

I About the NTA

The NTA is in charge of the assessment and collection of internal taxes. The Agency was organized in 1949 as an external organ of the Ministry of Finance.

The NTA supervises 12 Regional Taxation Bureaus (including the Okinawa Taxation Office, and the same applied hereinafter) and 524 Tax Offices throughout Japan. The NTA, which plans the tax administration, supervises and oversees the administration of the Regional Taxation Bureaus and the Tax Offices. The Regional Taxation Bureaus, which are supervised and overseen by NTA, supervises and oversees Tax Offices in its jurisdiction. In addition, the Bureaus directly levy and collect taxes from large taxpayers. The Tax Offices under the guidance and oversight of NTA and Regional Taxation Bureaus represent the frontline enforcement organization as well as the administration body maintaining the closest relationships with taxpayers.

In addition, there are National Tax College which train tax officials, while the National Tax Tribunal as a special body engaged in reviewing requests for reinvestigation or reconsideration from taxpayers.

1 Assignment and Missions of the NTA

(1) Assignment of the NTA

Article 19 of the Act for Establishment of the Ministry of Finance provides that the NTA achieves its duties of “proper and fair assessment and collection of internal taxes.” To achieve the duties, the NTA carries out its activities to support taxpayers in understanding their tax obligations through public relations activities and tax education (taxpayer services), and corrects taxpayers who fail to fulfill their tax obligations by providing proper guidance or tax examinations (promotion of the proper and fair tax administration).

In addition, the NTA works to carry out its duties as set forth in Article 19 of the same Law: “Sound development of the liquor industry” and “proper administration of the Certified Public Tax Accountants (CPTAs) service.”

(2) Missions of the NTA

The NTA believes that when carrying out its duties, gaining understanding and confidence of the citizens are critically important.

To this end, the NTA puts together easy-to-understand standards of assigned duties and code of conduct, which are disseminated to tax officials and released to the public as the Missions of the NTA.



NTA

Missions of the NTA

Realization of taxpayer's voluntary compliance

Assignment

- The NTA carries out its duties as stipulated in Article 19 of the Ministry of Finance Establishment Law by keeping in mind transparency and efficiency.

1 Realize proper and fair taxation and collection

(1) Tax Payment Environmental arrangement

- Disseminates and publicizes an interpretation of laws and procedures to taxpayers in an easy-to-understand way.
- Responds quickly and accurately to inquiries or consultations from taxpayers.
- Make efforts to encourage cooperation and assurance of involvement from the relevant ministries, agencies, and citizens in order to gain the understanding and cooperation of the roles of taxes and tax administration.

(2) Promotion of proper and fair tax administration

- To realize proper and fair taxation,
 - Properly apply the relevant laws and regulations.
 - Try to realize the process of proper tax filing and correct errors by conducting examinations and guidance with persons who have filed improper returns.
 - Endeavor to help taxpayers pay the tax by the due date and implement a procedure to collect taxes from delinquent taxpayers.
- Respond properly and promptly to taxpayers' requests for a reinvestigation to address infringements of taxpayers' legitimate rights and interests.

2 Sound development of the liquor industry

- Stabilize the management base of the liquor industry's business and assure research and development of brewing technologies and the quality and safety of liquor.
- Assure the effective use of resources related to liquor.

3 Proper administration of the Certified Public Tax Accountants (CPTAs) service

Assure that, CPTAs play important roles in the proper and smooth administration of the self-assessment system based on the missions assigned.

Code of Conduct

- The above duties shall be carried in accordance with the following Code of Conduct.

1 Code of conduct upon performing duties

- Maintain tax administration transparency so that taxpayers are knowledgeable of the interpretations of the laws and regulations and administrative procedures.
- Work to improve taxpayer convenience.
- Work to improve the administration processes in order to improve efficiency in tax administration.
- Work to actively collect and use the information and data so as to effectively implement tax examinations and procedures against tax delinquencies.
- Implement stern measures to enforce the law with taxpayers who are engaged in malicious tax evasion and tax delinquency.

2 Code of conduct for officials

- Respond to taxpayers in good faith.
- Maintain confidentiality about information acquired on the job and maintain official discipline.
- Work to gain the professional knowledge required to accomplish assigned tasks.

