



# *Challenges for Japan's Tax Administration*

---

Presented by:  
IZAWA Nobuaki  
National Tax Agency, Japan

11<sup>th</sup> IMF-Japan High-Level Tax Conference for Asian Countries  
Session on International Taxation – Challenges for Tax Administration  
June 16, 2021

# “Future Vision” of Japan’s Tax Administration

In 2017, the National Tax Agency (NTA) of Japan released on its website its vision (“Future Vision”) on how to enhance its capacity to tackle with a variety of challenges it faces. The NTA periodically updates and publishes progresses made after the initial release.

## Background:

- Rapid increase in physical volume of operations dealing with taxpayer over years
- Resource constraint in the NTA
- Need to follow up external changes including development of ICT and globalization and digitalization of economies, which eventually put further pressures on enforcement activities

Number of individual income tax returns filed (in tens of thousands)

	1989	2019	Difference
Number of returns	1,697	2,204	+ 507 (1.3 times)
Of which concerns refund	659	1,303	+ 644 (2.0 times)

Number of corporations as of the end of year (in tens of thousands)

	1989	2019	Difference
Number of corporations	235	317	+ 82 (1.3 times)

Number of NTA staff

	1997 (peaked)	2020	Difference
Number of regular employees	57,202	55,953	-1,249 (- 2.2%)

Number of persons who filed an income tax return with income over 100 million yen

	2008	2019	Difference
Number of persons	15,139	23,550	+ 8,411 (1.6 times)

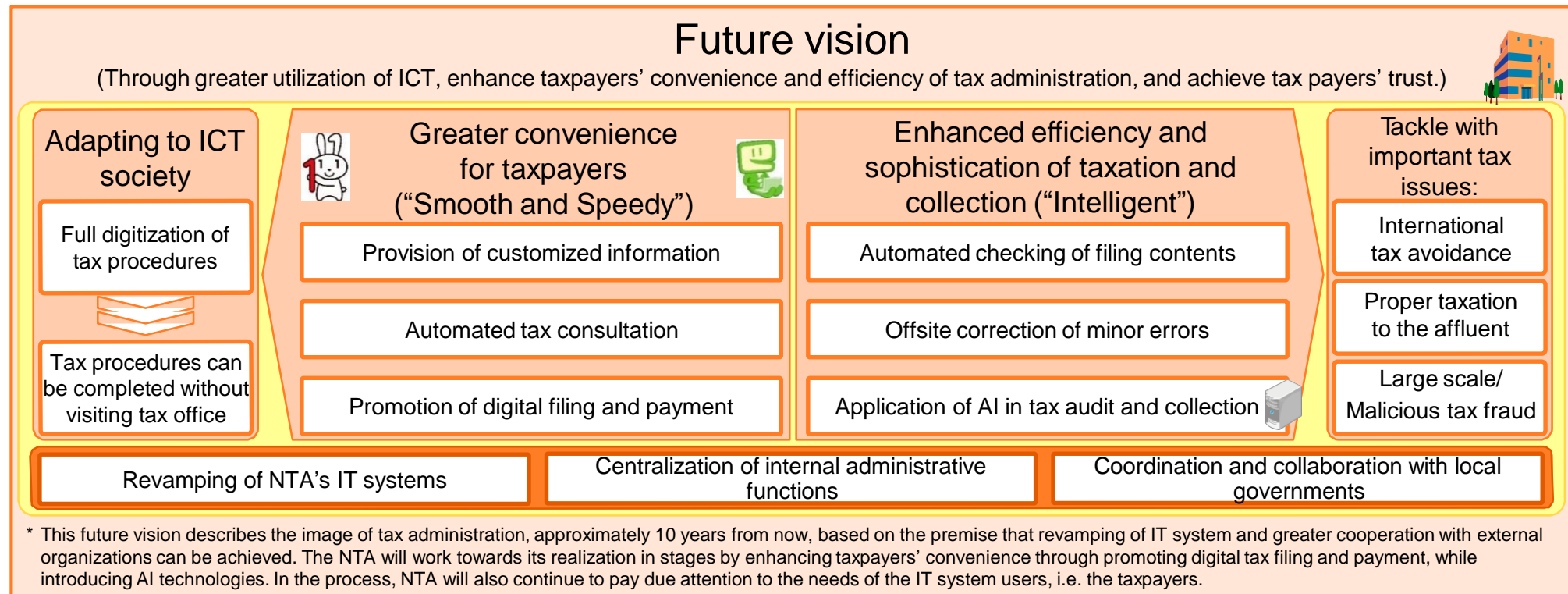
Number of persons who filed an inheritance tax return with taxable value of over 100 million yen

