

The NTA was organized in 1949 as an external organization of the Ministry of Finance.

The NTA supervises 12 Regional Taxation Bureaus (including the Okinawa Regional Taxation Office, and the same applies hereinafter) and 524 Tax Offices throughout Japan.

There is also the National Tax College which trains tax officials, while the National Tax Tribunal serves as a special body engaged in examining requests for review from taxpayers.

1 Organizational Philosophy of the NTA

The Mission of the NTA is “to help taxpayers properly and smoothly fulfill their tax duties.”

In order for the NTA to fulfill the mission, our duty to carry out is “Realizing proper and fair taxation and collection of internal taxes,” “Sound development of the liquor business,” and “Ensuring proper administration of services by Certified Public Tax Accountants (CPTAs),” provided by Article 19 of the Act for Establishment of the Ministry of Finance.

In order for the NTA to fulfill the “mission” and “duties,” we compiled “future vision as an organization,” which indicates what organization we aim for while managing the organization, as well as “codes of conduct,” which indicates important standards and values for each tax official to perform duties. These are declared to tax officials and announced to the public as the “Organizational Philosophy of the NTA.”



NTA

Organizational philosophy of the NTA

Mission

To help taxpayers properly and smoothly fulfill their tax duties.

Duty

- Realizing proper and fair taxation and collection of internal taxes
- Sound development of the liquor business
- Ensuring proper administration of services by Certified Public Tax Accountants (CPTAs)

Future vision as an organization

An organization that supports the nation's finance with trust

- An organization that flexibly copes with changes in the economic society, improves taxpayer convenience and continues to progress
- An organization that makes taxation and collection more efficient and sophisticated and conducts strict and appropriate examinations and disposition for delinquent tax while cooperating with a wide variety of relevant persons
- An organization that is vibrant and open, respects the diversity of each official and provides high performance as a team

Codes of conduct

Tax professionals who take on a difficult challenge holding the mission to heart

- Keep secrets associated with duties and maintain disciplines. Never forgive frauds and carry out duties in a fair and honest manner.
- Constantly review duties with a sense of participation and challenging spirit and make administrative duties more efficient and sophisticated.
- Strive to acquire expertise and skills and demonstrate our abilities to the fullest.

2 Concepts for management of tax administration

The NTA carries out the following initiatives in order to perform the aforementioned mission and duties, and to gain the understanding and trust of taxpayers.

NTA Initiatives

(1) Enhancement of services for taxpayers

- Provide the necessary information needed for filing via NTA websites, etc. so that taxpayers can correctly file and pay their taxes themselves.
- Work to provide an excellent means for filing and payment using ICT (Information and Communication Technology), such as e-Tax (online national tax return filing and tax payment system) and filing assistance on the NTA website.
- Respond to advance inquiries and advance pricing arrangement of transfer pricing taxation, so the taxpayer can predict in advance the tax treatment of its own economic activities.
- Work to improve an environment and provide support to enhance tax education, in cooperation with the relevant ministries, agencies, educators and private organizations.

(2) Promotion of administrative work efficiency and enhancement of organizational foundations

- To appropriately perform the NTA's duties under the severe fiscal conditions, work to secure the necessary structure, staff and budgets, appropriately allocate them, and take the taxpayers viewpoint in working to boost efficiency and reduce costs.
- Constantly review to simplify and boost efficiency, for example by computerization of clerical processes. Especially for the income tax return filing period when filings are concentrated in a short period of time, focus to encourage use of e-Tax which contributes to enhanced taxpayer convenience.
- Accurately assign personnel corresponding to their experience and abilities, while paying attention to hiring and promoting female staff. To enhance needed specialized knowledge, provide guidance and development measures such as training.
- Thoroughly control administrative documents and information.

(3) Proper and fair taxation and collection and remedy for taxpayer rights

- Take a strict stance against malicious taxpayers, while protecting taxpayer rights and interests.
- Upon dispositions for taxation and delinquent tax, correctly understand what the taxpayer asserts and objectively scrutinize them at the examination stage, and then accurately confirm the facts and apply the laws and regulations.
- Systematically work in response to increasingly complex economic transactions, etc. Work to enhance the system to collect information, and accurately prioritize issues such as response to the increasing diversity of asset investments and fraudulent refunds for consumption tax.
- For international transactions, exchange information with foreign tax authorities based on tax treaties, and take strict actions towards tax avoidance etc., in which taxation problems are found.
- Promote the enhancement of corporate governance on tax matters through exchanging opinions with executive officers of large enterprises, etc. At the same time, reallocate the volume of examination duties to corporations with a high necessity of examination from those judged that the necessity of examination is low including the situation of corporate governance.
- Achieve proper and speedy processing of a request for review, as well as develop environment for more user-friendly request for review system.

