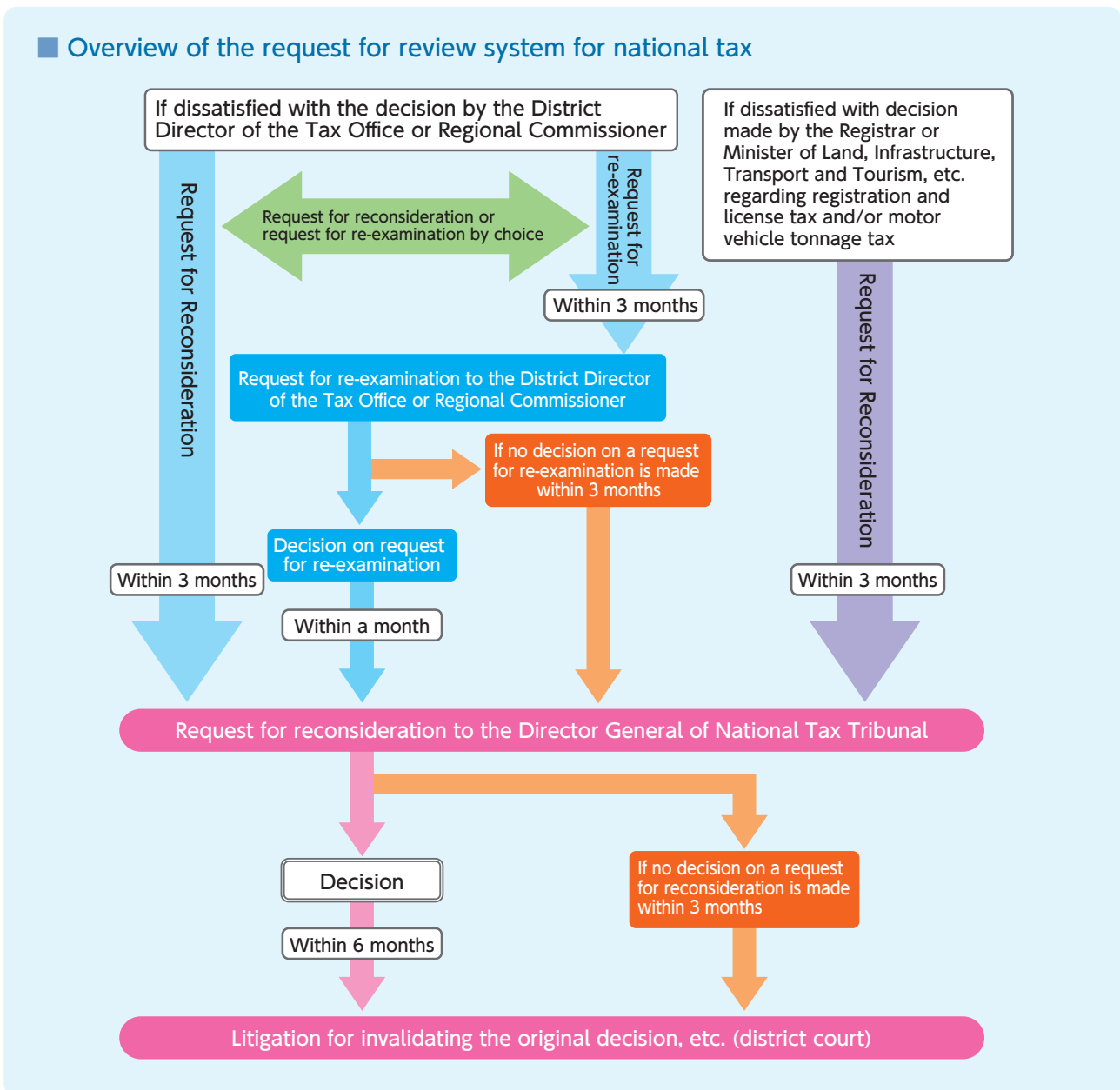


~ the request for review system for national tax ~

When a taxpayer is dissatisfied with the action taken by the District Director of the Tax Office for taxation and delinquent tax, the said taxpayer may file a request for a review, for example to cancel that disposition. This system of request for review is a procedure to simply and quickly protect taxpayer rights and interests. In principle, a taxpayer who objects to a disposition shall first file a request for review before bringing a lawsuit in court (“The principle of petition after administrative protest”).

