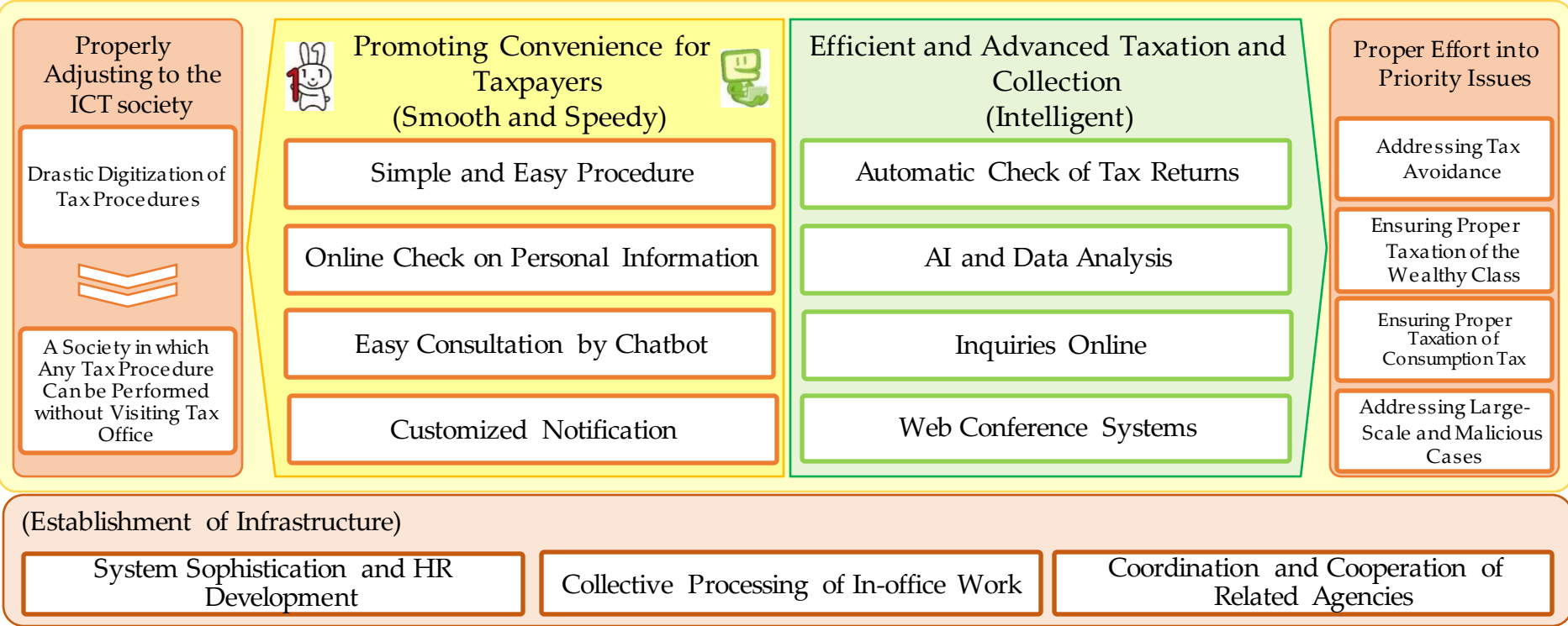
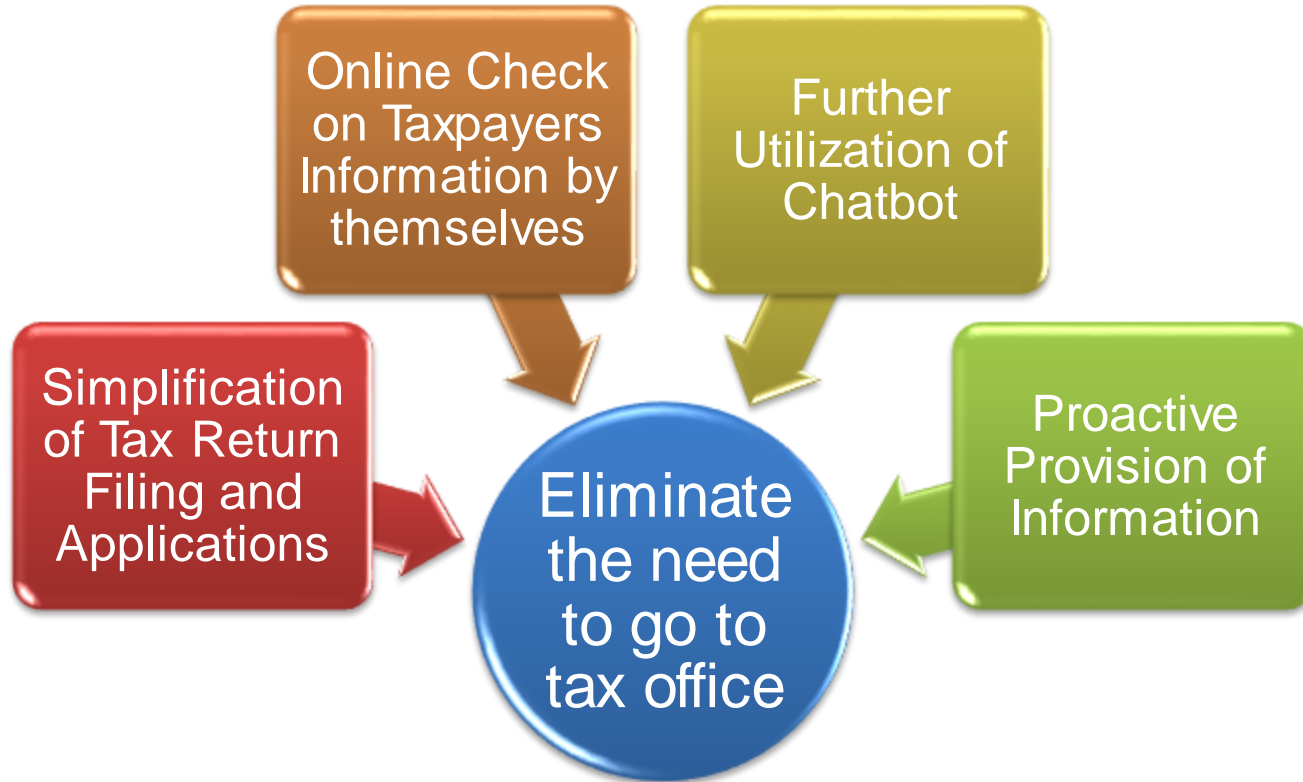


