

The NTA was organized in 1949 as an external organization 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. 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

Article 19 of the Act for Establishment of the Ministry of Finance provides that the NTA achieves its duties of “Realizing proper and fair taxation and collection of internal taxes,” “Sound development of the liquor business,” and “Ensuring proper administration of services by Certified Public Tax Accountants (CPTAs).”

When the NTA carries out these duties, we believe that the most important point should be to gain the understanding and trust of the Japanese people as the taxpayers.

Therefore, we have established our practice standards and codes of conduct to perform these duties, which are declared to tax officials as well as announced to the public as the “Missions of the NTA.”



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 Act for Establishment of the Ministry of Finance, while keeping in mind transparency and efficiency.

1 Realizing proper and fair taxation 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 related 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 business

- 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 Ensuring 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 sophisticated information and the globalization 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 carries out the following initiatives in order to perform the aforementioned duties and mission, and to gain the understanding and trust of taxpayers.

NTA Initiatives

(1) Enhancement of services for taxpayers

- Provide the necessary information needed for filing via NTA websites, etc. so that taxpayers can correctly file and pay their taxes themselves.
- Work to provide an excellent means for filing and payment using ICT (Information and Communication Technology), such as e-Tax and filing assistance on the NTA website.
- Respond to advance inquiries and advance pricing arrangement of transfer pricing taxation, so the taxpayer can predict in advance the tax treatment of its own economic activities.
- Work to improve an environment and provide support to enhance tax education, in cooperation with the relevant ministries, agencies, educators and private organizations.

(2) 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 reduce 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 of time, focus to encourage use of e-Tax which contributes to enhanced 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.

(3) Proper and fair taxation and collection and remedy for taxpayer rights

- Take a strict stance against malicious taxpayers, while protecting taxpayer rights and interests.
- Upon dispositions for taxation and delinquent tax, correctly understand what the taxpayer asserts and objectively scrutinize them at the examination stage, and then accurately confirm the facts and 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.
- Promote the enhancement of corporate governance on tax matters through exchanging opinions with executive officers of large enterprises, etc. At the same time, prolong intervals until the next examination for those corporations recognized as having enhanced corporate governance and meeting certain conditions. Then we allocate more examination work to those corporations in need of improvements.
- Achieve proper and speedy processing of a request for review, as well as develop environment for more user-friendly request for review system.

(4) Proper management of liquor administration

- As the competent authority over liquor business, try to grasp issues, needs, etc. in the liquor industry, coordinate and cooperate with related government agencies, organizations, etc. and strengthen efforts to promote liquor business.
- Make efforts to cultivate overseas markets through distributing information globally and holding international negotiations, etc., to promote the establishment of brands through spreading the use of Geographical Indications

(GI), to provide technical assistance to liquor manufacturers, etc. and to ensure the safety of liquor among others.

- To ensure fair trade of liquor, conduct a survey of liquor business operators to check the actual state of trading of liquor, etc. If a transaction that does not comply with “the Standards for the Fair Trade of Liquor” is detected, take strict actions including issuing instructions.
- Respond to social requirements, such as counter-measures against health problems caused by alcohol intake and promotion of recycling resources, increase the publicity of the ban on selling liquor to people younger than the age of 20 and 3R (reduce, reuse and recycle) of liquor containers.

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

- Endeavor to Coordinate and cooperate with Certified Public Tax Accountants’ Associations as organizations for improving the work of CPTAs, because CPTAs play important roles in the proper and smooth realization of the self-assessment system.
- Work to prevent violations of the Certified Public Tax Accountant Act by CPTAs etc. At the same time, take strict action against CPTAs etc. who violate the Certified Public Tax Accountant Act and so-called “fake CPTAs” by applying disciplinary actions and filing accusations seeking prosecution.

(6) Policy evaluation and improvement of tax administration

- Provide easily understood information on issues the NTA should work on, on its policy initiatives and its various measures, and on its evaluations and verifications of the results of their implementation. In addition, work to improve tax administration, based on the evaluations and verifications of the results of its implementation.

