Digital Transformation for Tax Administration

The NTA released "Digital Transformation for Tax Administration: Future Vision of Tax Administration 2.0" (https://www.nta.go.jp/about/introduction/torikumi/digitaltransformation/index.htm [in Japanese]) (hereinafter "Future Vision 2.0") in June 2021, to clarify our policy for handling the "fundamental reviews of national tax-related procedures and TO BE status of relevant operations using digital (digital transformation for tax administration)" (hereinafter "DX").
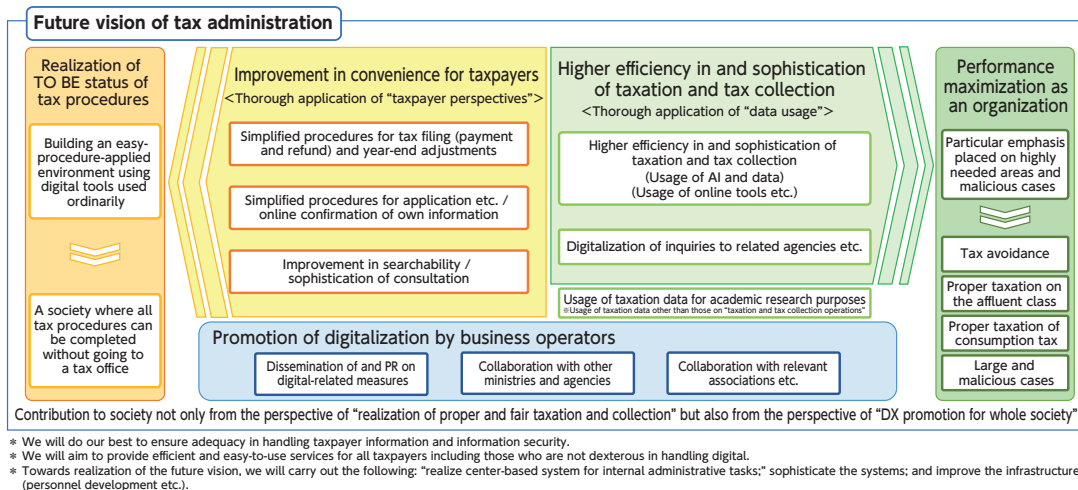
In June 2023, Future Vision 2.0 was revised, for demonstrating that we will further promote DX for tax administration, in accordance with three pillars: that is, two earlier pillars ("improvement in convenience for taxpayers" and "higher efficiency in and sophistication of taxation and tax collection") plus a new pillar "promotion of digitalization by business operators" (Digital Transformation for Tax Administration: Future Vision of Tax Administration 2023).

Digital Transformation for Tax Administration
: Future Vision of Tax Administration 2023
[in Japanese]

Digital Transformation for Tax Administration: Future Vision of Tax Administration 2023

◆ We will promote digital transformation for tax administration (that is, fundamental reviews of national tax-related procedures and TO BE status of operations) such as digitalization of tax procedures and data usage in operations.
◆ We will promote DX for whole society starting from taxation, through facilitating digitalization for operations of business operators.
➡ We will contribute to society from the perspective of "DX promotion for whole society" as well, in addition to the perspective of "realization of proper and fair taxation and collection."

Future vision of tax administration

Realization of TO BE status of tax procedures
Building an easy-procedure-applied environment using digital tools used ordinarily
⌄
A society where all tax procedures can be completed without going to a tax office

Improvement in convenience for taxpayers <Thorough application of "taxpayer perspectives">
Simplified procedures for tax filing (payment and refund) and year-end adjustments
Simplified procedures for application etc. / online confirmation of own information
Improvement in searchability / sophistication of consultation

Higher efficiency in and sophistication of taxation and tax collection <Thorough application of "data usage">
Higher efficiency in and sophistication of taxation and tax collection (Usage of AI and data) (Usage of online tools etc.)
Digitalization of inquiries to related agencies etc.
Usage of taxation data for academic research purposes
※Usage of taxation data other than those on "taxation and tax collection operations"

Promotion of digitalization by business operators
Dissemination of and PR on digital-related measures | Collaboration with other ministries and agencies | Collaboration with relevant associations etc.

