

II Enhanced Taxpayer Services to Promote Proper Filing and Payment

~Enhanced taxpayer services achieved by public relations activities, tax education, tax consultation, etc.~

Japan adopts a self-assessment system for most of national taxes. Under this system, taxpayers themselves determine the amount of tax and pay it. On the other hand, for local taxes, the official assessment system is generally adopted.

For national taxes, the official assessment system was used before World War II, in which tax authorities calculated income, and notified taxpayers of the tax amount. In 1947, in order to democratize the tax system, the self-assessment system was adopted for three taxes (income, corporation, and inheritance), and this method has since been adapted to many of the national taxes.

In order for the self-assessment system to function properly, it is necessary for taxpayers to have a high level of awareness regarding tax payment, and to proactively and properly fulfill the obligation of tax responsibilities as provided by the constitution and law. To this end, the NTA is working to enhance a variety of services for taxpayers to help them correctly file and pay taxes by themselves. These include (1) public relations activities and tax education relating to the significance and function of taxes and knowledge about the tax law, (2) clarification of legal interpretation and of practices and procedures, etc., and (3) efforts to improve taxpayer convenience in tax consultation and filing returns.

In order to check that the tax returns filed by taxpayers, and to guide them to file correctly, there is a need to provide accurate tax examinations and guidance, and cooperation and coordination with Certified Public Tax Accountants (CPTAs) and relevant private organizations. Furthermore, if national taxes are not paid by the due date, the NTA encourages voluntary tax payment, and if they are still not paid, then it is necessary to work on certain collection of national taxes, e.g. by implementing disposition for delinquent tax.

To this end, the NTA works to promote proper and fair tax administration, giving appropriate instructions and conducting examinations on taxpayers who need to be corrected in order to have accurate filings, as well as conducting strict and appropriate delinquent tax collection based on laws and regulations, while considering the actual situation of each delinquent taxpayer.

1 Providing information, etc.

~Various public relations activities to improve taxpayer services~

For taxpayers to proactively and properly file and pay taxes, they first of all must understand their tax payment duty.

To this end, the NTA carries out public relations activities to enhance a variety of services for taxpayers to help them correctly file and pay taxes. These include significance of tax payment, provision of information regarding tax law and procedures, tax education and efforts to enhance convenience of tax consultations and tax procedures.

As specific public relations, focused on the NTA website www.nta.go.jp (accessed 133,932,000 times in fiscal 2011), the NTA provides a variety of information on the significance and roles played by taxes, and on the tax system. The information is provided through mass media such as TV and newspapers, public relations media such as pamphlets made available at the Tax Offices as well as municipal offices, and various explanatory meetings.

The NTA also responds to general inquiries and consultations related to taxes on the telephone, while providing information on the interpretation and handling of general tax law through the NTA website, etc. Furthermore, it responds to advance inquiries where there are questions in tax application to transactions taxpayers are going to make. The NTA thus works for proper self-assessment by taxpayers.

(1) Information provided on the NTA website

~The NTA website is designed with a focus on taxpayer convenience~

The NTA website provides information on tax filing and payment procedures, etc. To enable anyone to easily use it, the NTA is working to enhance the website's guidance functions according to user aims, and pays attention to convenience for the visually disabled and elderly by providing text enlargement, voice reading functions, etc.

To give people easy access to the information they want to know, the NTA website's top page is designed to give entry to various information as shown below.

Overview of the NTA website

* The following diagram is as of April 2012.

- 1 Tax Answer System**
 - ◆ Portal to the FAQ where frequently asked inquiry and general answers are posted
- 2 Search for Regional Taxation Bureaus and Tax Offices**
 - ◆ Portal to the pages of each Regional Taxation Bureau

- 3 Filing assistance on the NTA website**
 - ◆ In this system, if a taxpayer follows the screen guidance and inputs monetary amounts etc., taxes are automatically calculated, and tax returns for income tax, consumption tax and gift tax can be prepared
 - ◆ Prepared tax returns can be submitted by e-Tax (except for gift tax)
 - ◆ Printouts can be submitted by postal mail

- 4 Online national tax return filing and tax payment system (e-Tax)**
 - ◆ Information to support filing tax returns and payment using e-Tax for "Prior preparation," "Advanced registration," "Flow of procedures," etc.
- 5 Road price rating map**
 - ◆ Road price rating information for 3 years throughout Japan



- 6 Auction information**
 - ◆ Auction properties of Regional Taxation Bureaus and Tax Offices throughout Japan, auction procedure information, etc.
- 7 Web-TAX-TV(Internet programs)**
 - ◆ Specific explanations of tax procedures, how to prepare tax returns, e-Tax use, etc.
 - ◆ Shows the NTA activities like tax examination and collection, in an easily understood drama format

- 8 Tax learning section**
 - ◆ Section to have fun learning about taxes, with games and quizzes for both children to adults
 - ◆ Provides tax education learning materials for school teachers
- 9 Text enlargement /voice readings**
 - ◆ Support functions for the elderly and those who have visual disorders

- 10 Introduction of the NTA's activities by illustration and videos (the role of taxes and the work of tax offices)**
 - ◆ "The role of taxes and the work of tax offices" and the NTA activities are illustrated for easy understanding
- 11 Email magazine**
 - ◆ Registration of "What's new? and Email magazine delivery service"

*1 Newly created to provide information on the Great East Japan Earthquake.

*2 The NTA website and the free video sharing site "YouTube" deliver videos with information on the NTA activities (including publicity activities of each Regional Taxation Bureau and Tax Office) and support for self-assessment procedures.

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(2) Tax education

~Developing the environment for, and providing support for enhanced tax education~

The NTA works on developing the environment for, and providing support for enhanced tax education, based on the thinking that tax education should be solidly provided in basic school education, and that it should be worked on by the entire society. The NTA is working to develop the environment for, and provide support for solid tax education, so that children and students who will serve as the next generation correctly understand the significance and roles of taxation which forms the country's basis, and to foster sound taxpayer consciousness.



Tax☆Space UENO

Furthermore, in order for the Ministry of Internal Affairs and Communications, Ministry of Education, Culture, Sports, Science and Technology and the NTA to work together and cooperate to develop the environment promoting tax education, the “Council for Promoting Tax Education” among related ministries, etc. was established in November 2011. Effective support measures will be discussed in this council.

Past work includes dispatching teachers to tax education classes on the request of schools, development and distribution of tax education supplementary materials, organizing tax essay contests, via cooperation from the relevant private organizations, mainly by councils for promoting tax education established in each prefecture (members comprised of government, local authorities, educational leaders, etc.).

