

**The 5<sup>th</sup> ITD Global Conference**

**8A. Tax Administration at Lower Levels of Government**



**Tax Administration of  
Japanese Local Government**

---

**Megumi Kashiwagi**

**The Canon Institute for Global Studies**

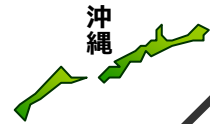
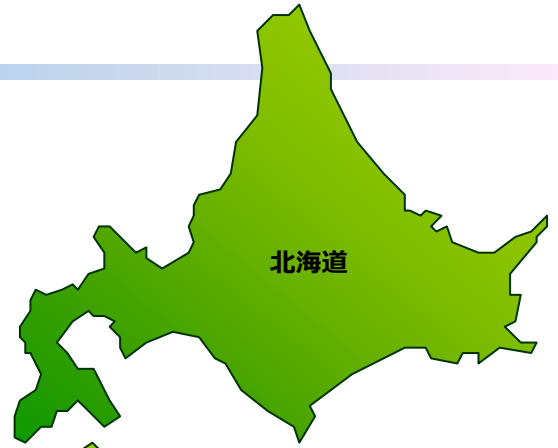
**Tokyo, Japan**

[Kashiwagi.megumi@canon-igs.org](mailto:Kashiwagi.megumi@canon-igs.org)