Column 1 “Future Vision of Tax Administration ~Achieving a Smart Tax System~”

In order to ensure future filing and payment of taxes by taxpayers based on understanding and trust, in June of 2017, the NTA released the “Future Vision of Tax Administration ~Achieving a Smart Tax System~,” recognizing the importance of making an effort to highlight the future state and making solid progress towards its realization.

Given that about a year has passed since the announcement of “Future Vision,” the NTA, in June 2018, publicized efforts that were concretely realized up to that moment as the “Recent Status of Ongoing Efforts for ‘Future Vision of Tax Administration.’”

For details, see the NTA website (<https://www.nta.go.jp/information/release/kokuzeicho/2017/syuraizou/index.htm> (in Japanese)).

“Future Vision of Tax Administration ~ Achieving a Smart Tax System ~”

Changes in the surrounding environment

- Promotion of ICT and AI
- Implementation of the My Number System
- Globalization of economic transactions
- Staffing reduction and increase in filing
- Increasing complexity and difficulties of examination and collection

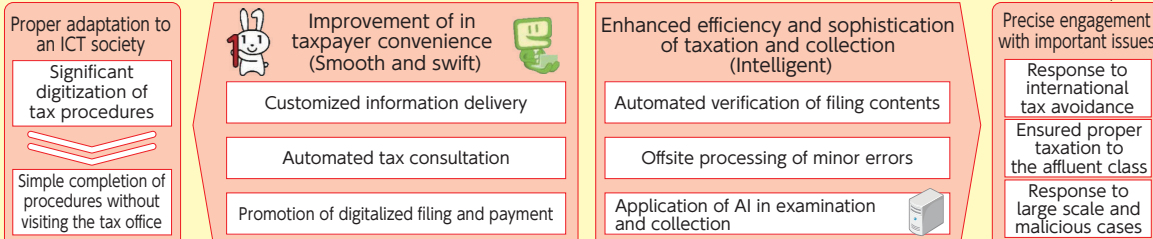
Objective of the study

It is important to highlight the future vision that is sought from perspective of transparency of tax administration, and to make solid progress towards its realization.

Future vision

Smart tax administration

(Gain taxpayers’ trust through heightened taxpayer convenience and optimization of administrative operations through promotion of ICT)



- Advancement of information systems
- Centralized processing of internal administrative tasks
- Coordination and collaboration with local governments

※ This future vision describes what can presently be imagined of the tax administration, approximately 10 years from now, on the premise that advancement in information system and cooperation with external organizations are obtained. The NTA will be working towards its realization in stages, enhancing taxpayer convenience by promoting digitalization of filing and payment, through improvements in user friendliness of e-Tax, while at the same time, enhancing data platform and applying AI technology and so on. The NTA will also continue to pay attention to the important needs of the taxpayers, who are the users of the information system.

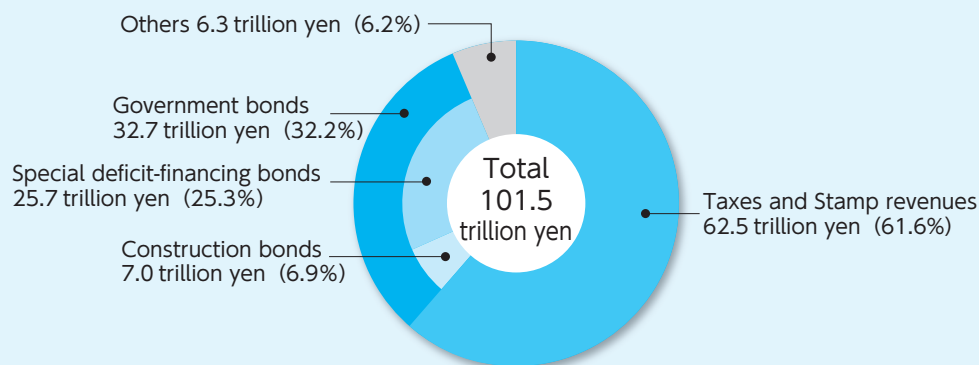
3 Overview of the national tax organization