Also, a “Tax learning section” is provided on the NTA website to enable students and those who are interested to study taxes on their own. Pages that describe the purpose and role of taxes are provided for easy understanding, as well as “tax education material” in electronic form for educational leaders such as school teachers to use for educational purposes

Also, the Tax☆Space UENO facility for tax education is set up in the Tokyo-Ueno Tax Office.

For detailed information, please see the NTA website,
<http://www.nta.go.jp/tokyo/shiraberu/gakushu/taiken/01.htm> (in Japanese language)

Tax☆Space UENO contacts for questions or to apply to use it
Special Officer (Public Relations), Tokyo-Ueno Tax Office
Tel 03-3821-9001 (Ext 361, 362)

Providing tax knowledge through the Tax Museum

The Tax Museum, located on the Wako campus of the National Tax College, has valuable collections of historical documents and materials regarding national taxes. The Museum displays the large number of collections throughout the year and is open to a wide variety of visitors from specialists on tax history to high school students and other people.

Besides, specialized staffs at the Museum engage in research of archives and past tax system.

For further information, please visit the National Tax College section within this website,
www.nta.go.jp/ntc/english/index.htm



Tax Museum

(3) Briefings for taxpayers

~Organizing various educational sessions to provide information about taxes~

To help taxpayers better understand the tax procedures and tax system revisions, the NTA holds briefings at Tax Offices throughout Japan.

Specifically, a variety of briefings are held to provide information on taxes, including: 1) briefings on the necessity of bookkeeping and maintaining accounting books, with guidance on how to prepare tax returns and financial statements, 2) year-end adjustment briefings for withholding agents, 3) briefings on revisions to the tax laws, and 4) briefings for newly established corporations.

● Frequency of briefings and number of participants (operation year 2010)

Various briefings	
Frequency held	24,910 times
Number of participants	1,162 thousand people

(4) Tax consultation

~General tax consultations are handled at centralized telephone consultation centers~

Tax consultations are provided as part of taxpayer services, so that taxpayers can do proper self-assessment and tax payment themselves. These provide information on taxation, and answer general questions on taxation. The NTA established Phone Consultation Centers in Regional Taxation Bureaus to answer taxpayer questions and provide consultation on taxes. These provide centralized handling of general tax consultations.

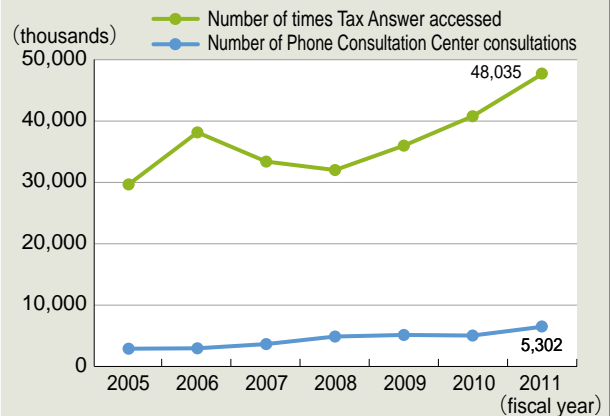
For foreigners, there are also Tax Counselors who can handle tax consultation in English, who are assigned to Phone Consultation Centers at Regional Taxation Bureaus in Tokyo, Nagoya and Osaka.

Also, the NTA website provides information in its "Tax Answers," which posts general answers to frequently asked questions (it also provides a mobile phone site).



Phone Consultation Center

● Phone Consultation Center: Number of Consultations and number of times Tax Answer was accessed



The number of consultations and access to the "Tax Answer" system has increased since 2008

~Tax Offices will provide individual and specific tax consultation services on a prior appointment basis~

When consultation by interview is required, for example if it is necessary to check specific documents or facts, there is an appointment system at the Tax Office with jurisdiction. This serves to eliminate wait time at the Tax Office, as part of our efforts for effective and efficient operation which matches the content of consultations.

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(5) Advance inquiries

~Enhanced predictability~

In case taxpayers have some doubts regarding specific applicability of tax laws to the transactions conducted or to be conducted, Tax Offices and Regional Taxation Bureau provide advance tax consultations. When requested, a written answer may be provided under certain conditions, together with such answers to be disclosed to the public on the NTA website in order to help other taxpayers to improve its predictability as well. The NTA may also disclose selected oral answers to the inquiries made by taxpayers as Q&As on the NTA website, so that it can serve as reference for other taxpayers, in order to enhance predictability of application of tax laws.

● Advance inquiries by written reply procedure: Number received

Fiscal year	2010	2011
Number of occurrences	150	178

● Number of Q&A examples posted on website

Fiscal year	2010	2011
Number of Q&A posted	1,678	1,728

◎ Examples of answers provided in writing

- Income tax treatment relating to compensation payments received by individuals who suffered damage from the accident of the nuclear power plant.
- Characterization of business in case an apartment management partnership allowed non-equity interest holders to use a part of the apartment parking lot.

2 Centralization of taxpayer contact points

~Enhanced taxpayer convenience by means of centralized contact points~

For customer contact related work previously done at multiple departments in Tax Offices, customer contact was unified in the Revenue Management and Processing Group since July 2009. This aims to improve taxpayer convenience.

For example, applications were required to be submitted to multiple counters according to the content of such requests in the past. At present, only a single counter can handle the request, regardless of the content of the request.

This contact point handles requests for certificates of tax payment, and also submission of tax returns and applications, tax payments, and general consultation on taxes.



3 e-Tax (online national tax return filing and tax payment system)

~Strongly promote various measures in order to encourage and stabilize the use of e-Tax~

e-Tax enables users to file income, corporation and consumption tax returns, as well as submit statutory records, apply for blue return filing, etc. via internet instead of submitting paper-based documents.





All tax items can be paid via direct payment, the Internet, Pay-Easy¹ compatible ATMs, etc.

e-Tax enables taxpayers and CPTAs to file and pay from homes and offices without actually visiting tax offices or banks. Also, when taxpayers use tax and accounting software compatible with e-Tax, they will reduce paperwork as the set of work from data preparation to filing can be done digitally.