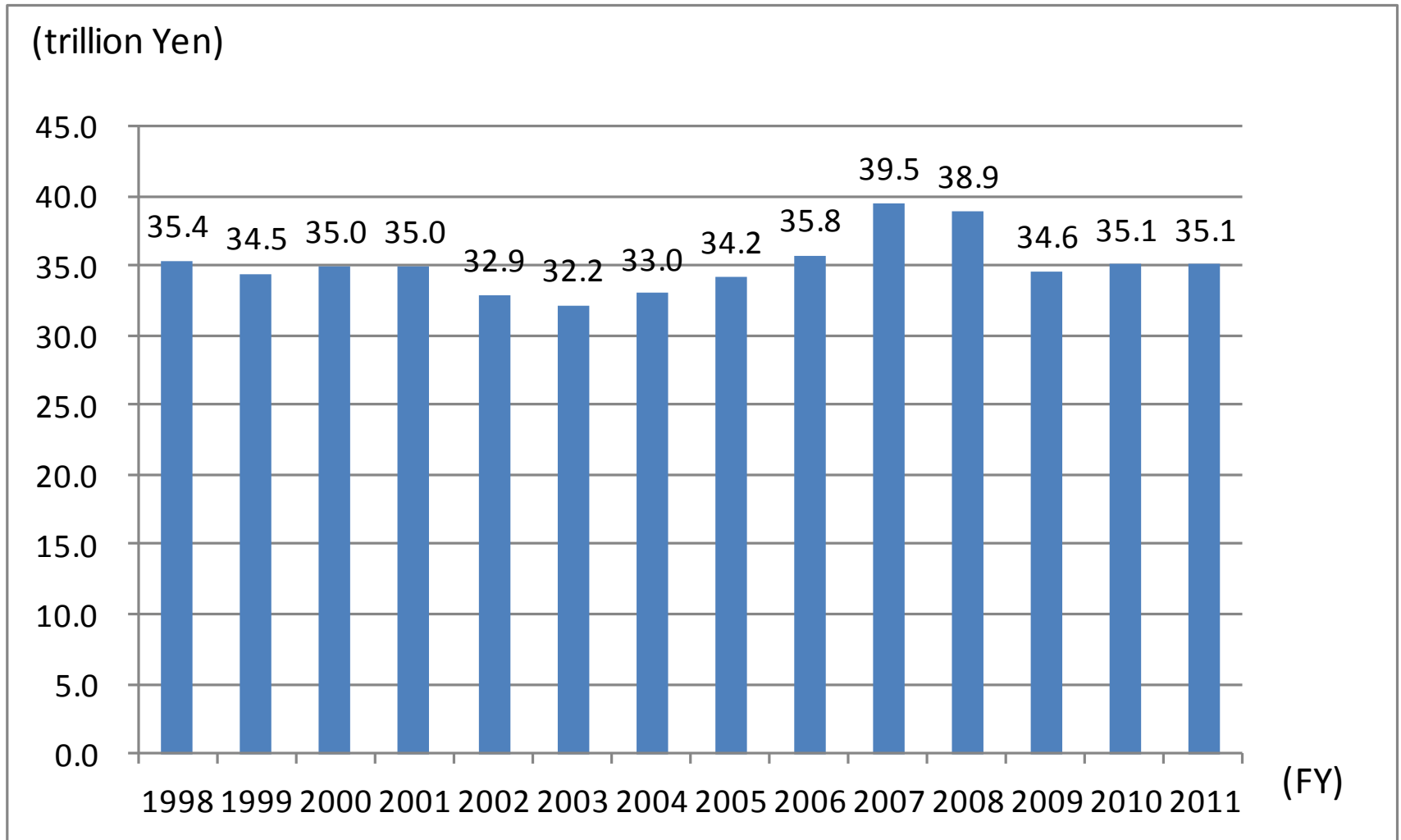


The Canon Institute for Global Studies

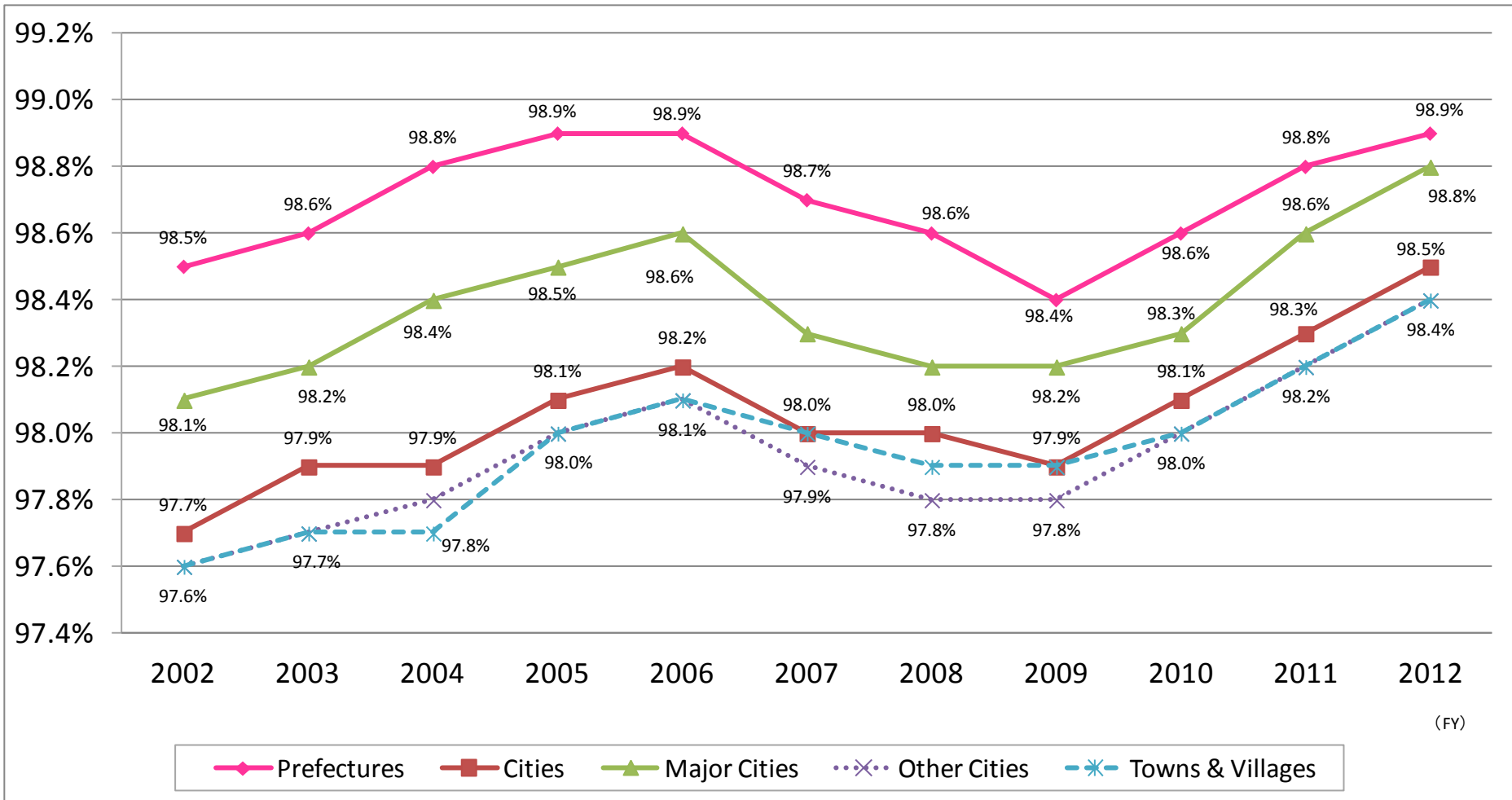
# Japan



# Tax Revenue of Local Governments



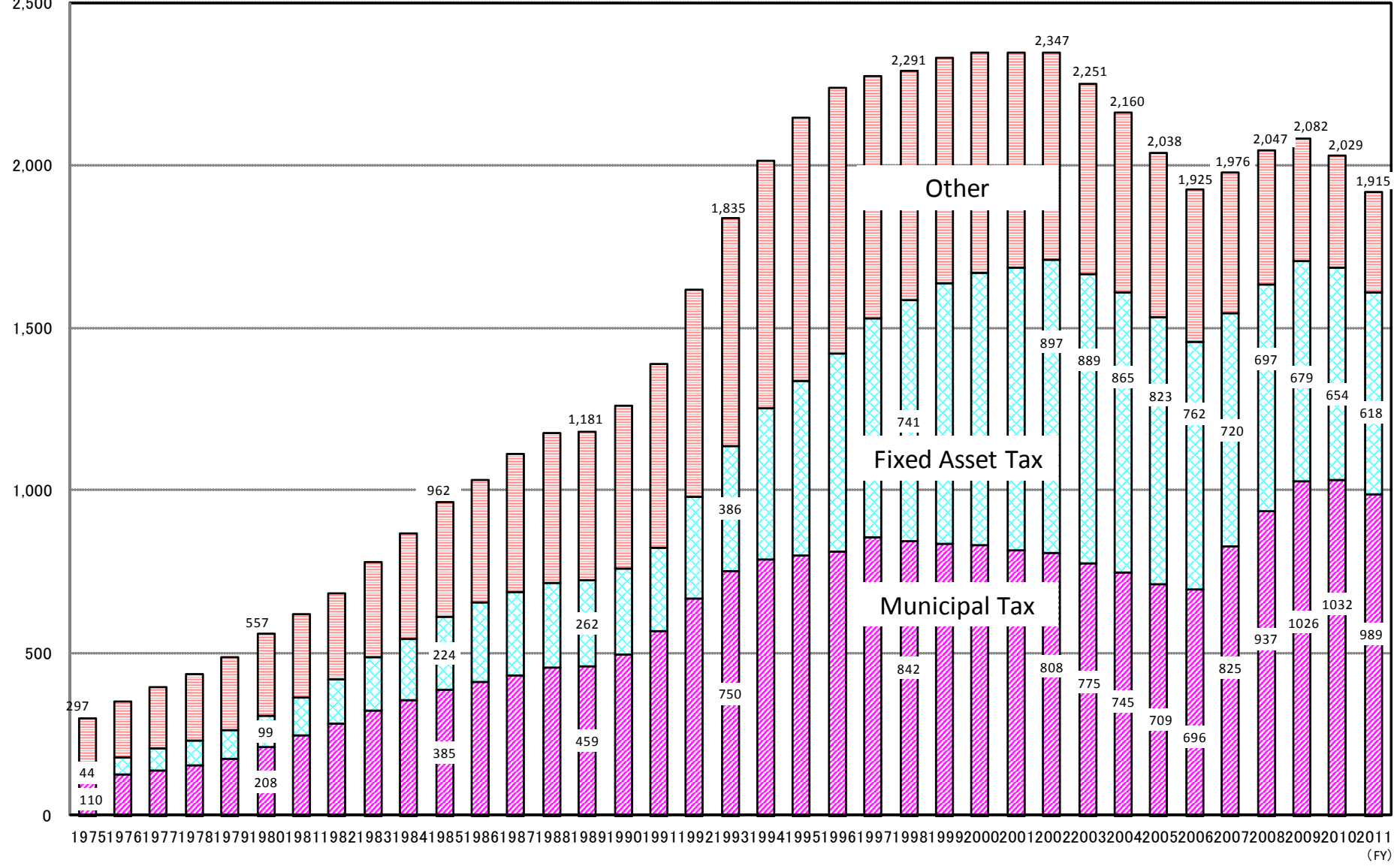
# Tax Collection Rate of Local Governments



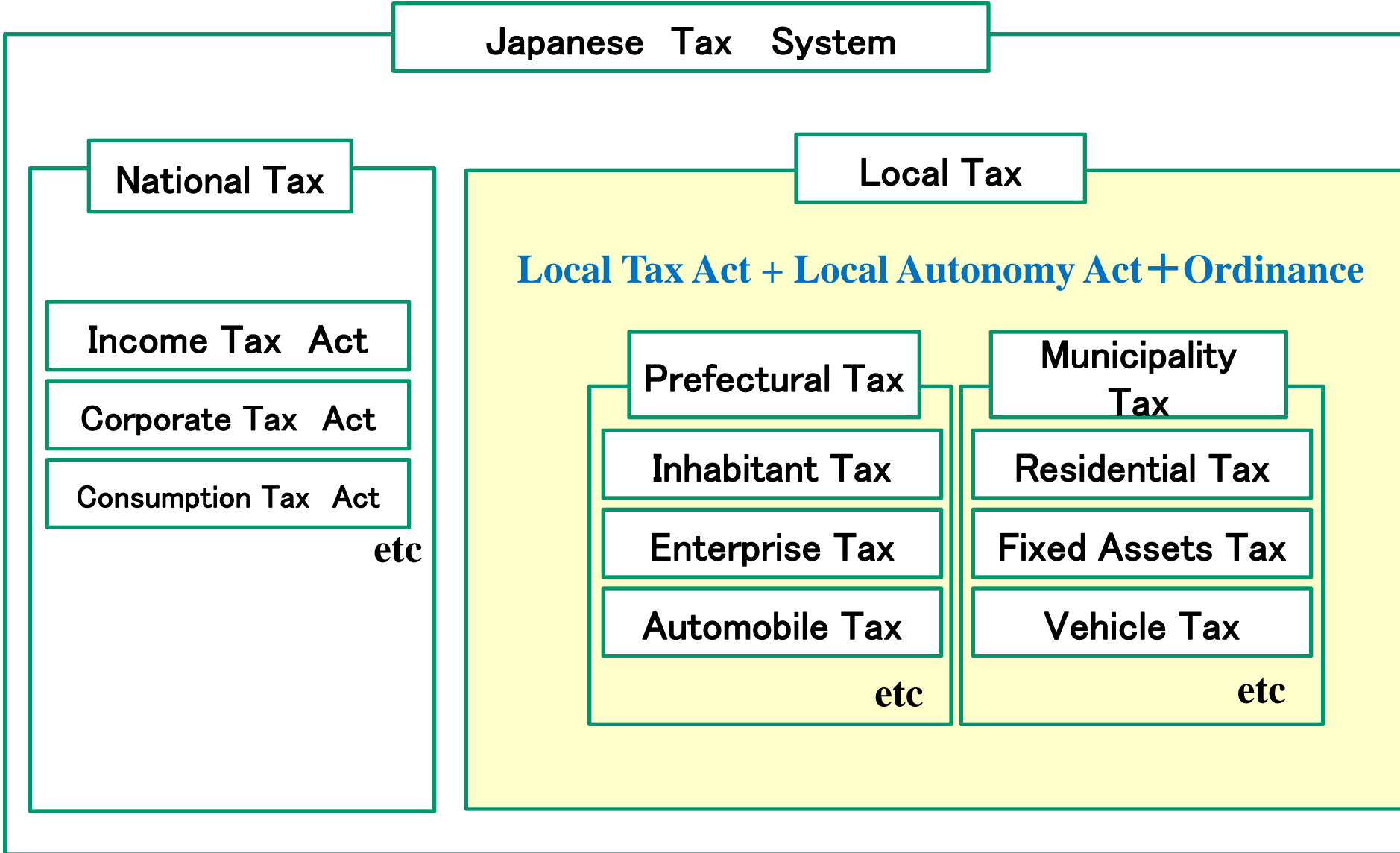
Note: Major Cities : Cities with over 0.5 million population.

