

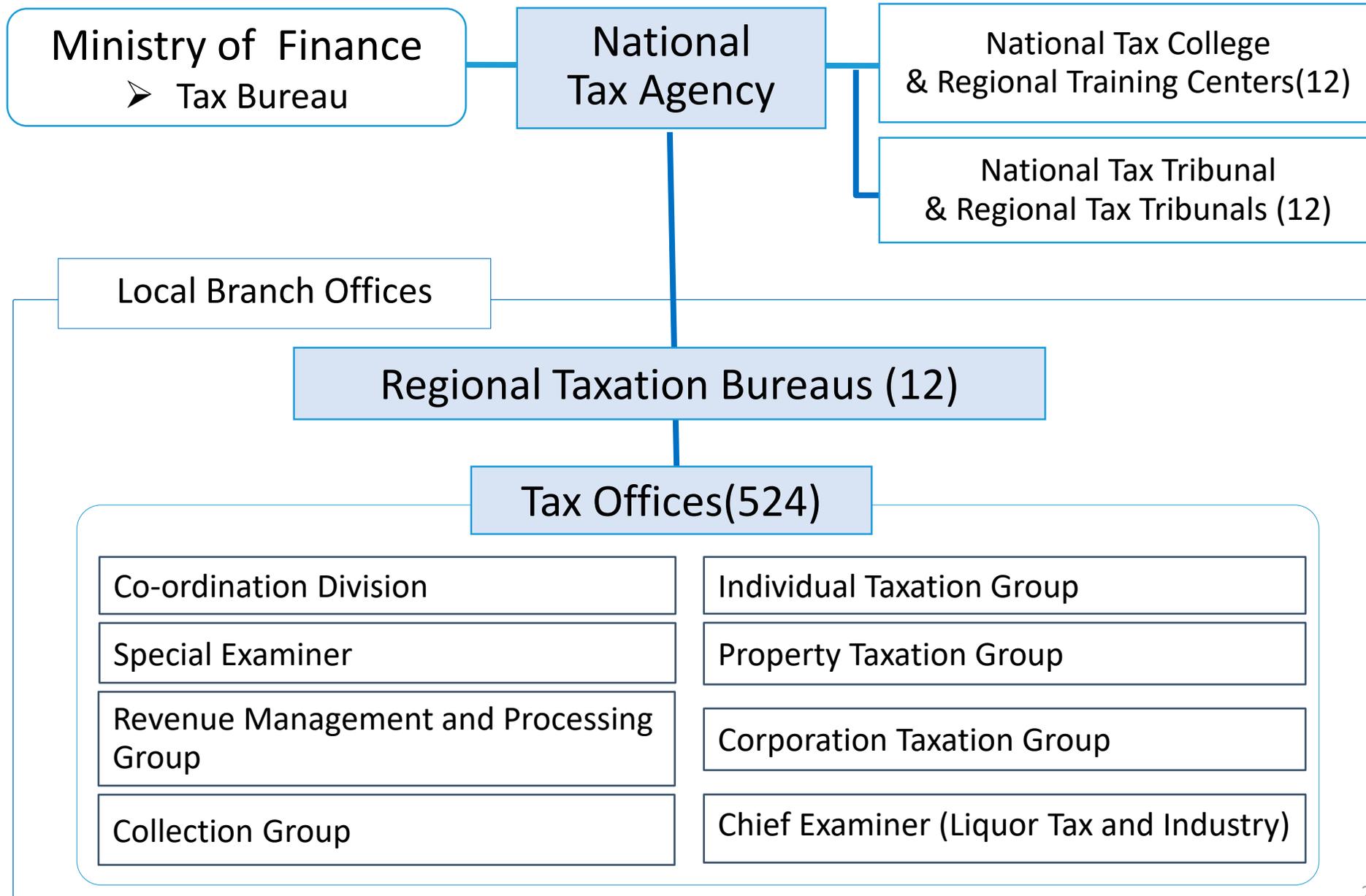
Future Vision of NTA's Tax Administration



National Tax Agency (NTA), Japan

10th IMF-Japan High-Level Tax Conference for Asian Countries
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Organizational Structure