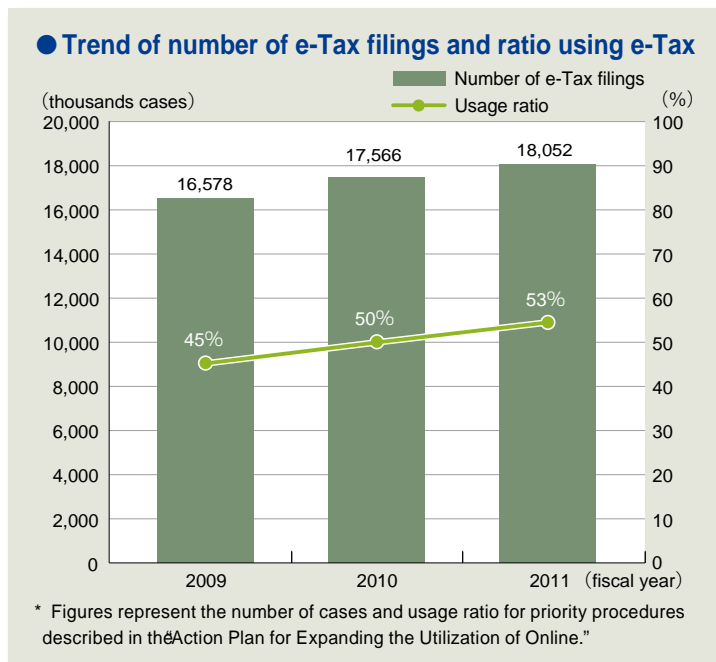
e-Tax will also directly reduce administration work such as receiving tax returns at the counter or by postal mail, and inputting data as well as indirectly reduce document management costs for tax authorities, thereby promoting the efficiency of tax administration.

Based on these reasons, in order to encourage and stabilize the use of e-Tax, the NTA strongly promoted various measures which have incorporated in the “Action Plan for Promoting the Utilization of Online” relating to national tax procedures (decided March 2006, revised March 2007), the “Action Plan for Expanding the Utilization of Online” (decided September 2008). Specifically, tax refund period for filings made via e-Tax was shortened, submission of a certain attachment documents such as medical receipts by individuals to claim medical deduction can be omitted², digital signature by the taxpayers can be omitted in cases where CPTAs files returns on behalf of the taxpayers, etc.

How to use e-Tax...

1. Obtain digital certificates 
2. Obtain IC card readers/writers 
3. Obtain user identification numbers 
4. Register digital certificates (initial registration) 

For details, please see e-Tax website,
www.e-tax.nta.go.jp



¹ “Pay-Easy” is a service where taxpayers can use PCs connected to the Internet and ATMs to pay public utility charges, which used to be paid at the counters of financial institutions and convenience stores.

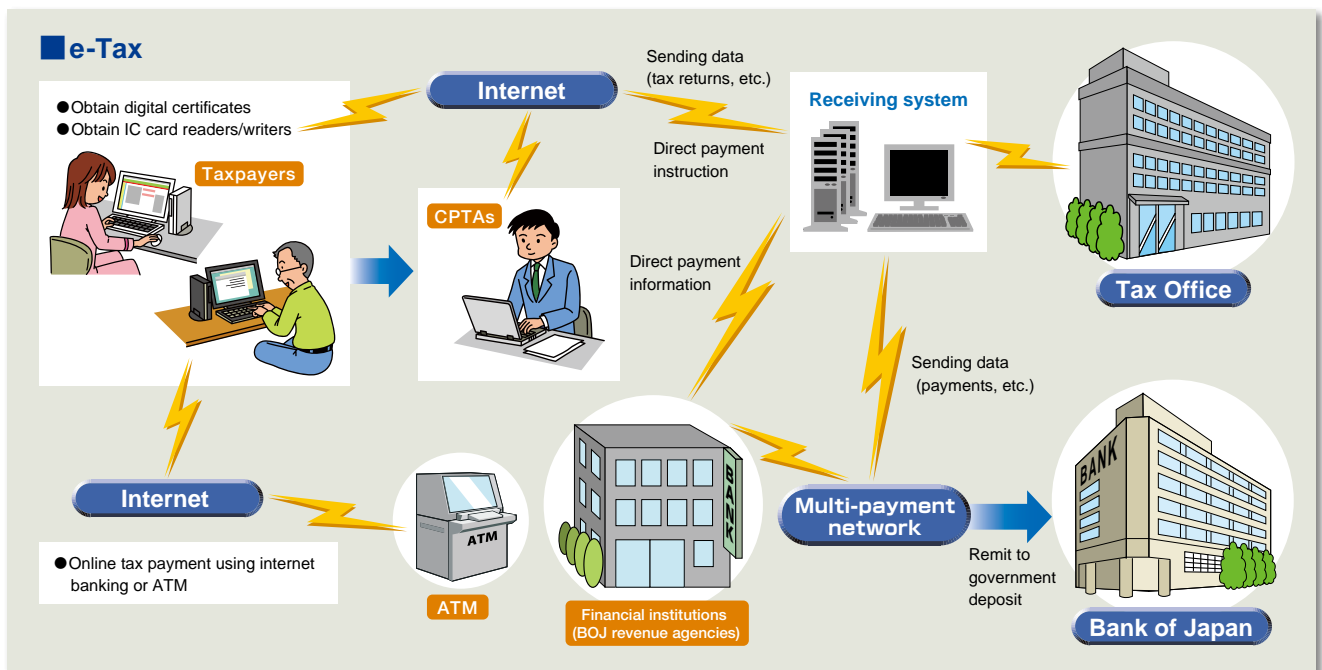
² In case submission of attachment documents are omitted, the entries of descriptions of the attachment documents are required to be inputted and transmitted together with tax returns.

In order to check on the entries of descriptions, if it is necessary, the Tax Offices may ask taxpayers to submit or present original copies during a five-year period from the legally required due date for filing.

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~“Business Process Restructuring Plan” established within the NTA~

Based on the “Plan for new online use” as approved in the IT Strategy Division of the government in August 2011, the NTA established the “Business Process Restructuring Plan,” which was applied within the NTA in May 2012. In this “Business Process Restructuring Plan”, the NTA fixed certain criteria relating to enhanced taxpayer convenience and efficiency of administrative management such as “percentage of online use”, “e-Tax user satisfaction” and “cost per receipt of online application”, and the NTA will work on toward the achievement of each goal. The NTA will actively promote “Business Process Restructuring Plan” in order to maximize improvement in taxpayer convenience and clerical efficiency by encouraging and stabilizing the use of e-Tax.



