of national tax payments and refunds represents the cornerstone of taxation and tax collection. We will continue to strive to improve services by conducting procedures speedily and accurately through the advanced application of the system and delivering refunds to taxpayers as quickly as possible.

*1 OCR (optical character reader) processing converts characters printed on tax payment slips into electronic data, thereby enabling paperless operations.

*2 Tax payment by transfer account is a method of tax payment whereby the tax office sends a tax payment slip to a financial institution designated in advance by the taxpayer and debits the amount of tax payment from his or her bank account. If it is necessary to send tax payment slips to financial institutions in large quantities, the tax office sends a magnetic tape containing data for an account transfer to the financial institution in order to perform the work of account transfer efficiently. After the financial institutions process the data, they record the processing result on the magnetic tape and return the tape to the tax office.

6 CPTAs (Certified Public Tax Accountants) System

Certified public tax accountants (CPTAs) play important roles in the smooth operation of the self-assessment system.

CPTAs are professionals in tax practices, whose major role is to assist taxpayers. The CPTA Law provides that CPTAs are supposed to serve for a public mission to “repay taxpayers’ trust in line with the principle of the self-assessment system and achieve proper tax compliance as provided in tax law, based on their independent and fair standpoint.” As of the end of March 2008, there are 70,664 certified public tax accountants (CPTAs) registered and 1,548 professional tax firms established in Japan.

Taxpayers are able to properly fulfill their tax obligations by asking CPTAs to prepare their tax returns or by filing tax returns in accordance with professional advice from CPTAs. As the number of tax return filers is increasing, the role of CPTAs is becoming increasingly important.

In addition, as private corporations and sole business proprietors often ask CPTAs for bookkeeping, closing, or accounting advice, CPTAs are also playing important roles in promoting correct bookkeeping practices, which is fundamental to filing tax returns.

Therefore, CPTAs need to satisfy certain qualifications. CPTAs’ services - (1) tax proxy, (2) preparation of tax documents, and (3) tax consultation - must not be provided by other people than CPTAs, even free of charge. At the same time, CPTAs are required to fulfill various obligations and responsibilities.

By cooperating closely with tax accountants’ associations as well as the Japan Federation of CPTAs’ Associations, the NTA is working to ensure that CPTAs properly conduct their duties and that the CPTA system gains public trust.

(1) The Documents Attached by CPTAs to Tax Returns

The CPTA Law was revised in May 2001 (effective from April 1, 2002) to expand the system for hearing the opinions of CPTAs and introduce a new system in which the documents created by CPTAs are attached to tax returns. This new system aims to clarify CPTA’s specific roles in preparing tax returns, and at the same time, the NTA respects such CPTA roles. Specifically, the new system allows CPTAs to attach to tax returns documents regarding calculation, audit, or consultation services that they provided for the preparation of tax returns. If the tax office intends to

conduct a tax examination on a taxpayer who has filed a tax return along with such documents, the CPTA possessing the certificate evidencing the authority of tax proxy must be given the opportunity to give his or her opinions on the items written in the attached documents before the taxpayer is notified about the tax examination.

The NTA respects and promotes the new system because it contributes to the preparation and submission of accurate tax returns, the establishment of a reliable CPTA system, and the facilitation of tax administration.

(2) Promotion of e-Tax

In consideration of the extremely significant role played by CPTAs in the diffusion of e-Tax, which the NTA is working on as the most important immediate task, the Japan Federation of CPTAs’ Associations is making efforts to promote the utilization of e-Tax by CPTAs, setting up an autonomous target.

The NTA also prioritizes the diffusion of e-Tax among

tax accountants. In January 2007, the NTA allowed taxpayer’s electronic signatures to be exempted in cases where tax accountants prepared taxpayer’s tax returns and filed them online at their request. In addition, the NTA is cooperating with tax accountants’ associations to hold briefings on e-Tax and sends lecturers on online tax return filing.

(3) Proper Guidance and Supervision for CPTAs

In order to ensure public trust in the CPTA system, the NTA is providing guidance and supervision for CPTAs. To smoothly provide such guidance and supervision, the NTA has set up a consultative meeting between the NTA and CPTAs' associations, etc. The NTA takes advantage of every opportunity available, such as consultative meetings, to attract attention and prevent misconduct of CPTAs. Furthermore, the NTA collects various information and appropriately conducts examination under the CPTA Law to deal strictly with CPTAs who are in breach of the law by

taking disciplinary action against them.

In addition, in March 2008, from the viewpoint of ensuring transparency of these disciplinary actions, the NTA compiled and made public the "Concept of Disciplinary Actions against CPTAs and Professional Tax Firms," deciding, at the same time, to post the names of those against whom disciplinary actions were taken not only in the official gazette but also on the NTA website.

