

DECLASSIFIED

E.O. 11652, Sec 3(E) and 5(D) or (E) NND

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894.512/1-1645

CROSS-REFERENCE FILE

NOTE

SUBJECT

Enclosing report relative to the new tax law to be presented to Japanese Parliament.

894.512/1-1645 FIS

For the original paper from which reference is taken

See #10590
(Despatch, telegram, instruction, letter, etc.)

Dated Jan. 16, 1945 From Switzerland
TO

File No. 894.51/1-1645
eme

SIGNED & RECEIVED
JULY 22, 1946

7/22/46
R.E. Cox

MEMORANDUM FOR THE SECRETARY, SWNCC

Subject: Directive Regarding Japanese Taxation of Aliens.

There is enclosed a draft directive prepared on the basis of a policy decision (also enclosed) unanimously approved at the twentieth meeting of the Far Eastern Commission on July 18, 1946, under the provisions of paragraph II, A, 1 of its terms of reference.

It is requested that the enclosed directive be forwarded to the Joint Chiefs of Staff for transmission, if the directive in their opinion satisfactorily expresses the policy decision of the Far Eastern Commission, to General MacArthur for his guidance in accordance with paragraph III, 1 of the terms of reference of the Commission.

The Secretary General of the Far Eastern Commission has requested that the Joint Chiefs of Staff, in transmitting the enclosed draft directive to the Supreme Commander for the Allied Powers, inform him that in approving the statement of policy on which the enclosed directive is based, the Commission recommended that in connection with this policy decision, the Supreme Commander for the Allied Powers should be informed that the Far Eastern Commission has currently under consideration additional policy with respect to extraordinary taxation designed to meet war costs or other charges falling on the Japanese as a result of the war, such as the Increased Property Tax Law and the War Profits Tax Law as Imposed on Juridical Persons.

XR
76000119
Control (Japan)

894.512/7-1846

J. H. Hilldring
State Member

State-War-Navy Coordinating Committee

Enclosures:

- 1. Draft Directive.
- 2. Statement of Policy.

Frank

all
JA:ALDunning:mls
7-22-46

YR FE

A-H

COMMUNICATIONS SECTION

God

ENCLOSURE**STATEMENT OF POLICY REGARDING JAPANESE
TAXATION OF ALIENS**

1. No Japanese taxation should discriminate against aliens.
2. No capital levy should be levied by the Japanese authorities in respect to property in or outside Japan owned by United Nations nationals. Any capital levy on corporations and unincorporated associations should be so devised as to exempt from the effects of the levy, the shares and interests in the said corporations and unincorporated associations held by United Nations nationals. If in the opinion of the Supreme Commander for the Allied Powers, exceptional circumstances justify the imposition of any such capital levy, he should refer the matter for consideration of the Far Eastern Commission.

ENCLOSURE**DIRECTIVE REGARDING JAPANESE TAXATION OF ALIENS**

The following statement of policy, adopted by the Far Eastern Commission on 18 July 1946, under the provision of paragraph II, A, 1 of its Terms of Reference has been received from the State, War and Navy Departments for transmission to you as a directive for your guidance in accordance with paragraph III, 1, of those Terms of Reference. You should take appropriate steps to insure that any tax laws adopted by the Japanese conform to the principles set forth in this statement:

- "1. No Japanese taxation should discriminate against aliens.
- "2. No capital levy should be levied by the Japanese authorities in respect to property in or outside Japan owned by United Nations nationals. Any capital levy on corporations and unincorporated associations should be so devised as to exempt from the effects of the levy, the shares and interests in the said corporations and unincorporated associations held by United Nations nationals. If in your opinion exceptional circumstances justify the imposition of any such capital levy, you should refer the matter for consideration of the Far Eastern Commission."

FAR EASTERN COMMISSION
2516 MASSACHUSETTS AVENUE, N. W.
WASHINGTON 8, D. C.

DEPARTMENT OF STATE
RECEIVED
JUL 23 1946
DC
OFFICE OF CHIEF

DIVISION OF JAPANESE AFFAIRS
memo for Secy State
22 July 1946
JUL 19 1946
DEPARTMENT OF STATE

The attached copy of a document unanimously adopted at the twentieth meeting of the Far Eastern Commission, held at 2516 Massachusetts Avenue, Northwest, Washington, D. C. on 18 July 1946, has been compared with the original text and is hereby certified to be correct.

Nelson T. Johnson

Nelson T. Johnson
Secretary General

894.512/7-1846

Washington, D. C.
18 July 1946

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Rev.	<i>s</i>
Jat.	<i>[Signature]</i>
Dist.

894.512/7-1846

JUL 25 1946

OFFICE OF THE SECRETARY GENERAL

894.512/7-1846

ENCLOSUREJAPANESE TAXATION OF ALIENS

1. No Japanese taxation should discriminate against aliens.
2. No capital levy should be levied by the Japanese authorities in respect to property in or outside Japan owned by United Nations nationals. Any capital levy on corporations and unincorporated associations should be so devised as to exempt from the effects of the levy, the shares and interests in the said corporations and unincorporated associations held by United Nations nationals. If in the opinion of the Supreme Commander for the Allied Powers, exceptional circumstances justify the imposition of any such capital levy, he should refer the matter for consideration of the Far Eastern Commission.