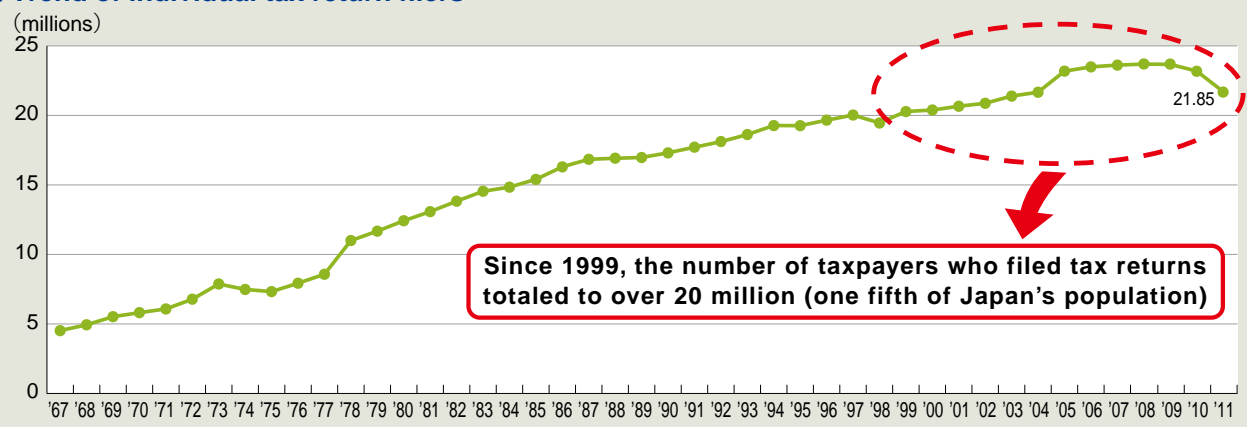
4 Filing for tax return

~The number of taxpayers who filed tax returns totaled 21.85 million. More than half filed for tax refunds~

Tax filing is a procedure under the self-assessment tax system, in which the taxpayer calculates income and tax amount for a one year period, and files and pays taxes. In addition to persons obligated to file, there are people who file taxes to obtain an income tax refund, for example because they paid large medical bills. 21.85 million people filed their income taxes for 2011, thus one out of five residents filed taxes. Of these, over 12.79 million people filed for refunds, comprising over half of people filing income tax returns.

In response to diverse needs of many taxpayers who file tax returns, the NTA is working to provide diverse services, to reduce the burden of filing and to enable simple and convenient filing.

● Trend of individual tax return filers



Various services are provided to meet with various needs of taxpayers
 → Implemented systems to enable easy and convenient filing process

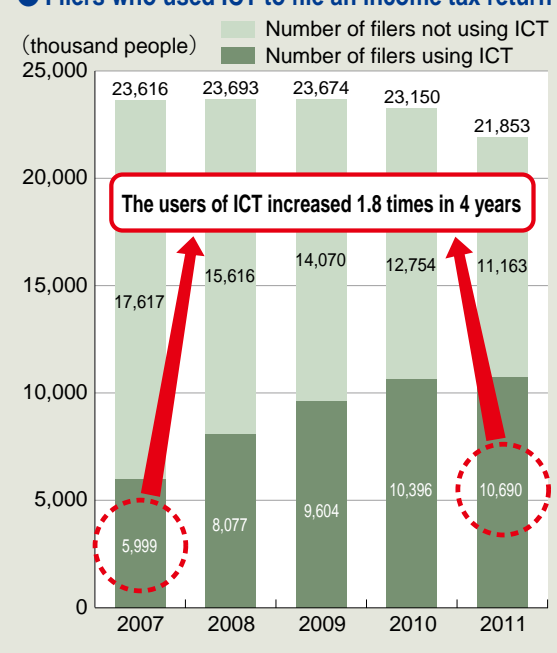
(1) Promotion of filing using ICT

~e-Tax and filing assistance on the NTA website~

The NTA is actively using the advances in ICT in recent years to provide taxpayer services, using ICT to enable filing from home, etc. By using ICT such as filing assistance on the NTA website and e-Tax, taxpayers can file tax returns conveniently without visiting Tax Offices, anytime and without calculation errors.

To this end, the NTA carries out various activities such as publicity and briefings etc., so more taxpayers file using ICT. Also, at consultation sites of Tax Offices, there are PCs where people can use filing assistance on the NTA website, and taxpayers who came to consult about filing use the PCs to prepare tax returns and transmit them using e-Tax, experiencing the convenience of filing using ICT.

● Filers who used ICT to file an income tax return



~Income tax returns prepared at the “filing assistance corner on the NTA website” totaled 7.9 million cases~

With the filing assistance on the NTA website, if a taxpayer enters the amounts and other necessary information according to guidance on the PC screen, income amounts and tax amounts are automatically calculated, and it allows taxpayers to complete their tax returns for income tax, individual consumption tax, and gift tax as well as financial statements for blue returns.

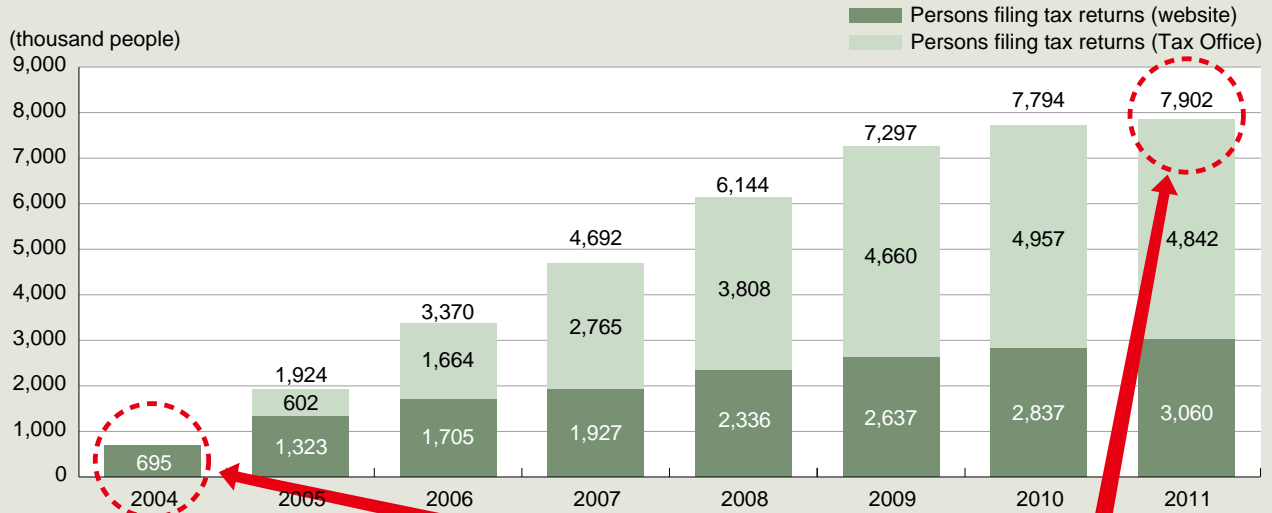
e-Tax can be used to file the prepared data directly from this website area (excluding gift tax), or it can be printed and submitted to the Tax Office by post, etc.

