VII Future Challenges

Changes in the Environment Surrounding the Tax Administration

The socio-economic structure of Japan is undergoing rapid changes with the falling birth rate and the aging population in recent years. These changes in the socio-economic structure are having a major impact on the environment surrounding the tax administration

The aging population, growing job mobility, and reforms in corporate legislation are causing the number of tax returns filed to grow, which in turn increases the administrative tasks processed at the NTA. In economic activities as well, the significant development of IT is causing cross-border economic and investment activities to increase not only by corporations but also by individuals. And such activities are making economic transactions more complicated and inducing the use of skillful acts to avoid taxes, which makes the NTA's responsibility to examine and collect tax more difficult than ever before. Under these circumstances, the environment surrounding the tax administration is becoming increasingly more difficult in both quantitative and qualitative terms.

Meanwhile, under the tight financial situation, it is difficult to expect a substantial increase in the number of officials at the NTA. We have to proceed with tax administration by more effectively and efficiently allocating human and material resources than in the past. In addition, we believe it is necessary to give consideration to operating the NTA to win the confidence of citizens and putting in place a work environment where officials are motivated.

Issues the NTA should address

Facing the above-described circumstances, the NTA is resolved to address the following issues in order to achieve its assigned missions:

1 Promotion of proper filing of returns and paying taxes and administration of the withholding tax system

The NTA will upgrade taxpayer services for the correct filing of tax returns and payments.

Specifically, the NTA will offer information to help taxpayers file tax returns and payments and clarify the interpretation of law, as well as further enhance the convenient means of filing tax returns and payments, such as e-Tax and filing assistance on the NTA website by using IT. At the same time, the NTA will push forward the responding to advance inquires and conducting advance pricing arrangement (APA) related to transfer pricing (TP) system so that taxpayers are able to foresee tax treatment for their economic activities.

For the withholding tax system, the NTA will try to let the system work properly through further notification and public relations activities directed at withholding agents.

Given the importance of the roles played by the CPTAs in filing returns and paying taxes, the NTA will make efforts to cooperate and maintain close working relationships with the tax accountants' associations in spreading e-Tax and using the documents attached by CPTAs to tax returns.

2 Proper tax examinations and collection

In order to cope with the increasingly complication of economic transactions as described above, the NTA will try to strengthen its structure of gathering information and systematically address the prioritized issues that can correctly respond to changes in the socio-economic situation when conducting tax examinations and collecting taxes.

In that regard, the NTA will strike a balance with limited resources between humans and materials by effectively combining the method of in-depth tax examinations and brief contact.

For measures to address taxation and collection, the NTA fully recognizes them as compulsory actions imposed on taxpayers' rights and interests. The NTA is trying to determine the relevant facts and apply the laws and regulations after correctly interpreting the assertions made by taxpayers and objectively scrutinize information in the examination.

3 Proper management of the liquor administration

As concern increases over food safety among the consumers, the NTA will 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.

In addition, for the purpose of encouraging liquor business operators to push forward voluntary activities to ensure a fair trade environment for liquor, the NTA will implement a survey on the status liquor business transactions based on the Guidelines for Fair Liquor Trade. If irrational transactions are recognized, the NTA will provide guidance for improvement and works together with the Fair Trade Commission when necessary.

Furthermore, responding to social demand such as the prevention of underage drinking, the NTA will assure proper sales management of liquor by having the relevant personnel attend the Liquor Sales Manager Training Courses and monitor proper labeling requirements in display areas.

4 Promotion of administrative work efficiency

In order to realize a proper and fair tax administration, it is necessary to conduct sufficient tax examinations and collection. Amid the increasing cases of filing tax returns, the NTA will conduct consistent reviews to simplify and streamline administrative tasks with limited human resources by employing electronic processing of tax administration based on e-Tax and outsourcing of clerical tasks that may be processed by personal other than the NTA officials.

Particularly during the period when filing income tax returns is concentrated at one time, the NTA will press forward with the use of personal computers and e-Tax, thereby improving convenience for taxpayers and aiming at efficient processing of administrative affairs.

For the optimization of administrative tasks and systems, the NTA will draft practical plans to optimize administrative tasks in order to save operating expenses and improve administrative efficiency under tight financial situations. While conducting evaluations and validating the performance of various measures, the NTA will steadily put such plans into operation.

5 Enhancement of the organizational base and work environment

In order for the NTA to achieve its assigned missions, it will make a proper allocation of resources while assuring the necessary organization, headcount, and budget under tight financial situations. On the other hand, it will endeavor to reduce administrative expenses to avoid wasting taxes from the perspective of taxpayers.

Meanwhile, to enable the organization to fulfill its potential with the limited number of officials, the NTA will assign the right employees to the right jobs according to their experience and abilities and strengthen the training and education programs to further improve the specialized knowledge necessary for the NTA.

In addition, the NTA will push for the Plan for Expanding Recruitment and Promotion of Female Officials and properly implement the Action Plan to develop a work environment to promote a balance between childcare and work, under which the NTA started an activity.

6 Enhancement of policy evaluation and public relations activities from a new perspective

In order to correctly cope with changes in the society, as well as the economy, by responding to the confidence and expectations placed by taxpayers, the NTA believes it necessary to clarify the issues to be addressed in the tax administration and tackle measures according to each issue.

In executing each measure, the NTA will strive to work out and implement effective plans and it will at regular interval evaluate and validate what have been implemented so that the effectiveness of measures can be demonstrated to the fullest.

Since 2001, the NTA has set the performance target it should achieve and evaluated the full disclosure of results achieved in relation to the objectives. The NTA will redouble its efforts to carry out effective public relations activities to enable taxpayers to understand the issues, policies, and measures of the NTA, and the results and evaluations that have been achieved.

About the NTA

Promotion of Tax Filing and Payment by Proper Self-Assessment

Improvement of Taxpayer Convenience and Administrative Efficiency

Tax Administration Under Growing Globalization

Remedy for Infringement of Taxpayer Rights

Administration of the Liquor Industry

Future Challenges

Statistics