(1) National revenue and taxes

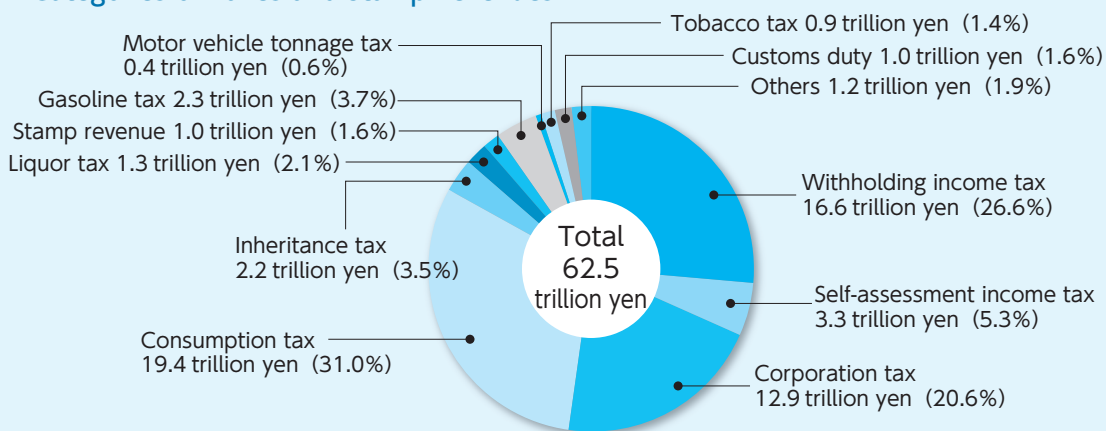
National revenue (initial budget for general account revenues) in FY2019 stands at 101,457.1 billion yen, of which 62,495 billion yen is from taxes and stamp revenues.

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

■ National revenue (FY2019 general account revenues (initial budget))



<Categories of Taxes and Stamp Revenues>



※1 General account revenues for FY 2019 include extraordinary and special measures.

※2 Government bonds are revenues generated by construction bonds to finance public project-related expenditures and special deficit-financing bonds issued to compensate for the revenue shortfalls. All are debts which are to be repaid in the future.

※3 The total amount of each item and the amount indicated as "Total" do not exactly match, due to rounding of fractional figures.

