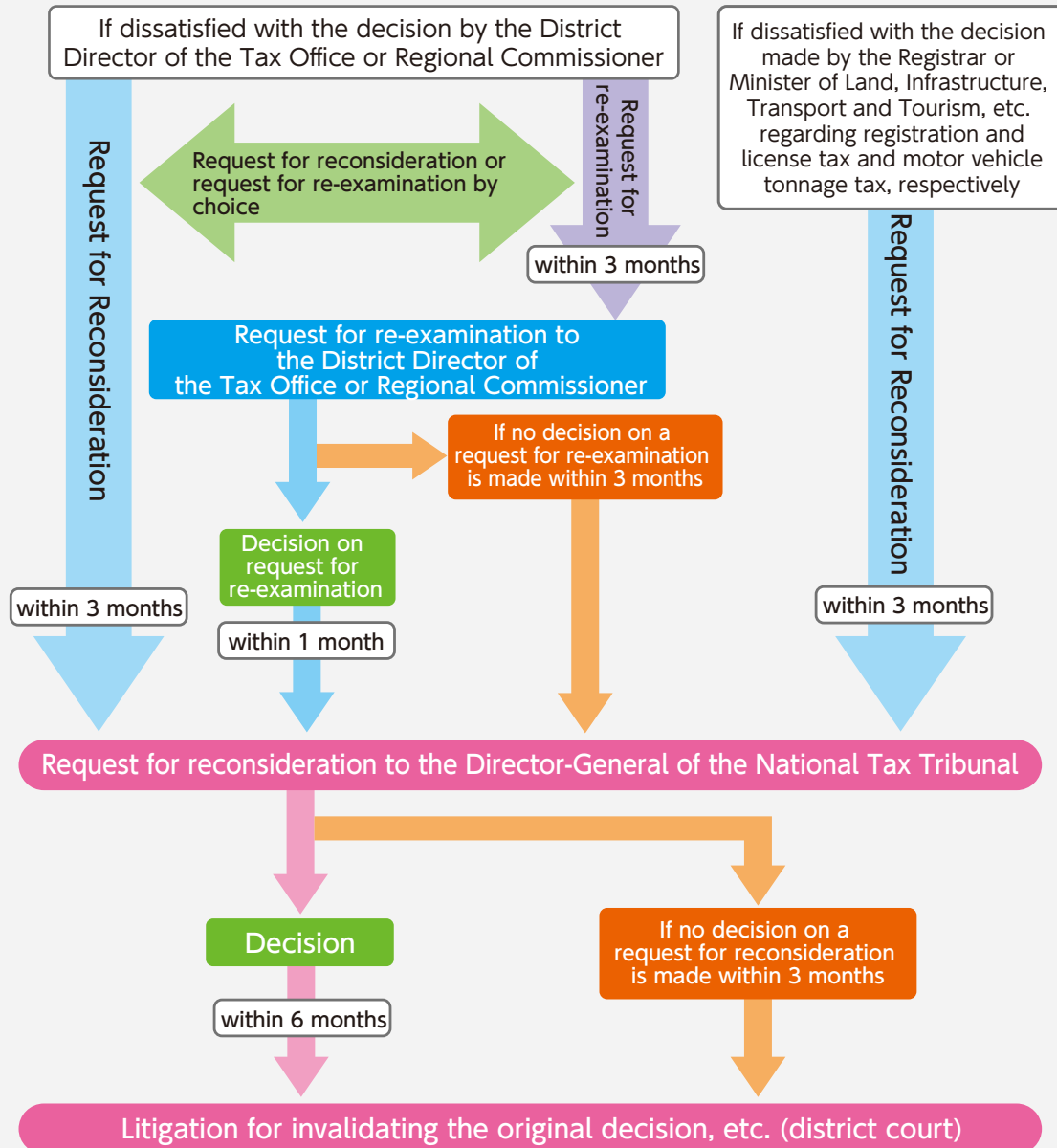


~ The request for review system for national tax ~

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



IV Remedy for Taxpayer Rights

(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 ~

Request for Reconsideration is a system whereby when a taxpayer is dissatisfied with a disposition decision by the District Director of the Tax Office, the taxpayer can file an objection with the Director-General of the National Tax Tribunal. Missions of the National Tax Tribunal are as follows: pursue remedy of the legitimate rights and interests of taxpayers as an organization of a fair third party; and contribute to ensuring the proper operation of tax administration. Thus, for such request, it undertakes an examination, discusses it, and renders a verdict on it.

It is noteworthy that 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, because of dissatisfaction with this decision.