# Levels of Unpaid Local Tax

(Billion ¥)



# Japanese Tax System





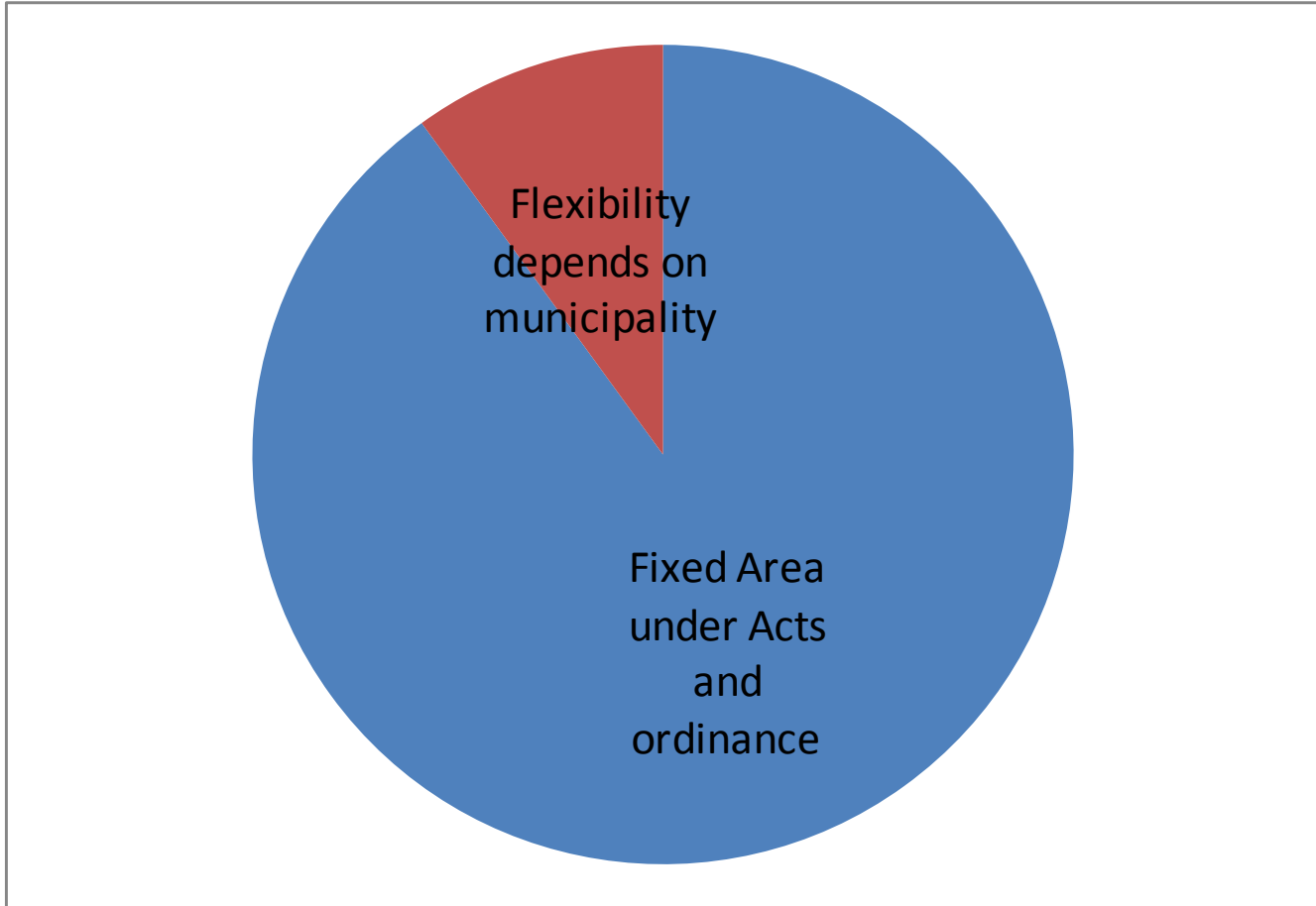
# Administration Concerns and Costs

---

- No Leeway
- Revenue Sources (Tax Allocation System)
- Difference of Organization
- Decline in the Number of Civil Servants
- Lack of Unified Long-term Vision
- Difference of Coverage of Administrative Area