Future Vision of Tax Administration 2.0*

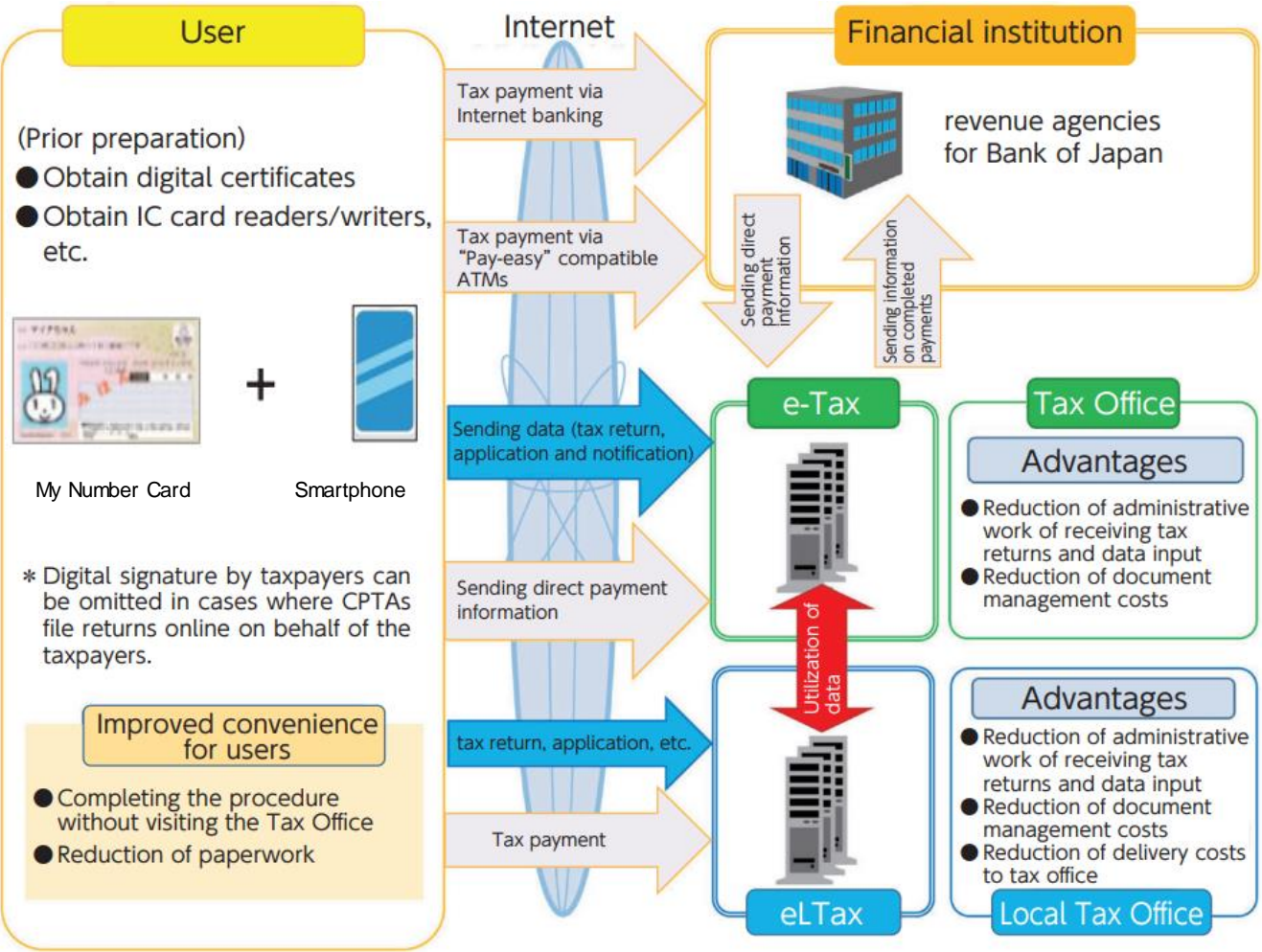


*"Future Vision of Tax Administration" was originally published in 2017 and has been updated in 2021.