	2008	2019	Difference
Number of persons	37,204	47,576	+ 10,302 (1.3 times)

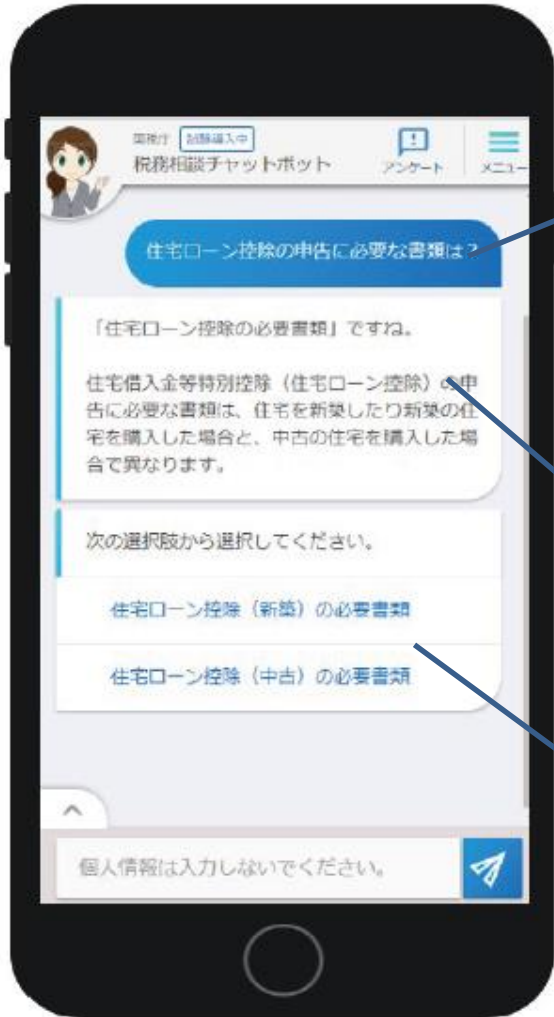
\* Years refers to operational years that start from July and end in June of the following year, except for the table for the number of NTA staff for which accounting years (April-next March) are used.

# “Future Vision” of Japan’s Tax Administration

Several blocks of conceptual goals are set and the overall plan contains a series of concrete measures to achieve each goal.



# Chat-bot: automated consultation services



**Question from taxpayer:**

Necessary documents  
to deduct housing loan?

**Answer from Chat-bot:**

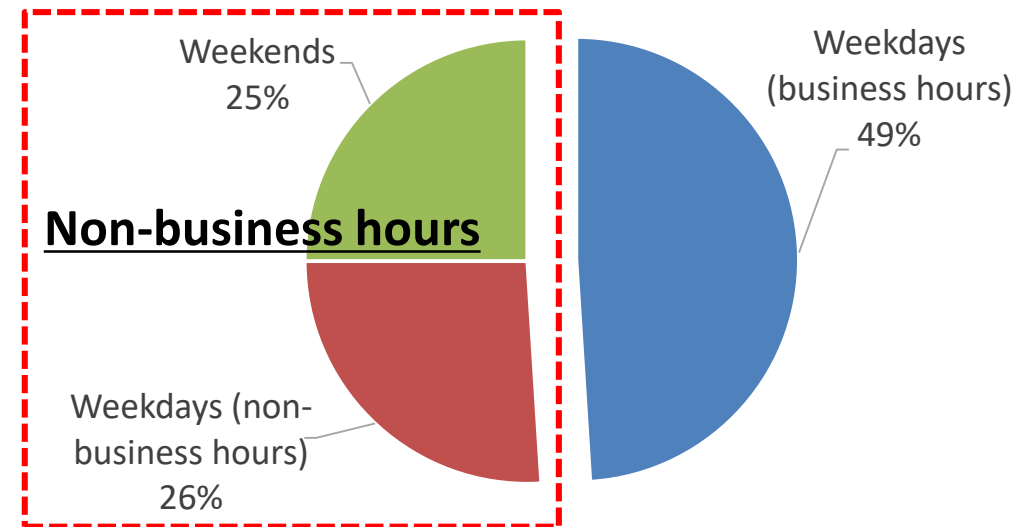
Necessary documents for filing  
depend on whether you bought a  
new house or secondhand.