# Administrative Concerns and Costs

- **No Leeway**

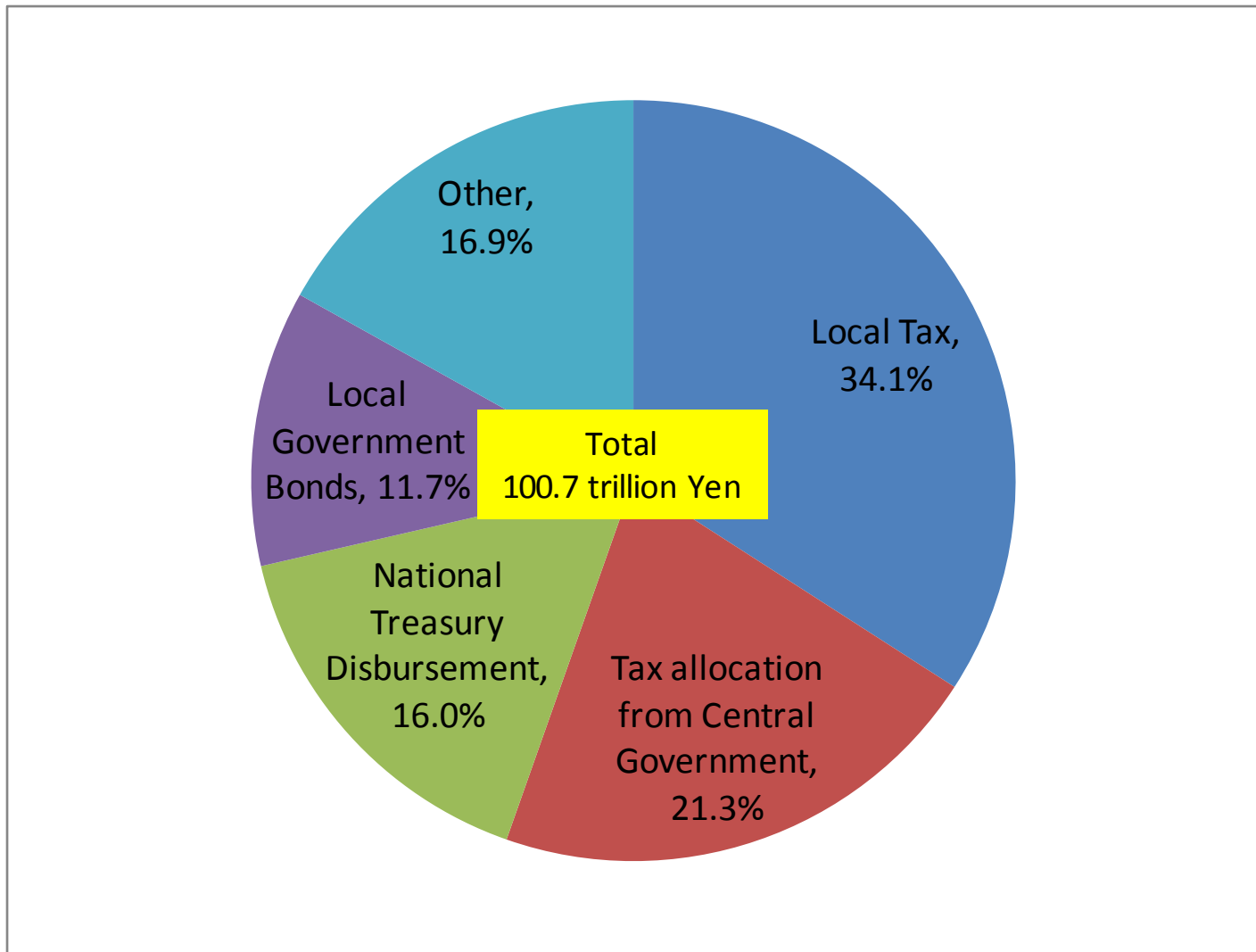




# Administrative Concerns and Costs

## ▪ Revenue Sources (Tax Allocation System)

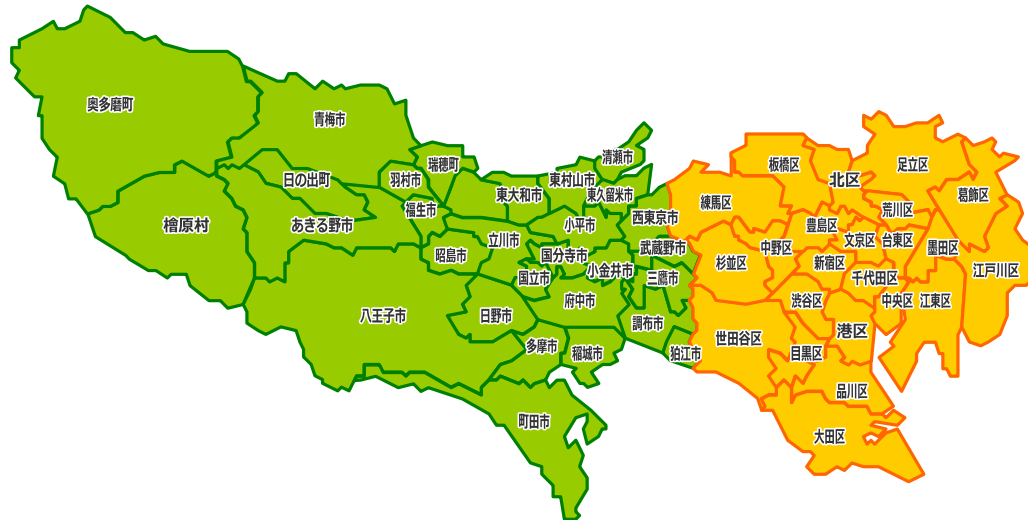
- Yield in the gaps of local government finance.
- Lack motivation to collect tax independently



# Administrative Concerns and Costs

## · Difference of Organization

(Size, Tax Collection, Work Coverage, Relationship)



**Tokyo Metropolitan Area**  
including 23 Special wards

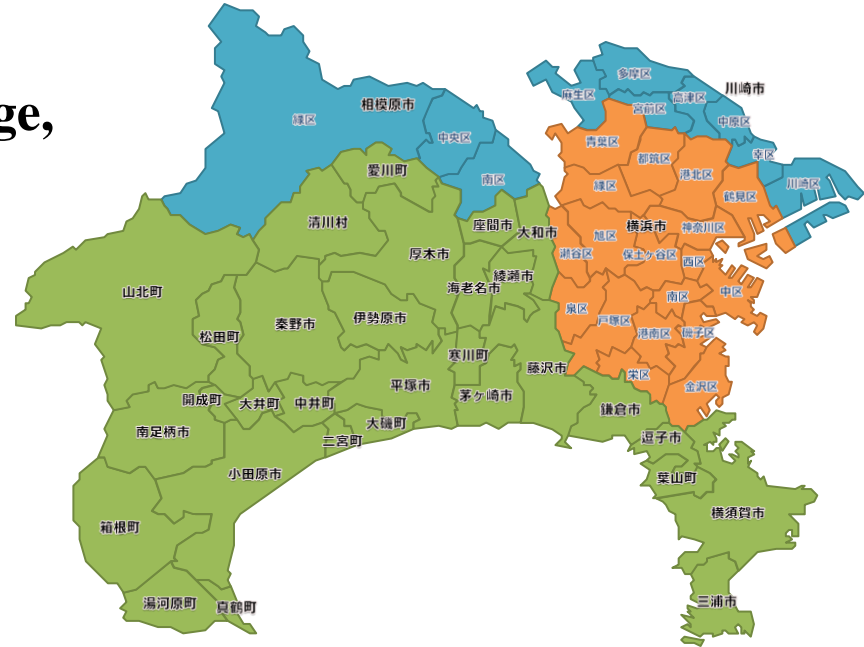
Population	13,222,760 (9,002,488)
Size	2188.67km <sup>2</sup>
GDP	¥ 91,139 billion
Income per capita	¥ 4.3 million

# Administrative Concerns and Costs

## · Difference of Organization

(Size, Tax Collection, Work Coverage, Relationship)