FAR EASTERN COMMISSION
2516 MASSACHUSETTS AVENUE, N. W.
WASHINGTON 8, D. C.

18 July 1946

DEPARTMENT OF STATE
RECEIVED
JUL 23 1946
OFFICE OF CHIEF

The Honorable James F. Byrnes DC
Secretary of State
Washington, D. C.

DIVISION OF JAPANESE AFFAIRS
Memo for Secy State
JUL 19 1946 22 July 46
DEPT
7/24/46

My dear Mr. Secretary:

The Terms of Reference of the Far Eastern Commission provide that one of the functions of the Commission should be to "formulate the policies, principles and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished."

It is further provided that when such decisions are made by the Far Eastern Commission, "The United States Government shall prepare directives in accordance with the policy decisions of the Commission and shall transmit them to the Supreme Commander through the appropriate United States Government agency."

*LP
740.00117
Control Japan*

At the twentieth meeting of the Far Eastern Commission held at 2516 Massachusetts Avenue, Northwest, Washington, D.C., on 18 July 1946, the enclosed policy decision relative to Japanese Taxation of Aliens, was unanimously approved.

As Secretary General of the Far Eastern Commission, I have been instructed to forward this decision to you on behalf of the Commission, in order that the appropriate directives may be prepared and transmitted to the Supreme Commander in accordance with the Terms of Reference.

In approving the statement of policy, the Commission recommended that in connection with this policy decision, the Supreme Commander for the Allied Powers should be informed that the Far Eastern Commission has currently under consideration additional policy with respect to extraordinary taxation designed to meet war costs or other charges falling on the Japanese as a result of the war, such as the Increased Property Tax Law and the War Profits Tax Law as Imposed on Juridical Persons.

894.512/7-1846

JUL 25 1946

FILED

CONFIDENTIAL FILE

- 2 -

I should appreciate it if this information could be transmitted to the Supreme Commander along with the appropriate policy directive.

Respectfully yours,

Nelson T. Johnson

Nelson T. Johnson
Secretary General

Enclosure

July 22, 1946

MEMORANDUM FOR THE SECRETARY, SWNCC

Subject: Directive Regarding Japanese
Taxation of Aliens.

There is enclosed a draft directive prepared on the basis of a policy decision (also enclosed) unanimously approved at the twentieth meeting of the Far Eastern Commission on July 18, 1946, under the provisions of paragraph II, A, 1 of its terms of reference.

It is requested that the enclosed directive be forwarded to the Joint Chiefs of Staff for transmission, if the directive in their opinion satisfactorily expresses the policy decision of the Far Eastern Commission, to General MacArthur for his guidance in accordance with paragraph III, 1 of the terms of reference of the Commission.

The Secretary General of the Far Eastern Commission has requested that the Joint Chiefs of Staff, in transmitting the enclosed draft directive to the Supreme Commander for the Allied Powers, inform him that in approving the statement of policy on which the enclosed directive is based, the Commission recommended that in connection with this policy decision, the Supreme Commander for the Allied Powers should be informed that the Far Eastern Commission has currently under consideration additional policy with respect to extraordinary taxation designed to meet war costs or other charges falling on the Japanese as a result of the war, such as the Increased Property Tax Law and the War Profits Tax Law as Imposed on Juridical Persons.

J. H. Hilldring
State Member

State-War-Navy Coordinating Committee

Enclosures:

1. Draft Directive.
2. Statement of Policy.

JA:ALDunning:uls
7-22-46

FE A-8

ENCLOSURE

DIRECTIVE REGARDING JAPANESE TAXATION OF ALIENS

The following statement of policy, adopted by the Far Eastern Commission on 18 July 1946, under the provision of paragraph II, A, 1 of its Terms of Reference has been received from the State, War and Navy Departments for transmission to you as a directive for your guidance in accordance with paragraph III, 1, of those Terms of Reference. You should take appropriate steps to insure that any tax laws adopted by the Japanese conform to the principles set forth in this statement:

- "1. No Japanese taxation should discriminate against aliens.
- "2. No capital levy should be levied by the Japanese authorities in respect to property in or outside Japan owned by United Nations nationals. Any capital levy on corporations and unincorporated associations should be so devised as to exempt from the effects of the levy, the shares and interests in the said corporations and unincorporated associations held by United Nations nationals. If in your opinion exceptional circumstances justify the imposition of any such capital levy, you should refer the matter for consideration of the Far Eastern Commission."