Select one of the following options:

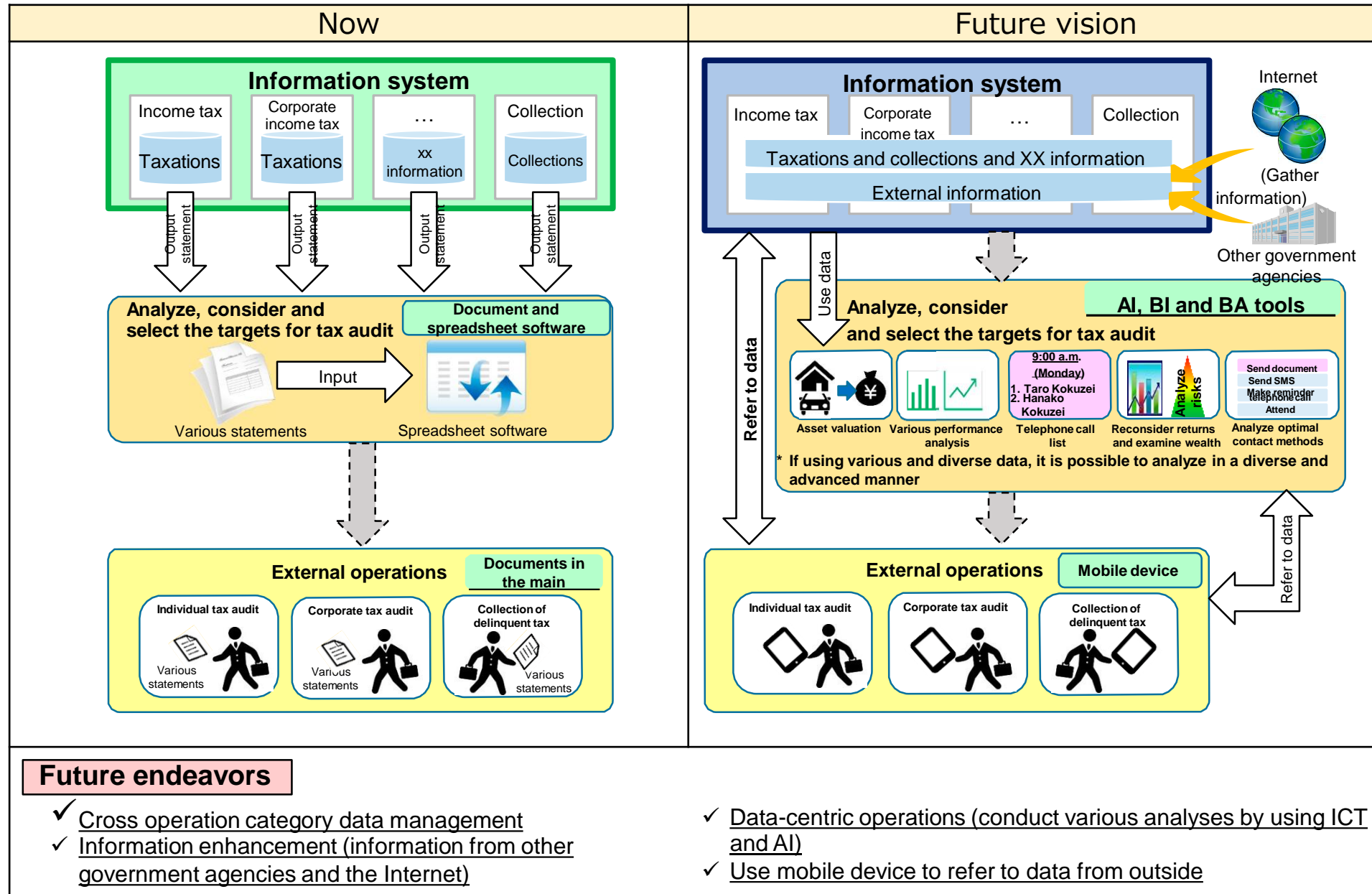
- Tax deduction of a **new** house
- Tax deduction of a **secondhand** house