※ 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 voices as complaints, dissatisfactions, or inquiries on problems they have regarding other operations of Tax Offices, Regional Taxation Bureaus, and the NTA or the tax matters in general, in addition to request for review of disposition decisions made by the NTA. Concerning such complaints, etc. received from taxpayers, the NTA strives to respond promptly and adequately from the viewpoint of each taxpayer as well as to ensure that taxpayers properly understand and rely on the tax administration.

The NTA appoints Taxpayer Support Officers to properly respond to taxpayer complaints on disposition decisions that might affect taxpayers' rights and interests, for example by explaining the procedures to remedy taxpayer rights.

(4) Trend in remedies for taxpayer rights

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

a. 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** Result in FY2022: 99.5% of requests for re-examination were closed within 3 months. 1,371 re-examinations were requested in FY2022 (1,226 on taxation and 145 on tax collection). Of these, 4.6% of taxpayer claims were approved in whole or in part.

b. Request for reconsideration

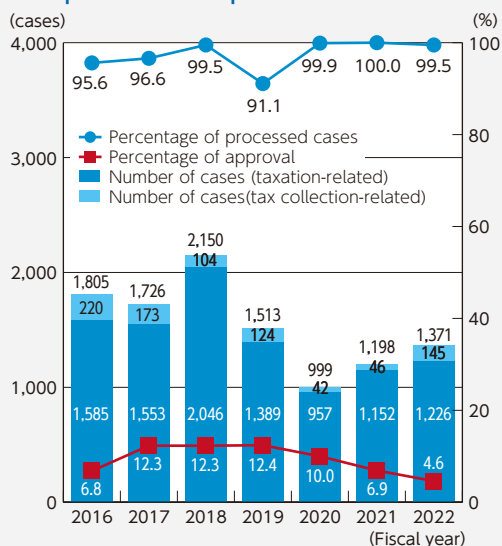
- **Target** The NTA and the National Tax Tribunal have set the standard length of deliberations for a request for reconsideration to 1 year and are striving to finish processing requests for reconsideration within 1 year in principle.
- **Result** Result in FY2022: 95.4% of requests for reconsideration were closed within 1 year. There were 3,159 requests for reconsideration in FY2022 (3,018 on taxation and 141 on tax collection). Of these, 7.1% of taxpayer claims were approved in whole or in part.

c. Litigation

For litigation, 186 cases were closed in FY2022 (157 on taxation, 25 on tax collection, and 4 on the National Tax Tribunal). Of these, 5.4% of taxpayer claims were approved in whole or in part.

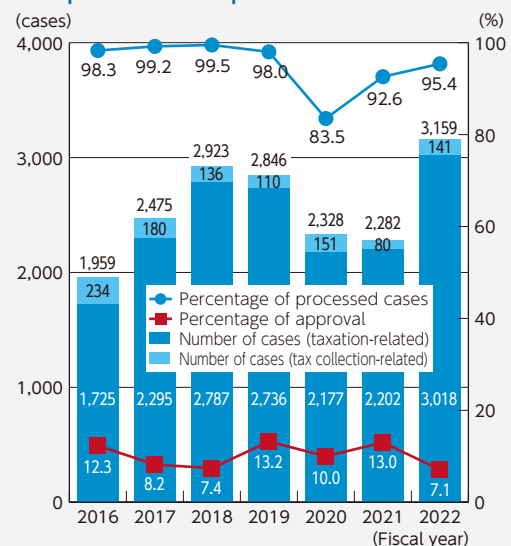
※ The NTA and the National Tax Tribunal provide information such as overviews of the requests for re-examination, the requests for reconsideration and litigation and cases of decisions on requests for reconsideration. These are on the NTA website and on the National Tax Tribunal website (<https://www.kfs.go.jp> [in Japanese]).

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



- ※1 Percentage figures of processed cases were calculated excluding MAP(Mutual Agreement Procedure)cases, public prosecution-related cases and international taxation cases, as well as, in FY2020 and ensuing years, cases in which re-examination requests could not be processed within three months due to interruptions by natural disasters, etc. or taxpayers' conditions.
- ※2 Pursuant to the revision of related laws in June 2014, "objection" was renamed to "request for reconsideration" and it took effect in April 2016.
- ※3 Data on numbers include the number of "objections" as well.

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



- ※ Percentage figures of processed requests in FY2017 onward were calculated by excluding the case suspension period for such cases as MAP cases and public prosecution-related cases. Also, for FY2021, calculation was done excluding not only the above period but also the period when examination and/or discussion were interrupted due to natural disasters, etc. or the conditions of those who requested for reconsideration.