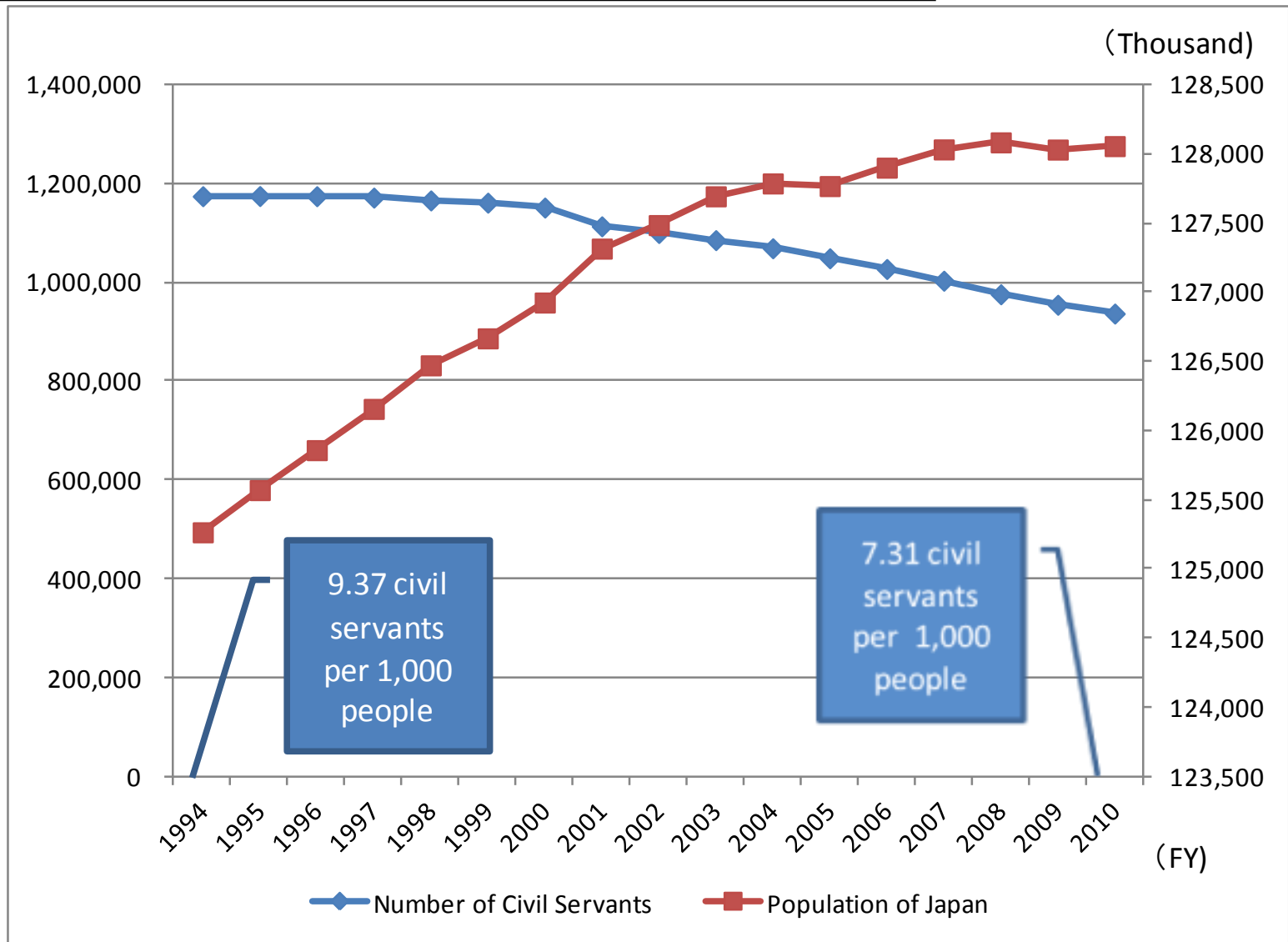
**Kanagawa Prefecture**  
Including 3 Independent cities



	Kanagawa	Yokohama	Kawasaki	Sagamihara
Population	9,081,742	3,703,998 (40.8%)	1,449,140 (16.0%)	720,570
Size	2,416 km <sup>2</sup>	435.17 km <sup>2</sup>	144 km <sup>2</sup>	328.83 km <sup>2</sup>
GDP	¥ 29,757 billion	¥ 12,601 billion (42.3%)	¥ 5,294 billion (16.9%)	
Income per capita	¥ 2.91 million	¥ 2.97 million	¥ 2.95 million	

# Administrative Concerns and Costs

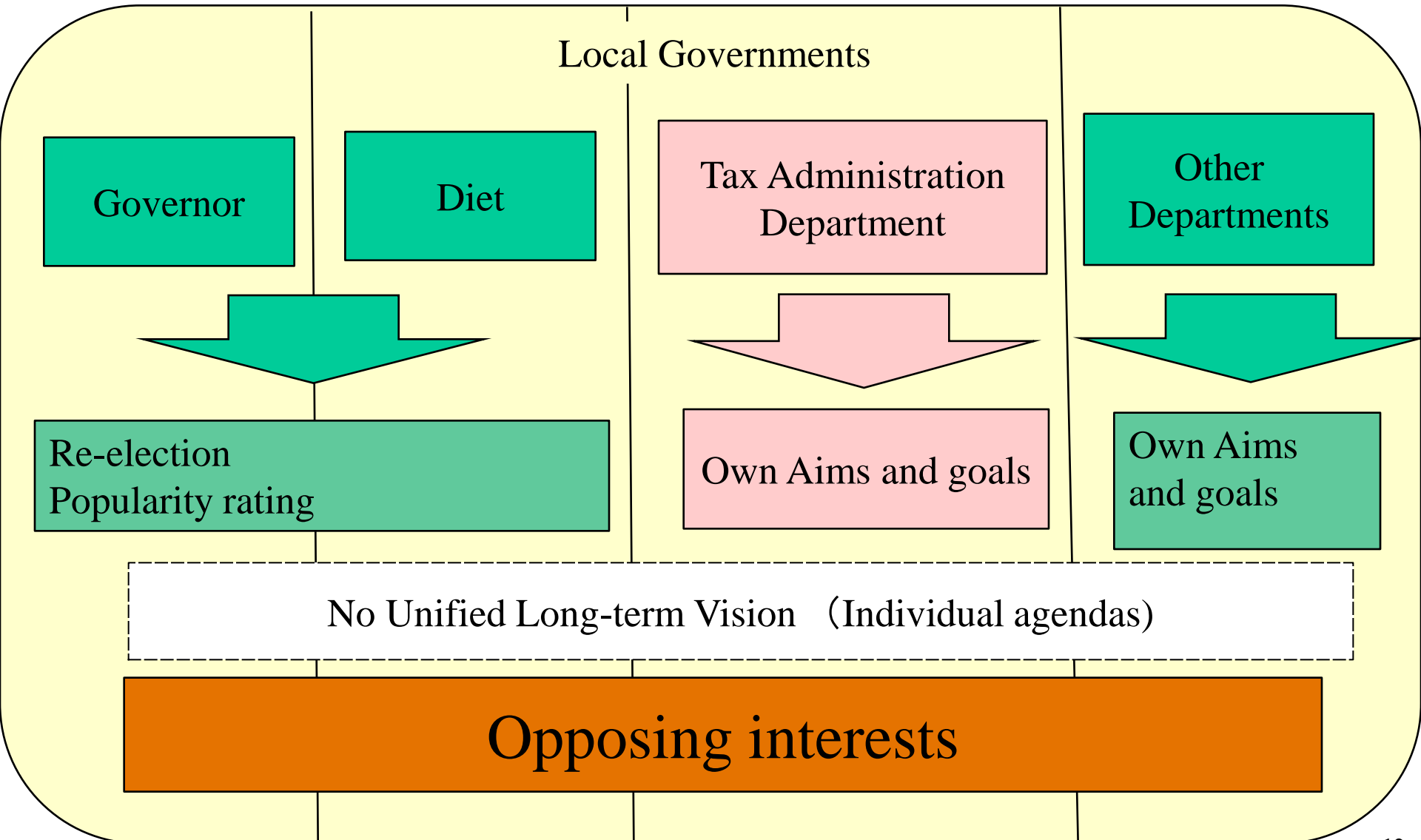
## Decline in the Number of Civil Servants



Note: excluding teachers, Police officers, Firefighters

# Administrative Concerns and Costs

- Lack of Unified Long-term Vision



# Administrative Concerns and Costs

## Difference of Coverage of Administrative Area

(Between Central Government and Local Government)

Ministry of Local Governments/Internal Affairs

Revenue Resources

Local Government

Department  
of Education

Department  
of Health

Department  
of Construction

Performance

Ministry of  
Education

Education

Ministry of  
Health

Health

Ministry of  
Construction

Construction

Competing Agendas

# Gaps in Process of Tax Collection

	Telephone Notification	Telephone Notification at night and weekend	Personal Visit House Calls
A prefecture	○	○	○
B city	○	○	×
C city	○	As necessary	○
D city	×	×	×
E city	○	At night	Final stage



# New Initiative of Administration

---

- Outsourcing
- Integrated Tax and Fee Collection across Municipal (Claims under public and private law)
- Prefecture- municipality Integration
- Cross- municipality Collaboration
- Increase of Payment Methods : Credit Card, Convenience Stores , Internet Banking
- Integration of Information



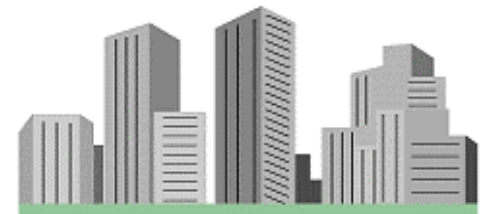


# Outsourcing

Outsourcing Item	Prefecture(47)	Municipality (1719)
Internet Auction	37	568
Telephone notification	13	152
Personal Visit	0	14
Printing of tax notices	47	1141
Mailing of tax notices	44	658
Printing of demand notices	45	542
Mailing of demand notices	42	189

## Issues

- Security: Personal information protection
- Cost effectiveness
- Speed of response time
- Quality control
- Lack of outsourcing companies



# Case study : Sakai-City

Rate of tax collection 92.5%  
(13th of 15 ordinance-designated cities)

Sakai City outsourced the issuance of demand notices for nonpayers amounts less than 100,000 yen of municipal tax and fixed asset tax.

