

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

Japan adopts a self-assessment system for most of its national taxes. Under this system, taxpayers themselves calculate their income and tax amount, based on which they file and make a payment. In order for the self-assessment system to function properly, at the NTA, we do our best to ensure taxpayers have a high level of awareness regarding tax payment and proactively and properly fulfill the obligation of tax responsibilities as provided by the law.

To this end, the NTA is working to enhance a variety of services for taxpayers while cooperating and coordinating with Certified Public Tax Accountants (CPTAs) and relevant private organizations. 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., (3) centralization of taxpayer contact points, and (4) efforts to improve taxpayer convenience in tax consultation and filing returns.

1 Providing information, etc.

~ Various public relations activities ~

The NTA provides taxpayers with useful information on tax filing and payments, etc.

More specifically, focused on the NTA website (<https://www.nta.go.jp>) (accessed 279.0 million times in FY2017), the NTA provides a variety of information on the significance and roles played by taxes and on the tax system. The information is also provided through the mass media, such as TV and newspapers, and public relations mediums such as pamphlets made available at the Tax Offices as well as municipal offices, and various explanatory meetings.

The NTA also answers to general inquiries and consultations related to taxes by telephone and other means, 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 on tax applications related to actual transactions.

“Think About Tax Week”

The NTA has been regularly taking measures for the improvement in the awareness regarding tax payment to assist citizens to deeply understand the significance and functions of taxes and the current state of tax administration, and to proactively and properly fulfill the obligation of tax responsibilities.

The week from November 11 to 17 is annually set in particular as the “Think About Tax Week.” The NTA conducts various PR activities mainly during this period and also considers this period as an opportunity to receive opinions and requests for tax administration.

The NTA attempts to improve awareness regarding tax payment by assisting citizens to understand the relationship between the lives of the people and taxes through this effort.

(1) Information provided on the NTA website

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

To enable anyone to easily use its website, the NTA is making efforts to deliver information in an easy-to-understand format, such as simplified layout of the website with menu selection consolidated in one location, and pays attention to convenience for the visually disabled and the elderly by providing text enlargement, voice reading functions, etc.

In addition, optimized display on a smartphone or tablet screen is delivered through a function which automatically adjusts the display in accordance with the size of the display (responsive web design).

The NTA also has a website for cellular phones, etc. (<https://www.nta.go.jp/m>).

Overview of NTA Website (top page)

* The following diagram is as of May 2018.

The screenshot shows the NTA website homepage with the following features highlighted by numbered callouts:

- 1** Search function within the website: Located at the top right, it includes a search bar and a search button.
- 2** Text enlargement / voice reading: Located at the top, it includes a text enlargement icon and a voice reading icon.
- 3** Global navigation: Located at the top, it includes a language selection menu (Japanese, English, etc.) and a user selection menu.
- 4** New arrivals: Located on the left side, it displays a list of recent news items with dates.
- 5** Monthly access ranking: Located on the right side, it displays a list of popular pages with their respective access counts.
- 6** Menu by area of interest: Located on the left side, it displays a grid of links categorized by tax-related topics.
- 7** Search for tax office: Located on the right side, it includes a form to search for a tax office by postal code or address.
- 8** SNS, etc.: Located on the right side, it displays social media links for Twitter, YouTube, and Web-TAX-TV.
- 9** Site map: Located at the bottom, it displays a grid of links to various sections of the website.

- 1 Search function within the website**
Function to search through information on the entire NTA website by referencing a keyword
- 2 Text enlargement / voice reading**
Support functions for the elderly and those who have visual disorders
- 3 Global navigation**
Information guide that serves as an entrance to various information sites
- 4 New arrivals**
Displays new arrival information in a table by content
- 5 Monthly access ranking**
Displays pages with the most access in a ranking format
- 6 Menu by area of interest**
Displays page with the most access by area of interest
- 7 Search for tax office**
Enables the user to search for its jurisdictional tax office by postal code or address
- 8 SNS, etc.**
Collects and displays information from all tools used by the NTA to release information
- 9 Site map**
Displays the composition of the entire NTA website in a table

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

Proper Management of Liquor Administration

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

Evaluation of Policies

Statistics

* The NTA submits information including new information regarding the NTA and a press release through the official NTA Twitter account (@NTA_Japan) other than the NTA website. The free video sharing site "YouTube" also delivers videos with information on the NTA activities (including the publicity activities of each Regional Taxation Bureau and Tax Office) and support for self-assessment procedures.

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

(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 a solid tax education in school education, so that the significance and roles of taxation that forms the country's foundations will be correctly understood.

Specifically, the Council for Promoting Tax Education among related ministries, etc. (consisting of the NTA, the Ministry of Internal Affairs and Communications, Ministry of Education, Culture, Sports, Science and Technology, etc.) meets to discuss effective support measures. Furthermore, we dispatch our staff as teachers to tax education classes on the request of schools as well as organize tax essay contests, via cooperation from the Certified Public Tax Accountants' Associations and the relevant private organizations, mainly by councils for promoting tax education established in each prefecture (members comprised of government, local authorities, educational leaders, etc.).

Taking into account changes in the environment surrounding tax education, such as revision of the education guideline and increasing importance of citizenship education, the NTA is making efforts to develop courses and teaching materials that deliver a profound learning experience by accurately ascertaining the needs of the educators and collaborating with related agencies, enabling children and students to make observations in a subjective and interactive manner. Also, a "Tax learning section" is provided on the NTA website (<https://www.nta.go.jp/taxes/kids/> (in Japanese)) as a page for site visitors to study the significance and roles of taxation.

"Tax ☆ Space UENO," a facility for tax education in the Tokyo-Ueno Tax Office, holds "Tax Office Tour" and "Experiential Learning" events as well. For further information, please see the NTA website (<https://www.nta.go.jp/about/organization/tokyo/education/taiken/01.htm> (in Japanese)).



Tax☆Space UENO



Tax learning section (top page) (as of May 2018)

Number of lecturers dispatched to Tax Education Class, etc.

| Fiscal year | 2016 | 2017 |
|---------------|--------|--------|
| Officials | 8,428 | 9,071 |
| Non-officials | 28,954 | 31,788 |
| Total | 37,382 | 40,859 |

* Includes the number of lecturers dispatched to universities and vocational schools.

Number of essays entered for Tax Essay Contest

| Fiscal year | 2016 | 2017 |
|---|---------|---------|
| Received from high school students | 210,468 | 218,208 |
| Received from junior high-school students | 629,534 | 616,072 |

Providing tax knowledge through the Tax Museum

The Tax Museum in the National Tax College has valuable collections of historical documents and materials regarding national taxes. The Museum displays its large number of collections throughout the year and is open to a wide variety of visitors such as primary school children and other people as well as specialists on tax history.

For further information, please visit the National Tax College section within the NTA website (<https://www.nta.go.jp/about/organization/ntc/english/>).



Tax Museum

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(3) Lectures

～ Tax Enlightenment Activities to Improve Awareness Towards Tax Payment ～

The NTA holds lectures, supported by the Regional Taxation Bureaus and Tax Offices, for college students and adults with the objective to improve awareness towards tax payment, aiming towards development of understanding towards tax payment through accurate knowledge and proactive thoughts on the role of taxes, significance of the self-assessment system and the rights and obligations of taxpayers in the self-assessment system.

■ Frequency of lectures

| Fiscal year | 2015 | 2016 |
|----------------|-------------|-------------|
| Frequency held | 1,458 times | 1,690 times |

(4) Briefings for taxpayers

～ Organizing various educational sessions to provide information ～

To help taxpayers better understand the tax procedures and tax system revisions, the NTA holds a variety of briefings, including: (1) various briefings on tax returns, (2) year-end adjustment briefings, (3) briefings on revisions to the tax laws, and (4) briefings for newly established corporations.