Enhancing Convenience for Taxpayers

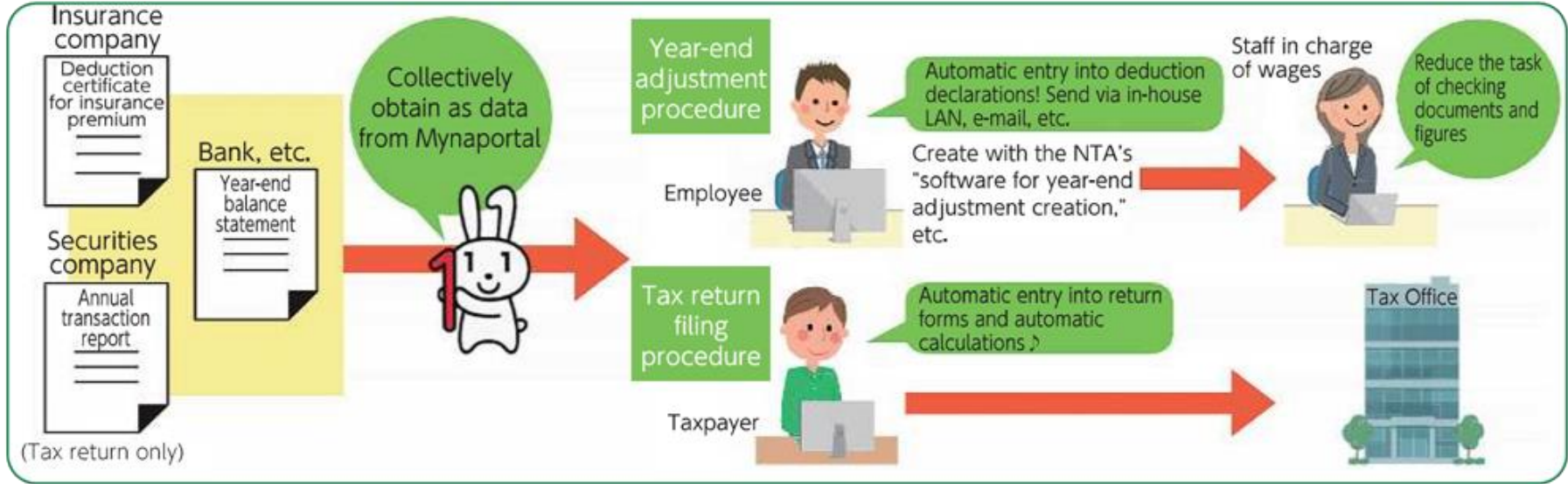


e-Tax (online national tax return filing and tax payment system)



Simplification of Tax Return Filing and Applications

Automatic input into tax returns and year-end adjustment



Mynaportal: An online site operated by the government which enables users to complete various administrative procedures in one stop and check notifications from government organizations.

Further Utilization of Chatbot

The chatbot will answer questions regarding individual income tax return and year-end adjustment.