Performance maximization as an organization
Particular emphasis placed on highly needed areas and malicious cases
⌄
Tax avoidance
Proper taxation on the affluent class
Proper taxation of consumption tax
Large and malicious cases

Contribution to society not only from the perspective of "realization of proper and fair taxation and collection" but also from the perspective of "DX promotion for whole society"

※ We will do our best to ensure adequacy in handling taxpayer information and information security.
※ We will aim to provide efficient and easy-to-use services for all taxpayers including those who are not dexterous in handling digital.
※ Towards realization of the future vision, we will carry out the following: "realize center-based system for internal administrative tasks;" sophisticate the systems; and improve the infrastructure (personnel development etc.).

1 Improvement in convenience for taxpayers

We will aim to build an environment that enables even those who are not familiar with tax to carry out procedures easily and conveniently using a digital tool used ordinarily (smartphone, tablet, PC, etc.). As such, we will pursue various measures, more treasuring the "taxpayer perspectives" than ever.

As an approach for that, we set an assumed typical model of taxpayer (persona), to obtain a bird's eye view of the whole actual flow for a taxpayer to "confirm whether declaration is necessary or not, find the necessary procedures, make an inquiry, submit a tax return, and pay taxes" as well as to enable optimum improvements for UI/UX; and specify a customer journey for the persona to implement tax

procedures. Through it, we are visualizing the current problems and considering improvement measures.

As concrete measures, we are promoting the following: simplify the declaration and application procedures (expansion of the range of items that can be entered automatically, etc.) towards realization of "Japanese version of pre-filled tax return" (tax return not requiring description); sophistication of search and consultation using digital, etc.

2　Higher efficiency in and sophistication of taxation and tax collection

Data are the sources of wisdom, value, and competitive edge; they also are positioned as the clues used to solve social challenges in Japan, which is an advanced country in addressing new challenges. In tax administration, too, we think it is important to improve efficiency in and sophisticate the operations using data (or on the premise of data usage) as well as to tackle the challenge of BPR.

Therefore, we will not only proactively use data but also actively leveraging online tools in carrying out tasks, including the scenes of taxation and tax collection. Also, we will expand data-used information exchange for inquiries to other entities such as local governments and financial institutions, through promoting digitalization.

Also, from the viewpoint of effective use of data, we are considering the ways to use taxation data for academic research purposes as well.

3　Promotion of digitalization by business operators

Powerful promotion of digitalization of all transactions of business operators or of all accounting processes, etc.: This is regarded as one of the important challenges for the whole government to tackle.

Regarding the administrative tasks processed by business operators in daily operations (those related to economic transactions, those processed by back office), if they can be completed by digital consistently, it is expected each business operator can enjoy huge advantages such as improved accuracy through prevention of simple errors and improved productivity through higher operational efficiency. In addition, it is expected it could contribute to management sophistication at each business operator.

Therefore, we are also promoting the measures to encourage business operators to pursue operational digitalization, in addition to digitalization of tax procedures.

If economic transactions and operations are digitalized, and if an environment is established where efficient digital processing is enabled consistently including tax processing, productivity improvement would be realized at business operators; as a result, digitalization of other business operators would be encouraged, and both tax procedures and operations would see further digitalization. This means creation of a "virtuous cycle in that promotion of digitalization leads to further digitalization." Thus, if it occurs, we could expect it will lead to DX promotion for whole society and advantages of digitalization will spread to whole society.

We are endeavoring to help business operators promote respective operational digitalization, from the perspective of enabling digitalization of whole business process of business operators, with an eye on the fact that such efforts have social implications in that they could contribute to DX promotion for whole society.

About the NTA

Digital Transformation for Tax Administration

Enhancement of Services for Taxpayers and Efficiency of Tax Administration

Proper and Fair Taxation and Collection

Remedy for Taxpayer Rights

Liquor Administration

Ensuring Proper Administration of Services by CPTAs

Implementation of Results Evaluation (Evaluation of Policies)

Statistics