

I About the NTA

The NTA is the administrative agency 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 Regional Taxation Office, and the same applies hereinafter) and 524 Tax Offices throughout Japan. The NTA Head Office plans the tax administration, and supervises and oversees the administration of the Regional Taxation Bureaus and the Tax Offices. Each of the Regional Taxation Bureaus, which are supervised and overseen by the NTA, supervises and oversees the assessment and collection administration of Tax Offices in its jurisdiction. In addition, the Bureaus directly assess and collect taxes from large taxpayers. The Tax Offices under the guidance and oversight of the NTA and Regional Taxation Bureaus serve as the frontline organizations which assess and collect national taxes, and as the administrative bodies maintaining the closest relationships with taxpayers.

There is also the National Tax College which trains tax officials, while the National Tax Tribunal serves as a special body engaged in examining requests for review 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 “Realizing proper and fair assessment and collection of internal taxes.” To fulfill these duties, the NTA provides public relations activities and tax education (taxpayer services) to help taxpayers understand and perform their tax obligations, and reliably corrects taxpayers who fail to fulfill their tax obligations by providing proper guidance and tax examinations (promotion of the proper and fair tax administration) in order to prevent good taxpayers from feeling that taxation is unfair.

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

(2) Missions of the NTA

The NTA believes that in carrying out these duties, it is critically important to gain the understanding and confidence of citizens, who are the taxpayers.

To this end, the NTA puts together standards of assigned duties and its code of conduct, which are provided to tax officials and released to the public as the Missions of the NTA (see page 6 on right).



NTA

Missions of the NTA

Mission: Help taxpayers properly and smoothly fulfill their tax duties

Assignment

- To achieve the above mission, the NTA carries out its duties as stipulated in Article 19 of the Ministry of Finance Establishment Act, while keeping in mind transparency and efficiency.

1 Achieving proper and fair assessment and collection of internal taxes

(1) Development of tax payment environment

- ① Provide and publicize easily understood accurate information on legal and regulatory interpretations and procedures concerning tax filing and payment.
- ② Respond quickly and accurately to inquiries or consultations from taxpayers.
- ③ Make efforts to obtain broad cooperation and participation of the relevant ministries, agencies, and citizens in order to build cooperation with tax administration and understanding of the roles of taxes.

(2) Promotion of proper and fair tax administration

- ① To achieve proper and fair taxation,
 - (i) Properly apply the relevant laws and regulations.
 - (ii) Work to achieve proper tax filing, and reliably correct errors by conducting examinations and guidance for people who filed improper returns.
 - (iii) Work to help taxpayers pay taxes by the due date, and implement procedures to collect taxes from delinquent taxpayers.
- ② Respond properly and promptly to taxpayers' requests for review, to address infringements of taxpayers' legitimate rights and interests.

2 Sound development of the liquor industry

- ① Stabilize the business foundations of the liquor industry, and ensure brewing technology research and development and the quality and safety of liquor.
- ② Work for effective use of resources related to liquor.

3 Proper administration of services by Certified Public Tax Accountants (CPTAs)

Work for proper administration of CPTA services, to ensure 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 for performing duties

- ① Maintain tax administration transparency, so that taxpayers are knowledgeable of the legal and regulatory interpretations and administrative procedures.
- ② Work to improve taxpayer convenience in filing and payment.
- ③ Work to improve the administrative processes in order to improve efficiency in tax administration.
- ④ Work to actively collect and use information and data, to accurately implement tax examinations and procedures against tax delinquencies.
- ⑤ Take strict action against taxpayers who engage in malicious tax evasion and tax delinquency.

(2) Code of Conduct for officials

- ① Respond to taxpayers in good faith.
- ② Maintain confidentiality about information acquired on the job, and maintain official discipline.
- ③ Work to gain the specialized 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, etc., while continuously reviewing and improving the organization and tax administration operation in order to meet taxpayer needs.

2 Concepts for management of tax administration

The NTA's mission is to "Help taxpayers properly and smoothly fulfill their tax duties."

To fulfill this mission with the people's understanding and trust, the NTA manages its tax administration based on these basic concepts:

- ① Provide excellent services, so taxpayers can do "simple, convenient and smooth" filing and payments
- ② Do proper examinations and collections, while protecting taxpayer rights and interests
- ③ Provide easily understood information on NTA's various initiatives, and improve tax administration based on evaluation and verification of the results of implementing various measures

The NTA carries out the following initiatives based on these basic concepts.