■ Frequency of briefings and number of participants

| Operation year | 2015 | 2016 |
|------------------------|-----------------------|-----------------------|
| Frequency held | 26,671 times | 23,016 times |
| Number of participants | 1,180 thousand people | 1,060 thousand people |

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

(5) Advance inquiries

~ Enhanced predictability for taxpayers ~

In case taxpayers have some doubts regarding the tax treatment of any transaction conducted or to be conducted, Tax Offices receive advance inquiries and provide answers. The inquiries and answers that can serve as reference for other taxpayers are disclosed as Q&As on the NTA website (<https://www.nta.go.jp/law/shitsugi/01.htm> (in Japanese)).

For some advance inquiries, a written answer may be provided under certain conditions, if so requested, and the NTA also discloses such inquiries and answers on the NTA website (<https://www.nta.go.jp/law/bunshokaito/01.htm> (in Japanese)).

■ Number of Q&A examples posted on website

| Fiscal year | 2016 | 2017 |
|----------------------|-------|-------|
| Number of Q&A posted | 1,821 | 1,928 |

■ Number of Advance Inquiries received by written reply procedure

| Fiscal year | 2016 | 2017 |
|--------------------------------------|------|------|
| Number of Advance Inquiries Received | 132 | 133 |

(6) Tax consultation

~ General tax consultations are handled at centralized Phone Consultation Centers ~

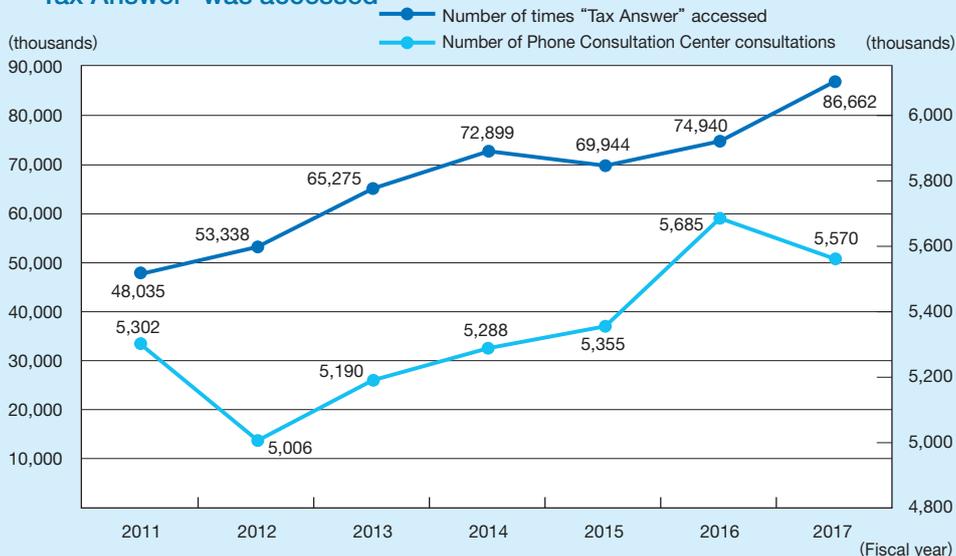
Phone Consultation Centers at Regional Taxation Bureaus provide centralized handling of general tax questions and consultations from taxpayers. Phone Consultation Centers at Regional Taxation Bureaus in Tokyo, Nagoya and Osaka also provide tax consultation in English.

Also, the NTA website provides information in its “Tax Answer” section (<https://www.nta.go.jp/taxes/shiraberu/taxanswer/index2.htm> (in Japanese)), in which general answers to frequently asked questions are posted (it also provides a mobile phone site.).



Phone Consultation Center

■ Phone Consultation Center; Number of consultations and number of times “Tax Answer” was accessed



~ 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, appointments can be made in advance 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.

Response to affected taxpayers and other parties

To assist those who have suffered from the Great East Japan Earthquake and Kumamoto Earthquake, the NTA has developed a system for providing appropriate consultations to those who are taking refuge at their nearest Tax Offices. The NTA continuously endeavors to disseminate systems, answer inquiries from taxpayers, and so on as well as provide consultations while giving adequate consideration to their circumstances and emotions.

Principal tax treatments applicable to those who suffered damage from these disasters

- The taxpayer may extend the deadline for filing or payment, and postpone tax payment for a certain period.
- The taxpayer may benefit from reduced taxes or postponement of payment, even during the stages of an estimated income tax prepayment or income tax withholding.
- Should the taxpayer suffer damage to its home or belongings, the taxpayer may reduce its income tax through casualty loss deduction methods determined in the Income Tax Act or methods of tax reduction or release determined in the Act on Reduction or Release, Deferral of Collection and Other Measures Related to Tax Imposed on Disaster Victims.

For other measures and details, see the NTA website “The Disaster related information” (<https://www.nta.go.jp/taxes/shiraberu/saigai/index.htm>(in Japanese)).

The screenshot shows the National Tax Agency (NTA) website interface. At the top, there is a search bar and navigation links for 'Home', 'English', 'Text Enlargement/Read Aloud', 'Search by User', and 'Site Map'. Below this is a main navigation menu with categories like 'Home', 'Tax Information/Procedures/Paperwork', 'Publications', 'Laws', 'Notice', and 'About NTA'. The main content area is titled '東日本大震災関連' (Great East Japan Earthquake Related) and includes a sub-header '東日本大震災関連' and a brief introduction. There are several colored buttons: '被災された方' (Affected Parties), 'その他一般の方' (Others), '寄附金・義援金' (Donations/Voluntary Contributions), and '震災特例法' (Disaster Special Law). A '首相官邸 災害対策のページ' (Prime Minister's Office Disaster Response Page) is also highlighted. A list of links follows, including '東日本大震災への対応(首相官邸ホームページ)' (Response to Great East Japan Earthquake (Prime Minister's Office Home Page)), '申告・納付等の期限の延長等について' (Regarding Extension of Deadlines for Filing/Payment, etc.), '納税地を所轄する税務署管轄外に避難されている方へのお知らせ' (Notice to Taxpayers Evacuated from the Jurisdiction of the Tax Office), '震災特例法の施行に伴う対応について' (Response to the Implementation of the Disaster Special Law), '東日本大震災により被害を受けた場合等の税金の取扱いについて' (Regarding Tax Treatment in Cases of Damage from Great East Japan Earthquake), '被災者生活再建支援金の税務上の取扱いについて' (Regarding Tax Treatment of Disaster Victim Life Reconstruction Support Funds), '東京電力HD(株)から支払を受ける賠償金の所得税法上の取扱い等について' (Regarding Tax Treatment of Compensation Received from TEPCO HD, Inc. for Income Tax Purposes), and '東日本大震災に関する国税のご相談について(電話での相談をご利用ください)' (Regarding Tax Consultation on Great East Japan Earthquake (Please use phone consultation)). On the right side of the screenshot, there is a sidebar menu titled '税の情報・手続・用紙' (Tax Information/Procedures/Paperwork) with sub-items like '税について調べる' (Check Tax Information), '申告手続・用紙' (Filing Procedures/Paperwork), '納税・納税証明書手続' (Payment/Tax Certificate Procedures), '税理士に関する情報' (Information on Tax Accountants), 'お酒に関する情報' (Information on Alcohol), and 'キッズページ(税の学習コーナー)' (Kids Page (Tax Learning Corner)).