	Target	Outcome
Number of people	31,876	15,000
Amounts \Million	863	335

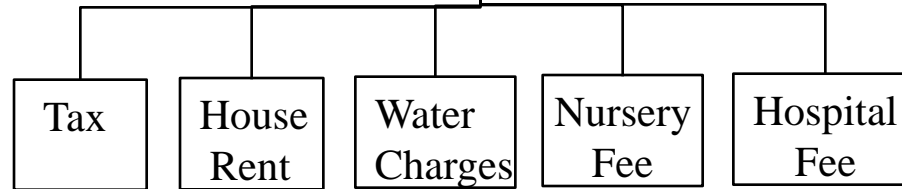
**Cost: 16 million yen**

**Collection : 335 million yen (5 months)**

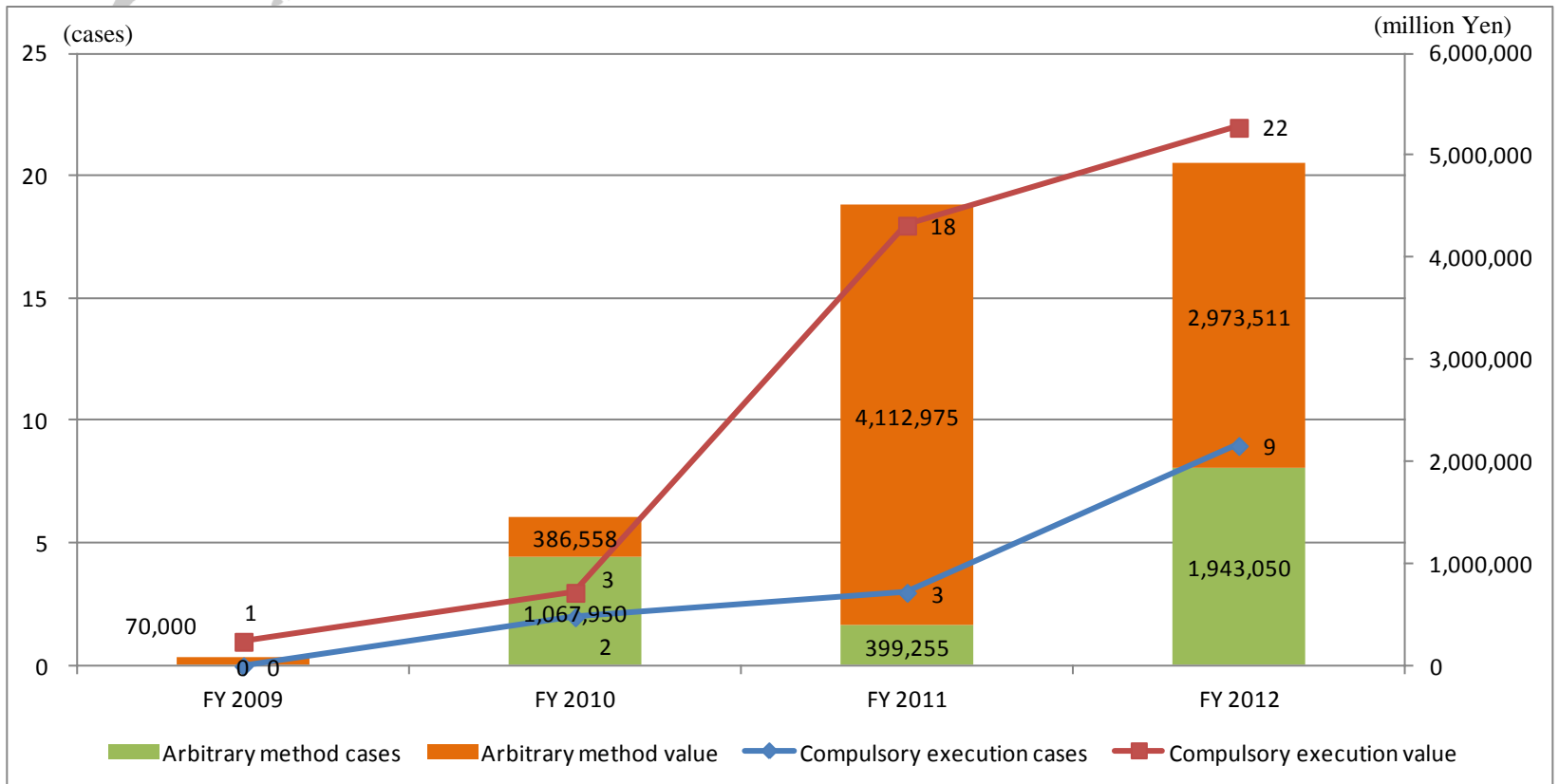
# Integrated tax and fee collection across the government

## Matsuura-City in Nagasaki

Collection Management Office



Total  
**30** items



# Prefecture –municipality integration

## Kyoto Regional Tax Organization

Inter- city alliance

Started January 2010

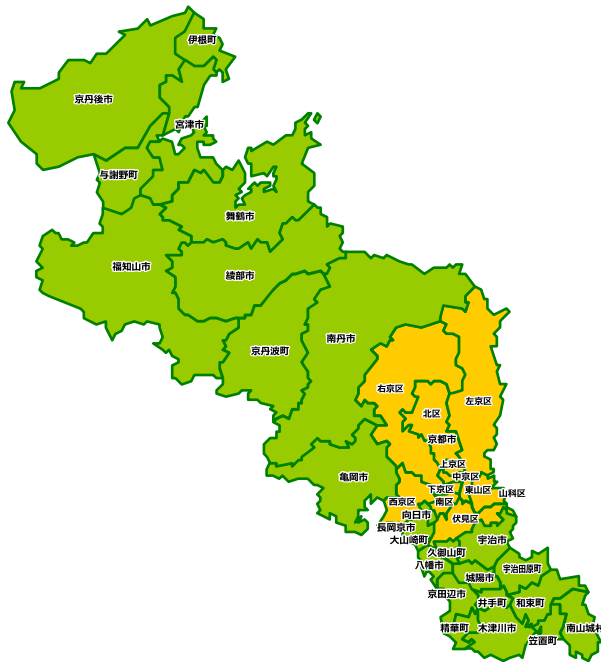
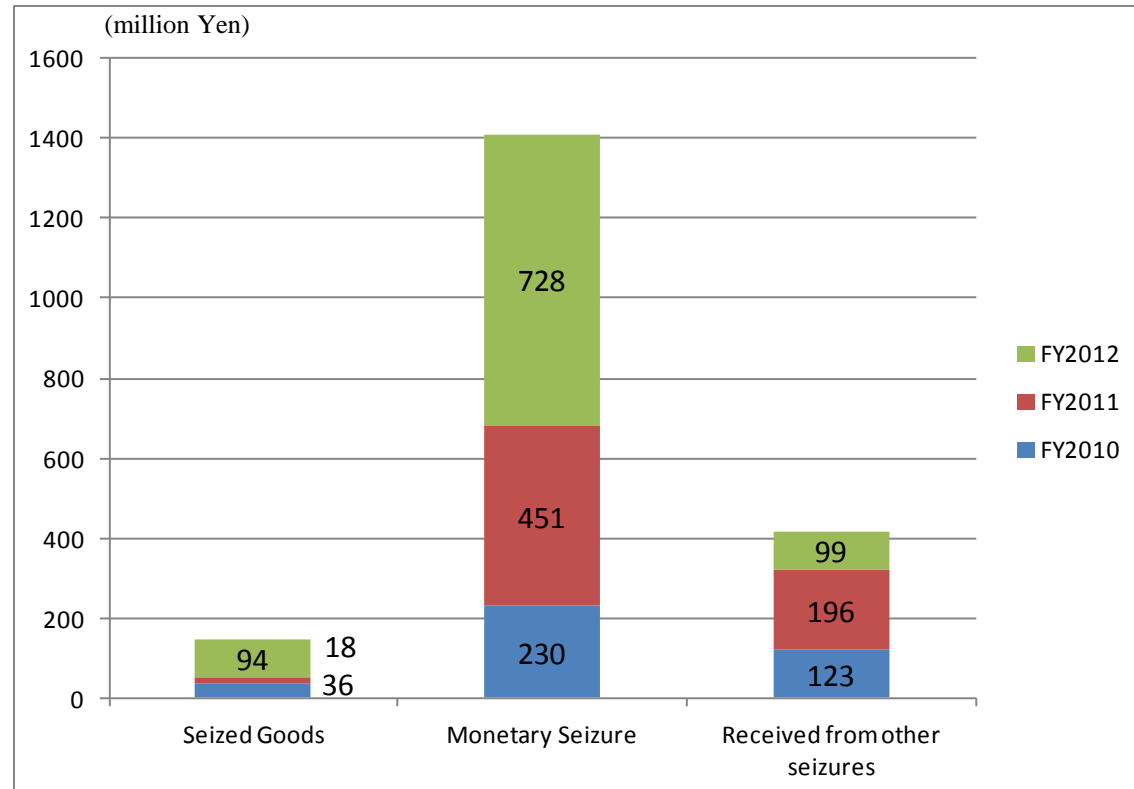
1 prefecture + 25 municipalities

