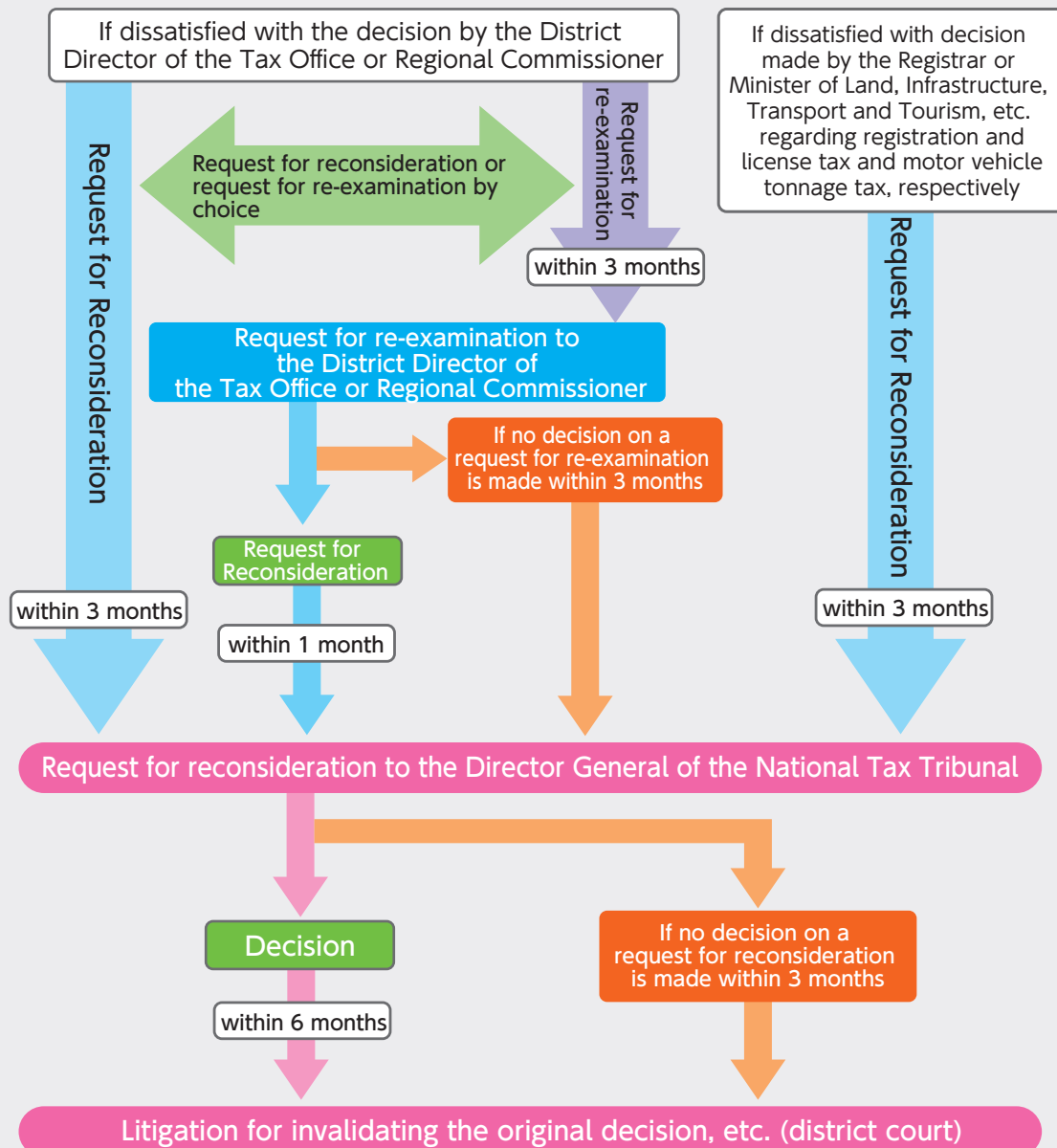


~ the request for review system for national tax ~

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.

Overview of the request for review system for national tax



(1) Request for re-examination

~ Simplified, prompt and fair remedies for taxpayer rights ~

A request for re-examination 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 can be directly filed without undergoing a request for re-examination. A request for reconsideration 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.

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 and the methods of tax examinations. 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.

Since July 2001, the NTA has 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 FY2019, 91.1% of requests for re-examination were closed within 3 months. 1,513 re-examination were requested in the fiscal year (1,389 in taxation and 124 in tax collection). Of these, 12.4% of taxpayer claims were approved in whole or in part due to new facts, etc.