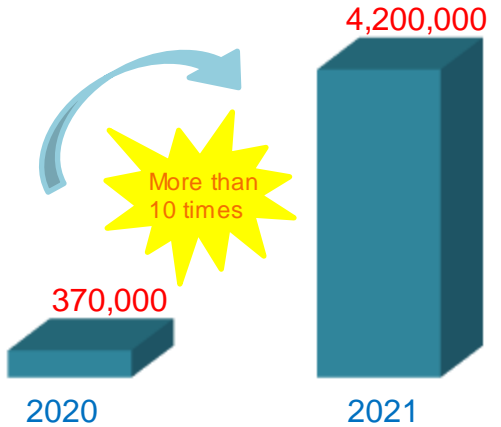


Tax staff FUTABA

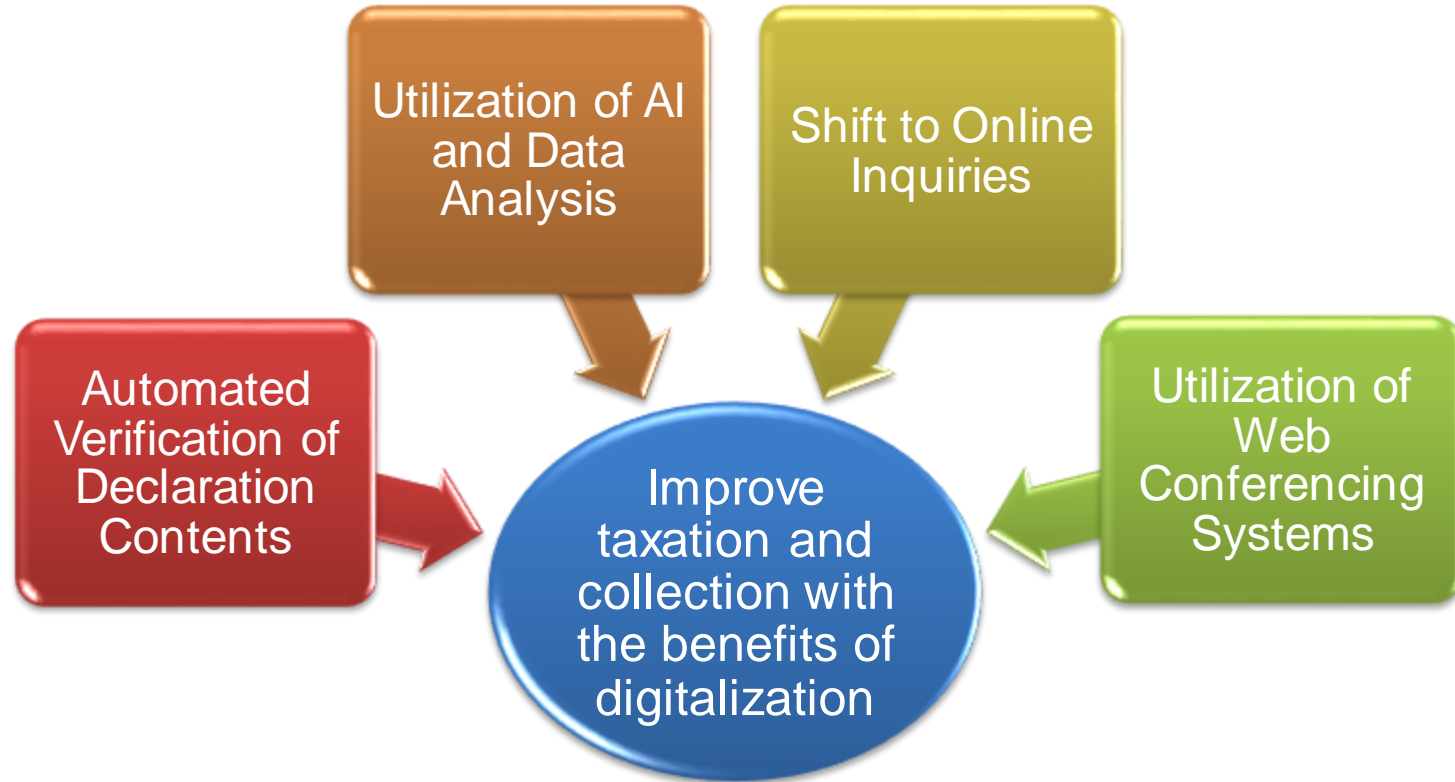


Taxpayers can casually ask questions concerning taxes at any time of the day, by selecting questions from a drop down menu or writing them in a text box, and access information published on the NTA website more immediately.

Number of questions received through Chatbot



Efficient and Advanced Taxation and Collection



Automatic Check of Tax Returns

An effort is underway to be able to find out mistakes effectively by matching the contents declared by taxpayers with various data possessed by the NTA.

(Example: Excess or shortage of the amount of withholding tax)

Taxpayer's employee



① Submission of withholding certificate

<Data of withholding certificate>
(Payee)
Name: A, Individual Number: 1234
Amount paid: JPY XXX
Withholding tax amount: JPY 300,000

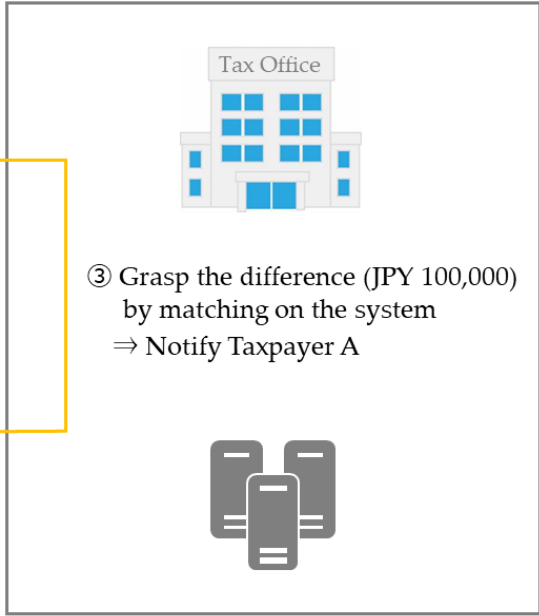


Employee (taxpayer) A

② Tax return filing

<Data for tax return filing>
Name: A, Individual Number: 1234
Revenue amount: JPY XXX
Withholding tax amount: JPY 200,000