The Disaster related information (Great East Japan Earthquake) (top page) (as of May 2018)

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

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

~ Strongly promote various measures in order to encourage the use of e-Tax and submitting all documents including attachments electrically ~

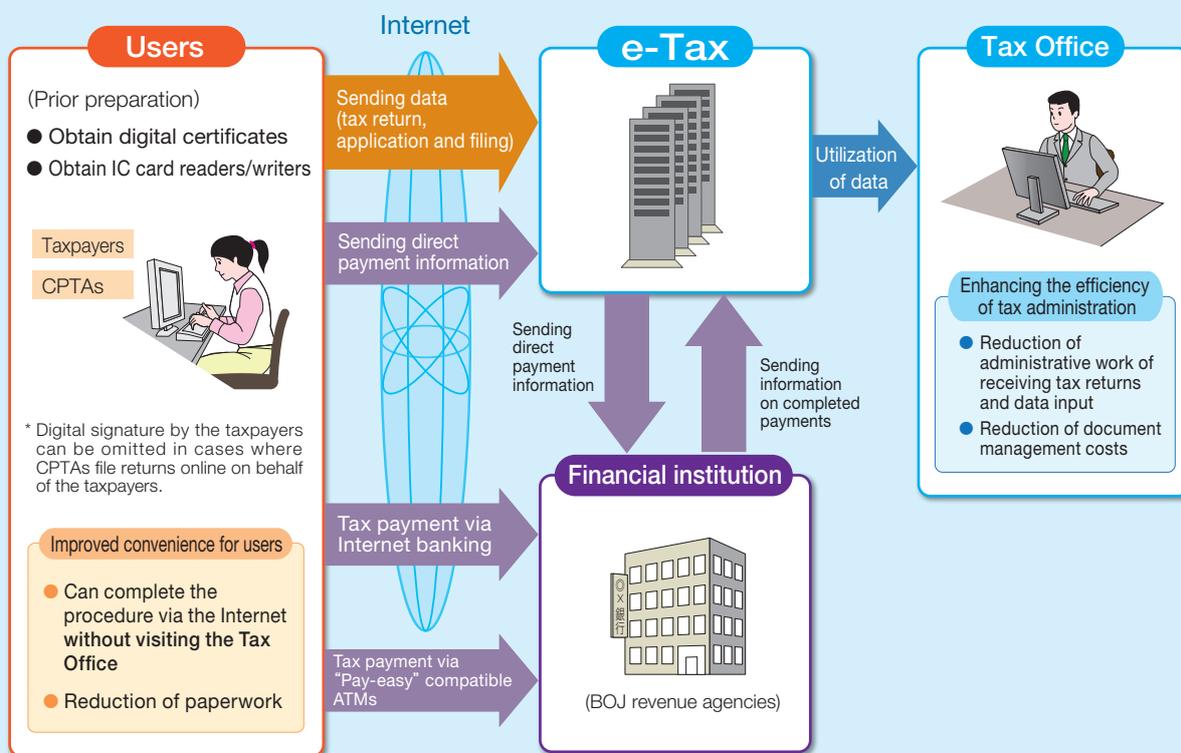
e-Tax enables users to perform procedures for filing income tax, corporation tax, consumption tax, gift tax, stamp tax and liquor tax returns, as well as submitting statutory records and applying for blue return filing, etc. via the internet without visiting the Tax Office. Tax payment can be made via direct payment, the Internet, Pay-easy¹ compatible ATMs, etc.

Use of tax and accounting software compatible with e-Tax enables taxpayers and CPTAs to digitally carry out the set of work, including accounts processing and reporting, from data preparation to filing, which will reduce paperwork.

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

From now on, the NTA will place emphasis on further promotion of e-Tax and submitting all documents including attachments electrically, based on the mid to long-term plan formulated in June 2018, in order to realize initiatives announced in the “Digital Government Execution Plan” (decision of the e-Government Cabinet Meeting held in January 2018) which is the new policy initiative for the entire government.

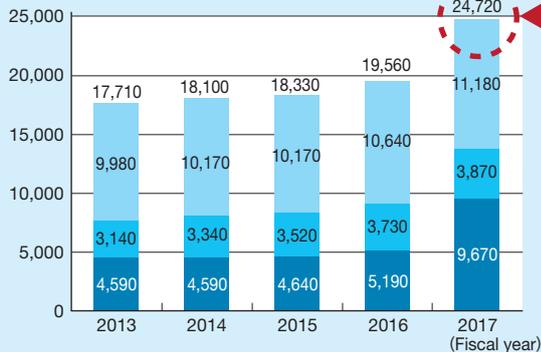
Outline of e-Tax



¹ "Pay-easy" is a service where taxpayers can pay taxes, public utility charges and other charges through PCs, smartphones/cellular phones or ATMs without queuing at the counters of financial institutions or convenience stores.

The number of utilizations of e-Tax

(thousands)



The number of utilization of e-Tax increases steadily.

- National tax return procedures that depend on prevalence rate, etc. of the Public Certification Service for Individuals (2 procedures)
- National tax return procedures other than the above (4 procedures)
- Application and filing procedures (9 procedures)

*1 "National tax return procedures that depend on prevalence rate, etc. of the Public Certification Service for Individuals (2 procedures)" refers to procedures for filing income tax returns and consumption tax returns (individuals).

*2 "National tax return procedures other than the above (4 procedures)" refers to procedures for filing corporation tax returns, consumption tax returns (corporations), liquor tax returns, and stamp tax returns.

*3 "Application and filing procedures (9 procedures)" refers to these 9 procedures refers to withholding records of employment income, etc. (and totaled tables for the same) (6 procedures), payment records of interest, etc. (and totaled tables for the same), requests for issue of certificates of tax payment, and notifications of start (changes etc.) of using e-Tax.

Column 2 The NTA will endeavor to increase the convenience of e-Tax

At the NTA, introduction and preparation of the following policies are underway in order to further increase the convenience of e-Tax.

In tandem with the mandatory requirement for large enterprises to file online (refer to Column 3), the NTA has plans to introduce the following policies to enable smooth online submission of filing data pertaining to corporate tax, etc., and advance preparations of an environment that enables smooth online submission of filing data pertaining to corporate taxes: ① Reduction in the amount of information requiring submission, ② Acceptance of various data formats, ③ Increase in number of options for submission, and ④ Centralized destination for submission ('once only policy'). For further details, please turn to the e-Tax website (<http://www.e-tax.nta.go.jp/hojin/gimuka/index.htm>(in Japanese)).

1 Simplification of authentication procedure

(1) The simplification of the authentication procedure for the use of e-Tax by individual taxpayers [due for completion by January 2019]

● The use of e-Tax with My Number Card (My Number Card method)

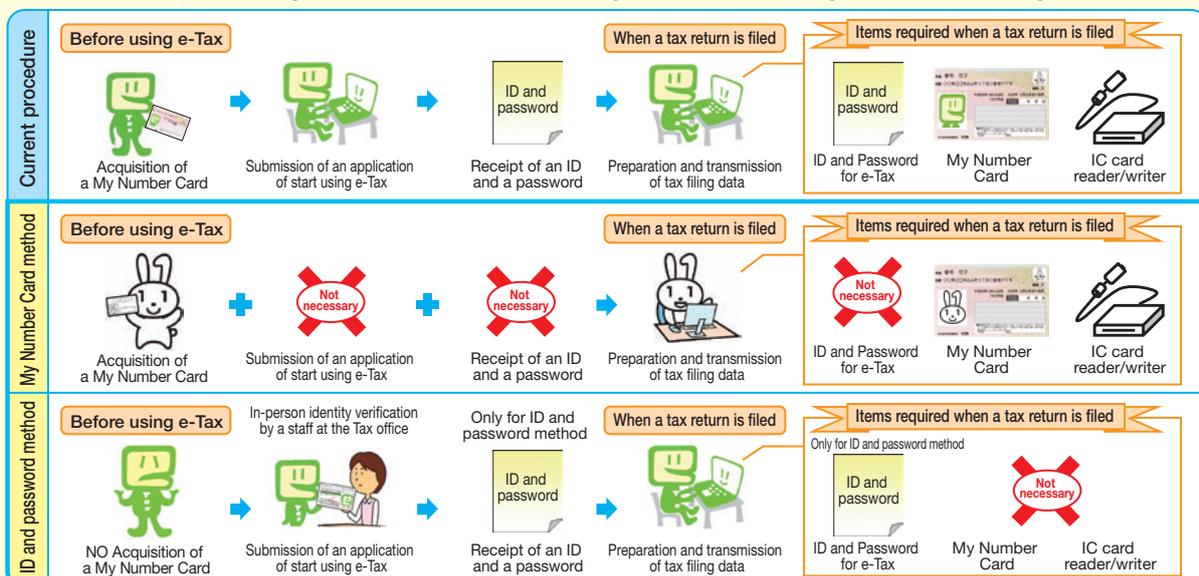
By logging into e-Tax through Mynaportal or from the e-Tax website with My Number Cards, taxpayers will be able to start using e-Tax, and prepare/submit tax returns and other data more easily.