The number of users has increased each year since the filing period for 2002. In the filing period for 2011, the number of people who submitted income tax returns prepared with filing assistance on the NTA website reached 7,900,000, including those prepared via PCs set up at consultation sites. This comprised over 36% of all people who submitted returns. About 64% of these submitted their returns via e-Tax.

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We will continue our efforts to improve the system to make it easier to use based on feedback from users, so that it can be used by as many taxpayers as possible.

● Trend in income tax return submissions prepared in filing assistance on the NTA website



* Figures represent those submitted by the end of March of the following year.

The use of filing assistance on the NTA website at PCs installed in the Tax Office started from tax returns for 2004. However, the number of taxpayers who submitted returns using this method remains unaccounted for.

The number of taxpayers who submitted tax returns for years before 2003 remains unaccounted for.

The number of taxpayers who submitted tax returns for years since 2007 includes cases using e-Tax.

The use of filing assistance on the NTA website increased by approximately 11 times in 7 years.

(2) Response to diverse taxpayer needs

~Opening tax office on Sunday during filing period~

Taxpayers said that "It's a problem that filing consultations can only be handled on weekdays; I would like it if they were also provided on days when government offices are closed." In response, the NTA receives tax returns and provides filing consultations on two Sundays during the tax return filing period at some Tax Offices, inside the Tax Office and at joint meeting sites outside the Tax Offices.

For the 2011 tax return filing period, the offices were open on February 19 and 26, 2012, during which 261,000 income tax returns were filed.

Also, to enable taxpayers and their agents to obtain necessary information and forms without visiting Tax Offices, the NTA provides various filing information via the NTA website, as well as arranging various information sessions relating to filing and free consultation sessions by CPTAs for small business owners. The NTA plans to implement filing administration smoothly and efficiently by the limited number of staff, while meeting the various needs of taxpayers.

Cooperation with the local tax authorities

Among local taxes, tax mechanisms and taxpayers subject to local taxes are often the same as for national taxation. Therefore, in an effort to simplify taxpayer filing procedures, the NTA is working on close cooperation between national taxation (the NTA) and local tax (authorities) in system aspects and implementation aspects. For example, in the case of income tax filings, the NTA provides such information to local tax authorities, so there is no need to file for individual enterprise tax and individual inhabitant tax, which are local taxes.

Also, starting January 2011, as an initiative for much more efficient national and local tax operations, the NTA has been providing data such as income tax filings to local public bodies. Such increased use of ICT is an effort to boost efficiency and reduce the costs of administrative operations of national government and local public bodies.

5 Proper withholding tax system operation

~Providing more thorough information and publicity to withholding agents~

In the withholding tax system, withholding agents finalize the taxation process by doing year-end adjustments, which eliminate the procedures for tax returns for a large portion of the over 50 million wage and salary earners. The withholding tax system is as important in tax administration as smooth operation of the self-assessment system.

To have withholding agents properly process withholding tax procedures and pay taxes, the NTA provides information and publicity about the withholding tax system by holding briefings about year-end adjustment, distributing guidebooks and pamphlets, etc.

6 Certified Public Tax Accountants (CPTAs) system

~Missions of Certified Public Tax Accountants (CPTAs)~

Certified Public Tax Accountants (CPTAs) are professional specialists on taxes. Their public mission is to respond to the trust of a person with a tax obligation in line with the principles of the self-assessment system, and achieve proper tax compliance as provided for in the tax laws and regulations, based on their independent and fair standpoint. As of March-end 2012, 72,635 persons are registered as CPTAs, and 2,366 CPTAs corporations are established.

~Services provided by CPTAs~

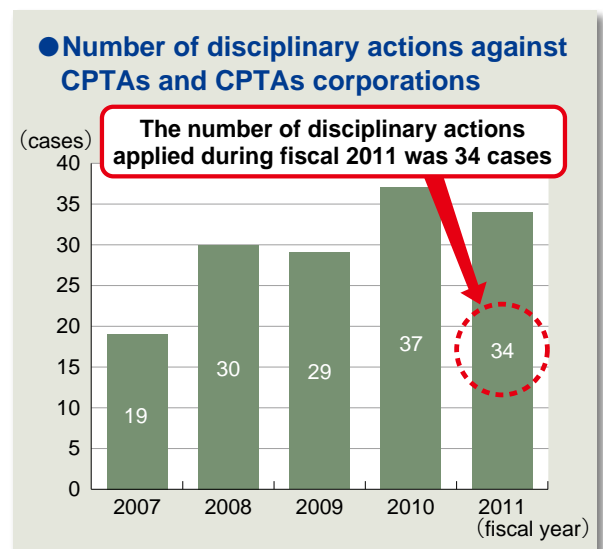
CPTA services are ① tax proxy, ② preparation of tax documents, ③ tax consultation service. These operations must not be performed by persons other than CPTAs, even at no charge. At the same time, CPTAs are required to fulfill various obligations and responsibilities. For example, they are prohibited from providing tax evasion consultation and engaging in conduct which harms the credibility or dignity of CPTAs.

Taxpayers are able to use CPTA services (tax return preparation or professional advice) to properly file returns and pay taxes. In addition, because corporations and sole business proprietors often ask CPTAs to process accounting books or seek advice on accounting, they also play important roles in promoting correct bookkeeping that constitutes the basis for filing tax returns.

~Ensuring proper services are provided by CPTAs~

In order to ensure public trust in the CPTA system, the NTA utilizes every opportunity to alert people and prevent CPTAs' delinquency. Also, the NTA conducts appropriate examinations of CPTAs, and take strict action against CPTAs who violate the Certified Public Tax Accountant Act and so called "fake CPTAs" who conducts CPTA services without licenses, by applying disciplinary actions and filing accusations seeking prosecution.

The NTA discloses the names of disciplined CPTAs in the official gazette and via the NTA website.



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~Coordination and cooperation with tax accountants' associations, etc.~

(1) Promotion of document attached by CPTAs to tax returns

The documents attached by CPTAs to tax returns as provided for in the Certified Public Tax Accountant Act clarify the roles played by them in filing tax returns. The NTA is respecting such roles played by them. Specifically, this system allows CPTAs to attach to tax returns the documents regarding the calculation, information arrangement, or consultation service that they provided for the preparation of tax returns. If the Tax Office intends to provide notification of the date, time and place it will conduct a tax examination to a taxpayer who filed a tax return along with such documents, then the CPTA possessing the certificate evidencing the authority of tax proxy must be given the opportunity to state an opinion on the items written in the attached documents, before the taxpayer is notified.

