

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

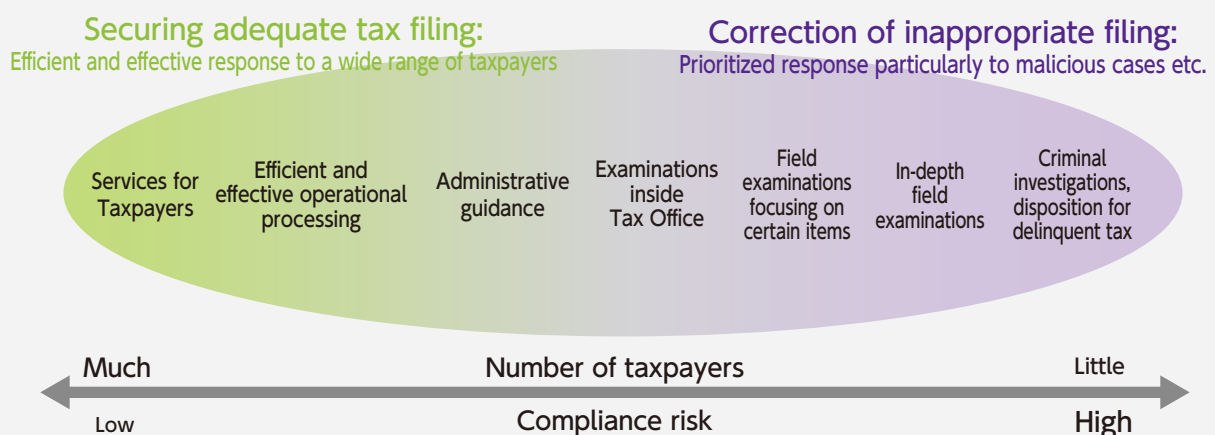
**Tax professionals who take on a difficult challenge holding the mission to heart**

- 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 Thoughts on management of tax administration

Given that the tax administration is becoming increasingly complex and challenging, to appropriately fulfill the afore-mentioned mission and duties of ours, we believe it important to perform the operations efficiently and effectively, by using digital technology and based on taxpayer compliance risk etc, while recognizing the following as the two pillars in the tax administration: ① “Securing adequate tax filing” through simple contacts with a wide range of taxpayers for administrative guidance (using a document or over the phone) and through enhanced taxpayer services; and ② “Correction of inappropriate filing” through executing rigorous examinations and coercive collection for delinquent taxes particularly targeting malicious taxpayers.

### Two pillars in the tax administration



Therefore, we will pursue the following initiatives.

## NTA Initiatives

### (1) Enhancement of services for taxpayers

- Work to provide excellent means for filing and payment using ICT, such as e-Tax (Online National Tax Return Filing and Tax Payment System), filing assistance on the NTA website, and cashless payments.
- Provide the necessary information needed for filing via the NTA websites etc. so that taxpayers can correctly file and pay their taxes themselves.
- Work to improve an environment and provide support to enhance tax education, in cooperation with the relevant ministries, agencies, educators and private organizations.
- 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.

### (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 improve administrative efficiency and reduce costs.
- Constantly review operational procedures by using digital technology, toward simplification of operations and improvement in efficiency. At the same time, promote the use of e-Tax which will contribute to improving taxpayer convenience as well.
- Thoroughly control administrative documents and information.
- 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.

### (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, 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.
- Ensure the proper and prompt handling of review requests, while promoting the development of a review system that is accessible and user-friendly for all.

### (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 strengthens 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, 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 countermeasures 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) Results evaluation (Evaluation of Policies) 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.