NTA Initiatives

(1) Enhancement of services for taxpayers

- Use websites etc. to provide tax information needed for filing etc., and information to clarify interpretations of laws and regulations, so taxpayers make correct tax filing and payments themselves.
- Work to provide excellent filing and tax payment means that are highly convenient for taxpayers, using IT such as e-Tax and filing assistance on the NTA website.
- Respond to advance inquiries and advance pricing arrangement of transfer price taxation, so the taxpayer can predict in advance the tax treatment of its own economic activities.
- For the withholding tax system, provide more thorough information and publicity to withholding agents, to work for its proper administration. Provide payment guidance via written and phone inquiries as needed.
- CPTAs play important roles in proper filing and payment by taxpayers. Therefore, work on cooperation with tax accountants' associations, for wider use of e-Tax, use of the system of document attached by CPTAs to tax returns, etc.
- Based on the thinking that tax education should be worked on by the entire society, provide support for its enhancement, and cooperate with related ministries, agencies, educators, and private organizations such as tax accountants' associations.

(2) Proper tax examination and collection

- Perform proper examination and collection, such as taking a strict stance against malicious taxpayers, while protecting taxpayer rights and interests.
- Be fully aware that dispositions for taxation and delinquent tax are forcible procedures against taxpayer rights and interests. At the examination stage, correctly understand what the taxpayer asserts, objectively scrutinize it, and accurately confirm the facts, then apply the laws and regulations.
- Systematically work in response to increasingly complex economic transactions, etc. Work to enhance the system to collect information, and accurately prioritize issues such as response to the increasing diversity of asset investments and fraudulent refunds for consumption tax.
- For international transactions, exchange information with foreign tax authorities based on tax treaties, and take a strict stance towards tax avoidance etc. in which taxation problems are found.
- Corporate governance is important for maintaining and enhancing tax compliance of large companies. Therefore, advance initiatives such as exchanging opinions with company managers, and describing effective examples.

(3) Proper management of liquor administration

- Make efforts to assure the safety and quality of liquor in cooperation with the National Research Institute of Brewing (NRIB), in order to supply consumers with safe, high quality liquor, because concern regarding security and safety of food remains high among consumers.
- To respond to social demands, such as preventing underage drinking, work to ensure proper sales control of liquor, so there is proper compliance with the duty of assigning liquor sales managers and signs in liquor display locations.
- Implement a survey on the status liquor business transactions based on the Guidelines on Fair Liquor Trade, to encourage of liquor business operators to push forward voluntary activities to ensure a fair trade environment for liquor. If transactions such as setting irrational prices are found, provide guidance for improvement, and work together with the Fair Trade Commission when necessary.

(4) Promotion of administrative work efficiency and enhancement of organizational foundations

- To appropriately perform the NTA's duties under harsh fiscal conditions, work to secure the necessary structure, staff and budgets, appropriately allocate them, and take the taxpayers viewpoint in working to boost efficiency and cut costs.
- Constantly review to simplify and boost efficiency, for example by computerization of clerical processes. Especially for the income tax return filing period when filings are concentrated in a short period, work to encourage use of e-Tax which contributes to enhancing taxpayer convenience.
- Accurately assign personnel corresponding to their experience and abilities, while paying attention to hiring and promoting female staff. To enhance needed specialized knowledge, provide excellent guided development policies such as training.
- Thoroughly control administrative documents and information.

(5) Policy evaluation and improvement of tax administration

- To gain the people's understanding and trust, provide easily understood information on the NTA's creation and execution of effective plans for issues the national tax authorities should work on, about policy initiatives and various measures, and on evaluations and verifications of results of their execution. Work to improve tax administration, based on evaluation and verification of the results of execution of various measures.

3 Overview of the national tax organization

(1) National revenue and taxes

National revenue (initial budget for general account revenues) in fiscal 2011 stands at ¥92,411.6 billion, of which ¥40,927 billion is from taxes and stamp revenues. Deducting from them customs tax revenues and stamp revenues from Japan Post Holdings Co., Ltd., leaves ¥35,774 billion (about 87%)¹ as national tax revenues.

The income tax, corporation tax, and consumption tax account for about 80% of tax revenues.