(4) Proper management of liquor administration

- As the competent agency in liquor business to aim at the preservation of liquor tax and the sound development of liquor business, the NTA endeavors to ensure the proper enforcement of laws and strengthen the promotion of liquor business (especially promoting exports) from the comprehensive perspective that covers consumers and the whole liquor industry while coordinating and cooperating with related government offices, organizations, etc.

- Make efforts to cultivate overseas markets through distributing information globally and holding international negotiations, etc., to promote the establishment of brands through spreading the use of Geographical Indications (GI), to provide technical assistance to liquor manufacturers, etc. and to ensure the safety of liquor among others.
- To ensure fair trade of liquor, conduct a survey of liquor business operators to check the actual state of trading of liquor, etc. If a transaction that does not comply with “the Standards for the Fair Trade of Liquor” is detected, we take strict actions including issuing instructions.
- To respond to social requirements, such as counter-measures against health problems caused by alcohol intake and promotion of recycling resources, increase the publicity of the ban on selling liquor to people younger than the age of 20 and recycle of liquor containers, etc.

(5) Proper administration of services by Certified Public Tax Accountants (CPTAs)

- Endeavor to coordinate and cooperate with Certified Public Tax Accountants’ Associations as organizations for improving the work of CPTAs, because CPTAs play important roles in the proper and smooth realization of the self-assessment system.
- Work to prevent violations of the Certified Public Tax Accountant Act by CPTAs etc. At the same time, take strict action against CPTAs etc. who violate the Certified Public Tax Accountant Act and so-called “fake CPTAs” by applying disciplinary actions and filing accusations seeking prosecution.

(6) Policy evaluation and improvement of tax administration

- Provide easily understood information on issues the NTA should work on, on its policy initiatives and its various measures, and on its evaluations and verifications of the results of their implementation. In addition, work to improve tax administration, based on the evaluations and verifications of the results of its implementation.

Column 1

“Future Vision of Tax Administration”

With “improvement in taxpayer convenience” and “more efficient and sophisticated taxation and collection” as two main pillars, the NTA is undertaking “Digital Transformation of Tax Administration,” drastic review of tax administration processes for taxpayers and the administration by digitalization.

For details, see the NTA website (<https://www.nta.go.jp/about/introduction/torikumi/digitaltransformation/index.htm> [in Japanese]).

“Digital Transformation of Tax Administration”

From “Digital Transformation of Tax Administration
—Future Vision of Tax Administration 2.0—”
released in June 2021

Digital Transformation of Tax Administration

Drastic reviews of tax administration processes for taxpayers and the administration by digitalization

(Basic guidelines)

User’s perspective

Data security

Business process reengineering (BPR)

Future Vision of Tax Administration 2.0*

Precise addressing
to the ICT society

Drastic
digitalization of
tax procedures

A society where
all tax procedures
can be completed
without visiting
a tax office

Improvement in taxpayer
convenience
(Smooth and speedy)

Simple and easy procedure

Check personal information online

Easy consultation by chatbot

Customized notification

More efficient and sophisticated
taxation and collection
(Intelligent)

Automatic check of tax returns

AI and data analysis

Inquiries online

Web conference system

Precise effort into
priority issues

Addressing to
tax avoidance

Ensuring proper
taxation on the
affluent class

Ensuring proper
taxation of
consumption tax

Addressing to
large-scale and
malicious cases

(Infrastructure improvement)

Sophistication of information system
and human resource development

Centralized processing of internal
administrative tasks

Coordination and cooperation with
related agencies

* The updated version of “Future Vision of Tax Administration” was released in 2017 based on changes in the economic society and the progress in digital technologies.