The function of organization for improving compliance

National Tax Agency (NTA/Head Quarter)

- Plan initiatives to improve taxpayer compliance and prepare the administrative guideline
- With respect to examinations especially, designate areas with high compliance risk (e.g., the affluent class, no filing of tax returns, globalization, consumption tax) to be addressed by the entire Agency and thoroughly inform RTBs of these areas through executive meetings such as the National Commissioners Meeting

Report/Feedback

Instruction/
Supervision

Regional Taxation Bureaus (RTB/Regional Head Quarter)

- Taking situations in each divisions into account, give instructions on how to deal with key issues to be addressed not only functional basis but also on **cross-functional** basis to improve compliance
- With respect to examinations, prepare the administrative guideline including specific key industry types to be examined and examination daily reports

Report/Feedback

Instruction/
Supervision

Tax offices (Front line to taxpayers)

- Administer examinations focusing on key industry types in accordance with instructions from RTBs
- Implement measures of their own, giving attentions to major industries in the jurisdiction, specific areas/industry types, and specific attributes
- Maintain or improve taxpayer compliance using measures other than examinations such as taxpayer education

Future Vision of Tax Administration ~Achieving a Smart Tax System~

Changes in socio-economic environment

Development of ICT and AI

Introduction of “My Number System”*

Globalization of economic transactions

NTA staff reduction/Increase in tax filing

Greater complexity and difficulties in tax audit and collection

Objectives

*Japan’s individual identification number system introduced in 2015

In order to achieve taxpayers’ understanding and trust as well as their appropriate filing and payment, it is important to make clear the future vision of the tax administration from the perspective of its transparency and to make steady progress toward the future vision.

Future vision

Future vision

(Through greater utilization of ICT, enhance taxpayers’ convenience and efficiency of tax administration, and achieve tax payers’ trust.)

Adapting to ICT society

Full digitization of tax procedures



Tax procedures can be completed without visiting tax office



Greater convenience for taxpayers (“Smooth and Speedy”)



Provision of customized information

Automated tax consultation

Promotion of digital filing and payment

Enhanced efficiency and sophistication of taxation and collection (“Intelligent”)

Automated checking of filing contents

Offsite correction of minor errors

Application of AI in tax audit and collection

Tackle with important tax issues:

International tax avoidance

Proper taxation to the affluent

Large scale/malicious tax fraud

Revamping of NTA’s IT systems

Centralization of internal administrative functions

Coordination and collaboration with local governments

* This future vision describes the image of tax administration, approximately 10 years from now, based on the premise that revamping of IT system and greater cooperation with external organizations can be achieved. The NTA will work towards its realization in stages by enhancing taxpayers’ convenience through promoting digital tax filing and payment, while introducing AI technologies. In the process, NTA will also continue to pay due attention to the needs of the IT system users, i.e. the taxpayers.

Reference numbers

Number of income tax returns filed (number of returns filed for years)

	1989	2016	Vs. 1989
Number of returns filed (in tens of thousands of cases)	1,697	2,169	+ 472 (approx. 1.3 times)
Of which refund cases (in tens of thousands of cases)	659	1,258	+ 599 (approx. 1.9 times)

Number of companies (as of the end of operation year)

	1989	2016	Vs. 1989
Number of companies (in tens of thousands of companies)	235	308	+ 73 (approx. 1.3 times)

Number of regular employees (Accounting year)

	1997 (peak time)	2017	Vs. 1997 (peak time)
Number of regular employees (persons)	57,202	55,667	-1,535 (down approx. 2.7%)

* Operation year refers to a period from July of a given year to the end of June of the following year.