(2) NTA budget and number of personnel

The NTA budget (initial) in fiscal 2011 stands at ¥718.5 billion, mostly comprised of salary costs. In recent years, budget priorities are the Kokuzei Sogo Kanri System (the NTA Comprehensive Information Management System, hereinafter called "KSK") and the e-Tax ,etc., to improve administrative efficiency and services for taxpayers.

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

The workforce began to increase again since fiscal 2007, with the latest number at 56,263 in fiscal 2011.

In the face of the tough fiscal situation of today, the NTA is trying to cut administrative expenses and streamline the headcount, while securing the budget and headcount necessary to perform the NTA's duties.

	FY 1975	FY 1997	FY 2011	(Reference) FY 2011/FY 1975
Budget (¥billion)	236.0	654.8	718.5	304.4%
Headcount (persons)	52,440	57,202	56,263	107.3%
① Number of income tax returns filed (1,000 persons)	7,327	20,023	23,150	316.0%
② Number of corporations (1,000 cases)	1,482	2,793	2,998	202.3%
③ Number of establishments subject to commodity tax (1,000 cases)	117	-	-	-
④ Number of enterprises subject to consumption tax (1,000 cases)	-	2,521	3,370	-
①+②+③+④ (1,000 cases)	8,926	25,337	29,518	330.7%

※ ① Number of income tax returns filed in fiscal 2011 shows the figure for 2010.

② Number of corporations in fiscal 2011 shows the figure as of June-end 2010.

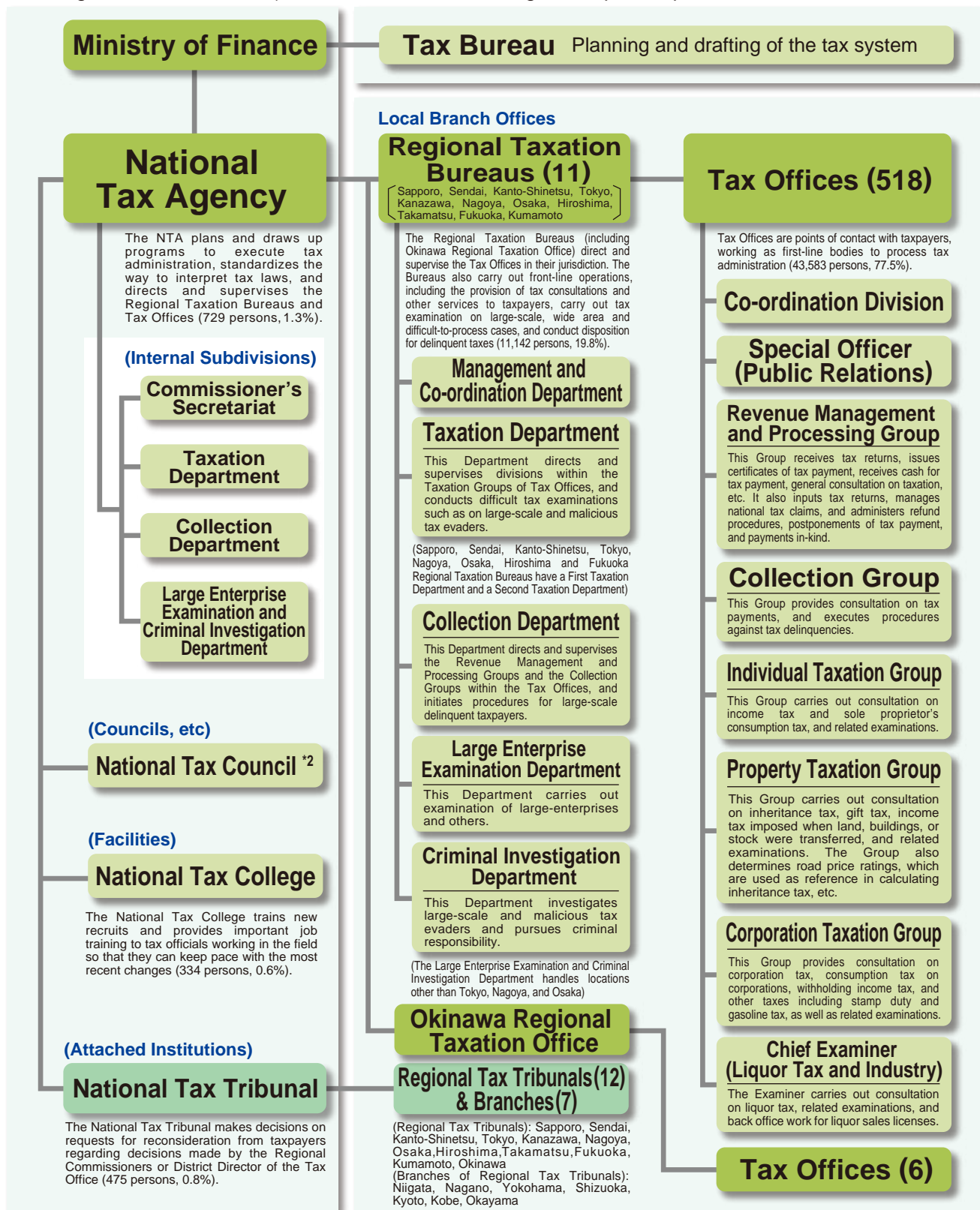
④ This shows the number of submissions of Notification of Opting to Taxable Status for Consumption Tax. The figure in fiscal 2011 shows the figure as of March-end 2011.