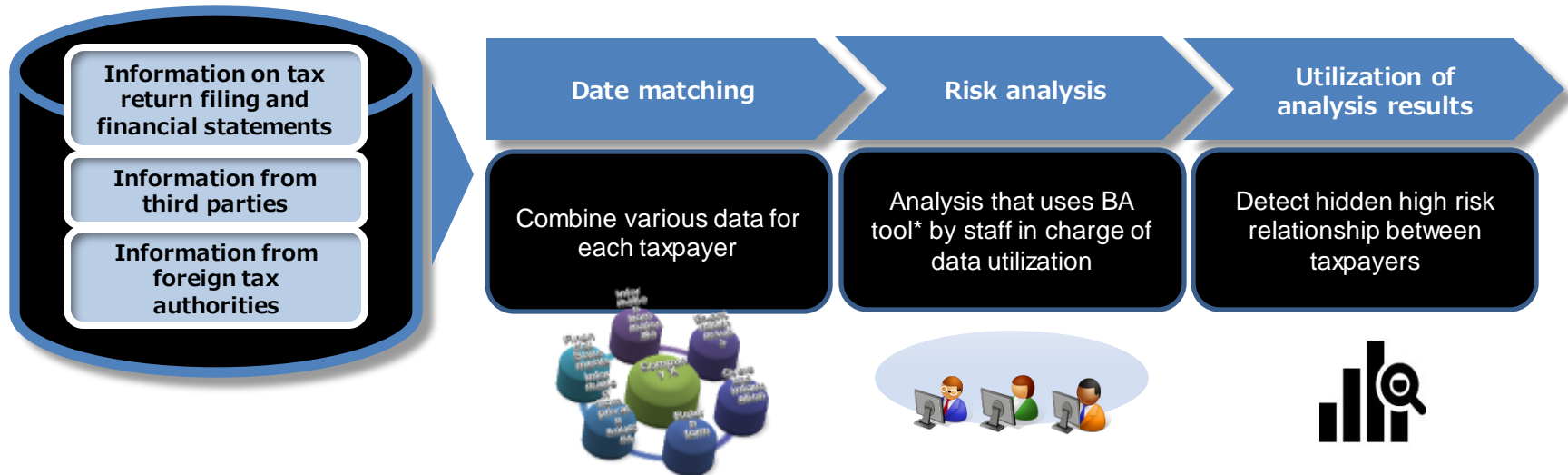
Tax office



Utilization of AI and Data Analysis

The NTA is working on increasing efficiency and sophistication in taxation and tax collection by

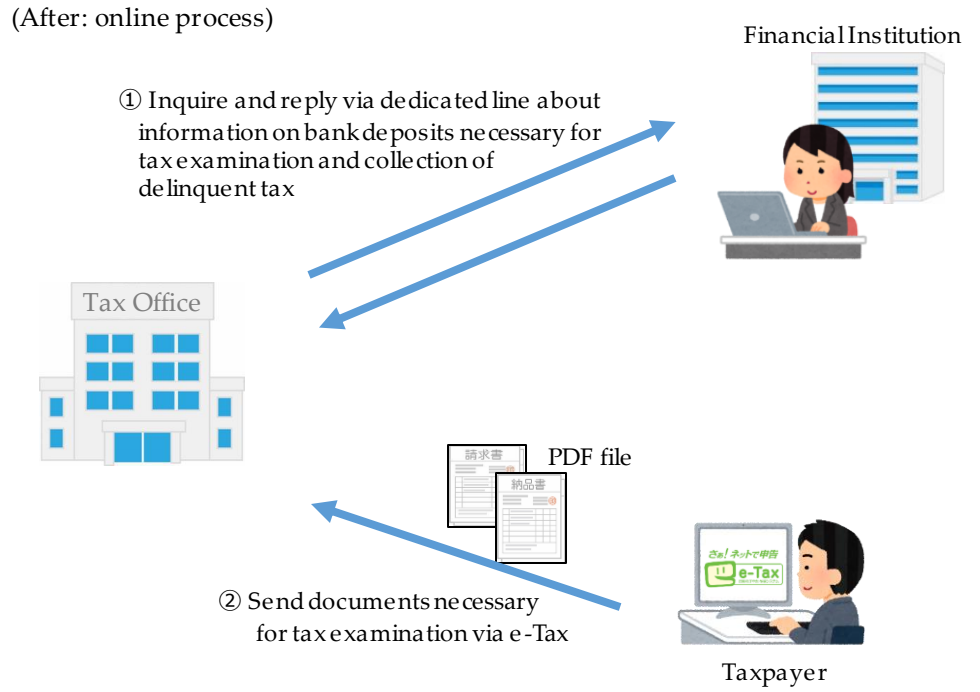
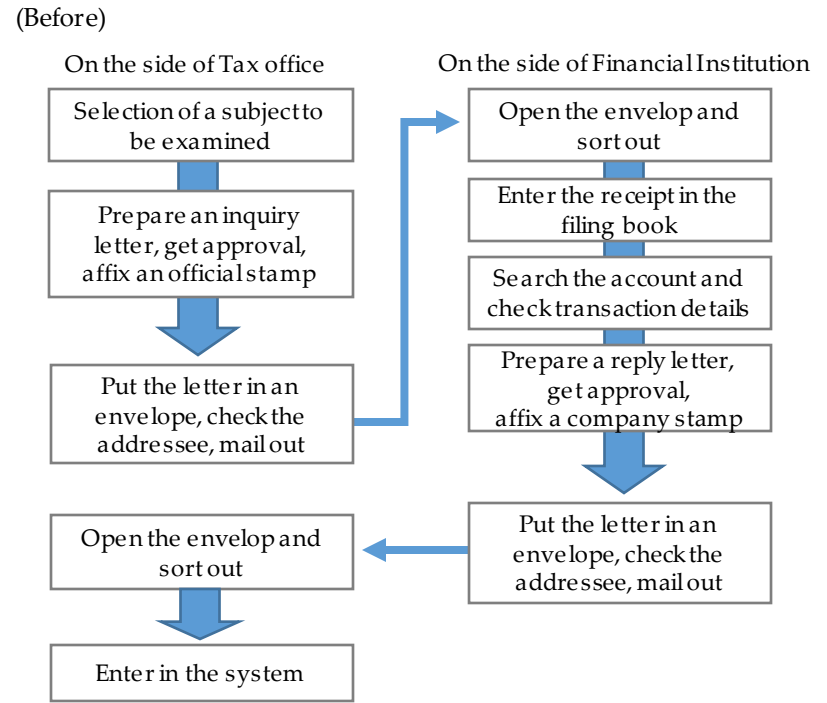
- ✓ identifying taxpayers who are likely to make errors or omissions in their tax return and
 - ✓ selecting an approach that meets the status of delinquent taxpayers
- through analyzing a broad range of data with a view to utilizing AI in the future.