217 staff

● Collection results for the Kyoto Regional Tax Organization (FY 2010-2012)  
(million yen, %)

Fiscal year	Outstanding amount (a)	Collection amount (b)	Collection rate (b/a)	Arrears(a-b)
2010	29,319	10,207	34.8	19,112
2011	28,847	11,775	40.8	17,072
2012	27,198	11,752	43.2	15,446

● Revenue from coercive collection



# Cross-municipality Collaboration

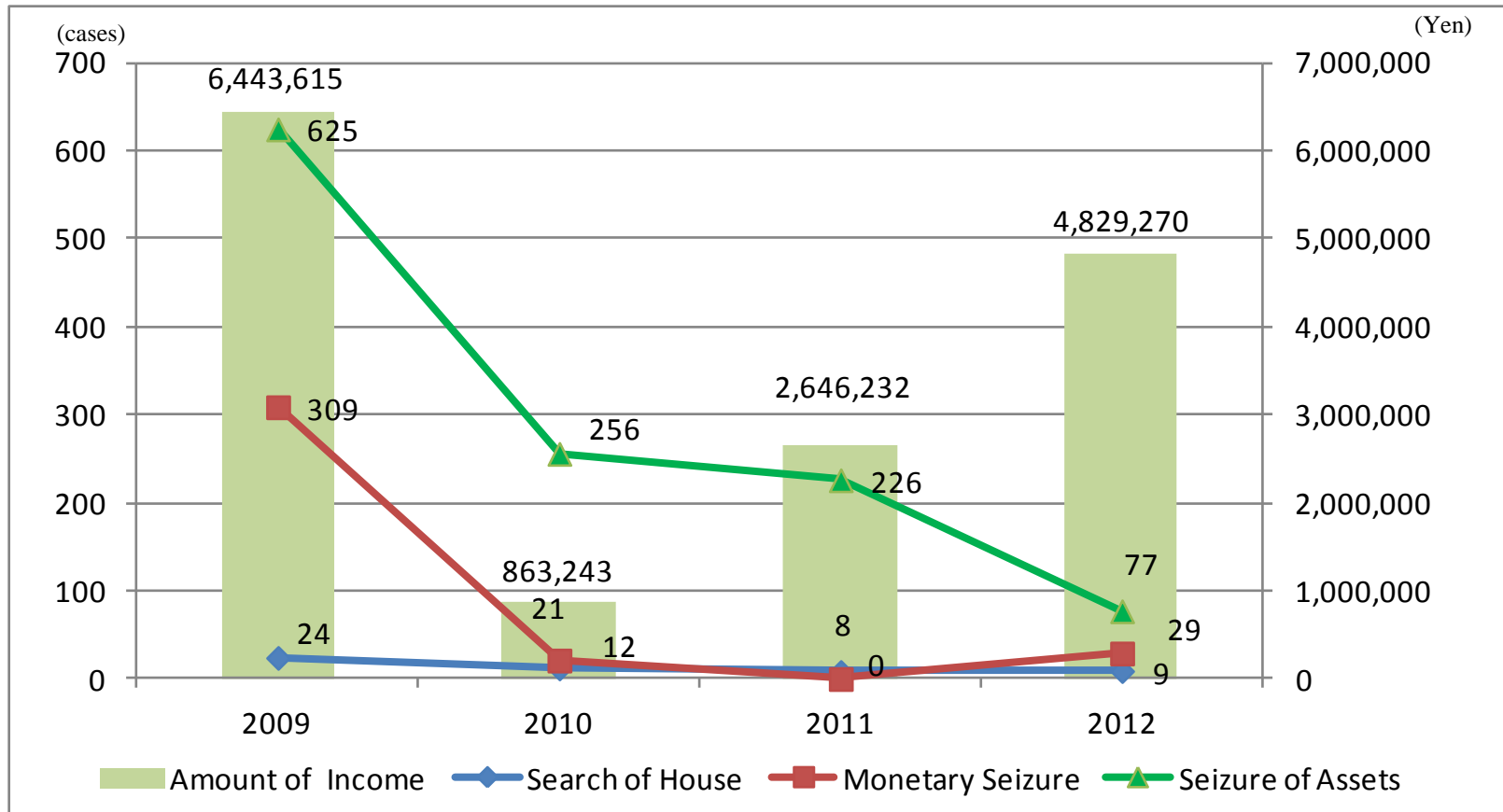
Case study: Mutual staff deployment scheme among neighboring towns

