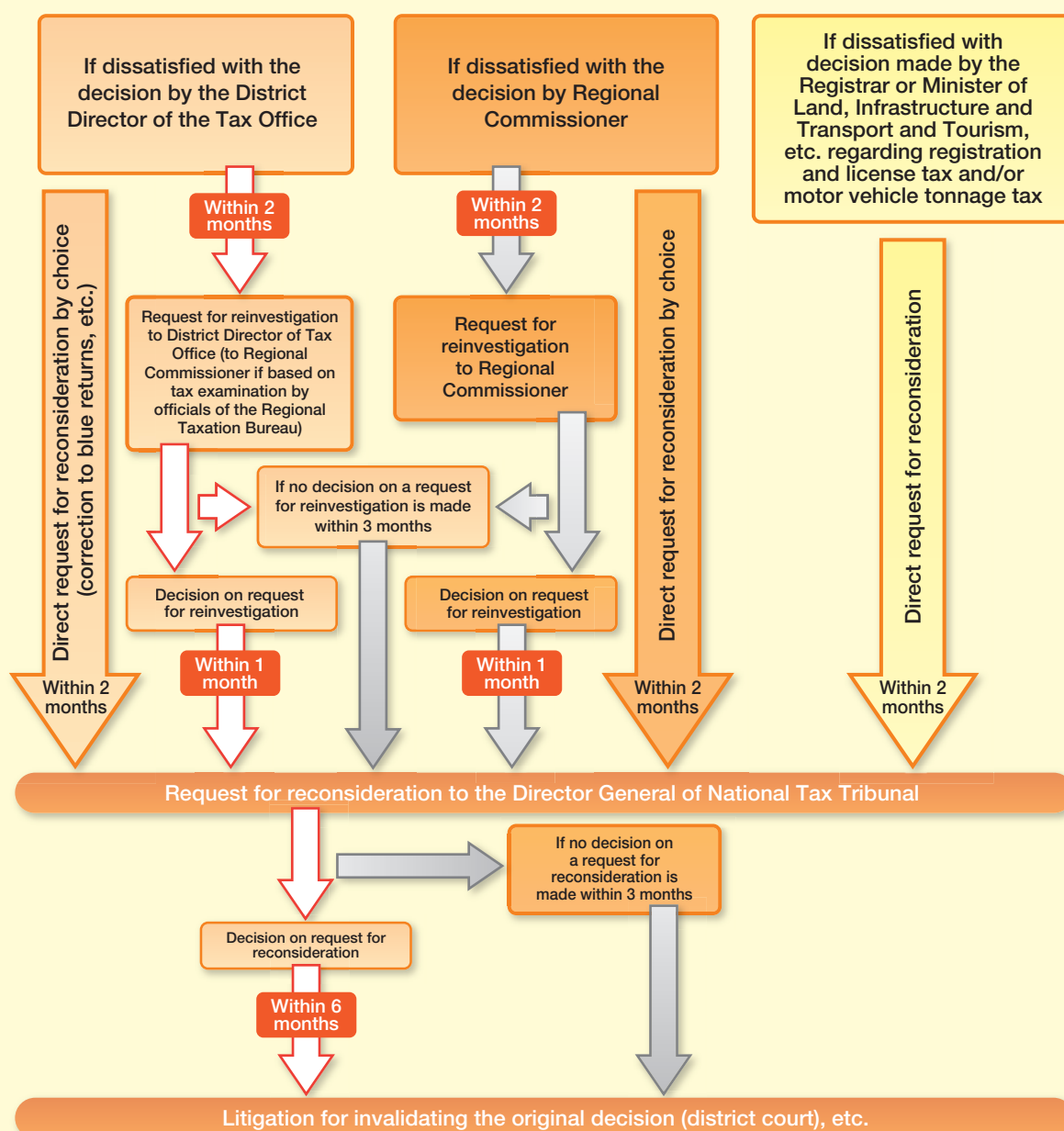


When a taxpayer is dissatisfied with the action taken by the District Director of the Tax Office for taxation and delinquent tax, the said taxpayer may file a request for a review, for example to cancel that disposition. This system of request for review is a procedure to simply and quickly protect taxpayer rights and interests. In principle, a taxpayer who objects to a disposition shall first file a request for review before bringing a lawsuit in court.