● The use of e-Tax with IDs and passwords (ID and password method)

In terms of those who do not possess a My Number Card or IC card readers/writers, the taxpayer will be able to transmit its filing data through the e-Tax from the filing assistance on the NTA website, using only an ID and password dedicated to e-Tax, issued by the District Director of the Tax Office after in-person identity verification by a staff at the Tax office.

1 "Mynaportal" refers to a portal site, newly created when the My Number System was adopted, which each and every citizen may have access to.

~ Conceptual diagram of the use of e-Tax by individual taxpayers after January 2019 ~



* In addition to the above, plans are in place for the largest number of users, who are wage earners (year-end adjustment completed) to file for refunds by deducting medical expense and Hometown tax, enabling to file through smartphone etc.

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

(2) Simplification of authentication procedure for e-Tax use by corporate taxpayers [completed in April 2018]

① Review of signature or seal policy in corporate tax filing

The policy which required for the signature or seal of the representative or individual responsible for the business for submission of corporate tax filing was abolished. Now, when a corporate tax payer files its corporate tax through e-Tax, digital signature of the individual responsible for accounting at the corporate taxpayer and transmission of digital certificate is no longer necessary.

② Simplification of authentication method of the corporate entity in e-Tax

When the corporate taxpayer files using e-Tax, transmission of the representative's digital signature is no longer necessary, as long as the digital signature and digital certificate of the individual (restricted to a director or employee of the corporate taxpayer) who has been appointed by the representative of the corporate taxpayer is sent.

2 Submission of attachments as image files [attachments under income tax law: completed in January 2017, attachments under corporate tax law: completed in April 2016]

Attachments which required separate submission in hardcopies, such as the certificate of remaining balance of housing loans and capital relationship diagram, may now be submitted as an image file.

3 e-Tax adaptation to inheritance tax filing [planned for completion after October 2019]

Inheritance tax will be eligible for filing through e-Tax.

4 Simplification of filing procedures utilizing medical fee notification data [completed as of January 2018]

Through improvement of filing assistance on the NTA website, when applying for deduction for medical expenses for income tax, the "medical expense notification" data (XML format), provided by the medical insurance provider, may be sent as attachment to the final tax return data when submitting the final tax return through e-Tax.

5 Automated retrieval of information of head office through entry of Corporate Number [due for completion by April 2019]

Through the use of e-Tax, by entering the Corporate Number, the Corporate Number Notification Information (name of corporate entity and other head office information, such as address) will be automatically reflected to the system when conducting procedures for filing, application, and notification.

Column 3 Large enterprises will be required to file returns via e-Tax

With increasing degree of ICT in the economic society, submission of final tax returns and such by large enterprises which fulfill certain conditions, such as capital exceeding 100-million yen, will be required to submit online, including attachments, such as financial statements and account heading breakdown statements, beginning April 1, 2020, from the perspective of reduction of cost to overall society and promotion of efficiency enhancement (FY2018 Tax Reform).

In terms of the online filing requirement of large enterprises, the NTA is committed to preparing adequate conditions to enable smooth online submission of filing data pertaining to corporate taxes. (Please refer to e-Tax website (<http://www.e-tax.nta.go.jp/hojin/gimuka/index.htm>) for specifics.)

■ Subject tax item and procedure

Submission of final tax return, including corporate tax and local corporate tax as well as consumption tax and local consumption tax

■ Large enterprises

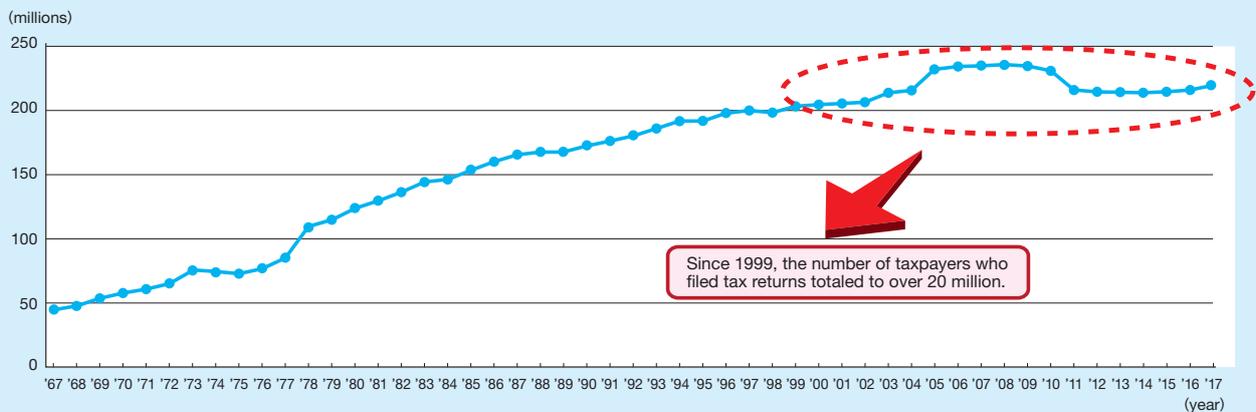
- Corporate tax...corporate entities whose capital exceeds 100-million yen at the beginning of the business year
Mutual companies, investment corporations and special purpose companies
- Consumption tax...those subject to corporate tax obligation
National and local governments and public corporations whose capital exceeds 100-million yen at the beginning of the business year

3 Filing for tax return

~ The number of taxpayers who filed tax returns totaled 21.98 million. More than half filed for tax refunds ~

Tax filing is a procedure, in which the taxpayer calculates income and tax amount for a one year period, and files and pays taxes. Not only persons obligated to file, but also those who obtain tax refunds file tax returns, for example, because they paid large medical expenses. 21.98 million people filed their income taxes and special income taxes for reconstruction for 2017; thus, one out of six residents filed tax returns. Of these, over 12.83 million people filed for refunds, comprising over half of the people filing tax returns.

■ 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

~ Filing assistance on the website and e-Tax ~

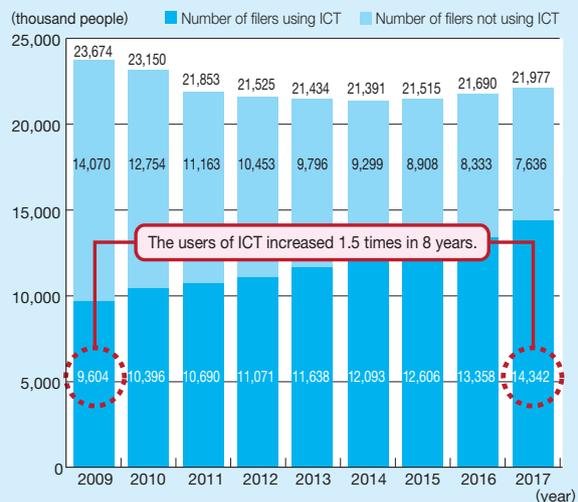
The NTA promotes filings using ICT, such as filing assistance on the NTA website and e-Tax.

Tax returns and other documents prepared using the filing assistance on the NTA website can be transmitted via e-Tax with a My Number Card digital certificate. Using this system, taxpayers can conveniently file tax returns via the internet from home or other locations without visiting the Tax Office.