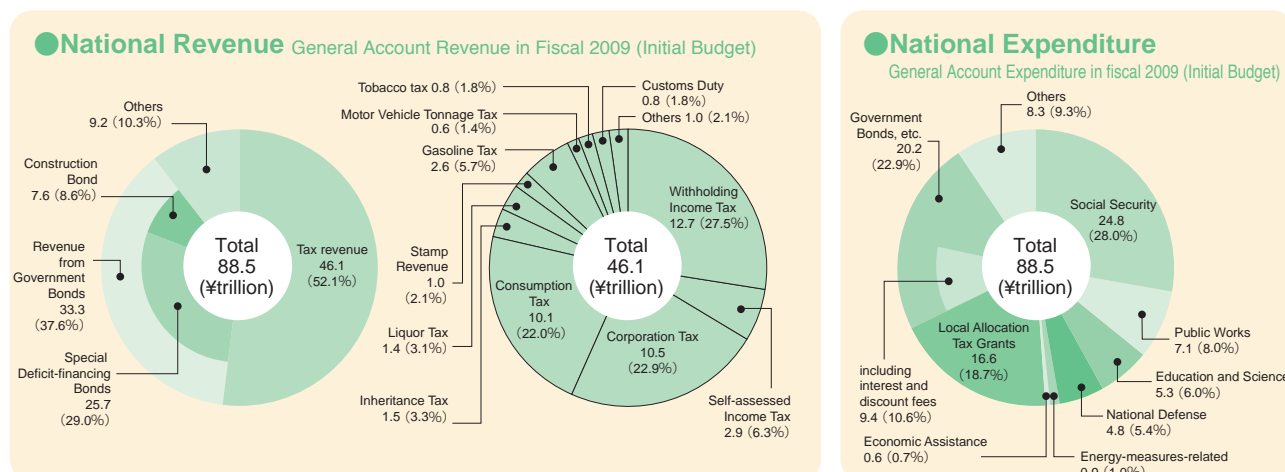
Challenges

- The NTA correctly and flexibly copes with changes in an economic society faced with the advanced use of IT and globalization, while continuously reviewing and improving the organization and tax administration operation in order to meet taxpayer needs.

2 Overview of the National Tax Organization

(1) National Revenue and Taxes

National revenue (budget for general account revenues) in fiscal 2009 stands at ¥88,548 billion, of which ¥46,103 billion is from the taxes and stamp revenues. Deducting from them Customs tax revenues and stamp revenues from Japan Post Holdings Co., Ltd., leaves ¥40,143 billion (about 87%) as national tax revenues. The income tax, corporation tax, and consumption tax account for about 80% of the tax revenues.



※ Revenue from the government bonds are from the construction bonds issued to cover public works spending and special deficit-financing bonds issued to make up for short falls in revenue. They are all debts that have to be repaid in the future.
The amount of sub-total in each item of accounts does not accord with the amount indicated in the grand total as fractional figures are rounded off.

(2) NTA Budget and Number of Personnel

The NTA budget (initial) in fiscal 2009 stands at ¥720 billion, the majority of which is accounted for by salary costs. In recent years, spending in the budget is prioritized on the budget to operate the Kokuzei Sogo Kanri System[NTA Comprehensive Information Management System] (hereinafter called “KSK”) and the e-Tax to keep administrative process efficient and improve services for taxpayers.

The headcount at NTA stayed at around 52,000 from the 1970s through the first half of the 1980s. Thereafter, the number increased, as the consumption tax introduced in fiscal 1989. After hitting a peak in fiscal 1997, the headcount has decreased by more than 1,000 over 9 years until fiscal 2006.

The workforce has turned to increase since fiscal 2007 with the latest number at 56,240 in fiscal 2009.

In the face of the tough financial situation of today, the NTA is trying to save the administrative expenses and streamline the headcount, while securing the budget and headcount necessary to get the NTA's duties done.

	FY 1975	FY 1997	FY 2009	(Reference) FY 2009/FY 1975
Budget (¥billion)	236.0	654.8	720.5	305.3%
Headcount (persons)	52,440	57,202	56,240	107.2%
①Number of income tax returns filed (1,000 persons)	7,327	20,023	23,693	323.4%
②Number of Corporations (1,000 cases)	1,482	2,793	3,003	202.6%
③Number of establishment subject to commodity tax (1,000 cases)	117	—	—	—
④Number of enterprises subject to consumption tax (1,000 cases)	—	2,521	3,637	—
①+②+③+④(1,000 cases)	8,926	25,337	30,333	339.8%

※①Number of income tax returns filed in fiscal 2009 represents the figure for 2008.