January – May 2020

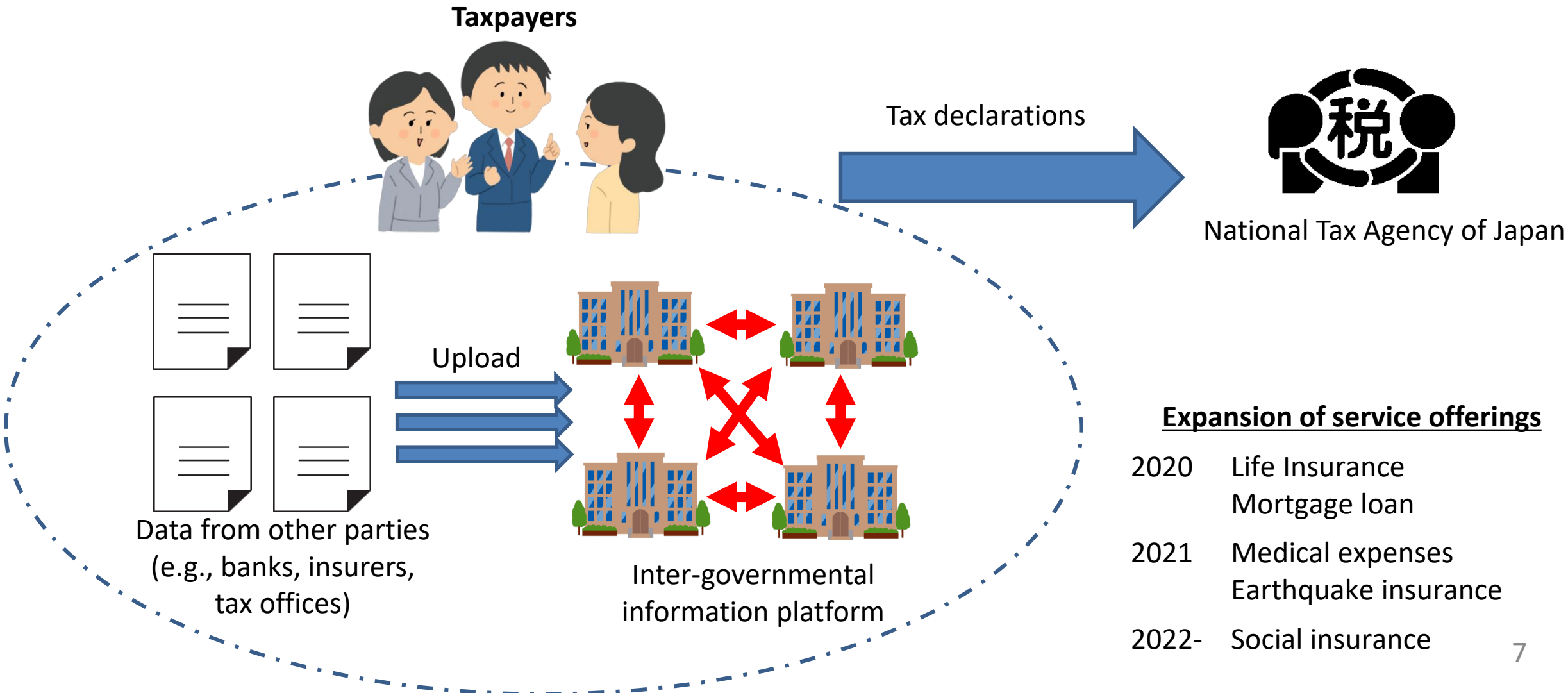
**400,000** inquiries  
from **86,000** taxpayers



# Development of ICT and AI tools for enforcement activities



# Data exchange at inter-governmental information platform



# Enhancing Capacity to Administer International Taxation

## Information aspects

- Proper and effective use of tools introduced in relation to the OECD/G20 BEPS Action plan
  - Common Reporting Standard (CRS), Country-by-Country Reports (CbCRs)
- Enhanced use of exchange of information under tax treaties
- Development of ICT and AI tools in line with the “Future Vision” of the NTA