Taxpayers can also choose to submit in writing by post or other means.

* Taxpayers visiting consultation sites of Tax Offices can use the PCs for filing assistance on the NTA website to prepare tax returns and to transmit them using e-Tax, experiencing the convenience of filing using ICT.

■ Filers who used ICT to file an income tax return



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

~ The number of users of “filing assistance on the website” is increasing each year ~

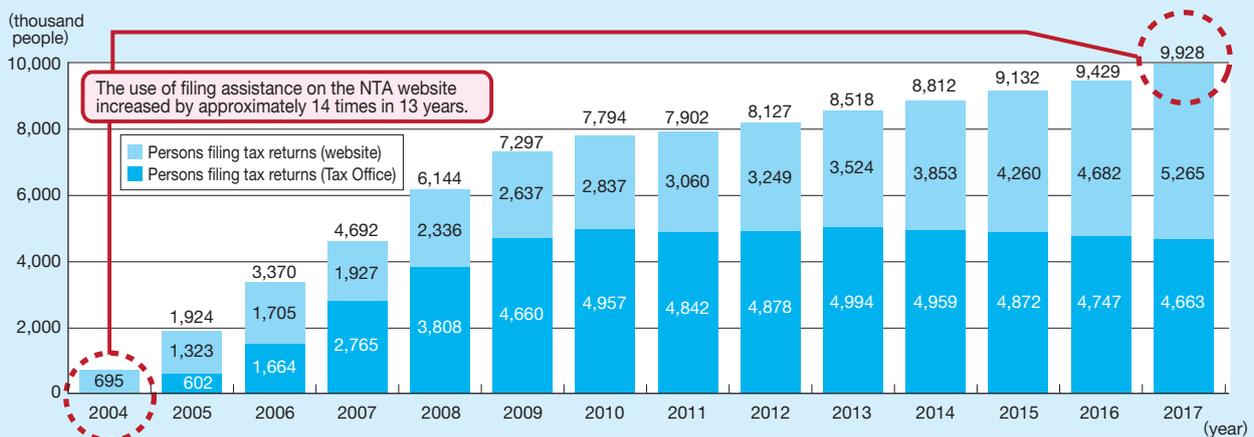
With the filing assistance on the NTA website, if a taxpayer enters the amounts and other necessary information according to the guidance on the PC screen, income amounts and tax amounts are automatically calculated, and it allows taxpayers to complete their tax returns accurately for income tax and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

e-Tax can be used to file the prepared data directly or it can be printed and submitted to the Tax Office by post, etc.

In the filing period for 2017, the number of people who submitted tax returns for income tax and special income tax for reconstruction prepared with filing assistance on the NTA website reached 9.93 million cases including those prepared via PCs set up at consultation sites. This comprised about 45% of all people who submitted returns. About 49% of these submitted their returns via e-Tax.

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.

(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 the Tax 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, and at joint meeting sites outside the Tax Offices.

For the 2017 tax return filing period, the offices were open on February 18 and February 25, 2018, during which 293,000 tax returns for income tax and special income tax for reconstruction were filed.

Cooperation with the local government

In an effort to simplify taxpayer filing procedures, the NTA is working on achieving close cooperation between the NTA and the local government. On the system aspects, for example, in the case of income tax filings, the NTA provides such information to the local government. Therefore, there is no need to file for individual enterprise tax and individual inhabitant tax, which are local taxes.

Also, on the implementation aspects, income tax filing data and other data are mutually provided between national government and local public bodies. Such actively increased use of ICT is an effort to boost efficiency and reduce the costs of administrative operations of national government and local government.

4 Diversification of payment methods

~ Enhanced taxpayer services by offering various payment methods ~

To enhance taxpayer services, diverse payment have been introduced; such as online payment using internet banking, payment at convenience stores, Direct payment, and Credit card payment, instead of paying at the counters of financial institutions and Tax offices in cash with tax payment slips. Additionally, beginning January 2018, taxpayers are able to assign multiple bank accounts for direct payments.

Taxpayers can also use transfer tax payments from a deposit account for self-assessed income tax and sole proprietors' consumption tax.

Direct payment (direct type online payment of national tax)

Direct payment is a procedure that enables taxpayers to pay tax by simple operation after filing tax returns digitally by e-Tax, by submitting an application indicating bank account information in advance.

Direct payment can only be used at bank accounts held at financial institution which is compatible with direct payment. This is why the NTA is working to expand the number of financial institutions in which direct payment can be used, by requesting that non-compatible financial institutions become compatible, etc. As of the end of March 2018, it was usable in 423 financial institutions.

Online tax payment using Internet banking

National taxes can be paid online through Internet banking and ATMs of financial institutions that accept payment with Pay-easy.

To pay taxes online using Internet banking, etc., taxpayers are required to submit an application of start using e-Tax beforehand.

National tax payment at convenience stores

For the payment of national taxes, taxpayers are able to make tax payments at night or on holidays at convenience stores when financial institutions or the Tax Offices are closed. Tax payments were made at convenience stores in about 1.69 million cases in FY2016.

When making a convenience store tax payment, a tax payment slip with bar code is needed, with the amount limited to ¥300,000 or less. The bar-coded vouchers are issued by the Regional Taxation Bureaus and Tax Offices with jurisdiction in the following cases:

- If the determined tax amount is notified before the due date (estimated income tax prepayment, etc.)
- If the taxpayer requested the issuance of tax payment slips for the determined tax amount

Payment with credit card

Credit card payment is a procedure whereby entrusting the payment of national tax to a trustee by inputting information required for payment on the "National Tax Credit Card Payment Site" on the Internet by PC or smartphone.

The tax amount that can be paid with a credit card is a maximum of 10 million yen and should be within the payment limit of the credit card to be used.

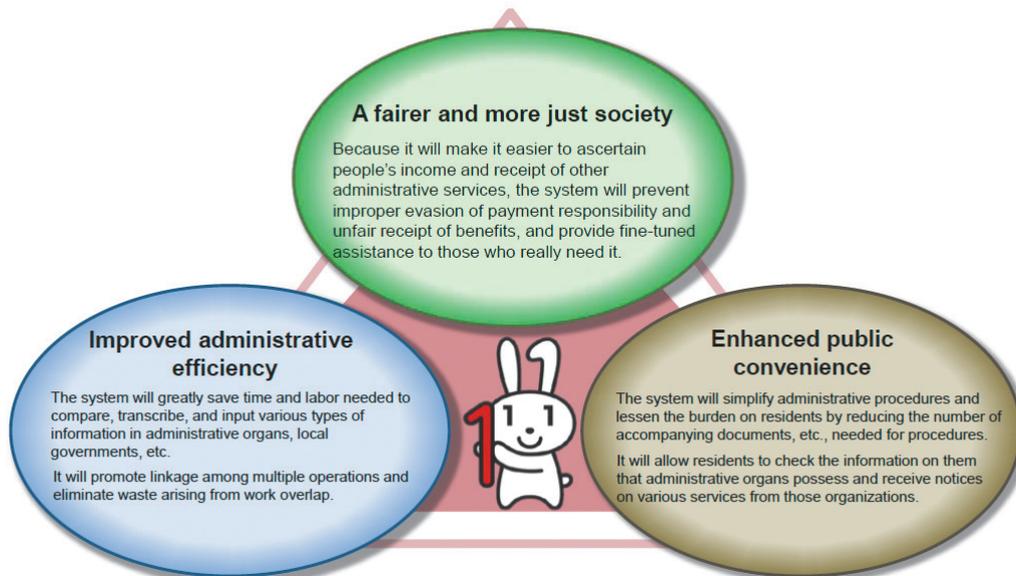
Taxpayers must pay for handling charges for credit card payment in accordance with the tax payment amount (handling charges are not national revenue).