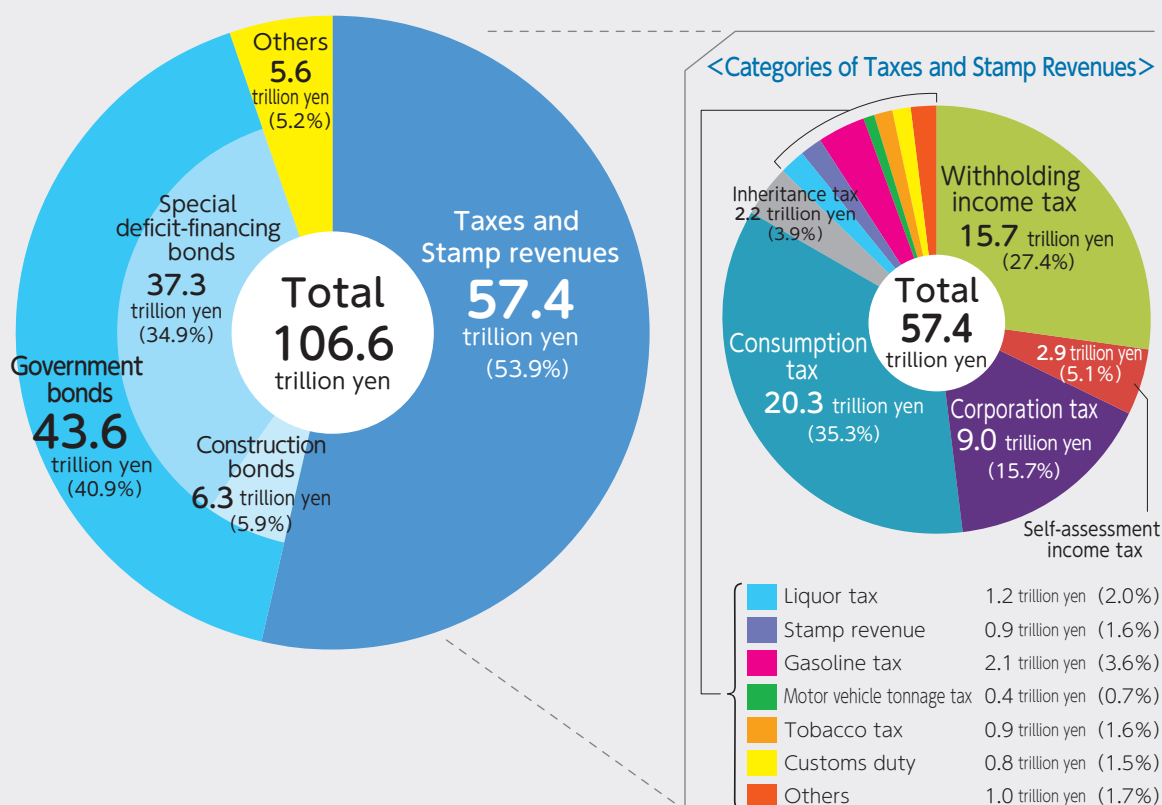
3 Overview of the national tax organization

(1) National revenue and taxes

National revenue (initial budget for general account revenues) in FY2021 stands at 106,609.7 billion yen, of which 57,448 billion yen is from taxes and stamp revenues.

The income tax, corporation tax, and consumption tax account for about 80% of tax revenues.

■ National revenue (FY2021 general account revenues (initial budget))



※ 1 Government bonds are revenues generated by construction bonds to finance public project-related expenditures and special deficit-financing bonds issued to compensate for the revenue shortfalls. All are debts which are to be repaid in the future.

※ 2 The total amount of each item and the amount indicated as "Total" do not exactly match, due to rounding of fractional figures.

※ 3 Please refer to "Thinking About Japan's National Finance" available on the official website of the Ministry of Finance (<https://www.mof.go.jp/zaisei/index.htm> [in Japanese]) concerning national expenditures.