A request for review can be a request for re-examination to the District Director of the Tax Office, etc., or a request for reconsideration to the Director-General of the National Tax Tribunal, and a taxpayer can choose either of these. When a taxpayer chooses a request for re-examination but is still dissatisfied with the disposition determined for the request for re-examination, the taxpayer may file a request for reconsideration.



IV Remedy for Taxpayer Rights

(1) Request for re-examination

~ Simplified, prompt and fair remedies for taxpayer rights ~

A request for re-examination is the system for a request for review made by taxpayers who are dissatisfied with the decision made by the District Director of the Tax Office, etc., such as a correction, determination, or seizure, in pursuit of cancellations or changes in disposition. A request for review is selectively filed against the District Director of the Tax Office, etc., who executed said disposition, before the taxpayer files a request for reconsideration to the Director-General of the National Tax Tribunal.

This system is intended for review by the District Director of the Tax Office of its own disposition. And it aims to pursue the remedy of the rights and interests of citizens and to ensure the appropriate operation of public administration with simplified, prompt and fair procedures. Thus, when a request for re-examination is filed, we endeavor to listen intently to taxpayers' claims, conduct fair examinations and consideration, and process requests appropriately and expeditiously.

(2) Request for reconsideration

~ Remedy for taxpayer rights by a fair third-party institution ~

A request for reconsideration is the system for a request for review, to the Director-General of the National Tax Tribunal, made by taxpayers who are dissatisfied with the decision made by the District Director of the Tax Office, etc., such as a correction, determination, or seizure, in pursuit of cancellations or changes in disposition. A request for reconsideration can be directly filed without undergoing a request for re-examination. A request for consideration can also be filed when a taxpayer files a request for re-examination but is still dissatisfied with the disposition determined for the request for re-examination.

The National Tax Tribunal is an organization whose mission is to pursue remedy of the legitimate rights and interests of taxpayers and to contribute to ensuring the proper operation of tax administration. It makes decisions on requests for reconsideration from the position of a fair third party. Important posts such as the Director-General of the National Tax Tribunal, as well as the Directors of the Tokyo and Osaka Regional Tax Tribunals, are appointed from among those people who have held the position of judge or public prosecutor. For the position of appeal judges of the National Tax Tribunal, specialists in the private sector such as Certified Public Tax Accountants and lawyers are employed as officials with fixed terms.

In handling a request for reconsideration, the National Tax Tribunal organizes and clarifies the points under dispute. It then fully examines the contents of the documentary evidence, etc., presented by the person requesting reconsideration and the District Director of the Tax Office, conducts its own tax examination and strives to properly and quickly handle the request for reconsideration.

The Director-General of the National Tax Tribunal may make a decision without being bound to the legal interpretation indicated in the NTA Commissioner's notice, and the decisions will not be more disadvantageous to taxpayers than those made by the District Director of the Tax Office. The decision is a final ruling given within the NTA, against which the District Director of the Tax Office etc. are not entitled to file litigation, even if dissatisfied.

* When a taxpayer is dissatisfied with the action taken by the NTA Commissioner, the taxpayer may file a request for reconsideration against the NTA Commissioner.

(3) Litigation

~ Remedy by law ~

Even after the decision by the Director-General of the National Tax Tribunal, taxpayers who remain dissatisfied are entitled to file litigation with the judiciary seeking a legal remedy.