Because this system contributes to the correct preparation and filing of tax returns, facilitation and simplification of tax administration, and eventually establishment of a trusted CPTA system, the NTA is actively consulting with tax accountants' associations with an aim to enhance the content of attachments and raise the percentage of returns with attachments. The NTA is also respecting this system. It is thereby further promoting and establishing this system.

(2) Promotion of e-Tax usage

CPTAs play important roles in promoting use of e-Tax, the NTA requests tax accountants' associations, etc. for cooperation to promote the use of e-Tax, as well as dispatching lecturers to training sessions arranged by tax accountants' associations (see page 16 for detailed information of e-Tax).

Tax accountants' associations and Japan Federation of CPTAs' Associations

In order to improve the work of CPTAs, tax accountants' associations are designated in the Certified Public Tax Accountant Act as organizations which provide guidance, liaison and supervision to CPTAs and CPTAs corporations. There are now 15 tax accountants' associations throughout Japan. Tax accountants' associations engage in a wide range of activities, including ① Training to enhance the qualities of CPTAs, ② Dispatch of lecturers for tax workshops in elementary and junior high schools, ③ Free tax consultation for small taxpayers.

The Japan Federation of Certified Public Tax Accountants' Associations is the only organization in Japan specified in the CPTA Act, consisting of member tax accountants' associations. The Federation provides guidelines, liaison, and supervision for tax accountants' associations and their members. It also handles the administration to register members, and conducts research on the CPTA system. For further details, please visit the website of the Federation at www.nichizeiren.or.jp

7 Cooperation with private organizations

~Provide necessary tax information to taxpayers in cooperation with relevant private organizations ~

The NTA is implementing measures not only to provide information on taxes directly to taxpayers but also to convey information on taxes via cooperation from the relevant private organizations, such as blue return taxpayers' associations and corporations associations. These relevant private organizations are playing a large role in achieving a proper self-assessment system and in spreading knowledge about taxes.

The NTA is working to strengthen coordination and cooperation between these relevant private organizations, for example by holding various joint events to encourage use of e-Tax and for "Think About Tax Week."

Blue return taxpayers' associations

Blue return taxpayers' associations are organized to widen participation in the blue return system and promote the submission of proper tax returns through honest bookkeeping. They are formed mainly by sole business proprietors who use the system. There are about 3,200 associations nationwide, and the total number of members is about 890,000 (as of April 2012). Each blue return taxpayers' association performs a wide range of activities including the guidance on bookkeeping, holding seminars, and encouraging filing of blue returns. For further details, please contact the nearest blue return taxpayers' association.

Corporations associations

Corporations associations are organized for the purpose of spreading knowledge of tax and establishing a proper self-assessment system. There are 483 corporations associations as incorporated associations, including the National General Federation of Corporations Association and prefectural level federations. Membership stands at about 910,000 corporations (as of December 2011).

Corporations associations arrange tax seminars and classes and campaigns for healthy development of businesses and society.

For further details, please visit the website of the National General Federation of Corporations Associations at www.zenkokuhojinkai.or.jp

Indirect tax associations

Indirect tax associations are organized for the purpose of contributing to the spreading of knowledge about indirect taxes, and achieving fair taxation and proper administration in the self-assessment system. There are 571 associations nationwide with about 90,000 members (as of March 2011). Indirect tax associations make suggestions to the government on ways to enhance the tax system and to improve tax implementation. They also perform activities to spread knowledge about the consumption tax and to prevent tax delinquency. For further details, please visit the website of the National Federation of Indirect Tax Associations at www.kanzeikai.jp

Savings-for-tax associations

Savings-for-tax associations are organized by taxpayers aiming at continually completing payment of tax within the due date by means of savings. The associations are established pursuant to the Tax Fund Saving Partnership Act, and there are now about 44,000 associations (as of March 2011).

Savings-for-tax associations conduct activities to promote payment of tax by the due date and coordinating tax essay contests for junior high school students.

For further details, please visit the website of the National Federation of Savings-for-Tax Associations at www.zennoren.jp

Tax payment associations

Tax payment associations are organized under the jurisdiction of the Tax Offices of the Osaka Regional Taxation Bureau, for the purpose of aiming to spread knowledge about taxes, promote proper filing of returns and uplift tax payment morality.

There are the Federation of Tax Payment Associations and 83 tax payment associations. About 190,000 members belong to these associations (as of March 2011). The associations carry out activities which have large public benefits, such as holding various briefings, conducting publicity activities, working on tax education, etc.

For further details, please visit the website of the Federation of Tax Payment Associations at www.nouzeikyokai.or.jp

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Column Response to the Great East Japan Earthquake (As of end of March, 2012)

1 Disaster and recovery status

The Great East Japan Earthquake struck at 14:46 on Friday, March 11, 2011. This was right before the income tax filing deadline, it hit while many taxpayers were visiting a filing site. The tsunami flooded the first floor of the Ofunato Office of Sendai Regional Taxation Bureau. There was also damage to many government buildings with Taxation Bureaus and Tax Offices: interior and exterior walls cracked or peeled, ceiling panels fell, bookcases fell over, window glass broke, etc.

As a result, soon after the earthquake, on March 14, operations were suspended at 10 offices under the Sendai and Kanto-Shinetsu Regional Taxation Bureaus, and 34 offices could only serve as contact points. On April 18, all offices reopened for normal operations, except for the Ofunato Office and Sukagawa Office which are in unusable government buildings. (At present, Ofunato Office and Sukagawa Office are continuing operations in temporary buildings.)

Also, due to effects of the Fukushima nuclear power plant accident, from March 14 to 28, there were rolling blackouts at a total 150 offices under the jurisdictions of Kanto-Shinetsu, Tokyo and Nagoya Regional Taxation Bureaus. This prevented use of the KSK System, etc., which affected some operations, such as issuance of certificates of tax payment.

2 Responses right after the earthquake

(1) Extension of filing and payment deadlines for national taxes

On March 12, 2011, extension of filing and payment deadlines for national taxes (for designated areas) was announced regarding national taxes in Aomori prefecture, Iwate prefecture, Miyagi prefecture, Fukushima prefecture and Ibaraki prefecture (announced on March 15).