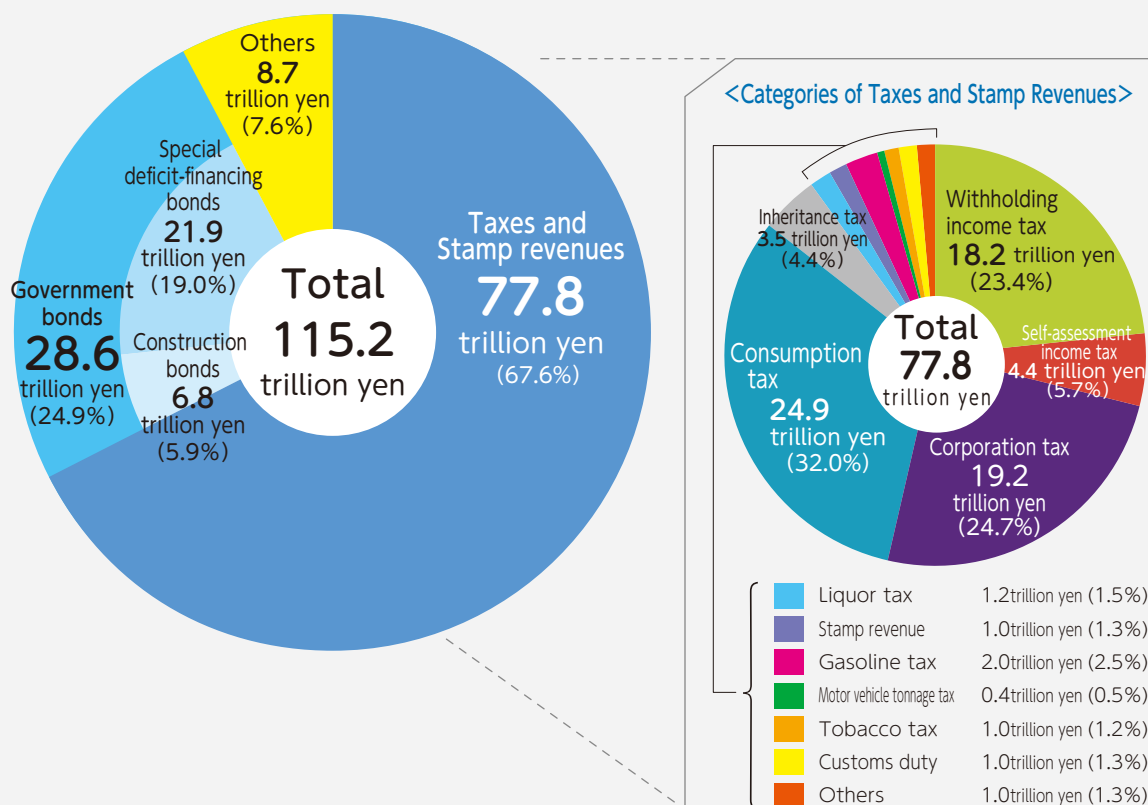
### 3 Overview of the national tax organization

#### (1) National revenue and taxes

National revenue (initial budget for general account revenues) for FY2025 stands at 115,197.8 billion yen, of which 77,819 billion yen is from taxes and stamp revenues.

The income tax, corporation tax, and consumption tax account for about 90% of tax revenues.

■ National revenue (FY2025 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 For national expenditures, please refer to "Thinking about Fiscal Management for Japan's Future" posted on the website of the Ministry of Finance. (<https://www.mof.go.jp/zaisei/> (in Japanese))