Response to complaints from taxpayers

The NTA receives from taxpayers such reactions as complaints, requests, criticism, or consultation on problems they have, not only with regard to requests for review of decisions by the NTA, but also about tax administration in general including the attitude of officials, the methods of tax examinations, etc. The NTA believes it essential to respond sincerely to a variety of opinions from taxpayers in order to obtain their understanding and confidence and to make use of tax administration. We also endeavor to give a prompt and accurate response from the perspective of taxpayers. In July 2001, the NTA appointed Taxpayer Support Officers to properly respond to taxpayer complaints on decisions made in relation to taxpayers' rights and interests, for example by explaining the procedures to remedy taxpayer rights.

(4) Trend in remedies for taxpayer rights

~ The NTA is working to finish processing requests for re-examination within 3 months and requests for reconsideration within 1 year in principle ~

① Request for re-examination

- **Target** The NTA has set the standard length of deliberations for a request for re-examination to 3 months and is striving to finish processing requests for re-examination within 3 months in principle.
- **Result** In FY2018, 99.5% of requests for re-examination were closed within 3 months. 2,150 re-examination were requested in the fiscal year (2,046 in taxation and 104 in tax collection). Of these, 12.3% of taxpayer claims were approved in whole or in part due to new facts, etc.

② Request for reconsideration

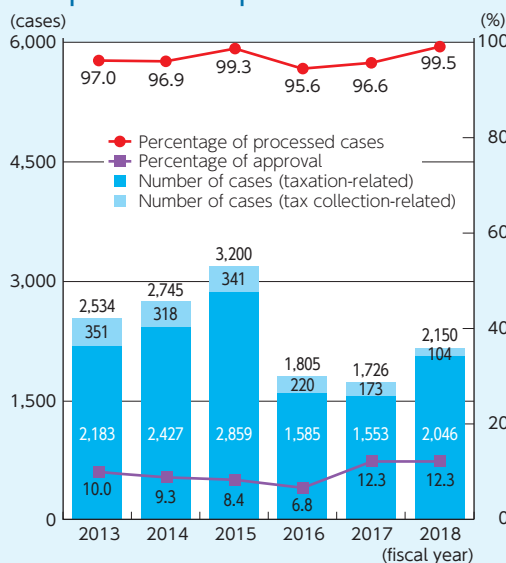
- **Target** The NTA and the National Tax Tribunal have set the standard length of deliberations for a request for reconsideration to 1 year and are striving to finish processing requests for reconsideration within 1 year in principle.
- **Result** In FY2018, 99.5% of requests for reconsideration were closed within 1 year. There were 2,923 requests for reconsideration in the fiscal year (2,787 in taxation and 136 in tax collection). Of these, 7.4% of taxpayer claims were approved in whole or in part by recognizing new fact.

③ Litigation

For litigation, 177 cases were closed in FY2018 (140 in taxation, 36 in tax collection and 1 in the National Tax Tribunal). Of these, 3.4% of taxpayer claims were approved in whole or in part.

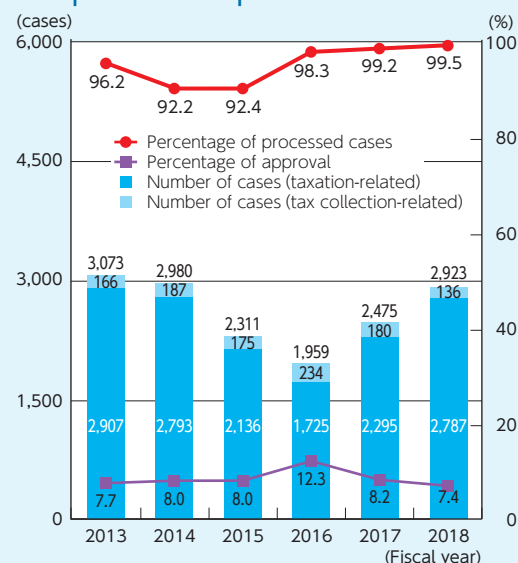
* The NTA and the National Tax Tribunal provide information such as the leaflet of revision of the request for review system for national tax, overviews of the requests for re-examination, the requests for reconsideration and litigation and cases of decisions on requests for reconsideration, to deepen understanding about remedy for taxpayer rights. These are on the NTA website and on the National Tax Tribunal website (<http://www.kfs.go.jp> (in Japanese)).