(Reference) Indicates the percentage for fiscal 2011, with fiscal 1975 as 100.

¹ Tax revenue of the national tax organization is calculated based on the ratio of the NTA revenue final account amount divided by the taxes and stamp revenue final account, from April 1, 2009 to March 31, 2010.

(3) Organizational structure of the NTA

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



*1 The headcount and percentage indicated in each department represents the prescribed number of personnel in fiscal 2011, and its percentage of 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 interpreting laws differently 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.

Column Response to the Great East Japan Earthquake (As of end of May, 2011)

1 Disaster and recovery status

The Great East Japan Earthquake struck at 14:46 on Friday, March 11. This was right before the income tax filing deadline, it hit while many taxpayers were visiting a filing site. The tsunami flooded the first floor of the Ofunato Office of Sendai Regional Taxation Bureau. There was also damage to many government buildings with Taxation Bureaus and Tax Offices: interior and exterior walls cracked or peeled, ceiling panels fell, bookcases fell over, window glass broke, etc.

As a result, soon after the earthquake, on March 14, operations were suspended at 10 offices under the Sendai Regional Taxation Bureau and Kanto-Shinetsu Regional Taxation Bureau, and 34 offices could only serve as contact points. On April 18, all offices reopened for normal operations, except for the Ofunato Office and Sukagawa Office which are in unusable government buildings.

Also, due to effects of the Fukushima nuclear power plant accident, from March 14 to 28, there were rolling blackouts at a total 150 offices under the jurisdictions of Kanto-Shinetsu Regional Taxation Bureau, Tokyo Regional Taxation Bureau, Nagoya Regional Taxation Bureau. This prevented use of the KSK System, etc., which affected some operations, such as issuance of certificates of tax payment.

2 Outline of response to earthquake, etc.

(1) Extension of national tax filing deadline, etc.

3/12 Extension (designated regions) for national tax filing and payment deadlines, etc. in Aomori, Iwate, Miyagi, Fukushima and Ibaraki prefectures was announced.

3/14 Specific examples (individual designations) of extensions of filing and payment etc. due to interruption of transport means, communication means or lifelines (including rolling blackouts) announced.

3/15 Notification of designated regions published in the official gazette.

(2) Response as result of enforcement of the Earthquake Special Measures Act

4/28 Announcement regarding provision of timely and appropriate notification, publicity and consultation for special measures such as refunds based on the Earthquake Special Measures Act.

(3) Response for evacuated taxpayers

3/22 Developed and announced a system enabling responses at Tax Offices throughout Japan, for taxpayers evacuated to evacuation centers, etc.

(4) Disaster related tax treatment

3/24 Current main disaster related tax treatment (treatment of asset restoration costs and disaster condolence payments, etc.) announced.

3/25 Special measures for treatment of liquor manufacturing permits etc. concerning damaged liquor manufacturing sites etc. announced.

4/6 Relaxed system for tax payment if damaged by disaster announced.

4/15 Special measures such as refund of amount corresponding to liquor tax on liquor damaged by disaster announced.

4/20 Corporate tax treatment of earthquake related costs announced.

4/28 Information on the Earthquake Special Measures Act and various existing taxation measures (calculation of casualty loss deduction by shortcut method, reduction or waiver of motor vehicle tonnage tax, stamp tax, etc.) announced.

(5) Tax treatment of contributions and donations

3/15 (Along with designation of designated donations,) Relaxation of confirmation procedures for tax treatment of donations etc. through fundraising organizations announced.