② Request for reconsideration

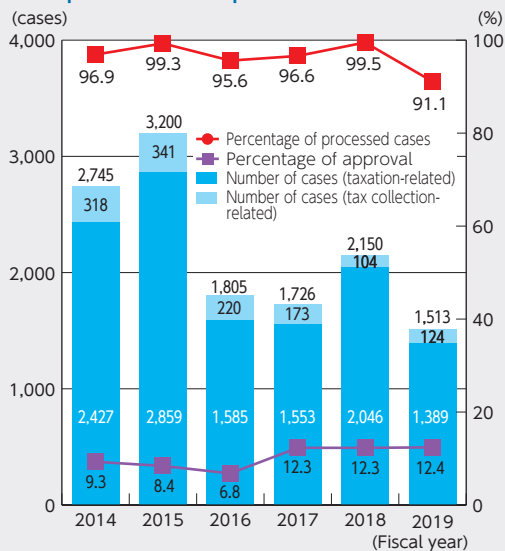
- **Target** The NTA and the National Tax Tribunal have set the standard length of deliberations for a request for reconsideration to 1 year and are striving to finish processing requests for reconsideration within 1 year in principle.
- **Result** In FY2019, 98.0% of requests for reconsideration were closed within 1 year. There were 2,846 requests for reconsideration in the fiscal year (2,736 in taxation and 110 in tax collection). Of these, 13.2% of taxpayer claims were approved in whole or in part by recognizing new fact.

③ Litigation

For litigation, 216 cases were closed in FY2019 (178 in taxation, 37 in tax collection and 1 in the National Tax Tribunal). Of these, 9.7% of taxpayer claims were approved in whole or in part.

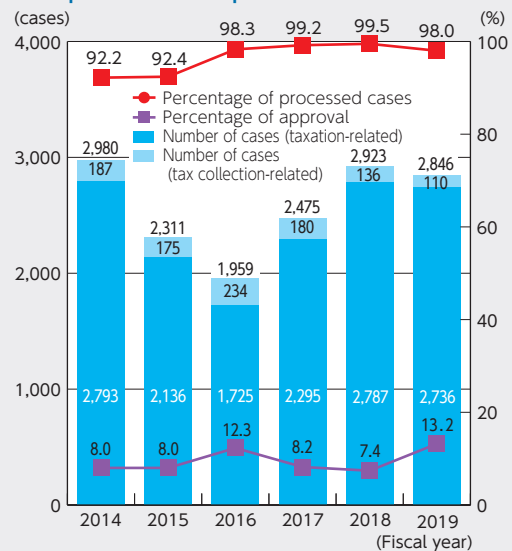
※ The NTA and the National Tax Tribunal provide information such as the leaflet of revision of the request for review system for national tax, overviews of the requests for re-examination, the requests for reconsideration and litigation and cases of decisions on requests for reconsideration, to deepen understanding about remedy for taxpayer rights. These are on the NTA website and on the National Tax Tribunal website (<https://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 2020.
- ※2 Percentage of processed cases is calculated excluding MAP cases, public prosecution-related cases and international taxation cases.
- ※3 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 2020.
- ※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.

50th anniversary of the National Tax Tribunal**~ Half a Century into Its History, Continuing on Its Unwavering Mission ~**

In May 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 welcomed its 50th anniversary in May 2020.

With respect to the aim of the Administrative Appellate Law “to pursue the remedy of the rights and interest of citizens and to ensure the appropriate operations of public administration through simple and swift procedures,” the National Tax Tribunal holds its mission to heart, “as a fair third-party institution within the tax administration, pursue the remedy of legitimate rights and interests of taxpayers, and contribute to ensuring the appropriate operations of tax administration through proper and swift disposition of cases.”

For this purpose, the Tribunal has consistently stayed true to three points since its inception – “administration based on limitation on issue principle,” “complete agreement” and “preparation of indisputable decision,” – as the basics of its administrative policy, and has processed approximately 270,000 cases of request for re-examination since the Tribunal was founded.

The decisions of the Tribunal are, in principle, not available to the public, but those cases which may serve as a precedent for other cases, with sufficient consideration to protecting the confidentiality of the person requesting reconsideration, content of the decision is published and made available to the public on the Tribunal’s website with the judicial precedent that may serve as reference attached.

Furthermore, from the perspective of enhancing neutrality and fairness of inquiries, approximately half of appeal judges that oversee cases are hired from a pool of private sector 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 reviews backed by broad and multifaceted perspectives.

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 through efforts to improve productivity of administration work from effective utilization of ICT, complete agreement, and increasing the quality 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 are published on the Tribunal’s website (<https://www.kfs.go.jp> [in Japanese]).

50-year history of the National Tax Tribunal

year and month	events	year and month	events
1970.3 5	Promulgation of law to reform a section of Act on General Rules of National Taxes National Tax Tribunal is established	2002.4	Examples of case decisions and search engine of case summaries are published on the Tribunal’s website
1971.5	First issue of “Case Sentencings Collection”	2004.9	Use of e-Tax to file requests for reconsideration begins
1972.5	Okinawa Office of the National Tax Tribunal is established	2007.7	Appointment of appeal judges (officials with fixed terms) begins
1979.3	First issue of “Case Decisions Summary”	2011.4	Introduction of measures to ensure transparency of judgements
1984.7	The Tribunal is converted from an “affiliate organization” of the NTA to a “special organization” as result of reform of National Government Organization Law, etc.	2013.7	Total count of appeal judges (officials with fixed terms) reaches 50
1991.4	A case involving request for reconsideration concerning consumption tax occurs	2014.4	Reform of Article 99 of Act on General Rules of National Taxes (Case Decisions Based on Interpretation Different from that of the Commissioner of the NTA) goes into effect
1999.10	Official website of the National Tax Tribunal is established	2016.4	Reform of Act on General Rules of National Taxes concerning requests for review goes into effect