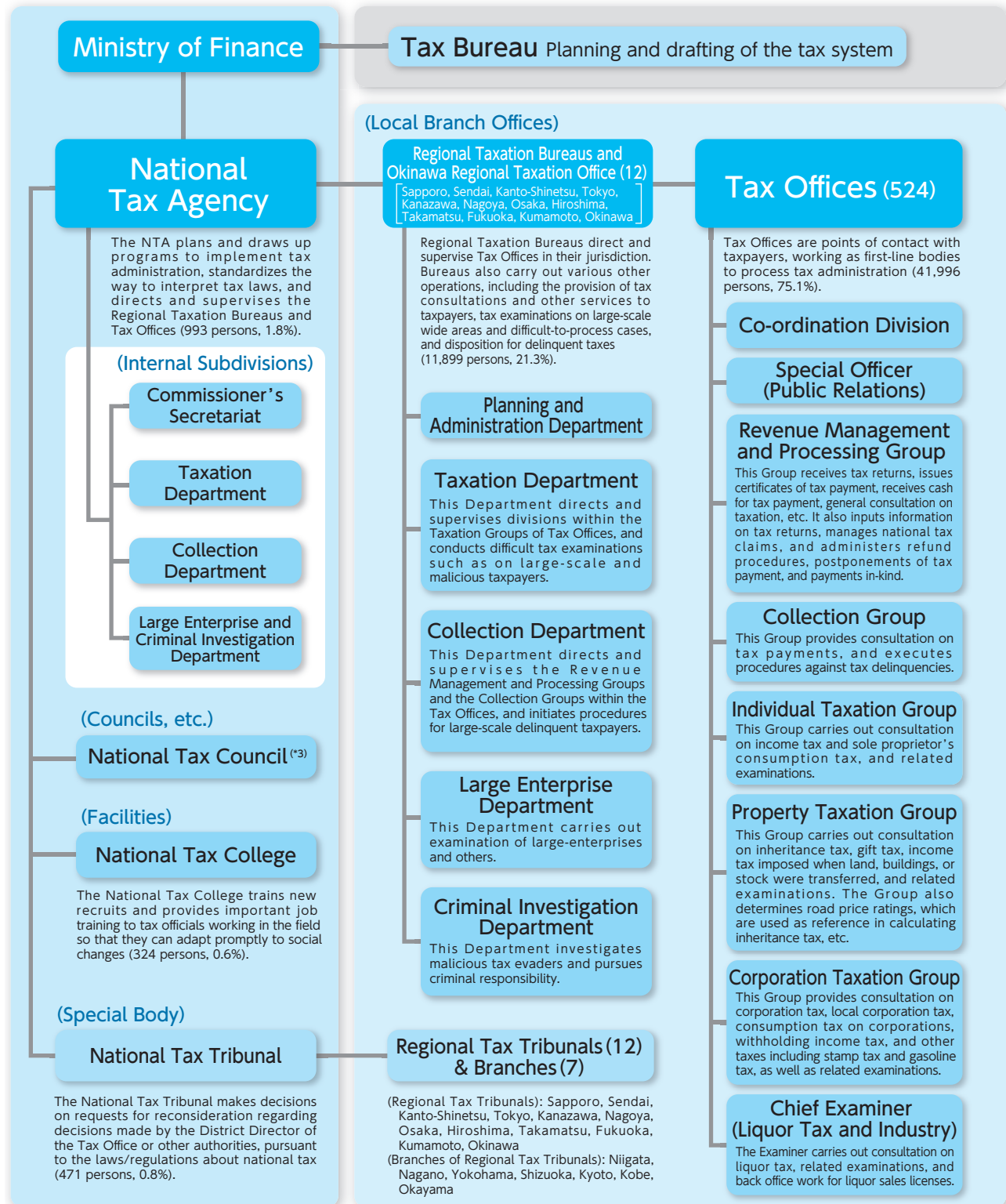
(2) NTA budget and number of personnel

The NTA initial budget in FY2019 stands at 705.9 billion yen, with salary costs amounting to 556.8 billion yen and general expenses 149.1 billion yen.

The headcount at the NTA stayed at around 52,000 from the late 1970s through the 1980s. Thereafter, the number increased, as consumption tax was introduced in 1989. The number hit a peak, 57,202 in FY1997, and the agency has a headcount of 55,903 in FY2019.

(3) Organizational structure of administrative authorities for national tax

The NTA supervises 12 Regional Taxation Bureaus and 524 Tax Offices throughout Japan to process tax administration^(*1, 2).



*1 The headcount and percentage indicated in each department represents the prescribed number of personnel, and its percentage of the overall number of personnel in the NTA (FY2019).

*2 The prescribed number of personnel of 55,903 people in the NTA includes the prescribed number of personnel of 220 people (0.4%) to promote employment of people with disabilities.

*3 The National Tax Council addresses the following: ① deliberation of cases in which the NTA Commissioner does not recognize the opinion of the Director-General of the National Tax Tribunal as reasonable, 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.

About the NTA

Efforts to Enhance Services for Taxpayers and to Boost Efficiency of Tax Administration

Proper and Fair Taxation and Collection

Remedy for Taxpayer Rights

Liquor Administration

Ensuring Proper Administration of Services by Certified Public Tax Accountants (CPTAs)

Evaluation of Policies

Statistics