A request for review can be a request for reinvestigation to the District Director of the Tax Office, etc., or a request for reconsideration to the Director-General of the National Tax Tribunal, and in principle, a request for reconsideration can be done after a request for reinvestigation was done.

The relevant laws relating to this review system were revised in June 2014 and will become effective within two years from the day of promulgation (June 13, 2014) (See page 46 for the outline of the revision).

## Overview of the request for review system for national tax





## (1) Request for reinvestigation

### ~ Simplified, prompt and appropriate remedies for taxpayer rights ~

A request for a reinvestigation is the procedure to request the cancelation or change of a disposition from the District Director of the Tax Office, etc., when a taxpayer is dissatisfied with the ruling that the District Director of the Tax Office executed, such as a correction, determination, or seizure. The request for a reinvestigation is the first stage in the administrative appeal filed with regard to national taxes.

As cases requesting reinvestigation are becoming increasingly complicated due to greater geographic scope and globalization of economic transactions, and an increasing number of cases involve difficulties in grasping the facts and in the interpretation and application of law. Under these circumstances, the NTA addresses the uniform enforcement of tax laws across the country based on correct interpretations mainly through the Rulings and Legal Affairs Divisions and the Special Officers (Legal Affairs) established in each Regional Taxation Bureau. In addition, the NTA provides various training to develop tax officials who are skilled in reviewing and endeavors to properly and promptly handle taxpayer requests for reinvestigations.

## (2) Request for reconsideration

### ~ Remedy for taxpayer rights by a fair third-party institution ~

Taxpayers who are dissatisfied with the determination made in relation to the request for reinvestigation are entitled to file a request for reconsideration with the Director-General of the National Tax Tribunal.

The National Tax Tribunal is an organization whose mission is to pursue remedy of the legitimate rights and interests of taxpayers and to contribute to ensuring the proper operation of tax administration. It makes decisions on requests for reconsideration from the position of a fair third party. Important posts such as the Director-General for the National Tax Tribunal, as well as the Directors of the Tokyo and Osaka Regional Tax Tribunals, are appointed from among those people who have held the position of judge or public prosecutor. For the position of appeal judges of the National Tax Tribunal, specialists in the private sector such as Certified Public Tax Accountants and lawyers are employed as officials with fixed terms.

In handling a request for reconsideration, the National Tax Tribunal organizes and clarifies the points under dispute. It then fully examines the contents of the documentary evidence, etc., presented by the person requesting reconsideration, and the District Director of the Tax Office conducts its own tax examination and strives to properly and quickly handle the request for reconsideration.

Decisions by the Director-General of the National Tax Tribunal will not be more disadvantageous to taxpayers than those made by the District Director of the Tax Office. The decision is a final ruling given within the NTA, against which the District Director of the Tax Office etc. are not entitled to file litigation, even if dissatisfied.

## (3) Litigation

### ~ Remedy by law ~

Even after the decision by the Director-General of the National Tax Tribunal, taxpayers who remain dissatisfied are entitled to file litigation with the judiciary seeking a legal remedy.

### 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 requests for review of decisions by the NTA, but also about tax administration in general including the attitude of officials or the methods of tax examinations, etc. The NTA believes it essential to sincerely respond to a variety of opinions from taxpayers in order to obtain their understanding and confidence and endeavors 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, for example by explaining the procedures to remedy taxpayer rights.

#### (4) Trend in remedies for taxpayer rights

~ The NTA is working to finish processing requests for reinvestigation within 3 months and requests for reconsideration within one year in principle ~

##### a. Request for reinvestigation

###### ① Target

The NTA is striving to finish processing requests for reinvestigations within 3 months in principle.

###### ② Result

In FY2014, 96.9% of requests for reinvestigation were closed within 3 months.

2,745 reinvestigations were requested in the fiscal year (2,427 in taxation and 318 in tax collection).

Of these, 9.3% of taxpayer claims were approved in whole or in part due to new facts, etc.

##### b. Request for reconsideration

###### ① Target

With respect to requests for reconsideration, the NTA is striving to finish processing within one year in principle.

