

Takamatsu Regional Field Office  
Internal Revenue Division  
APO 1050

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319.6 (8 Sept 50)

8 September 1950

SUBJECT: Monthly Tax Surveillance Report

TO: Chief, Field Operations Branch  
Internal Revenue Division  
ESS, GHQ, SCAP  
APO 500

I. Routine Commentary

1. Organization and General Administration

a. It is anticipated that National Tax Offices in this region will lose some tax officials by the end of October this year. The loss is expected in accordance with plans to shift officials from agrarian regions to metropolitan areas, the latter having more self-assessed cases to be investigated. Plans to this effect are presently being made at a conference of all Regional Bureau Chiefs in Tokyo. Intra-regional changes of a similar nature are expected to be effected sometime in September, at which time some offices will lose as much as 30% of their officials.

2. Accounts and collections

a. Collection activities

(1) Available statistics on the results of the first provisional returns as of 31 July 1950, were as follows: (unit ¥1000)

- (a) Number of returns filed ..... 167,739
- (b) Estimated % of total ..... 67%
- (c) Amount tax declared ..... ¥ 1,964,387
- (d) Amount of tax payable (1/3) ..... ¥ 654,796
- (e) Amount of tax paid (31 Aug)..... ¥ 383,378
- (f) Number of returns filed in August  
as a result investigation ..... 20,119
- (g) Amount of tax declared in  
accordance with (f) above ..... ¥ 508,394

(2) Recent surveillance indicated that most declarations of income are the same as last years final reassessment. Tax officials realize that most

Monthly Activities Report - August 1950 (Cont'd)

individuals are using last years figure as a ceiling rather than a floor and understand the need for extensive investigations.

(2) Tax evasion through illegal sake brewing may be considerable for the present fiscal year. There are 49,210 koku of sake legally being brewed while it is estimated that there are 29,000 koku being illegally brewed. Revenue thus far collected this fiscal year from legal sake is ¥674,000,000. It is reported that legal brewers are having difficulty in selling their produce because of the price undercutting by the illegal sake brewers.

b. Reassessments

No comment

c. Reinvestigations and appeals.

No comment

d. Activities of Supervisors

No comment

e. Records and accounts

No comment

f. Delinquent Accounts and Statistics thereon

(1) The bureau instituted a drive for the collection of delinquent accounts. The drive is to cover the month of September and the goal set by the Bureau was the liquidation of 70% of all delinquent accounts. Some tax offices visited by tax specialist of this office stated that they could not hope to collect and clear up any more than 50% of such accounts. This office emphasised the need for constant pressure on the delinquent accounts beyond the end of any drive stressing cash collections and attachments.

(2) The Tax Bureau and the Kochi Tax office will dispose of the Kochi Paper Mill and the Koyo Paper Mill to the Shikoku Bank. These mills were closed down and were attached for non-payment of taxes. After settlement of the accounts the bank will reopen the mills and expects to operate them more successfully. The delinquencies involved account directly for about one fourth of all the delinquencies of the Kochi Tax Office and indirectly for about another 10%.  
(See incl #1)

3. Enforcement - Inspection Section

See incl #2.

Monthly Activities Report - August 1950 (Cont'd)

4. Enforcement - Investigation Section

A lecture course was held for most of the investigators of the region. It was conducted at the Bureau from 17 August to 26 Aug (see incl #3)

5. Publicity

a. An appeal was made over the radio stations in the four prefectural capitals for the taxpayers who have not filed their July provisional returns, to do so and to pay their taxes.

b. Information slide pictures were shown in various theaters appealing for the avoidance of the use of illegal sake. The appeal used the health approach indicating the danger in consuming sake that has not been brewed under the proper supervision.

c. Volume number 5 of the tax magazine "Tax Classroom" was sent to the schools, libraries and other informational institutions of the region.