Tax accountants' associations and Japan Federation of CPTAs' Associations

Tax accountants' associations are organizations specified in the CPTA Law, aiming to provide guidance, liaison, and supervision to its branch offices or members in order to secure the compliance of CPTAs and professional tax firms and contribute to improvement and development in CPTA's duties. Currently, there are 15 tax accountants' associations in Japan. CPTAs and professional tax firms are members of a tax accountants' association that has jurisdiction over their locale.

Each tax accountants' association provides a wide range of services, including (1) training sessions to improve and develop its members' skills and tasks, (2) social contribution by dispatching lecturers to tax education classes at elementary, junior high, or senior high schools, and (3) free tax consultation for small-scale taxpayers.

The Japan Federation of CPTAs' Associations is the organization specified in the CPTA Law consisting of tax accountants' associations. The Federation provides guidance, liaison, and supervision for tax accountants' associations and their members as well as managing CPTA registration.

For these duties of the Federation, the Federation provides guidance to tax accountants' associations and their members and also conducts research on the CPTA system. For further information, please access the website of the Federation.

<http://www.nichizeiren.or.jp> -- Japanese only

7 Cooperation with Private Organizations

The NTA is taking measures not only to provide information on taxes directly to taxpayers but also to convey information on taxes to taxpayers gaining cooperation from relevant private organizations, such as blue return taxpayers' associations and corporations associations. These relevant private organizations are playing a significant role in realizing a proper self-assessment system and in disseminating knowledge about taxes as a faithful association of taxpayers.

These relevant private organizations are attempting to enhance coordination and cooperation between organizations regarding the diffusion of e-Tax and the promotion of the joint holding of various events for the "Think about Tax Week."

Blue return taxpayers' associations

Blue return taxpayers' associations are organizations formed chiefly by sole proprietorships filing blue returns, aiming at spreading the blue return system and promoting the submission of proper returns through honest bookkeeping. At present, there are around 3,800 associations nationwide, and the total number of members of such associations is around 1.03 million. Each blue return taxpayers' association performs wide-ranging activities, such as guidance on bookkeeping, holding seminars, and spreading the blue return to people outside the association. For further information, please inquire at your nearest local blue return taxpayers' association.

Corporations associations

Corporations associations are organizations formed aiming at spreading knowledge of tax and establishing a proper self-assessment system. At present, there are 483 corporations associations (incorporated companies) nationwide including federations organized at the prefectural level under the control of the National General Federation of Corporations Association, and membership stands at about 1.07 million corporations. Each corporations association performs wide-ranging activities, such as holding lectures and seminars on taxes or contributing to the sound development of business management and society. For further information, please access the website of the National General Federation of Corporations Associations.

<http://www.zenkokuhojinkai.or.jp> -- Japanese only

Indirect tax associations

Indirect tax associations are organizations formed aiming to contribute to the dissemination of knowledge about indirect taxes and the realization of fair taxation and proper administration through the self-assessment system. At present, there are 565 associations nationwide, and membership stands at about 98 thousand persons. Indirect tax associations make proposals to the government on ways to enhance the indirect tax system and its enforcement, and are spreading knowledge about consumption tax and prevention of tax delinquency. For further information, please access the website of the National Federation of Indirect Tax Associations.

<http://www.kanzeikai.jp> -- Japanese only

Savings-for-tax associations

Savings-for-tax associations are organizations formed by taxpayers aiming at continuing to complete payment of tax within the due date by saving for tax payments. They are established under the Savings-for-Tax Association Law, and there are currently about 64 thousand such associations. Savings-for-tax associations are promoting the utilization of tax payment by transfer account and the completion of tax payment within the due date, and are performing wide-ranging activities such as holding seminars on tax law and soliciting "Compositions on Tax" from junior high school students. For further information, please access the website of the National Federation of Savings-for-Tax Associations.

<http://www.zennoren.jp> -- Japanese only

Tax payment associations

Tax payment associations are organizations formed under the jurisdiction of the tax offices of the Osaka Regional Taxation Bureau, aiming to disseminate knowledge about taxes, promote proper tax filing and payment, and enhance compliance. Presently, there are 83 tax payment associations (incorporated companies) under the control of the Federation of Tax Payment Associations, and membership stands at about 270 thousand, bringing individuals and corporations together. Each tax payment association is performing activities similar to those of the blue return taxpayers' associations and corporations associations, such as publicity activities, to spread knowledge about taxes and hold various briefings. For further information, please access the website of the Federation of Tax Payment Associations.

<http://www.nouzeikyokai.or.jp> -- Japanese only