5 Efforts toward the Social Security and Tax Number System (My Number System)

(1) Outline of My Number System

The Social Security and Tax Number System is the social infrastructure to improve administrative efficiency, enhance public convenience, and realize a fairer and more just society.

Upon the introduction of My Number System, the NTA acts as an entity assigning Corporate Numbers and also as an entity utilizing My Numbers (individual number) and Corporate Numbers.



(Source: Cabinet Office, Government of Japan website (<http://www.cao.go.jp/bangouseido/foreigners/english.html>))

① My Number (Individual number)

My Number is a 12-digit number which has been designated to anyone holding residential registration. The use of My Number is limited to the procedures prescribed by law or municipal regulations, such as procedures in the fields of social security, taxation, and disaster response.

② Corporate Number

Corporate Number is a 13-digit number to each corporation, such as stock companies.

Corporate Number is available to anyone, unlike My Number. And the following three types of basic information on the corporation, etc., in principle, is publicly announced on the Internet; (1) trade name or name, (2) address of head office or principal place of business, and (3) Corporate Number.

(2) Actions as an entity utilizing My Numbers and Corporate Numbers

～ Utilization in the national tax field ～

An individual or corporation has to fill in the Number (My Number or Corporate Number) on the declaration form and statutory statements they submit to the tax authority.

When My Number is provided, it is necessary to confirm the identity of individuals based on Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure to prevent identity fraud. Therefore, the NTA enact a notice that establishes specific procedures to confirm the identity of individuals in the national tax field.

～ Improving convenience for taxpayers ～

Taking the opportunity of the introduction of My Number System, the NTA has implemented the following measures for improving the convenience for taxpayers: (1) attaching a copy of a certificate of residence can be omitted in a declaration procedure to claim, for instance, a housing loan tax credit from 2016, and (2) In January 2017, electronic filing was centralized for the withholding record and the payment record of salaries, a public pension, etc. that should be submitted to both the national and local governments.

From now on forward, the NTA will examine ways in which to further increase taxpayer convenience, such as storing information from e-Tax's message box in the "Notification" section of the Mynportal, which allows centralized access to information from all administrative organs.

～ Recognizing income more properly and efficiently ～

In the field of national taxes, as numbers will be required on documents such as declaration form and statutory statements, the NTA expects that name-based aggregation of statutory statements and matching with declaration form will become more accurate and efficient, and, in turn, income will be recognized more accurately. Therefore, we believe that the number will lead to more proper and fair taxation.

～ Conducting public relations activities ～

To facilitate the establishment of My Number System, the NTA is actively conducting public relations by various tools; such as publishing FAQs through a special site regarding My Number System on its website, a briefing session held for the relevant private sectors, industrial associations, etc., and newspapers and Internet advertising in cooperation with the relevant ministries and agencies.

Latest information on the Social Security and Tax Number System and inquiries

- The Cabinet Office website for the Social Security and Tax Number System:
<http://www.cao.go.jp/bangouseido/foreigners/english.html>
- Call Center for the Social Security and Tax Number System (Multilingual Service) **0120-0178-26 (Toll Free)**

Wrong calls have been increasing. Please make sure to dial the correct number.

Available from 9:30 am until 8 pm on weekdays and until 5:30 pm on weekends and holidays (Excluding December 29 to January 3)

* Latest information about operation hours is available on the website of the Cabinet Office.

Latest information on the Social Security and Tax Number System pertaining to national taxes

For the latest Information on the Corporate Number and information on the My Number System for national taxes, please visit the special site on the NTA website.

NTA My Number  <https://www.nta.go.jp/taxes/tetsuzuki/mynumberinfo/index.htm> (in Japanese)

The Corporate Number is published on the NTA Corporate Number Publication Site on the Internet.

Corporate Number Publication Site  <https://www.houjin-bangou.nta.go.jp> (in Japanese)

- Office of Corporate Number Management at the NTA is accepting inquiries about designating Corporate Number, sending a written notice, and how to use "the NTA Corporate Number Publication Site".
Toll-free telephone service of the Office of Corporate Number Management at the NTA **0120-053-161 (Toll Free)**
Available from 8:45 am until 6 pm on weekdays (not available on weekends, holidays, and December 29 to January 3)
When the above number is not accessible from IP phones, etc., please call **03-5800-1081** (calls will be charged).

(3) Actions as an entity assigning Corporate Number

～ Assigning Corporate Numbers ～

The Corporate Number is designated to ① established registered corporations, such as stock companies, ② national government organs, ③ local public entities, or ④ other corporations or associations without juridical personality, etc., other than those listed in ① through ③, those obligated to file and pay corporation or consumption tax, or to withhold income tax from salaries, etc. The NTA designates the Corporate Number based on the registration information provided by the Ministry of Justice or other information without requiring any particular notification procedures, and also sends the Notification of the Corporate Number.

The NTA publishes the three types of basic information on the corporation which designated Corporate Numbers on the Internet (the NTA Corporate Number Publication Site (<https://www.houjin-bangou.nta.go.jp>)).

* A corporation or association without juridical personality other than those mentioned above can also receive a designated number by submitting a request to the NTA Commissioner if it meets certain requirements.

～ Promoting the utilization of Corporate Number ～

The Corporate Number, unlike My Number, has no limit on their range of use, and it is important to utilize them in broad fields as a part of the social infrastructure. Cooperating with relevant ministries and agencies, the NTA is striving to explain the system under the slogan of “Find, Connect, and Expand” and to encourage the utilization of the system by national and local administrative agencies and private organizations.

～ Initiatives to enhance convenience of the NTA Corporate Number Publication Site ～

The three types of basic information on the corporation may be searched for on the NTA Corporate Number Publication Site, referencing the “Corporate Number,” “trade name or name” or “address”.

Also, the site offers Data Download function and Web-API function¹ in order to enable users’ ease-of-use of information, such as the Corporate Number.

Starting from April 2018, the NTA added furigana (Japanese pronunciation) to the trade name and name on the NTA Corporate Number Publication Site in order to make it easier for corporations to utilize these information as digitization and networks continue to expand.

～ Initiatives for the boost of international utilization of Corporate Numbers ～

① The registration as an issuing agency based on international standards

The NTA is registered as an issuing agency with the United Nations (UN) and the International Organization for Standardization (ISO), and has obtained “issuing agency codes” so that Corporate Numbers can be used as common corporation codes in international distribution (e.g., electronic commerce) as well as in Japan.

Corporate Numbers became available for international transactions as a unique gratuitous corporation code when issuing agency code and corporation code (Corporate Number) are used in combination.

② Opening of the NTA Corporate Number Publication Site (English Version)

While economic transactions are being internationalized, there are increasing opportunities to use corporation names and addresses in English. In order for Corporate Numbers to be used more widely, the English version of the NTA Corporate Number Publication Site (<https://www.houjin-bangou.nta.go.jp/en/>) was established in April 2017, and trade names or names and the addresses of head offices or principle places of business in English are published upon requests from corporations.

¹ “API” stands for “Application Programming Interface,” a protocol which establishes necessary programs to connect (link) multiple applications. “Web-API” is one type of API, and is made available to the public via websites on the internet.

6 Promotion of adoption of ICT and Business Process Reengineering (BPR)¹

~ Working towards realization of a Digital Government ~

The environment surrounding tax administration has been going to dramatic changes, as prominent advancements in ICT and AI achieved and the My Number System is introduced as a new program.

In such circumstances, in May of 2017, the “Declaration to Be the World’s Most Advanced IT Nation / Basic Plan for the Advancement of Public and Private Sector Data Utilization” (cabinet decision) was formulated, aimed at realizing a society in which each and every citizen may enjoy the benefits of IT and data usage and application, and achieve genuine prosperity. In addition to this, concerning the field of electronic administration which is one of the key component of the plan, the “Digital Government Strategy” (decision of the Strategic Headquarters for the Promotion of an Advanced Information and Telecommunications Network Society and Strategic Meeting for Utilization of Public and Private Sector Data) and was decided. The policy aims to realize a Digital Government by placing emphasis on enhancing the convenience of the public and businesses, and reexamining administrative tasks on the premise of a digital environment.