For these areas, the extension of deadlines was designated by stages based on the conditions after the earthquake. Accordingly, July 29 is set for Aomori prefecture and Ibaraki prefecture, September 30 for approximately 80% of inland municipalities of Iwate prefecture, Miyagi prefecture and Fukushima prefecture, December 15 for a part of maritime municipalities of Iwate prefecture and Miyagi prefecture, April 2, 2012 for Ishinomaki city, Higashi Matsushima city and Onagawa cho of Miyagi prefecture.

Also, for taxpayers who have difficulty in filing or paying taxes by the extended deadline, extension of deadline can be permitted on an individual basis (individual designation). Such deadlines and individual designations were notified and publicized to provide proper response to inquiries from taxpayers.

(2) Providing information and publicity on tax treatment relating to the disaster

The NTA promptly provided information and publicity regarding tax treatment relating to the disaster by the use of pamphlets and its website.

(3) Response to taxpayers who are evacuated

Since March 22, 2011, based on the situations of the taxpayers who suffered from damage from the Great East Japan Earthquake having evacuated to areas all over Japan, the NTA worked on constructing systems so that the nearest Tax Offices of evacuated places can handle tax consultations, respond to inquiries for tax refund payments, and issue certificates of tax payment.

3 Response to Earthquake Special Measures Act

(1) Response accompanying the enforcement of the Earthquake Special Measures Act

On April 27, 2011, in order to reduce the burdens of victims of the Great East Japan Earthquake, “the Act on Temporary Special Provisions of Acts Related to National Tax, in Relation to Victims, etc. of the Great East Japan Earthquake” (Earthquake Special Measures Act) was established, enabling tax deductions of miscellaneous losses for damaged houses and household items in 2010 income tax returns.

For this reason, many filing and payment consultations, request for correction to the tax return and submission of returns requesting tax refunds are estimated to be handled, especially at Tax Offices in charge of damaged areas, and the following actions were implemented:

- ① At Tax Offices in charge of damaged areas, necessary staff are placed by backup staffing from other Tax Offices and Regional Taxation Bureaus.
 - ② A special number “0” is assigned for telephone inquiries relating to the Great East Japan Earthquake at Sendai, Kanto-Shinetsu and Tokyo Regional Taxation Bureau and the number of consultants was increased. After May 13, a satellite office of Sendai Regional Taxation Bureau telephone consultation center was opened within Tokyo Regional Taxation Bureau.
 - ③ Notification and publicity concerning the content of Earthquake Special Measures Act via pamphlets and the NTA website.
 - ④ Conduct seminars and on-site consultation sessions according to the conditions of damaged areas and taxpayers.
 - ⑤ Notification and publicity of the system, arrangement of educational sessions, etc. were conducted in alliance and cooperation with local bodies and relevant private organizations.
 - ⑥ Respond to filing consultations at the nearest Tax Offices from evacuated places.
- (2) **Response to filing for tax refunds, etc. based on Earthquake Special Measures Act (income tax related)**

Many taxpayers who suffered significant damage to their houses and household items are located in the area centering on Iwate, Miyagi and Fukushima prefectures, where destruction from the tsunami was very significant. Those taxpayers were entitled to an income tax refund by the application of miscellaneous loss deductions for fiscal 2010, based on the Earthquake Special Measures Act. As such, the Sendai Regional Taxation Bureau in charge of these prefectures positioned the period until the end of November 2011 as the intensive response period, and worked on active publicity using press releases, etc. and providing individual consultations to taxpayers, so that those who suffered damage could obtain income tax refunds at the earliest possible date.



Filing consultations during the period of intensive response

- (3) **Special measures relating to the valuation of lands, etc. based on Earthquake Special Measures Act (inheritance tax and gift tax related)**

Generally, valuation of land, etc. will be determined based on the market value at the time of the inheritance or gift took place. However, pursuant to the Earthquake Special Measures Act, inheritance taxes and gift taxes concerning the land within the designated areas which were acquired prior to March 10, 2011 due to inheritance or gift and its filing deadline arriving on or after March 11 can elect to apply “the value immediately after the earthquake” instead of the value at the time of inheritance or gift, so that the drop in the land price due to the earthquake can be reflected.

For the determination of “the value immediately after the earthquake”, “adjustment ratio” reflecting the drop in land prices due to the earthquake can be multiplied by the road price ratings (or “rosen-ka”) applicable for 2011. This “adjustment ratio” is specified on the area by area basis and was announced on November 1, 2011.

Valuation immediately after the earthquake = Road price ratings (“rosen-ka” price as of January 1, 2011) × adjustment rate

(Note) Designated areas are: All areas of Aomori prefecture, Iwate prefecture, Miyagi prefecture, Fukushima prefecture, Ibaraki prefecture, Tochigi prefecture and Chiba prefecture, as well as Saitama prefecture Kazo city (former areas of Kita kawabe cho and Ohtone cho), Saitama prefecture Kuki city, Niigata prefecture Tohka-ichi city, Niigata prefecture Naka-uonuma gun Tsunan cho and Nagano prefecture Shimo-minauchi gun Sakae mura.

II Enhanced Taxpayer Services to Promote Proper Filing and Payment

4 Support given to areas damaged by the earthquake

(1) Support to the Tax Offices located in the areas damaged by the earthquake

In order to respond to many tax consultations for filing and payment, request for correction to the tax return and returns filed for tax refund, Sendai Regional Taxation Bureau ensured to maintain adequate staffing by sending backup staffing to tax offices in charge of damaged areas from other tax offices or Regional Taxation Bureau in the jurisdiction of Sendai Regional Taxation Bureau (a total of approximately 22,400 officers) as well as Tokyo and Kanto-Shinetsu Regional Taxation Bureaus, etc. (a total of approximately 1,400 officers) since April 25, 2011 (number of backup staff as of the end of December 2011).

(2) Physical support to local governments by the NTA staff

Since March 19, 2011, Sendai Regional Taxation Bureau has dispatched a total of approximately 6,400 officers to two prefectural governments and 29 municipal offices, etc. to support issuance of earthquake damage certificates.

5 Support during the filing period

In the filing period for 2011, in order to provide adequate services to taxpayers in the jurisdiction of Sendai Regional Taxation Bureau who suffered significant damage, backup staff (a total of approximately 7,000 officers) was arranged for tax offices (19 offices) in the jurisdiction of damaged areas from other tax offices and regional taxation bureaus. All the NTA staff worked together across jurisdiction boundaries in ways such as:

① During the period February 6 through March 16, a total of approximately 4,500 officers were dispatched to 8 tax offices in the jurisdiction of Sendai Regional Taxation Bureau from Sapporo, Tokyo, Nagoya, Osaka and Fukuoka Regional Taxation Bureaus, in order to support tax filing consultation services.