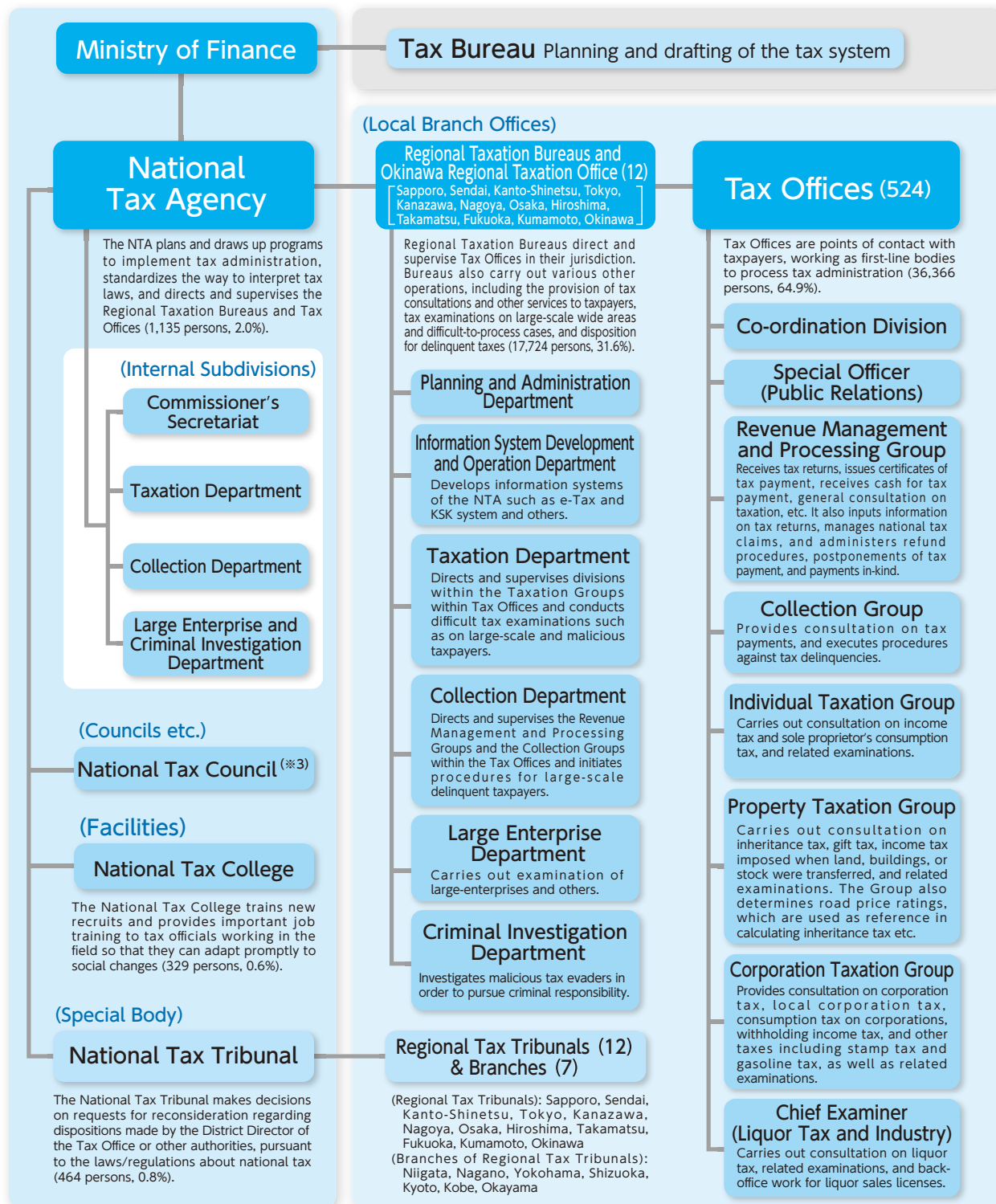
#### (2) NTA budget

The NTA initial budget in FY2025 stands at 636 billion yen, with salary costs amounting to 556.6 billion yen and general expenses 79.4 billion yen.



### (3) Organizational structure and number of personnel of the NTA

The NTA supervises 12 Regional Taxation Bureaus and 524 Tax Offices throughout Japan to process national tax administration. Also, the authorized capacity for manpower of the NTA is 56,018 persons for FY2025.<sup>(※ 1, ※ 2)</sup>



※ 1 The headcount and percentage indicated in each department represents the prescribed number of personnel, and its percentage (rounded off) of the overall number of personnel in the NTA (FY2025).

※ 2 The prescribed number of personnel for Tax Offices is 36,366, which includes a quota of 220 positions (0.4%) designated to promote the employment of persons 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 etc. ; and ③ deliberations on the establishment of labeling standards for liquor, and other matters.