

V Remedy for Infringement of Taxpayer Rights

If taxpayers disagree with the district director of the tax office concerning corrections made during tax examinations with which they remain dissatisfied, there is a system to review cases inside the administration (to appeal) before litigation is filed in court. This review system is a procedure to easily and promptly remedy the infringement of rights and interests of taxpayers. The process consists of requests for reinvestigation and reconsideration.

In principle, taxpayers who are dissatisfied with corrective actions are entitled to first submit a request for a reinvestigation to the district director of the tax offices, while a request for reconsideration is submitted to the director general of the National Tax Tribunal, established as an independent institute. In addition, if the taxpayer remains dissatisfied even after the decision by the director general of the National Tax Tribunal, taxpayers are entitled to appeal to the court as in general administrative suits.

(1) Request for reinvestigation

A request for reinvestigation is the first stage in the administrative appeal filed with regard to national taxes. In case the district director of the tax office took action for a correction, determination, or seizures with which taxpayers remain dissatisfied, they are entitled to request that the ruling be revoked or changed.

In recent years, cases requesting a reinvestigation are increasingly complicated involving geographical expansion and globalization of economic transactions. They involve difficulties in proving the relevance of facts and the interpretation and application of law in increasing numbers of cases. In response, the NTA has established Rulings and Legal Affairs Divisions and assigned to Special Officers (legal affairs) in each Regional Taxation Bureau. The NTA is addressing the uniform enforcement of tax laws across the country based on a correct interpretation. The NTA is also providing various training to develop tax officials, who are skilled in reviewing and endeavoring to properly and promptly handle the requests for reinvestigations.

(2) Request for reconsideration

Taxpayers, who remain dissatisfied with the determination made in relation to the above request for a reinvestigation, are entitled to file a request for reconsideration with the director general of the National Tax Tribunal.

The National Tax Tribunal, which aims to remedy the legitimate rights and interests of taxpayers, makes its decisions on request for reconsideration as fair third parties between the district director of the tax offices and claimants as taxpayers. The appeals judges and associate appeals judges of the National Tax Tribunal with specialized knowledge and experience examine and review the cases.

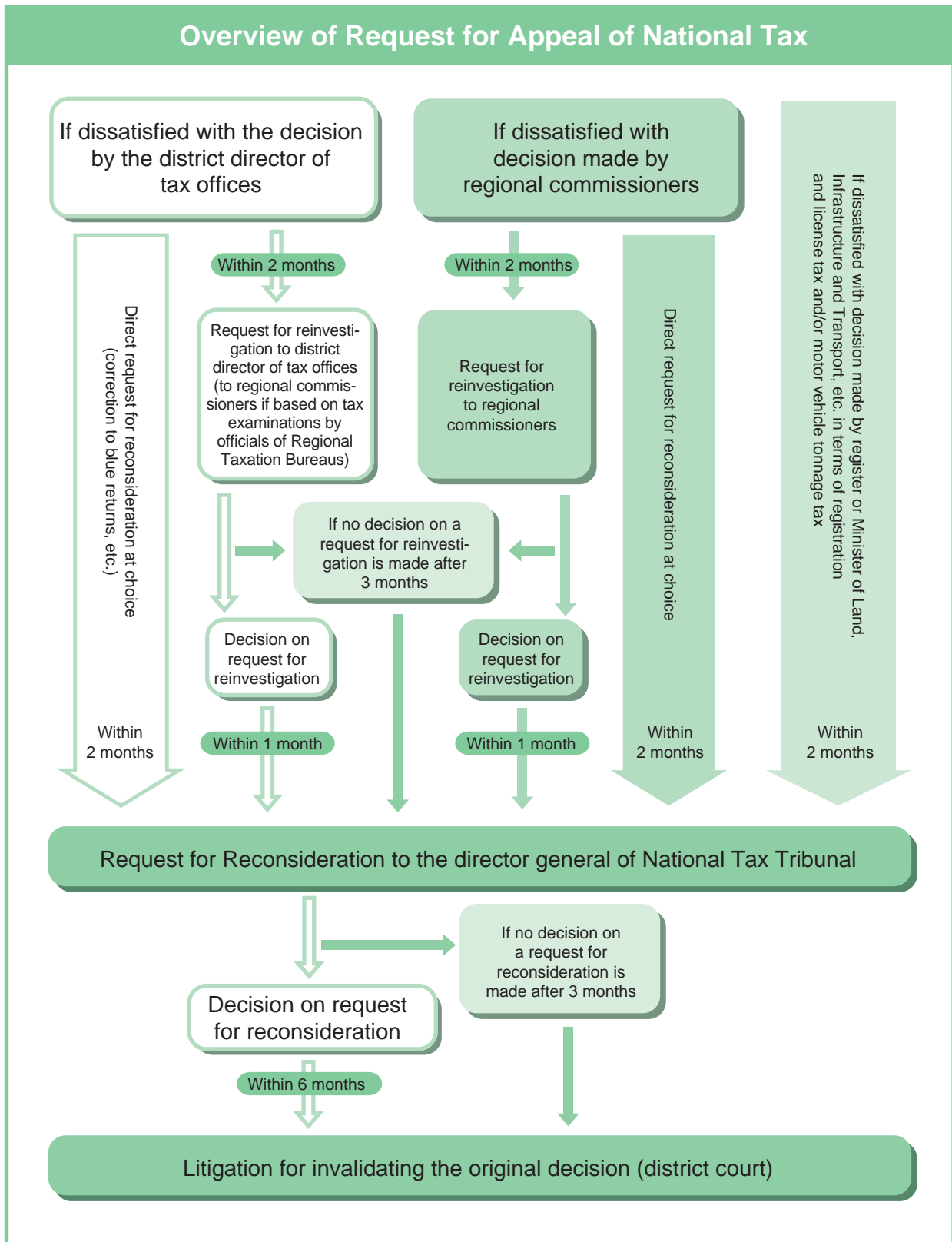
The posts of the director general for the National Tax Tribunal, as well as for the Tokyo and Osaka Regional National Tax Tribunal, are appointed from among those who have been justices or public prosecutors. Appeals judges for the National Tax Tribunal are also appointed from among those who have been specialists such as CPTAs in the private sector.

