Ⅲ Tax Administration Using IT

Via the utilization of IT, the NTA provides more convenient services for the public and manages administrative operations in a more simplified, efficient, advanced, and transparent manner.

In order to provide more convenient services for the public and manage administrative operations in a more simplified, efficient, advanced, and transparent manner by utilizing IT (information technologies) in the civil services and reviewing administrative operations and systems, the "e-Government Establishment Plan" was determined in July 2003. Since then, the Japanese government as a whole has been working on IT-based civil service reforms to provide better and more convenient civil services.

Focusing on these efforts, the government drew up a "New IT Reform Strategy" in January 2006, aiming to achieve "the world's most convenient and efficient e-Government." It also formulated the "e-Government Promotion Plan" (revised in August 2007) in August 2006 to promote the utilization of IT from the viewpoint of users and optimize the whole administration and systems.

The NTA has been taking proper actions as described in these plans and is now striving to promote tax administrative services suitable for the IT era.

The number of people estimated to be using the Internet, the foundation of the coming information network society, is approximately 87.54 million at the end of 2006, and diffusion of the Internet is steadily advancing in national life.

The "New IT Reform Strategy" aims to achieve a society in which the network can be used anytime anywhere and the world's most convenient and efficient e-Government to "realize a ubiquitous and universal network society where everyone can enjoy the benefit of IT."

Positioning e-Tax, a system that has enabled online tax returns and tax payments, as a central system for tax-related procedures, the NTA has been improving convenience for taxpayers and promoting wider dissemination of e-Tax.

(1) Optimization of Operations and Systems

In line with the "e-Government Establishment Plan" decided in July 2003, the NTA formulated and published an "Optimization Plan of Operations and Systems related to National Tax Administration" in March 2006 (revised in May 2007). Its basic policies are (1) to attempt simplification and improvement in operational efficiency for appropriate performance, (2) to attempt improvement in the convenience of taxpayers by utilization of IT, (3) to attempt sophistication of the system related to examinations and collections of tax delinquency through the utilization of IT, (4) to ensure stability and reliability of the system and information security, and (5) to attempt reduction of expenses related to the system and to ensure transparency of procurement.

In terms of simplification and efficiency of the operation among the basic policies, the NTA manages back office work in a more integrated manner and centralizes telephone consultation services to call centers, and makes efforts to enhance the system for national taxes, paying attention to information security, as it improves the system for dealing with the globalization of economic society and highly networked information, in order to further enhance tax examination and collection of delinquent tax from the viewpoint of system sophistication.

Furthermore, in terms of improvement in convenience for the taxpayer, the NTA managed to exempt the attachment of documents prepared by a third party, such as the "withholding record" and "receipt of medical expense," in the procedure of final return for income tax utilizing e-Tax, improve the function and operation of e-Tax, perform online issuance of user identification numbers, and diversify means of paying national taxes to allow the taxpayer to pay at convenience stores.

In addition, for cost reduction purposes, the NTA is striving to make the KSK System an open system for a shift to a system of high interchangeability, have the software adopted as a general-purpose product, and integrate items of equipment at the time of their renewal.

Through efforts for such optimization of back office works and systems, the NTA simplifies administrative processes, improves the operational efficiency and convenience of taxpayers, and is striving to enhance its tax examination, collection of delinquent tax and improve taxpayer compliance (observance of laws), with a view to properly fulfilling the NTA's missions to achieve proper and fair taxation.

(2) Adoption of an Open System

With respect to the KSK System, the NTA is making efforts to realize the shift to a system that can take in products of multiple makers over a wide range (open system), from the viewpoint of reducing cost and ensuring transparency in procurement.

Concretely, while the KSK System comprises 24 operational systems, such as management of taxpayers' data, tax claims, income tax, corporation tax, transactional information, and examinations, the NTA is striving to promote open systems step by step in respect of 15 operational systems among them, which were recognized to be suited to open systems and are expected to achieve cost reduction by making them open systems in the "Examination of the Possibility of Renewing the KSK System" implemented in fiscal 2003.

By fiscal 2006, six operational systems had been made open systems, and by fiscal 2010, an additional six operational systems will be made open systems.