* BA (Business Analytics) tool: A tool that analyzes data by employing the technologies of statistical science, machine learning, etc.

Online Inquiries

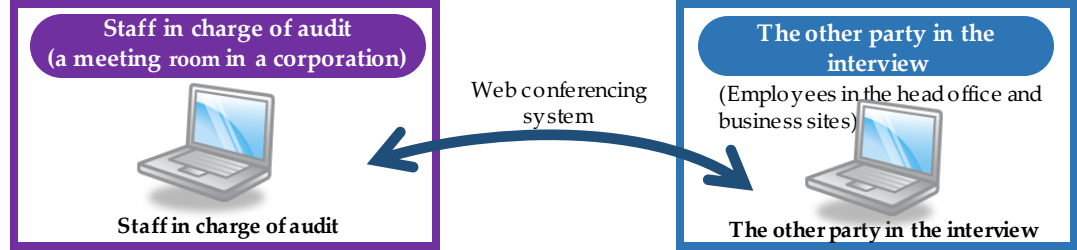
To improve efficiency in public and private business operations, the NTA allowed the following procedures that had been performed in writing or in person to be completed online: (1) Inquiry to financial institutions about bank deposits, etc. and (2) submission of necessary materials during tax examinations.



Web Conferencing Systems (Remote audit)

With the permission from taxpayers, remote tax audits are conducted for large corporations using web conferencing systems to improve the efficiency. The NTA also intends to expand the use of remote audit by preparing necessary equipment and improving the environment.

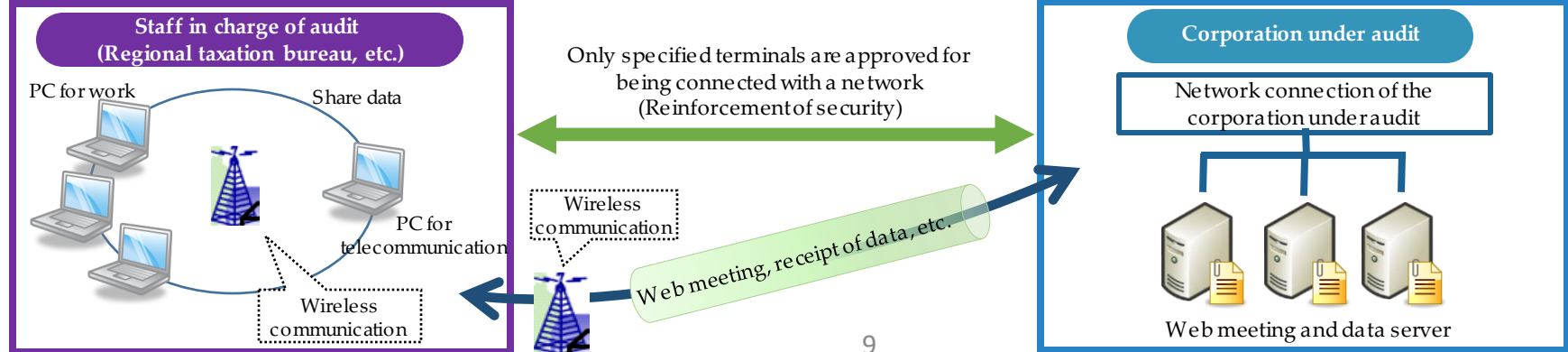
Example of utilizing Web conferencing systems