6. Training.

The assembly of the town of Hoja approved a proposal of the mayor calling for the establishment of a bookkeeping school to train taxpayers in the elements of accounting. A budgetary allotment of ¥100,000 was made for this purpose. The school was recently opened and is held in the town offices conference room every Saturday night for three hours. About sixty people of all ages are attending. The students are provided with free text books. In promoting this idea in other towns this office will use the words of Mayor Tokuna of Hojo town, "Not a few persons complaining of heavy taxes do not keep proper accounts. Even if they would like to keep correct accounts they cannot because they are not acquainted with the proper bookkeeping techniques. That is why the town has opened a training course through which all the town people may learn to discharge their duties in the matter of fair tax payment."

7. Personnel

Two misconduct cases were reported for August. One concerned an official of the Direct Tax Section of the Matsuyama tax office. He was found to have under-assessed four taxpayers and received ¥15,000 from them as bribes. He was indicted by the Procurator and has already resigned his office. The other case involves a clerk of the Kawashima tax office. The clerk exploited his office in the borrowing of ¥56,000 from ten taxpayers. He was discharged.

II. Summary of Selective Surveillance at National Tax Office Level

8. List of National Taxation offices visited during the month of August by Prefecture.

Kagawa: Kanonji, Nagao, Takamatsu.

Kochi: Kochi, Akaoka, Ino, Suzuki

Monthly Activities Report - August 1950 (Cont'd)

9. Special comments on visits to tax offices.

a. All subject offices reported a higher tax morale among taxpayers as compared to the same period last year, but expect the morale to wane at the time of imposition of local taxes. Initial higher morale was due to the presently more lenient National Tax Law as well as tardiness in the passage of the Local Tax Bill. This office advised concerning tax officials' own responsibility with regard to morale and indicated that the reduction in total tax load as well as a reduction in the number of taxpayers should make enforcement easier.

III. Special Commentary

10. Junior High School Elements of Taxation Course

a. The head of the Education Section, this region suggested to this office that a good means of raising tax morale would be to teach a short course on the elements of taxation in the junior high schools. It was argued that the students would carry their new concepts into the homes where immediate beneficial effects might be gained through influence on the parents; also, that long range desired results would be obtained when the students become taxpayers. The head of the Education Section also recommended that this office prepare a syllabus containing the elements of modern taxation. The Tax Bureau was contacted on this matter and the Bureau thought that such a program would be very helpful. The Chief of the General Affairs Section of the Bureau indicated that his office would provide close cooperation in the program. The Civil Affairs Region Chief was also strongly in favor of carrying out the program. Since the proposal seemed very worth while and the necessary cooperation of all concerned was in no way wanting this office is making preparations to effectuate the program.

*Paul J. Zeller*  
PAUL J. ZELLER  
Senior Tax Specialist

STATUS OF TAX DELINQUENTS AS OF 31 AUGUST 1950

UNIT: ¥1,000

NAME OF PREFECTURE	1949 - 1950		1950 - 1951		TOTAL	
	AMOUNT OF TAX	NO. OF CASE	AMOUNT OF TAX	NO. OF CASE	AMOUNT OF TAX	NO. OF CASE
KAGAWA	155,089	28,346	624,858	58,129	779,947	86,475
TOKUSHIMA	119,583	18,156	749,754	88,725	869,337	106,881
KOCHI	149,918	16,247	871,305	73,726	1,021,223	89,973
EHIME	260,062	28,042	859,447	95,332	1,119,509	123,374
TOTAL	684,652	90,791	3,105,364	315,912	3,790,016	406,703

Incl #1

INSPECTION REPORT FOR MONTH OF AUGUST 1950

UNIT: ¥1,000

Name of Tax	No. of cases	Tax Office			Tax Bureau		(6)	(7)	(8)	(9)	(10)	(11)
		Self-(1) assessed	Re- (2) assessed	Amount(3) of Tax	Re- (4) assessed	Amount(5) of Tax	Tax (5)-(3)	Interest Tax	Penalty Tax	Penalty	Total 6+7+8+9	Grand Total (10)+(3)
S.A. Income Tax	5	2,038	3,426	1,854	8,966	5,918	4,064	1,215	1,015	0	6,294	8,148
Excess Profits Tax	1	0	279	158	679	456	298	0	0	0	298	456
Gift Tax	1	0	0	0	955	340	340	101	85	0	526	526
Total	7	2,038	3,705	2,012	10,600	6,714	4,702	1,316	1,100	0	7,118	9,130