The National Tax Tribunal promptly contacts the claimants and the tax offices early on to have a good grasp of mutual points of view. It drafts a chart outlining the positions of each party at an early point in time after sorting out their arguments. The Tribunal strives to quickly and rapidly remedy any violation of the rights and interests of taxpayers by seriously listening to the views and positions of each party and conducting its own tax examinations when necessary.

Decisions by the director general of the National Tax Tribunal will not become more disadvantageous to taxpayers than those made by the district director of the tax office. The decision is a final award given within the NTA, against which the district director of the tax office is not entitled to file litigation, even if dissatisfied.

(3) Litigation

Even after the decision by the director general of the National Tax Tribunal, taxpayers, who may remain dissatisfied, are entitled to file litigation with the court seeking a legal remedy.



(4) Case Trends

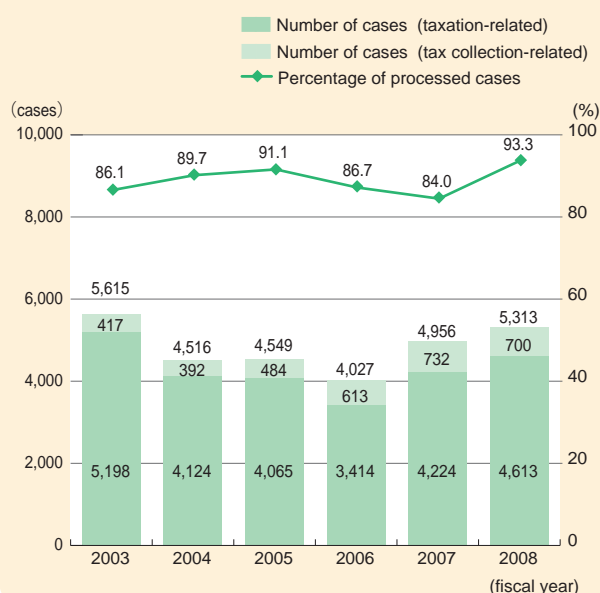
The NTA is striving to finish processing requests for reinvestigations within three months in principle. The total number of reinvestigations requested was 5,313 (4,613 in taxation and 700 in tax collections) in fiscal 2008. Of these, about 8.8% of taxpayer claims were proved in whole or in part by new facts.

With respect to the request for reconsideration, the NTA is working to finish processing within one year in principle. The total number of requests for reconsideration was 2,814 (2,517 in taxation and 297 in tax collection) in fiscal 2008. Of these, about 14.7% of taxpayer claims were proved in whole or in part.

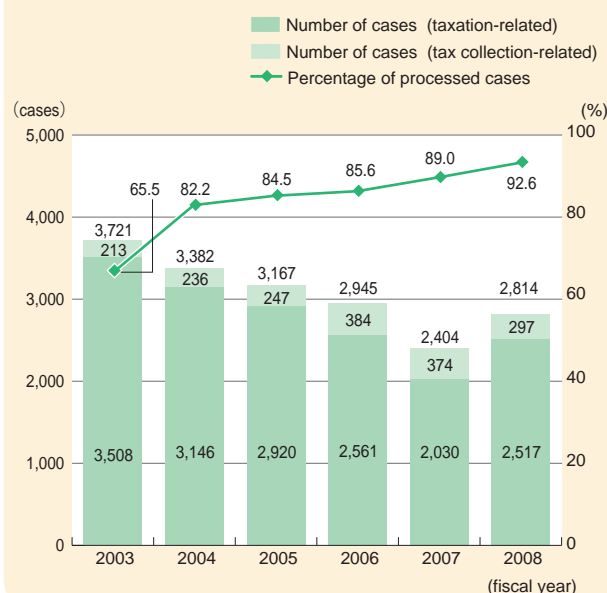
For litigation, a total 356 cases were closed (271 in taxation, 84 in tax collections and 1 in the National Tax Tribunal) in fiscal 2008. Of these, about 10.7% of taxpayer claims were proved in whole or in part.

The NTA and the National Tax Tribunal are disclosing on the website overviews of the requests for appeal and litigation, or court decisions to obtain understanding about remedies for infringement of taxpayer rights.

● Percentage of processed requests for reinvestigation within three months and number of processed requests for reinvestigation



● Percentage of processed requests for reconsideration within one year and number of processed requests for reconsideration



Reference Response to Complaints from Taxpayers

The NTA receives from taxpayers such reactions as complaints, requests, criticism, or consultation on problems they have not only with regard to appeal with the decision by the NTA but also about tax administration in general including the attitude of officials to attend to the inquirers or the methods of tax examinations. The NTA believes it essential to sincerely accept a variety of opinions from taxpayers in order to obtain their understanding and confidence and to give a prompt, accurate response from the perspective of taxpayers. In July 2001, the NTA appointed taxpayer support officers to properly respond to taxpayer complaints on decisions made in relation to taxpayers' rights and interests and to explain the procedures for remedy for infringement of taxpayer rights.