## Resource aspects

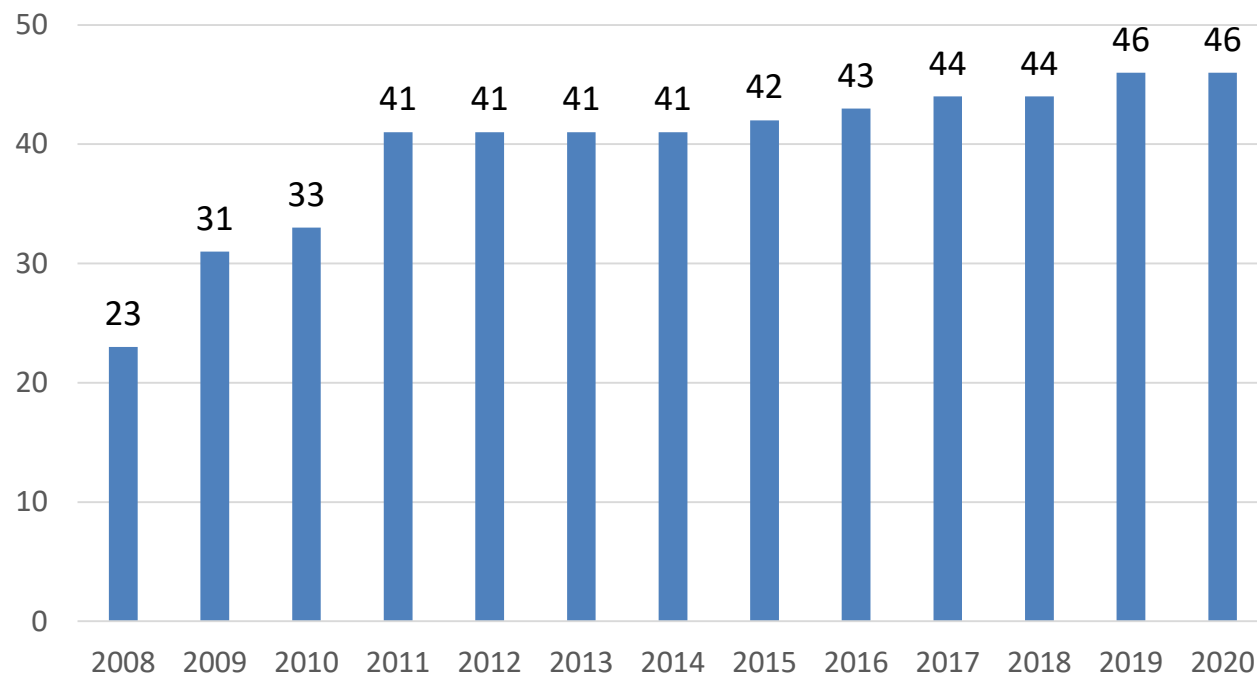
- Focus areas of strategical importance
- Staff training



# Strengthening MAP Function

Strengthening the function for Mutual Agreement Procedures (MAP) is a key to stabilize administration of transfer pricing cases and other treaty-related issues.

**Number of personnel working for the MAP office**



Besides the MAP office, there are more than 70 people at regional bureaus working for analyzing and processing MAP-APA applications.

In total, more than 110 people are engaged in preventing and/or resolving disputes on cross-border double taxations.

\* Years refers to operational years that start from July and end in June of the following year.

# Collaboration with Asian Tax Authorities Concerning Staff Training

## ■ Status of trainings conducted in Japan

(number of countries, people)

		2015	2016	2017	2018	2019
International Seminar on Taxation (ISTAX) (General)	Countries	16	15	15	14	16
	People	16	15	15	14	16
International Seminar on Taxation (ISTAX) (Advanced)	Countries	9	8	9	9	11
	People	9	10	9	9	11
Country-Focused Training Courses in Tax Administration	Countries	3	4	4	6	3
	People	56	96	79	86	32
International Taxation for Asian Countries	Countries	6	7	6	5	7
	People	8	11	12	7	7
Practicum at the NTA	Countries	14	9	11	11	12
	People	18	15	15	17	15



\* Years refers to accounting years that start from April and end in March of the following year.