Number of persons with self-assessed income of over 100 million yen (number of return filers for years)

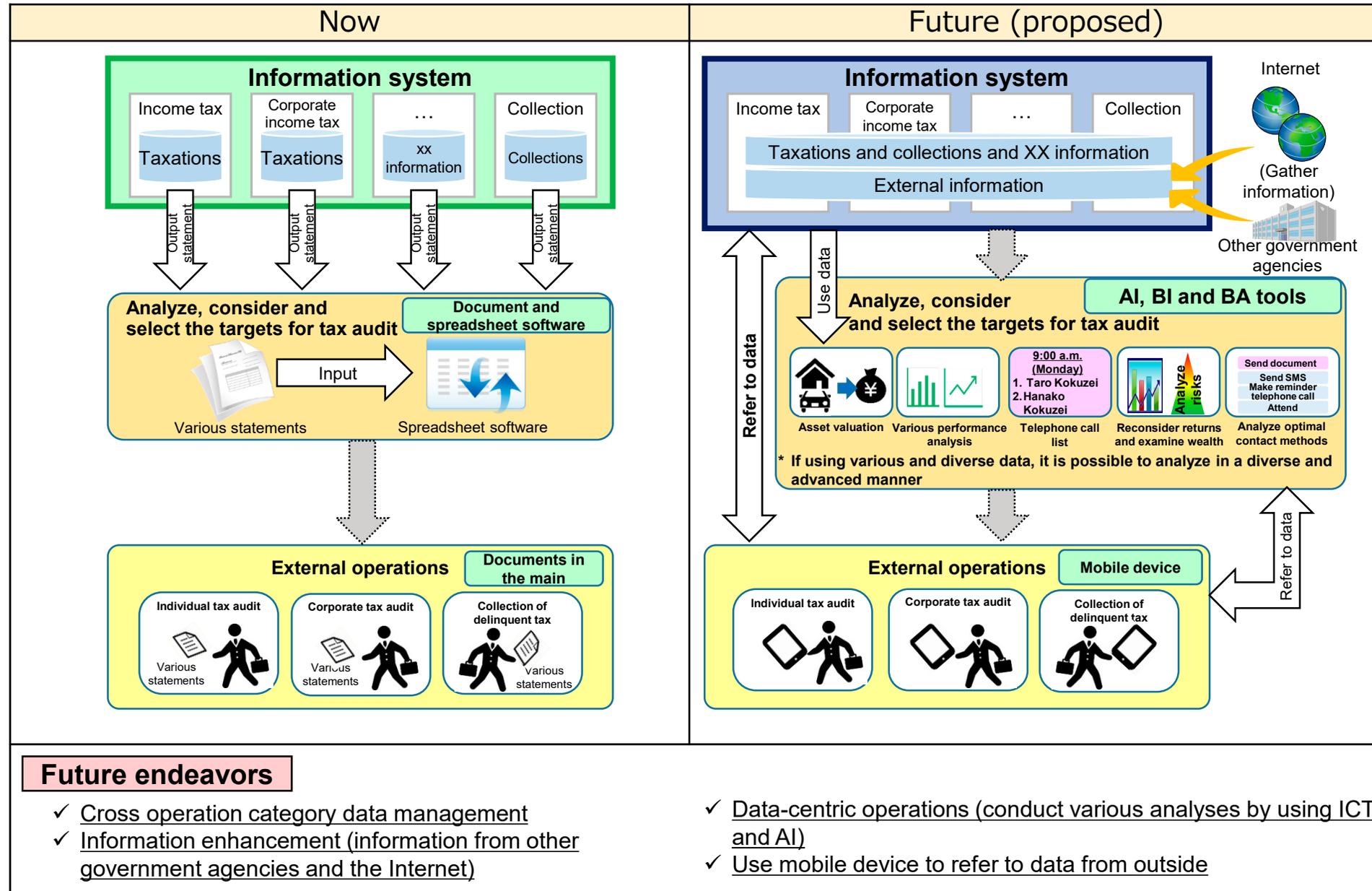
	2007	2016	Vs. 10 years ago
Income amount of over 100 million yen (persons)	17,057	20,501	+ 3,444 (approx. 1.2 times)

Number of persons with inheritance taxation value of over 100 million yen (number of return filers for years)

	2007	2016	Vs. 10 years ago
Number of persons with taxation value of over 100 million yen (persons)	36,988	42,954	+ 5,966 (approx. 1.2 times)

* The numbers of persons above are those for a return form involving an inheritance tax amount

Use ICT and AI for tax audit and collection



* The future plan (proposed), now being under consideration, could potentially be revised, going forward.