###### ② Result

In FY2014, 92.2% of requests for reconsideration were closed within one year.

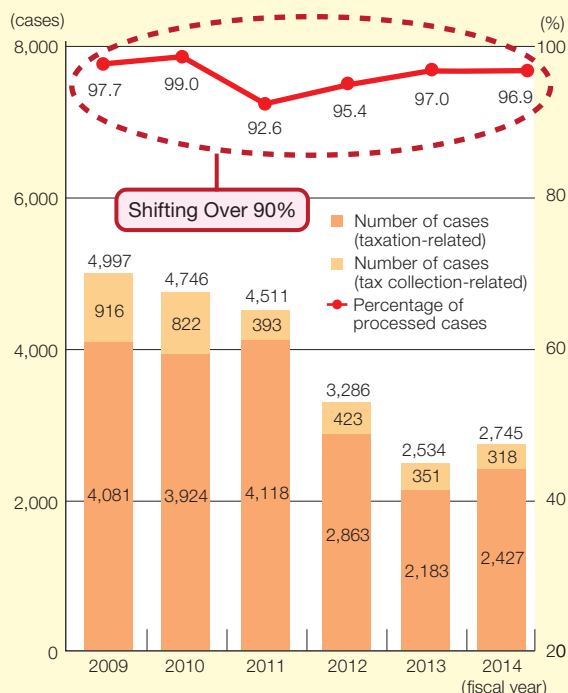
There were 2,980 requests for reconsideration in the fiscal year (2,793 in taxation and 187 in tax collection). Of these, 8.0% of taxpayer claims were approved in whole or in part.

##### c. Litigation

For litigation, 280 cases were closed in FY2014 (216 in taxation, 62 in tax collection and 2 in the National Tax Tribunal). Of these, about 6.8% of taxpayer claims were approved in whole or in part.

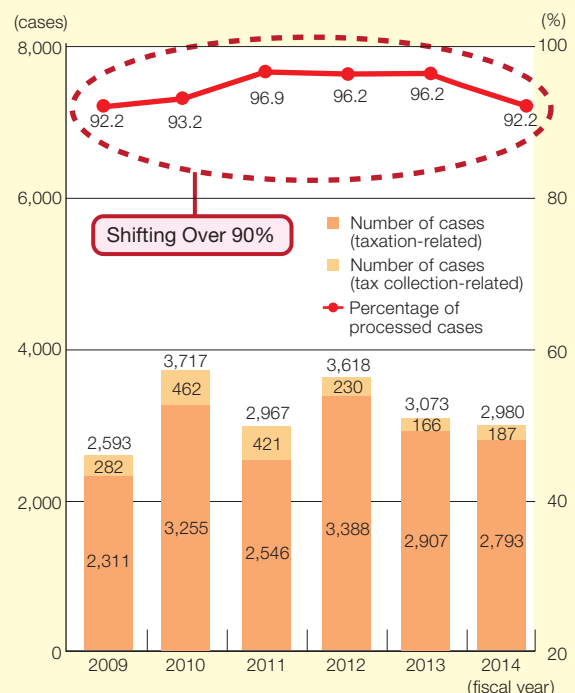
\* The NTA and the National Tax Tribunal provide information such as overviews of the requests for reinvestigation, the requests for reconsideration and litigation, and cases of decisions on requests for reconsideration, to deepen understanding about remedy for taxpayer rights. These are on the NTA website and on the National Tax Tribunal website (<http://www.kfs.go.jp>).

■ Percentage of processed requests for reinvestigation within 3 months, and number of processed requests for reinvestigation



\* These figures are provisional numbers as of the end of April 2015.  
\* Percentage of processed cases is calculated excluding MAP cases, public prosecution-related cases and international taxation cases.

■ Percentage of processed requests for reconsideration within one year, and number of processed requests for reconsideration



\* These figures are provisional numbers as of the end of April 2015.

## Column 8 Outline of revision of the request for review system for national tax

### 1 Purpose of revision

In June 2014, the Administrative Appeal Act was comprehensively revised from the viewpoint of improving fairness and usability, and the request for review system for national tax was also revised by the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Administrative Appeal Act.