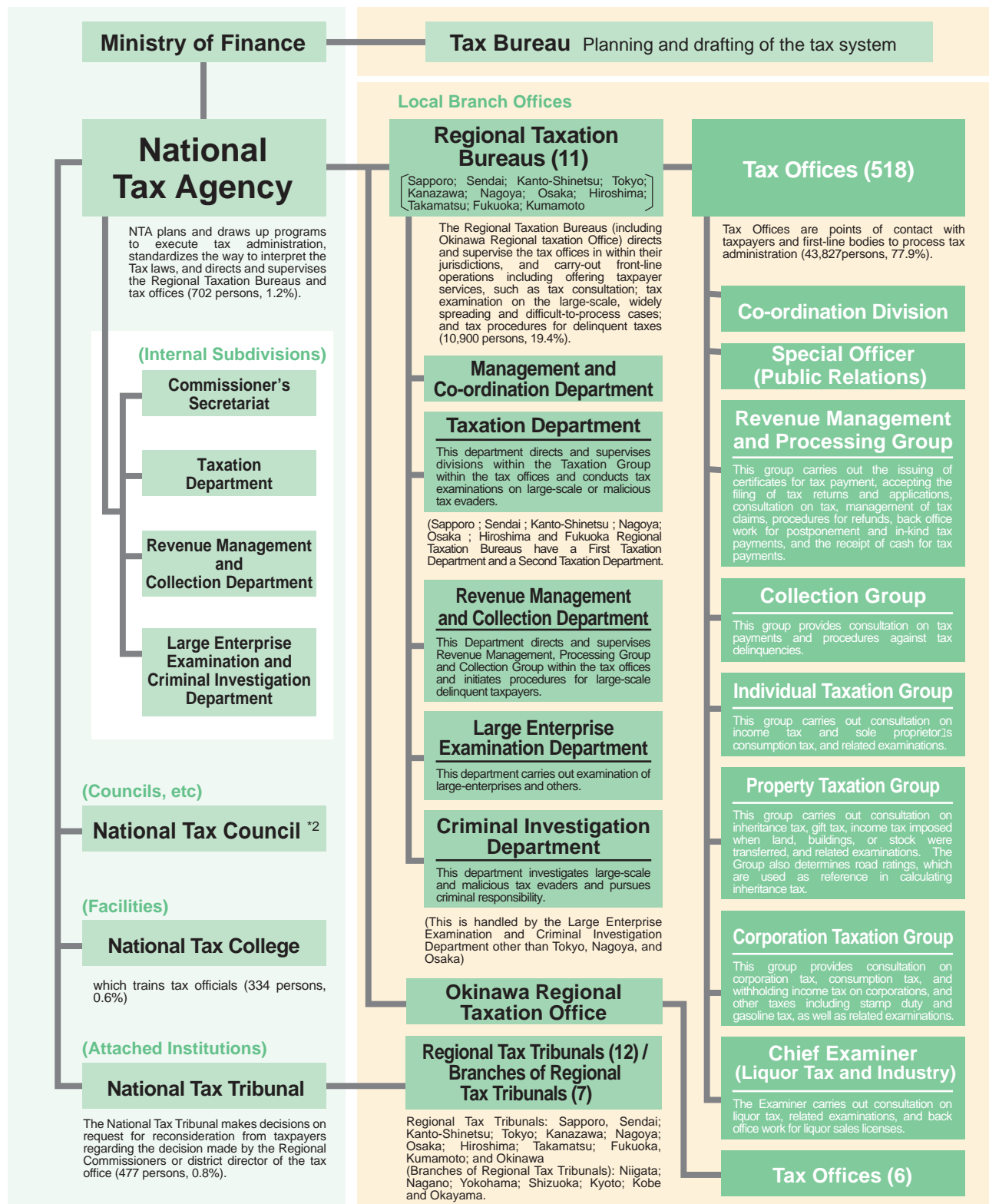
②Number of corporations in fiscal 2009 represents the figure as of July-end 2008.

④They represent the number of Notifications of Taxable Enterprise Subject to Consumption Tax. The figure in fiscal 2009 represents the figure as of March-end 2009.

(Reference) indicates the percentage for fiscal 2009 with fiscal 1975 as 100.

(3) Organizational Structure of NTA

The NTA supervises 12 Regional Taxation Bureaus (including Okinawa Regional Taxation Office) and 524 Tax Offices to process tax administration throughout Japan. ^{*1}



^{*1} The headcount and percentage indicated in each department represents the prescribed number of personnel in fiscal 2009 and the percentage accounting for the overall number of personnel in the NTA.

^{*2} The National Tax Council addresses the following: ① studies and deliberation on matters requested by the NTA Commissioner where the Director-General of the National Tax Tribunal determines the case by making different interpretation of laws from the notification issued by the NTA Commissioner; ② implementation of CPTAs examination and decision on the disciplinary actions applied to CPTAs; and ③ deliberations on the establishment of labeling standards for liquor and other matters.