■ Percentage of processed requests for re-examination within 3 months, and number of processed requests for re-examination



- *1 These figures are provisional numbers as of the end of April 2019. Percentage of processed cases is calculated excluding MAP cases, public prosecution-related cases and international taxation cases.
- *2 Figures for FY2015 and earlier indicate the number and percentage of processed requests for reinvestigation before the revision.

■ Percentage of processed requests for reconsideration within 1 year, and number of processed requests for reconsideration



- *1 These figures are provisional numbers as of the end of April 2019.
- *2 Percentage of processed requests in FY2017 and ensuing years are calculated by excluding the retention period of cases in which reasons to suspend the inquiry occurred, such as MAP cases and public prosecution-related cases.

Column 10 The National Tax Tribunal welcomes its 50th anniversary

On May 1, 1970, the National Tax Tribunal (hereinafter, referred to as the “Tribunal”) was established as an affiliate organization (currently a special organization) to the NTA to achieve decisions on requests for reconsideration concerning dispositions based on laws on national tax, and it will welcome its 50th anniversary on May 1, 2020.

The following initiatives have been mainly undertaken by the Tribunal, so far, with respect to changes in the surrounding social situation and the environment.

1 Publication of cases and summary of decisions on its website

The decision of the Tribunal is not available to the public in general, but with sufficient consideration to protection of the confidentiality of the person requesting reconsideration, the entire content of the decision is published and made available to the public on the Tribunal’s website for those cases which recognition of fact may serve as a reference in the processing of other cases, or that in which the taxpayer’s claims were recognized and has no prior similar precedents. In addition, even for those cases which decisions are not made public, their summaries are published on the website to accommodate request for disclosure based on Act on Access to Information Held by Administrative Organs.

2 External hiring of appeal judges

From the perspective of enhancing neutrality and fairness of inquiries, approximately half of appeal judges that oversee cases are hired from a pool of civilian experts, such as lawyers, Certified Public Tax Accountants and Certified Public Accountants, as officials with fixed terms. The Tribunal maximizes the benefit of an organization comprised of diverse human resources, conducting thorough inquiries based on deliberations backed by broad and multifaceted perspectives.

3 Ensuring transparency of judgments

In order to enhance transparency of judgments and to deliver judgments that may gain the people’s support, beneficial information, such as procedures necessary in requesting reconsideration and the status and schedule of inquiries is provided in a simple and appropriate manner through measures, such as issuing leaflets concerning the necessary procedures in requesting reconsideration, and providing “Status and Schedule of Inquiry” and “Checklist of Dispute” to any individual requesting a reconsideration.

4 Establishing a new system of request for review

Concerning the system of request for review, the revision of June 2014 proposed the revision of the principle of petition after a request for review, the extension of the period for a request for review, setting the standard length of deliberations, the expansion of the rights of the applicant of a request for reconsideration in the procedure for a request for reconsideration, and it was brought into effect in April 2016. The Tribunal is striving for further establishment and continuous exercise of the new system through considerate and respectful activities to enhance public awareness.

The Tribunal will continue with its effort and actions to further improve the convenience to taxpayers and to realize proper and swift achievement of decisions, with the aim to gain further trust and approval of the citizens.

Status of initiatives to date and information on the 50th anniversary commemorative event and special articles will be published in order on the Tribunal’s website (<http://www.kfs.go.jp> (in Japanese)).

【Main Initiatives of the National Tax Tribunal】