3/18 Announcement of general tax related matters if donations were paid.

(6) Manpower support for local government by the NTA officials

3/19 onwards: Officials dispatched to the following local governments.

In Iwate Prefecture: Iwate Prefecture, Miyako City, Ofunato City, Kamaishi City, Kuji City, Noda Village

In Miyagi Prefecture: Miyagi Prefecture, Sendai City, Tomiya Town, Natori City, Iwanuma City, Watari Town, Yamamoto Town, Ishinomaki City, Higashi Matsushima City, Shiogama City, Shichigahama Town, Tagajo City, Matsushima Town, Osaki City, Kesenuma City, Kurihara City, Tome City

In Fukushima Prefecture: Aizu Wakamatsu City, Koriyama City, Iwaki City, Sukagawa City

(7) Status of operations at disaster area offices of Sendai Regional Taxation Bureau

Ofunato Office and Sukagawa Office are performing operations in temporary buildings, because it is difficult to continue operations in their government buildings.

Special tax measures if damaged by the Great East Japan Earthquake

In order to reduce the burdens of victims of the Great East Japan Earthquake, “Act on Temporary Special Measures of National Tax Related Acts for Victims of the Great East Japan Earthquake” (hereinafter referred to as “Earthquake Special Measures Act”) was enforced on April 27, 2011.

In this Earthquake Special Measures Act, the main taxation measures applied to people victimized by the Great East Japan Earthquake are as follows.

- For ① casualty loss deduction methods determined in the Income Tax Act, and ② methods of tax reduction or release determined in the Act on Reduction or Release, Deferment of Collection and Other Measures Related to Tax Imposed on Disaster Victims, people with housing and household assets damaged by the Great East Japan Earthquake can choose to receive these reduction measures etc. for either 2010 or 2011.
 - For losses of inventory assets and business use assets etc. due to the Great East Japan Earthquake, such loss amounts can be included in necessary expenses when calculating amounts of business income for 2010.
 - If a dwelling was receiving application of special credit for loans relating to a dwelling, but can no longer be lived in due to the Great East Japan Earthquake, application of the special credit for loans relating to a dwelling can continue to be received, during the remaining application period of special credit for loans relating to a dwelling, for that dwelling.
 - Due to damage by the Great East Japan Earthquake, from March 11, 2011 to March 10, 2012, if payouts are received from property accumulation residence (pension) savings, and if a document confirmed and issued by the Tax Office is submitted to the financial institution, then the interest etc. becomes non-taxable.
 - For loss amounts due to earthquake related to inventory assets which are part of the corporation loss amount for the business year which ends in the period from March 11, 2011 to March 10, 2012, the corporation can carry it back to the income amount of a business year which began within the previous two years, and request refund of corporate income tax.
 - If a corporation’s interim period ends in the period from March 11 to September 10, 2011, it can receive refund of the portion of withholding tax which is too large to be deducted from corporation tax, within the scope of earthquake loss amount, according to the interim report by tentative settlement.
 - If a vehicle was damaged by the Great East Japan Earthquake and scrapped within the valid period of its motor vehicle inspection certificate, then the owner can do the procedure for Permanent Deletion Registration or for notice of demolishing or dismantling at a Transport Branch Office or Light Motor Vehicle Inspection Organization, and submit a request for refund of motor vehicle tonnage tax, and thereby obtain refund of motor vehicle tonnage tax.
 - If a person who was a user of a disaster damaged motor vehicle acquires a replacement vehicle and obtains a motor vehicle inspection certificate during the period until April 30, 2014, then by having a tax waiver notice for motor vehicle tonnage tax submitted to a Transport Branch Office or Light Motor Vehicle Inspection Organization, the motor vehicle tonnage tax which pertains to the initially obtained motor vehicle inspection certificate is waived.
 - Stamp tax on a “contract on consumer loan” is waived for a money loan to a person victimized by the Great East Japan Earthquake, at conditions which compared to conditions of other money loans are specially advantageous, by a local government or government related financial institution, etc.
 - For cases such as a building acquired to replace a building demolished and removed because it was destroyed or damaged by the Great East Japan Earthquake, the stamp tax is waived for “contracts on transfer of real estate” and “contracts on contracting of construction work” made by that victimized person.
- ※ For other measures and details, see the NTA website www.nta.go.jp or visit a nearby Tax Office.