

# From the Commissioner



First of all, we would like to extend our deepest sympathies to the victims of the 2016 Kumamoto Earthquake. Since the earthquake, the Government as a whole has been implementing various kinds of recovery and reconstruction work. In the immediate aftermath, the National Tax Agency (NTA) extended the deadline for national tax returns, payments, and so on for affected taxpayers, and actively disseminated and publicized information on disaster-related tax measures, procedures, and the like by means of the NTA website, Twitter, and others. We will continue to respond

politely and thoroughly by thinking from the perspective of the affected taxpayers' situations.

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," "Sound development of the liquor industry," and "Ensuring proper administration of services by Certified Public Tax Accountants (CPTAs)." Article 30 of the Constitution provides that the people shall be subject to taxation, and the basis for Japanese tax law is tax payment by self-assessment. Based on the above, the Minister of Finance's official instruction states that the mission of the NTA is "to help taxpayers meet their tax responsibilities properly and without difficulty."

To succeed in this mission, the NTA endeavors to provide complete service to taxpayers as well as to conduct proper and fair taxation and collection so that compliant taxpayers feel that tax laws are applied fairly to everyone.

In addition, in tandem with the rapid development of increasingly complicated economic transactions, geographical expansion and the globalization of the economy, and the increasing sophistication of information, Japan's tax administration environment has been changing considerably. Amidst such circumstances, we have been implementing various measures to continuously pursue the NTA's mission.

In terms of enhancing taxpayer service, the NTA offers helpful information to taxpayers about tax filing and payment via the NTA website and other sources in an easy-to-understand manner, and handles taxpayers' inquiries and consultations expeditiously and appropriately. We have also taken a number of steps to make the filing and payment procedures more accessible to taxpayers utilizing ICT, including online national tax return filing and a tax payment system (e-Tax) as well as filing assistance on the NTA website.

Particularly for "e-Tax," from the viewpoint of increasing users' convenience, we have expanded the types of procedures that users can complete via smartphones and tablets. We also provide a program for converting attached documents into a data format compatible with e-Tax and allow users to submit attached documents as image data. In this manner, we have been implementing measures to further improve user convenience.

In terms of achieving proper and fair taxation and collection, we are taking rigorous actions against large and vicious fraudulent cases, thereby protecting the interests of taxpayers. At the same time, we are promoting voluntary enhancement of corporate governance regarding tax matters at large enterprises in order to maintain and improve the level of tax filing.

Moreover, we ensure proper taxation of the affluent class and actively address international cases based on changes in social and economic circumstances. We are also making proactive efforts to examine taxpayers who conduct overseas transactions or who own assets located outside Japan by collecting information about overseas transactions and other transactions as well as by effectively utilizing statutory statements, including overseas wire transfer statements.

In particular, multinational enterprises and the affluent class may take advantage of differences among tax systems in each country and international taxation rules or take advantage of corporations established abroad to reduce tax burden. In taking actions against such international tax avoidance cases, we will use every opportunity to collect information, including active use of information exchanged with tax authorities of other countries, and also conduct necessary examinations based on the recommendations in the final report on the Base Erosion and Profit Shifting (BEPS) Project released in October 2015. We will thus endeavor to realize proper and fair taxation.

The BEPS Project final report also recommends the effective implementation of mutual agreement procedures (MAPs). When international double taxation occurs due to transfer pricing taxation or a similar reason, the NTA strives to resolve this issue through MAPs under the provisions of tax treaties with foreign tax authorities. From the perspective of enhancing predictability for taxpayers, we are also actively implementing MAPs for the Advance Pricing Arrangement (APA).

Regarding the Social Security and Tax Number System ("My Number System"), notification of My Numbers (Individual Numbers) and Corporate Numbers started in October 2015, and these numbers are being used for national tax purposes starting from January 2016. The NTA is an entity that uses My Numbers and Corporate Numbers as well as the entity that assigns Corporate Numbers. This gives us an excellent opportunity to review and upgrade our operations and systems so that we can enhance taxpayer convenience and also increase the efficiency and sophistication of taxation and collection.

Every member of the staff at the NTA is dedicated to help taxpayers file tax returns and pay tax duties properly and without difficulty, through various measures as stated above.

To expedite implementation of such measures, taxpayers' understanding and trust in tax administration are essential. Therefore, we provide information on our various activities, policy initiatives, and other issues in the most lucid manner possible through the NTA website, press releases, and other opportunities.

The NTA Report is one of such efforts and explains our activities and developments for the previous year together with statistical data and other references.

I would appreciate it if this "National Tax Agency Report 2016" would help you to better understand us and the NTA.

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Hiroshi Nakahara

Commissioner

National Tax Agency, Japan