Towns of Kashima, Mifune, Kosa, Mashiki and Misato in Kumamoto Prefecture

Kashima office: 7 staff

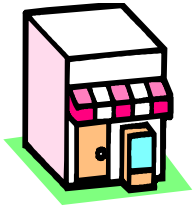
Lack of staff, No budget, No office

→ Deployment on demand

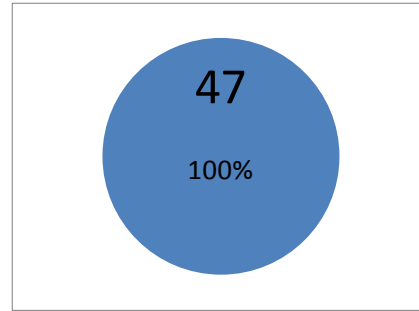


# Increase of Payment Methods

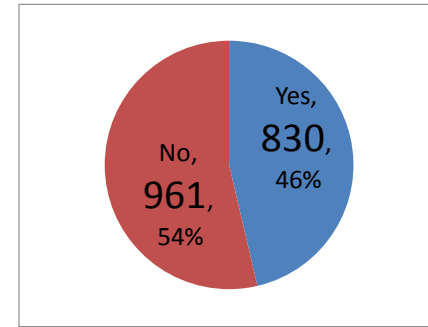
## Convenience Stores



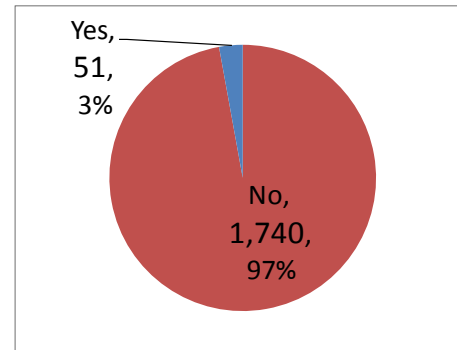
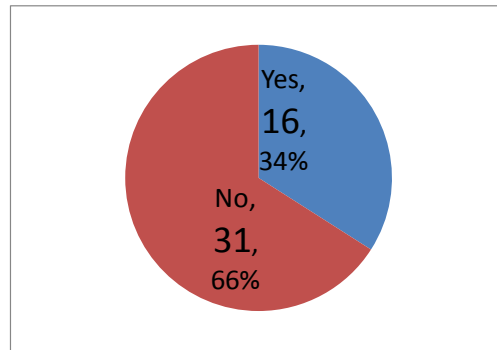
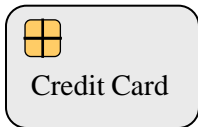
### Prefectures



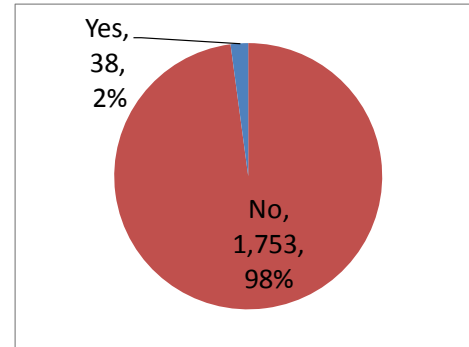
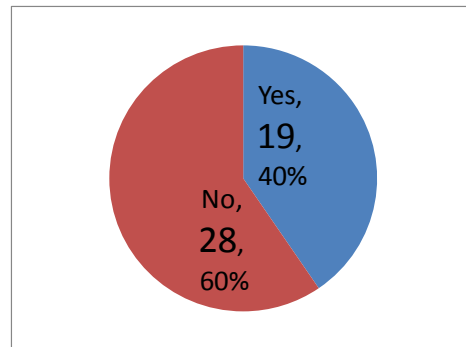
### Municipality



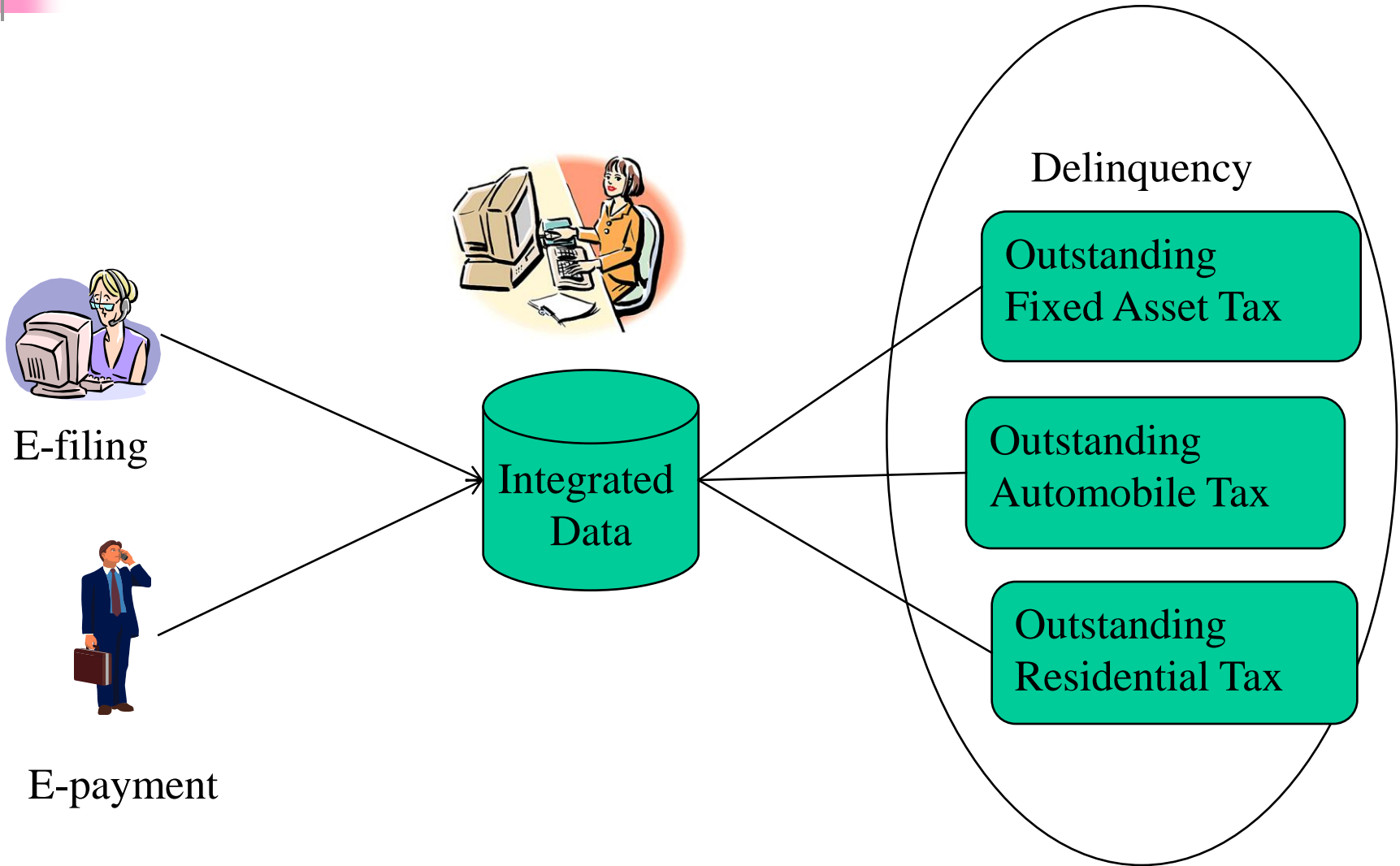
## Credit Card



## Internet Banking (Pay-easy)



# Integration of Information



# Next challenge

## How do we collect tax?

Taxation Environment

**Low-growth economy**

**Globalization**

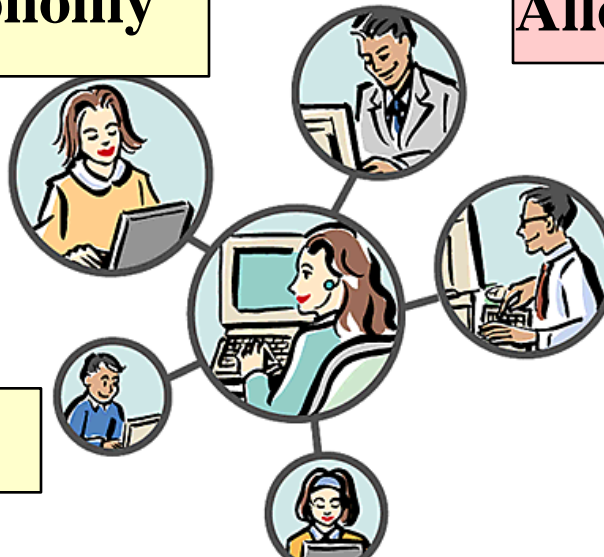
**Internet Society**

Challenges

**Allocation of resources**

**Redistribution**

**Decreasing a gap of burden**



Exchanging opinions



Sharing knowledge



Making common policies