Stability and Reliability of the System and Information Security

As national tax-related tasks are closely connected with public rights and obligations, system failure could have significant impacts on the public and impair the credibility of tax administration. Therefore, the NTA works on stable operations of national tax-related systems, including regular renewal of system equipment.

Since national tax-related systems store and accumulate a significant amount of taxpayers' data, the NTA is paying the closest attention to preventing unauthorized use of the data and information leakage. Therefore, to ensure security, the NTA has set up a system in which NTA staff can access only the data necessary for their duties, and established official directives for information security and thoroughly implemented them. Furthermore, the NTA conducts a security audit regularly by external experts and takes necessary measures.

● **KSK System** (NTA Comprehensive Information Management System)

Nationwide Online Processing
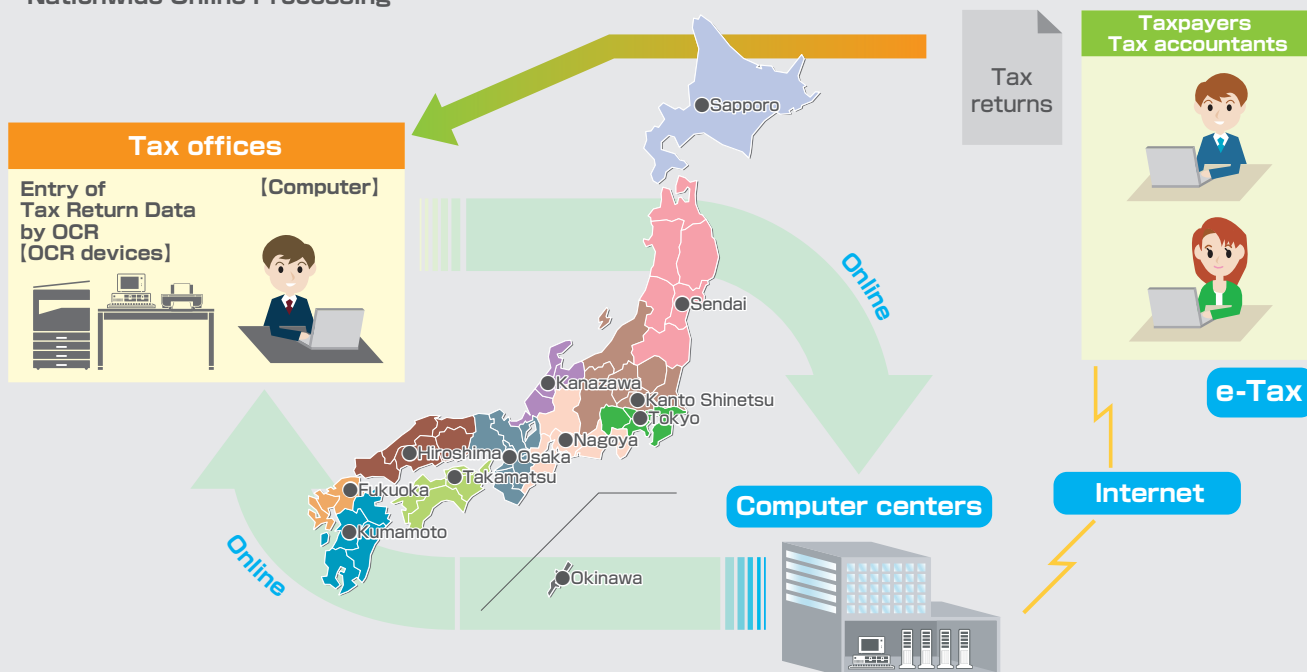
KSK System

The KSK System, which links all regional taxation bureaus and tax offices, is a computer system introduced to handle various administrative works in a more sophisticated and efficient manner by managing all the data across regions or tax items. It manages national tax obligations in an integrated manner by entering various information, including that on tax returns and tax payment, and analyzes these data for tax examination or the collection of delinquent tax.

Full-scale development of the KSK System started in 1990. The NTA has gradually introduced the system since 1995 and started nationwide operations in 2001.