② During the period January 17 through March 15, a satellite office for telephone consultation service was opened within Osaka Regional Taxation Bureau, and approximately 55 officers a day on average from the Osaka, Hiroshima, Takamatsu and Kumamoto Regional Taxation Bureaus and Okinawa Regional Taxation Office responded to telephone inquiries from taxpayers within the jurisdiction of Sendai Regional Taxation Bureau.

③ Officers in the Kanazawa Regional Taxation Bureau responded to the telephone inquiry calls transferred from the Tokyo Regional Taxation Bureau (the Kanazawa Regional Taxation Bureau indirectly backed up the Sendai Regional Taxation Bureau by helping the Tokyo Regional Taxation Bureau baking up the Sendai Regional Taxation Bureau)



Filing consultations sites at Sendai Regional Taxation Bureau

6 Measures related to liquor industry

(1) Ensuring the safety of liquors

The NTA provided technical information to prevent radioactive contamination to all the liquor manufacturers in Japan. Besides, the NTA conducted radioactive examination for liquors and brewing water located within the liquor manufacturing sites prior to the shipment of the liquors therefrom.

(2) Issuance of certificates for liquors to be exported

The NTA issued certificates (certificates of date and place of production and certificates of radioactive examination) on liquors to be exported in accordance with the requirements by importing countries. Besides, through the diplomatic channel via the Ministry of Foreign Affairs of Japan, the NTA worked to relax the regulations towards the importing countries and areas that impose import restrictions.

(3) Special measures in procedures for liquor licenses and others

The NTA introduced flexible treatments on the procedures related to liquor license and to refunds of liquor tax, the amount of which is equivalent to the liquor tax levied on the liquors damaged by the earthquake.

(4) Reducing liquor tax pursuant to Earthquake Special Measures Act (liquor tax related)

Following the policy measures to reduce liquor tax for small and medium-sized liquor manufacturers with their factories damaged significantly, the NTA clarified the applicable criteria for the measures and notified the criteria to liquor manufacturers.

(5) Support for effective use and application of policy measures for small and medium-sized companies

The NTA properly provided information on various policy measures for small and medium-sized companies (such as recovery and reconstruction support and assistance, special loan to reconstruct from the Great East Japan Earthquake) available to small and medium-sized liquor businesses. Besides, the NTA consulted properly with liquor businesses for inquiries regarding use of the policy measures in cooperation with other governmental departments, as well as arranged study sessions for those engaged in the liquor industry.

Special tax measures if damaged by the Great East Japan Earthquake

In order to reduce the burdens of victims of the Great East Japan Earthquake, Earthquake Special Measures Act entered into force on April 27, 2011.

Besides, in order to reduce the burdens of victims of the Great East Japan Earthquake, and to promote policy measures to reconstruct from the Great East Japan Earthquake, the law to revise a part of Earthquake Special Measures Act entered into force on December 14, 2011.

Under this partially revised Earthquake Special Measures Act and Earthquake Special Measures Act, principal tax treatments applicable to those who suffered damage from the Great East Japan Earthquake are as follows:

Income tax	<p>For ① casualty loss deduction methods determined in the Income Tax Act, and ② methods of tax reduction or release determined in the Act on Reduction or Release, Deferment of Collection and Other Measures Related to Tax Imposed on Disaster Victims, people with housing and household assets damaged by the Great East Japan Earthquake can choose to receive these reduction measures etc. for either 2010 or 2011.</p>
	<p>For losses of inventory assets and business use assets etc. due to the Great East Japan Earthquake, such loss amounts can be included in necessary expenses when calculating amounts of business income for 2010.</p>
	<p>① If a dwelling was receiving application of special credit for loans relating to a dwelling, but can no longer be lived in due to the Great East Japan Earthquake, application of the special credit for loans relating to a dwelling can continue to be received, during the remaining application period of special credit for loans relating to a dwelling, for that dwelling.</p> <p>② In the case of a taxpayer who lost a dwelling as it was destroyed by the Great East Japan Earthquake subsequently reacquired an alternative dwelling, such a taxpayer may elect “special measures for credit relating to reacquisition of a dwelling,” instead of normal special credits for loans relating to a dwelling.</p> <p>③ The above ① and ② can be applied simultaneously.</p>
Corporation tax	<p>For corporations designated by an approved local government during the period December 26, 2011 through March 31, 2016, which were newly established in the reconstruction industrial park zone, the following special measures that allow deferral of corporation tax in each business year from the designated date to the date 5 years after from the designated date:</p> <p>① Tax deduction of reserves for re-investment allowed with the upper limit of income amount.</p> <p>② Special depreciation of re-investment reserves allowed in the fiscal year when re-investment of equipment or buildings in the reconstruction industry park zone with upper limit of reserve balance.</p>
Motor vehicle tonnage tax	<p>If a vehicle or a motorcycle was damaged by the Great East Japan Earthquake and scrapped within the valid period of its motor vehicle inspection certificate, then the owner can do the procedure for Permanent Deletion Registration or for notice of demolishing or dismantling at a Transport Branch Office or Light Motor Vehicle Inspection Organization, and submit a request for refund of motor vehicle tonnage tax, and thereby obtain refund of motor vehicle tonnage tax.</p>
	<p>If a person who was a user of a motor vehicle or a motorcycle damaged by the disaster acquires a replacement vehicle and obtains a motor vehicle inspection certificate, etc. during the period until April 30, 2014, then by submitting a notification of tax exemption for motor vehicle tonnage tax to a Transport Branch Office or Light Motor Vehicle Inspection Organization, the motor vehicle tonnage tax which pertains to the initially obtained motor vehicle inspection certificate, etc. is exempted.</p>
Stamp tax, etc.	<p>Stamp tax on a “contract on consumer loan” is exempted for a money loan to a person victimized by the Great East Japan Earthquake, at conditions which compared to conditions of other money loans are specially advantageous, by a local government or government related financial institution, etc.</p>
	<p>For cases such as a building acquired to replace a building demolished and removed because it was destroyed or damaged by the Great East Japan Earthquake and a building located in the area subject to the designation of evacuation zone, etc. as of the date when such designation of evacuation zone, etc. was made, the stamp tax is exempted for “contracts on transfer of real estate” and “contracts on contracting of construction work” made by that victimized person. Also, registration and license tax in relation to the registration of transfer of ownership will be exempt.</p>

* For other measures and details, see the NTA website www.nta.go.jp or visit a nearby Tax Office.