Following these plans, the NTA will make a constant effort to reduce 30 percent of the operation costs of the information systems, such as the KSK (Kokuzei Sogo Kanri) system and e-Tax, targeted for 2021. We will also promote Business Process Reengineering (BPR) in an attempt to ease the burden of users and enhance the efficiency and advance administrative operations.

Ensuring stability and reliability of ICT system and information security

Because the national tax-related operations are closely connected to public rights and obligations, failure in its ICT system is likely to have a large impact on citizens and impair the credibility of tax administration. Therefore, the NTA is working to maintain stable operation of ICT systems by regularly updating ICT equipment.

Since the NTA holds and accumulates large amounts of taxpayer information, it takes great care for the prevention of its improper use and leakage. For instance, the NTA allows its officials to use only the necessary information for their work, and the NTA physically disconnects officials’ PCs that access taxpayer information from the internet. The NTA also conducts security audits regularly.

At the computer center which stores data for e-Tax and the KSK System, the NTA built an information security management system (ISMS)² which complies with international standards, and in 2007, obtained certification based on the ISMS compliance evaluation system (certification based on ISO/IEC27001: 2005 and JISQ27001: 2006)³, and regularly renews the certification afterward.

1 “Business Process Reengineering (BPR)” means a fundamental reform of existing organizations and business rules, and a redesign of duties, work flow, administrative mechanisms, and information systems from a process viewpoint.

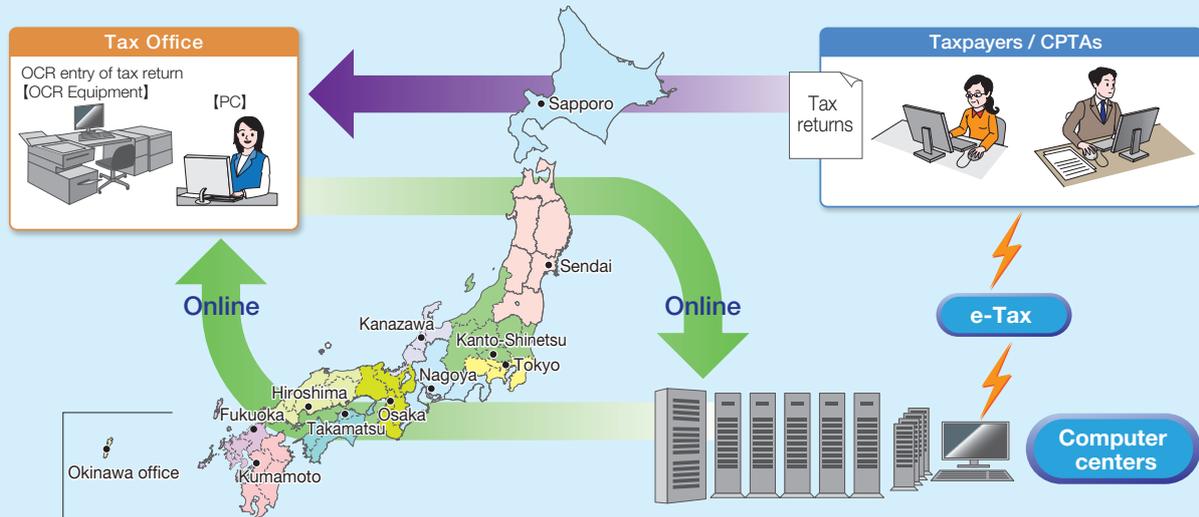
2 An Information Security Management System (ISMS) is an organizational initiative to implement the planning, operation, review and improvement which are required in order to maintain a situation of appropriate management for confidentiality and completeness and usability of information assets which should be protected.

3 ISO/IEC27001:2005 is one of the standards created by the International Organization for Standardization. This became a global standard for information security management systems in October 2005. JISQ 27001:2006 is a Japanese domestic standard published in May 2006, corresponding to ISO/IEC27001.

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

Kokuzei Sogo Kanri (KSK) System

The KSK System, which links all Regional Taxation Bureaus and Tax Offices, is a computer system to centrally manage national tax receivables etc. by inputting the data of past tax returns and tax payment, or a variety of other information.



7 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 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 yearend adjustment, distributing guidebooks and pamphlets, etc.

8 Actions taken for the amended Consumption Tax Act

(1) The reduced tax rate system

~ Provision of information and public relation about the reduced tax rate system for consumption tax ~

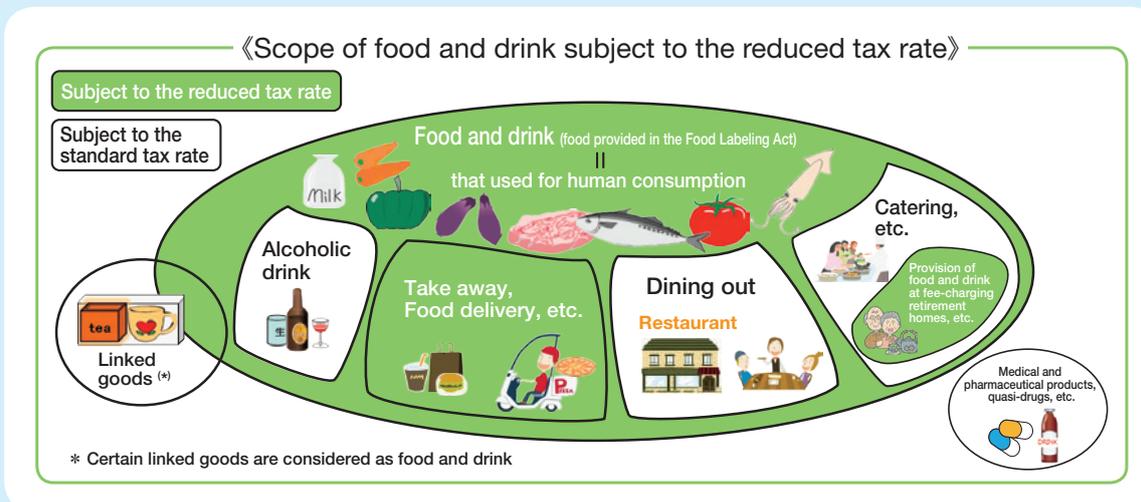
① Outline of the reduced tax rate system

From the perspective of paying consideration to the low income bracket, the “reduced tax rate system” for consumption tax is to be implemented along with the raising of the consumption tax rate scheduled on October 1, 2019.

■ Consumption tax rates and items subject to the reduced tax rate

| | |
|--|--|
| Consumption tax rates | The standard tax rate is 10% (consumption tax rate of 7.8% and local consumption tax rate of 2.2%) The reduced tax rate is 8% (consumption tax rate of 6.24% and local consumption tax rate of 1.76%) |
| Items subject to the reduced tax rate | ① Food and drink excluding alcoholic drink and dining out ② Newspapers issued more than twice a week (those based on subscriptions) |

■ Scope of food and drink subject to the reduced tax rate



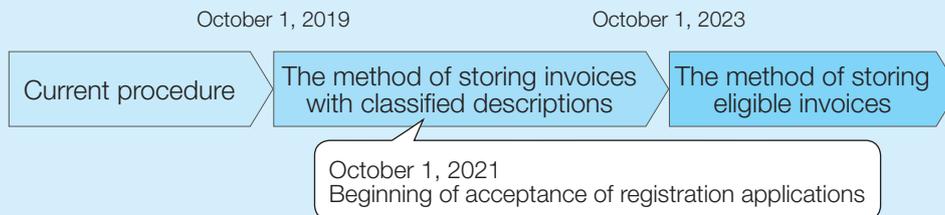
② Entry in ledgers, description on invoices and the storing of these documents

- (1) A business operator generating sales of, or purchasing, any items subject to the reduced tax rate is to issue an invoice, etc. adding tax rate-based separations to existing statement items and perform accounting such as book entries (separate accounting).
- (2) A requirement for purchase tax credit is currently “storing ledgers, invoices, etc.” After the reduced tax rate system is implemented, business operators will be required to store ledgers, invoices, etc. in accordance with the separate accounting (the method of storing invoices with classified descriptions).