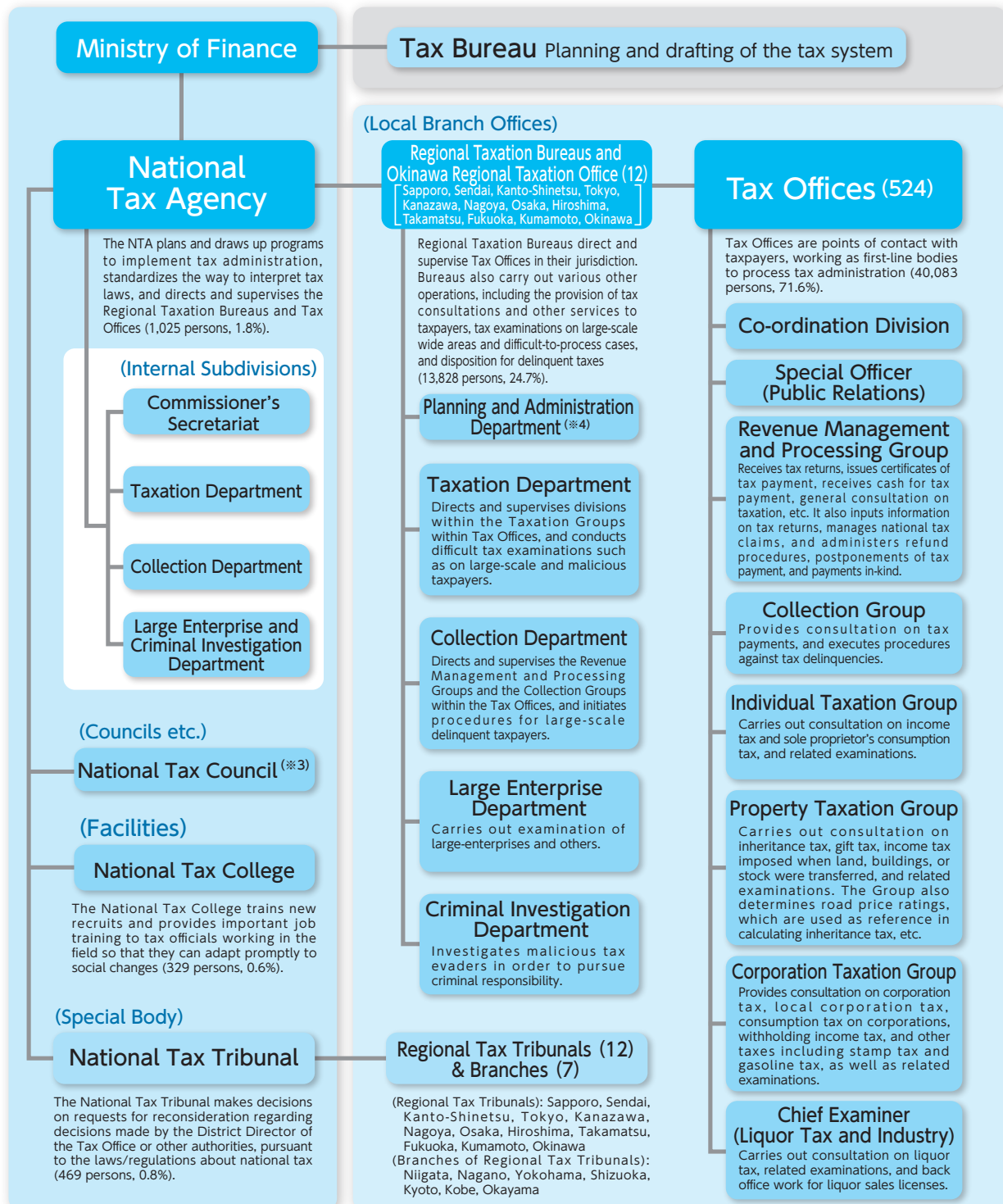
(2) NTA budget and number of personnel

The NTA initial budget in FY2021 stands at 636.5 billion yen, with salary costs amounting to 556.6 billion yen and general expenses 79.9 billion yen.

The headcount at the NTA stayed at around 52,000 from the late 1970s through the 1980s. Thereafter, the number increased, as consumption tax was introduced in 1989. The number hit a peak, 57,202 in FY1997 since FY1989, and the agency has a headcount of 55,954 in FY2021.

(3) Organizational structure of administrative authorities for national tax

The NTA supervises 12 Regional Taxation Bureaus and 524 Tax Offices throughout Japan to process tax administration^(※1, ※2)



※1 The headcount and percentage indicated in each department represents the prescribed number of personnel, and its percentage of the overall number of personnel in the NTA (FY2021).

※2 The prescribed number of personnel of 55,954 people in the NTA includes the prescribed number of personnel of 220 people (0.4%) to promote employment of people with disabilities.

※3 The National Tax Council addresses the following: ① deliberation of cases in which the NTA Commissioner does not recognize the opinion of the Director-General of the National Tax Tribunal as reasonable, where the Director-General of the National Tax Tribunal determines the case by interpreting laws differently from the notification issued by the NTA Commissioner; ② implementation of CPTAs examination and decision on the disciplinary actions applied to CPTAs; and ③ deliberations on the establishment of labeling standards for liquor, and other matters.

※4 The Office of Submission Processing Center (tentative name) (hereinafter referred to as "operation center") will be established in July 2021. For details, see Column 6 on page 34.