Note: (a) Number of cases under secret consideration: 11 (c) Number of cases under inspection: 10  
 (b) Number of new cases as of 31 August 1950: 4 (d) Number of cases completed: 5

Incl #2

INVESTIGATION REPORT AS OF 31 AUGUST 1950

UNIT: ¥1,000

NAME OF TAX	NO. OF CASE DISPOSED	SELF-ASSESSED (1)		REASSESSED (2)		DIFFERENCE (2) - (1)	
		INCOME	TAX	INCOME	TAX	INCOME	TAX
S.A. Income Tax	-	-	-	-	-	-	-
Cumulative Total	272	295,213	177,341	336,373	206,269	41,520	28,978
Corporation Tax	42	-54,060 36,109	15,637	-55,577 40,973	21,665	-17,497 20,844	-2,478 8,506
Cumulative Total	251	-278,695 170,863	-419 69,608	-311,813 219,298	-419 99,764	-63,706 79,023	-3,038 33,194

NOTE: Number of cases pending as of 31 August 1950 are: S.A. Income Tax 8.,  
Corporation Tax 356

Incl #3

Internal Revenue Division  
Takamatsu Regional Field Office  
APO 1050

Takamatsu, Shikoku  
11 September 1950

319.5H(11 September 50)TRFO

SUBJECT: Local Tax Report for Period Ending 31 August 1950

TO: Chief, Field Operations Branch  
Internal Revenue Division  
ESS; GHQ, SCAP  
APO 500

I. A. The prefectural Local Affairs Sections reported that with one exception the assemblies of all Prefectures, Cities, Towns, and Villages have passed the by-laws required for the implementation of the Local Tax Law. The island village of Ikina Mura, Ehime prefecture is the exception and the passage of the by-laws there is expected within ten days. Political difficulties between the mayor and the assembly caused the delay. Most Government Units adopted the rate levels identical to the standard rate advised by the Local Autonomy Committee. The prefectural units however, fear the necessity of raising the tax rate to the legal limit by the end of the fiscal year in order to cover estimated budgetary expenditures. This office will strongly advise that first efficient tax administration within the present legal framework must be striven for to insure adequate revenue.

B. Immediately after passage of the Local Tax Bill by the Diet, the Local Affairs Section Chiefs of the four prefectures held meetings with Tax Section chiefs of the cities, towns, and villages in order to help assure the speedy application of the law.

C. Concurrent with the passage of the Local Tax Law by-laws, the Assembly of Ogawa Mura, Kochi Prefecture abolished four minor nuisance taxes, such as the sewing machine tax. This will be mentioned as an example in future tax forums conducted by this office.

II. A. A surveillance visit to the Kochi City Tax Office indicated the following:

1. Number of employed tax officials has increased from 60 to 98.. The city contains 40,382 families.

2. Preparation for enforcement of the Inhabitant's Tax included the following:

a. Acquisition of income declaration data for the fiscal year 1949 - 1950 from the National Tax Office.

Monthly Activities Report - August 1950 (Cont'd)

b. Encouragement of filing of returns. Filing was 58% complete as of 26 August 1950.

3. Assessment preparations for the Land and House Property Tax were completed. All assessments were to be made by 15 September 1950.

4. Equalization Grants since the beginning of the fiscal year to 31 July 1950 amounted to ¥ 38,000,000. Tax revenue for the same period was ¥ 12,000,000, thus providing a total revenue of ¥ 50,000,000. Expenditures on the other hand, were ¥ 147,000,000. The differential of ¥ 97,000,000 was borrowed, chiefly from the National Savings Fund.

5. Pamphlets were prepared for delivery to each family so that all taxpayers will have a general knowledge of the new Local Tax Law.

E. A surveillance visit to the Kochi Prefectural Tax Office indicated the following:

1. Since January the number of tax officials have been increased from 150 to 250. There are 186,000 families in the prefecture.