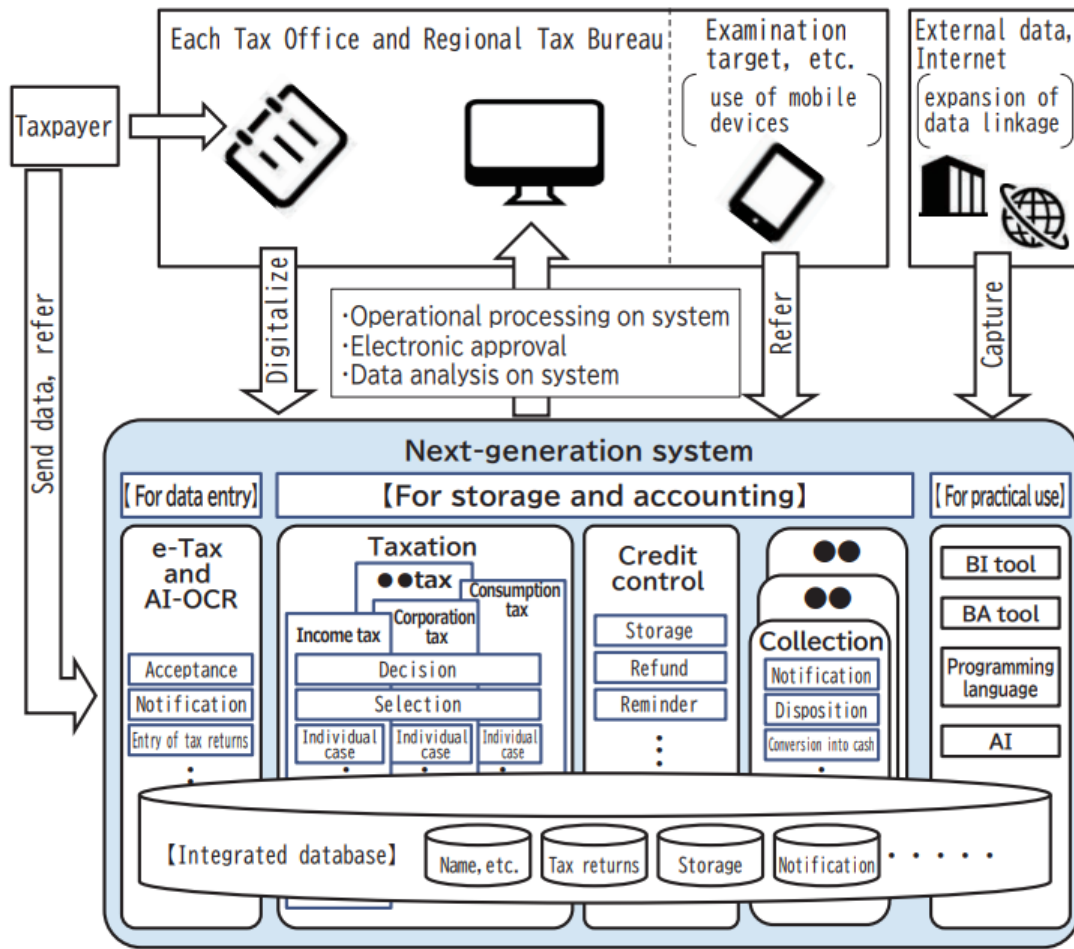


Premises for utilizing Web conferencing systems

- The other party needs to understand that there is a risk resulting from the vulnerability of the system as confidential information is exchanged during tax audit
- A corporation under audit uses the said Web conferencing system in its everyday work including exchanges of confidential information
- In places that a corporation under audit manages and controls, this system should be utilized within the scope of security policy by leveraging the equipment and online settings that the other party uses