### 2 Outline of revision

#### (1) Revision of the principle of a request for reconsideration after a request for reinvestigation

If a taxpayer is discontent with any disposition made by a District Director of Tax Office, such taxpayer can, at his or her option, make a request for reconsideration directly to the Director-General of the National Tax Tribunal without making a request for reinvestigation to a District Director of Tax Office, etc.

The Japanese name of a request for reinvestigation is changed from “Igi Moshitate” to “Saichosa no Seikyu.”

#### (2) Extension of the request for review period

The period in which a taxpayer can make a request for review has been extended to “within three months” from the day following the date on which such taxpayer learns that a disposition was made.

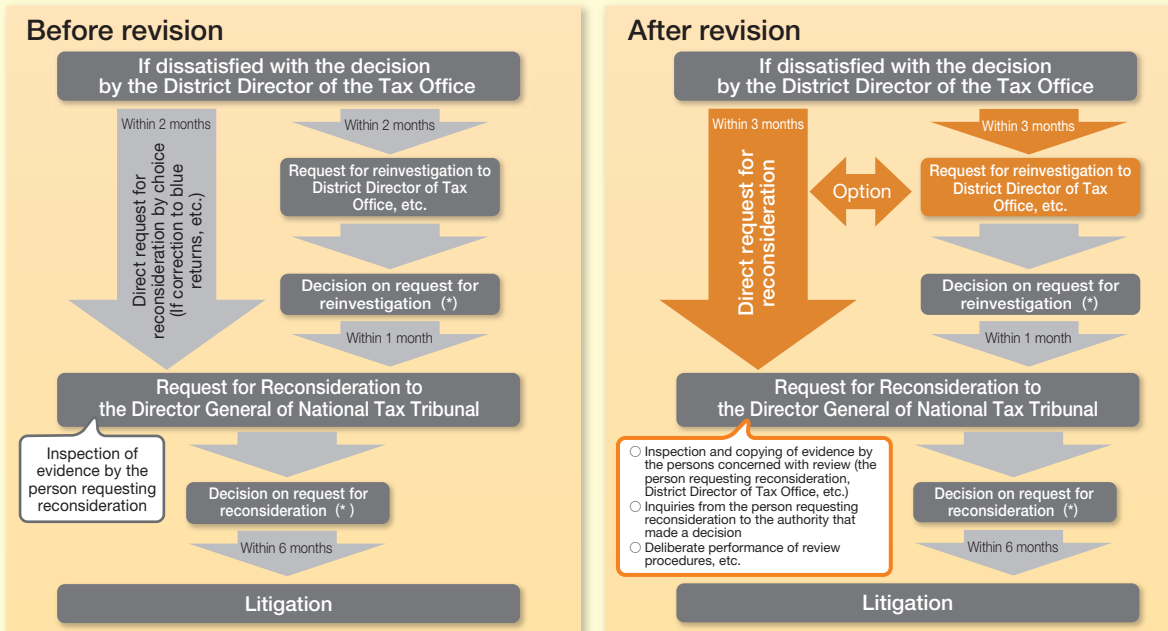
#### (3) Inspection and copy of evidence in connection with a request for reconsideration

The persons concerned with review (the person requesting reconsideration, participants, District Director of Tax Office, etc.) can inspect or request a copy of the item collected under the authorities of the reviewer in charge in addition to the items voluntarily submitted by a District Director of Tax Office, etc.

#### (4) Developing provisions for review procedures

Various provisions have been developed to speed up reviews and to expand the rights of the person requesting reconsideration. Those provisions include those for determining the standard review period, inquiries from the person requesting reconsideration to the authority that made a decision, and the planned performance of review procedures.

### Outline of revision of the request for review system for national tax



(\*) If no decision or determination is given by a District Director of Tax Office, etc. or the Director-General of the National Tax Tribunal within three months, a request for reconsideration or litigation can be filed without the decision or determination.

(Note) These revisions will become applicable on the date of enforcement of the Administrative Appeal Act (a date designated by Cabinet Order within two years after the date of promulgation [June 13, 2014]).

### 3 Measures taken for the enforcement of law

The NTA and the National Tax Tribunal will prepare for the inspection and copying of evidence and the deliberate performance of review procedures in order to achieve the proper and smooth implementation of the request for review system for national tax.