2. Data from the National Tax Offices will be chiefly relied upon for assessment purposes with regard to the Enterprise Tax, however some individual investigation will be performed by prefectural officials.

3. As of 31 July 1950 the prefecture obtained about 1/3 of its expected equalization grant for the year in the amount of ¥ 472,000,000. Tax collections were only ¥ 19,000,000. Expenditures were ¥ 455,000,000.

4. The prefectural budget anticipates a 3.4 billion yen expenditure, 41% to be obtained from the equalization grant, 50% as direct subsidies from the National Treasury (half of this may later be reclassified so as to be appropriated under the equalization grant in addition to the 41% stated above) and 9% from tax revenue. As a comparison, Kagawa prefectural revenue percentages for a ¥ 2.7 billion budgeted expenditure program are: equalization grant-30%, subsidies from the National treasury-41%, and tax and miscellaneous revenue-29%.

5. A pamphlet explaining the new Local Tax Law will be delivered to all families. Publicity meetings explaining the new law will be held.

III. This office was informed that the National Teachers Union has prepared a critical pamphlet concerning the Local Tax Law. In it the Union argues that all pupils throughout the nation will not receive the same educational opportunities as assured by the Constitution and that equal educational opportunities can be assured only by national defrayment of school costs. Opportune dissemination of the pamphlet to the public will give the teachers an occasion to visit individual families and sell whatever other political aims the Teachers Union may have in any election.



Monthly Activities Report - August 1950 (Cont'd)

IV. The assembly of the town of Hoja approved a proposal of the mayor calling for the establishment of a bookkeeping school to train taxpayers in the elements of accounting. A budgetary allotment of ¥ 100,000 was made for this purpose. The school was recently opened and is held in the town office's conference room every Saturday night for three hours. About sixty people of all ages are attending. The students are provided with free text books. In promoting this idea in other towns this office will use the words of Mayor Tokuna of Hojo Town; "Not a few persons complaining of heavy taxes do not keep proper accounts. Even if they would like to keep correct accounts they cannot because they are not acquainted with the proper bookkeeping techniques. That is why the town has opened a training course through which all the town people may learn to discharge their duties in the matter of fair taxpayment."

V. The head of the Education Section, this region suggested to this office that a good means of raising tax morale would be to teach a short course on the elements of taxation in the junior high schools. It was argued that the students would carry their new concepts into the homes where immediate beneficial effects might be gained through influence on the parents; also, that long range desired results would be obtained when the students become taxpayers. The head of the Education Section also recommended that this office prepare a syllabus containing the elements of modern taxation. The Tax Bureau was contacted on this matter and the Bureau thought that such a program would be very helpful. The Chief of the General Affairs Section of the Bureau indicated that his office would provide close cooperation in the program. The Civil Affairs Region Chief was also strongly in favor of carrying out the program. Since the proposal seemed very worth while and the necessary cooperation of all concerned was in no way wanting this office is making preparations to effectuate the program.

VI. Statistics an amounts budgeted, assessed and collected for all prefectures and the largest city in each prefecture are as follows:

Unit: ¥ 1,000

Name of Prefecture and City	Annual Budget	Assessed Amount			Collected Amount		
		Previous Total	July	Cumulative Total	Previous Total	July	Cumulative Total
Kagawa Pref.	459.180	232.070	27.533	259.603	35.750	27.842	63.592
Ehime "	584.646	173.094	19.822	192.916	17.970	22.434	40.404
Tokushima "	401.605	29.508	8.686	38.194	4.496	1.837	6.333
Kochi "	401.346	75.401	59.298	134.699	7.983	10.889	18.872
Takamatsu City	234.306	84.342	9.765	94.107	3.153	5.819	8.977
Matsuyama "	237.852	19.137	4.374	23.511	5.597	5.486	11.083
Tokushima "	168.768	40.799	116	40.915	9.766	3.469	13.235
Kochi "	179.531	122.982	4.499	127.481	9.659	3.420	13.079
Total	2667.734	777.333	134.093	911.426	94.379	81.196	175.575

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