Example of remote audit





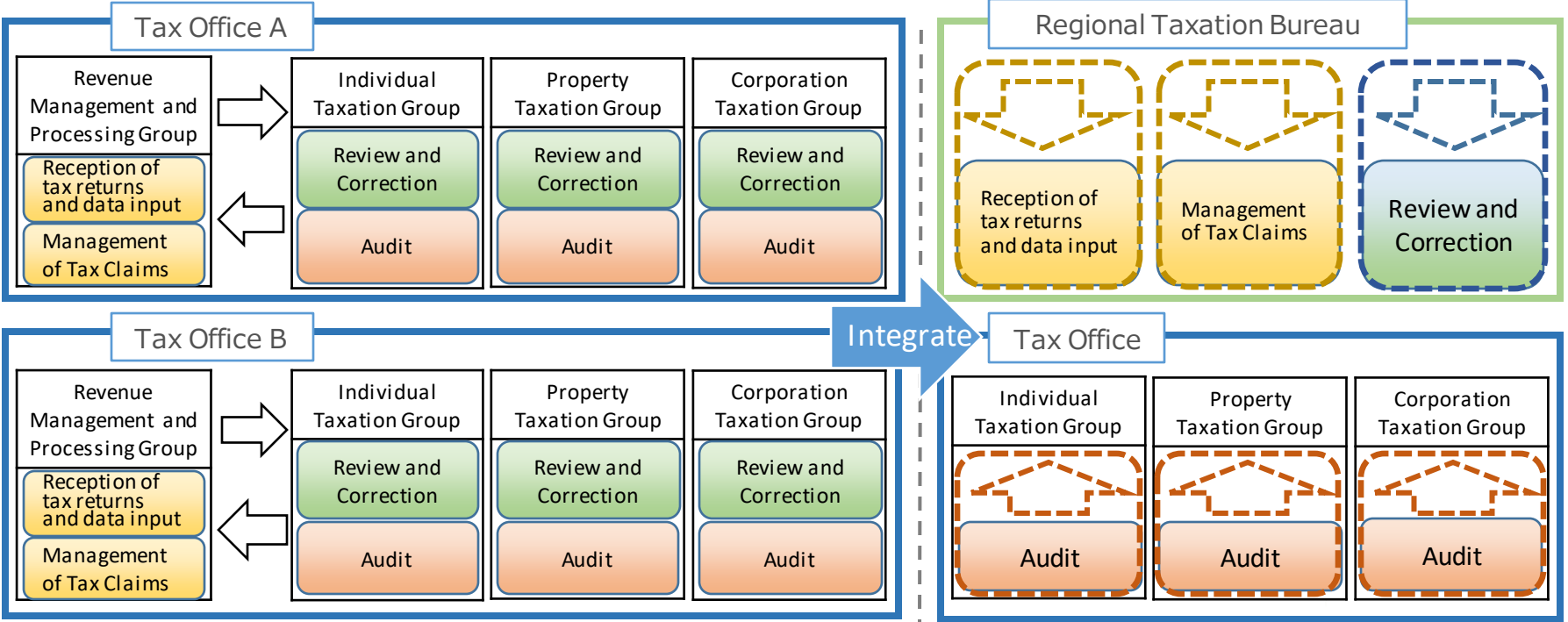
* The above is a logical image and does not indicate the physical positions of functions and structure.

System Sophistication: Next-generation system

The new core system to be introduced in 2026.

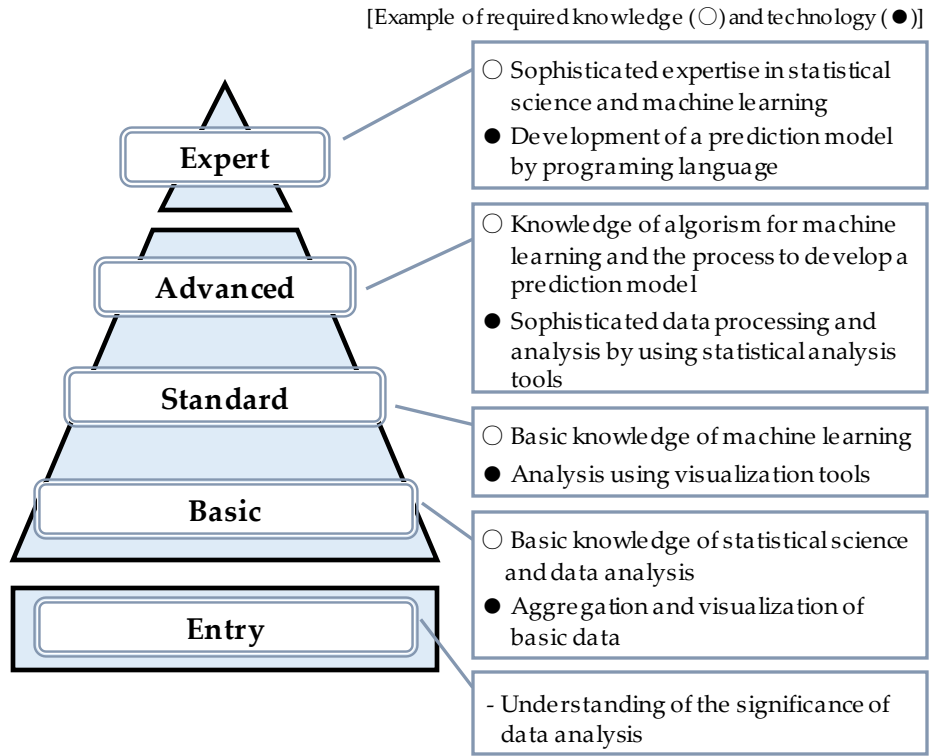
Centralization of Internal Administrative Tasks (IAT)

- It aims to reorganize the IAT currently performed by taxation type into the ones performed by function of the tasks and to consolidate multiple tax offices' administrative tasks.
- Combined with the introduction of the Next-generation system, it will realize the simplification and standardization of procedures of the IAT.



HR development

➤ Training system based on the level of data literacy



➤ Established a new recruitment category specific for science and technology area.



Advantages

Realization of a fairer society

- Enables the NTA to identify the taxpayer who gained the income through any legal records.
- The NTA can recognize the taxpayers' income more accurately.

Improved administrative efficiency

- Reduces the administrative burden on processing tax return (including related documents and attachments).
- Tax return inquiry or examination selected by utilizing AI and analytic tools.

Enhanced public convenience

- Tax return filing through a smartphone, using a smartphone-friendly dedicated site.
- Various payment methods (direct payment, internet banking, credit card, Pay-easy compatible ATMs, etc.).