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

- (3) Starting October of 2023, the method of storing eligible invoices (so-called invoice system) will be introduced. Preservation of invoice, etc., such as “eligible invoices¹,” will become the requirement for purchase tax credit, in addition to “storage of separate statement invoices, etc.” (the method of storing eligible invoices).

■ Schedule of changing the method of purchase tax credit



■ Entry in ledgers and descriptions on invoices

| Entry | | Effective period | | |
|----------|--|--|---|---|
| | | ~ September 30, 2019 | October 1, 2019 ~ | October 1, 2023 ~ |
| Invoices | <ul style="list-style-type: none"> Name of the invoice issuer Date, month and year Transaction description Price Name of the invoice recipient | The method of storing invoices (Current procedure) | The method of storing invoices with classified descriptions | The method of storing eligible invoices |
| | <ul style="list-style-type: none"> The product is an items subject to the reduced tax rate Tax-inclusive prices totaled according to different tax rates Registration numbers Consumption tax amounts and applicable tax rate according to different tax rates | | | |
| Ledgers | <ul style="list-style-type: none"> Name of the taxable purchase supplier Date, month and year Transaction description Price | The method of storing invoices (Current procedure) | The method of storing invoices with classified descriptions | The method of storing eligible invoices |
| | <ul style="list-style-type: none"> The product is an items subject to the reduced tax rate | | | |

③ Information and public relations about the reduced tax rate system for consumption tax

Under the reduced tax rate system, in addition to the need to make entries of sales and purchases classified according to different tax rate, issuance and storage of invoices corresponding to multiple tax rates will be required. These paperwork will impact many businesses, needless to say those businesses that handle items subject to the reduced tax rate, but also those that do not sell items subject to the reduced tax rate and tax exempt businesses that have no obligation to pay consumption tax.

The NTA is taking measures for providing information and consultation on the content of revision in close contact and cooperation with relevant ministries and private organizations so that business operators can fully understand the reduced tax rate system for consumption tax.

¹ Businesses that are allowed to issue “eligible invoices” are limited to taxable businesses that have been registered after applying with the District Director of the tax office (businesses allowed to issue eligible invoice). Acceptance of applications for registry will begin on October 1st, 2021.

- **Opening of a special site of the reduced tax rate system on the NTA website**

- * Please visit the special site on the NTA website “About the Reduced Tax Rate System for Consumption Tax” (<https://www.nta.go.jp/taxes/shiraberu/zeimokubetsu/shohi/keigenzeiritsu/index.htm> (in Japanese)).

- **Publication of Q&As with explanations based on specific cases about items subject to the reduced tax rate**

- **Setting up a guidance exclusively for the reduced tax rate at an existing telephone counseling center**

- **Setting up a reduced consumption tax rate telephone counseling center (reduced tax call center)**
0570-030-456

- Available from 9 am until 5 pm on weekdays (not available on weekends, holidays, and New Year holidays (December 29 to January 3))

- **Explanation for the reduced tax rate system through various explanatory meetings**

- **Provide consultations on the reduced tax rate system at the “revised consumption tax system consultation desk” at each Tax Office**

- **Release of video via the official NTA website which provides an overview of the reduced tax rate system (Web-TAX-TV)**

(2) Measures for smooth and appropriate shifting of consumption taxes

~ Provision of consultation on price indication and the guidance to liquor business operators ~

With the aim of ensuring the smooth and appropriate shifting of consumption taxes, the Act on Special Measures for Shifting Consumption Taxes (hereinafter referred to as the “Special Measures Act”) prohibits refusing to shift consumption taxes or acting in a way that interferes with said shifting. The Act also provides exceptions for the obligation to indicate the total price with tax.

Thus, the NTA endeavors to secure smooth and appropriate shifting of consumption taxes through the following measures:

- Publication of the detailed examples of misrecognition prevention measures, which are required for the application of exceptions for the obligation to indicate the total price with tax
- Appropriately provision of consultation on the revised Consumption Tax Act, on price indication (exceptions from the obligation to indicate the total price with tax), as well as on the shifting of consumption taxes at the “revised consumption tax systems’ consultation desk” at Tax Offices
- As the government agency with jurisdiction over the liquor industry, provides liquor business operators with the necessary guidance and advice to prevent and correct any acts that violate the provisions of the Act on Special Measures for Shifting Consumption Taxes, and if any liquor business operator performs an act that refuses the shifting of consumption taxes or makes an indication that consumption taxes are not shifted, the NTA conducts an on-site inspection.

9 Cooperation with private organizations

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

The NTA is implementing public announcement and public relation actively to convey information on taxes to taxpayers accurately, through various explanatory meetings etc., cooperating with relevant private organizations.

The NTA is working to strengthen coordination and cooperation between these relevant private organizations, for example by promoting measures for the wider use and establishment of e-Tax, by dissemination and publicity work to smoothly establish and implement the Social Security and Tax Number System (“My Number System”), and by holding various joint events in “Think About Tax Week.”

These relevant private organizations are playing a large role in achieving a proper self-assessment system and in spreading knowledge about taxes.

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

Blue return taxpayers' associations

Blue return taxpayers' associations are organized for the purpose of "contributing to establishing the self-assessment system and promoting small enterprises," mainly by sole proprietors who use the blue return system. They are formed mainly by sole business proprietors who use the system. There are about 1,800 associations nationwide, and the total number of members is about 610,000 (as of April 2018). 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 visit the website of the National General Federation of Blue Return Taxpayers' Associations at <http://www.zenairobr.jp> (in Japanese), or contact the nearest blue return taxpayers' association.

Corporations associations

Corporations associations are organized for the purpose of "contributing to spreading knowledge of tax, maintaining and developing a proper and fair self-assessment system, as well as achieving smooth tax administration". There are 481 corporations associations as incorporated associations, and membership stands at about 780,000 corporations (as of December 2017). Corporations associations organize tax education, tax awareness campaign, seminars on tax and management, etc. With the NTA's support, corporations associations hold "contests for the best picture postcards related to taxes" and promote "enhancement of corporations' tax compliance". For further details, please visit the website of the National General Federation of Corporations Associations at <http://www.zenkokuhojinkai.or.jp> (in Japanese)

Indirect tax associations

Indirect tax associations are organized for the purpose of "cooperating in achieving smooth tax administration through acquiring knowledge about indirect taxes and establishing a voluntary self-assessment system." There are 514 associations nationwide with about 90,000 members (as of April 2017). 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. In addition, they are also coordinating "tax slogan" (supported by the NTA). For further details, please visit the website of the National Federation of Indirect Tax Associations at <http://www.kanzeikai.jp> (in Japanese)

Savings-for-tax associations

Savings-for-tax associations are organized for the purpose of "smooth payment of various taxes by means of saving funds for tax payment". The associations are established pursuant to the Tax Fund Saving Partnership Act, and there are now about 23,600 associations (as of March 2017). 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 (co-hosted by Savings-for-tax associations and the NTA). For further details, please visit the website of the National Federation of Savings-for-Tax Associations at <http://www.zennoren.jp> (in Japanese)

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 "spreading knowledge about taxes, promoting proper filing of returns, uplifting tax payment morality, and thereby contributing to the development of enterprises and regional societies". There are 83 tax payment associations, and about 150,000 members belong to these associations (as of March 2018). 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 <http://www.nouzeikyokai.or.jp> (in Japanese)