ENCLOSURE**STATEMENT OF POLICY REGARDING JAPANESE
TAXATION OF ALIENS**

1. No Japanese taxation should discriminate against aliens.
2. No capital levy should be levied by the Japanese authorities in respect to property in or outside Japan owned by United Nations nationals. Any capital levy on corporations and unincorporated associations should be so devised as to exempt from the effects of the levy, the shares and interests in the said corporations and unincorporated associations held by United Nations nationals. If in the opinion of the Supreme Commander for the Allied Powers, exceptional circumstances justify the imposition of any such capital levy, he should refer the matter for consideration of the Far Eastern Commission.

Circ

DC/R files

DEPARTMENT OF STATE

Memorandum of Conversation

RESTRICTED

DATE: August 1, 1946

SUBJECT: Exemption of United Nations Nationals from Certain Internal Extraordinary Tax Measures in Japan.

PARTICIPANTS: Mr. Martin, Mr. Whitman, Mr. Barnett--JK; Mr. Freeman--Le; Mr. Arnold--CP.

COPIES TO: CP - Mr. Gay
ITP
JK - Mr. Whitman

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A meeting was held this afternoon in Mr. Martin's office to consider the position of the U.S. member of the Far Eastern Commission in connection with the above subject.

Mr. Martin stated that the FEC is considering proposals to exempt United Nations nationals and their property in Japan from three specific Japanese internal tax measures constituting extraordinary taxation designed to meet Japanese War costs. The taxes are a Capital Levy, an Excess War Profits tax, and an Increased Property tax. Initially, a majority of the FEC favored exemption of UN nationals from all three taxes, in opposition to the United States position of equal treatment to UN and Japanese nationals alike. On the grounds that it was a more excessive tax and considerably different from the other two, the U.S. conceded granting the exemption in the case of the capital levy only, in return for which the British agreed tentatively to equal treatment, (no UN exemption) on the other two taxes. Later, however, the British members stated they had received new instructions supporting their former position on the grounds that these taxes were extraordinary taxes designed to meet Japanese war costs, that the Japanese had brought the war on themselves and hence should pay these particular war taxes themselves. The U.S. still continued to press for no exemption from the latter two taxes.

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Dist. *[Signature]*

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According to Mr. Freeman, who is speaking for the U.S. on the FEC committee considering this question, two main arguments have been presented for the U.S. position: 1- That the question must be regarded from the long-range point of view, that our policy in such matters elsewhere is to favor national treatment (i.e., no discrimination for or against foreign nationals in domestic tax legislation), and that to make an exception for Japan would be inconsistent with that policy; 2- That these tax measures are designed to aid in rehabilitating Japan, that UN nationals and their property in Japan will benefit from rehabilitation, and hence should share in the cost. The U.S. stand is supported at present only by the Philippines and the USSR.

In reply to a question from Mr. Martin, I stated that CP's interest in the matter was to have a consistent foreign commercial policy, that our position was substantially the same as the point which Mr. Freeman had made (#1 in the preceding paragraph); that an exception to the policy of national treatment in the case of Japan would be hard to justify in the light of our Proposals for World Trade and Employment.

A meeting of the FEC committee on this subject will be held tomorrow, Friday, at 3:00 P.M. Mr. Freeman stated that unless he could get some additional arguments for the U.S. position, the committee would probably take the British position of exemption from all three taxes and his only alternative would be to file a minority report. I stated I would try to get some arguments from our people and give them to him. Mr. Martin suggested and Freeman agreed, that CP should send a man to the meeting with Freeman, a man to argue the U. S. position. I said I would pass that suggestion on to CP and let them know by Friday noon. It would seem that the CP representative should be someone who knows our commercial policy generally as regards national treatment, particularly in taxation matters, and who knows how the subject is treated in our various commercial treaties in order to answer possible questions from FEC committee members.

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jar

CP:JARhold:dmr
8/1/46

August 14, 1946

CONFIDENTIAL

**MEMORANDUM FOR THE SECRETARY GENERAL,
FAR EASTERN COMMISSION**

In accordance with instructions of August 12, 1946, from the State-War-Navy Coordinating Committee, there is enclosed for the information of the Far Eastern Commission a copy of a message from the Supreme Commander for the Allied Powers to the Joint Chiefs of Staff dated August 8, 1946, regarding the question of the Japanese Tax Program.

**J. H. Hilldring
Assistant Secretary**

**Enclosure:
Copy of message from
SCAP to JCS.**

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A copy of the signed original. H-5

AUG 14 1946 F.M.

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CONFIDENTIAL
THE STATE-WAR-NAVY COORDINATING COMMITTEE
WASHINGTON, D. C.

JA

SWN-4672
12 August 1946

Dy/R

MEMORANDUM FOR THE SECRETARY OF STATE:

Subject: Japanese Tax Program.

The Joint Chiefs of Staff request that the attached copy of a message from the Supreme Commander for the Allied Powers be forwarded by the Department of State to the Far Eastern Commission.

For the State-War-Navy Coordinating Committee:

[Signature]
J. H. HILLDRING,
State Department Member

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Enclosure:
Copy of message from
SCAP to JCS

Memorandum for FEC
Aug 14, 46
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CONFIDENTIAL

CONFIDENTIAL**THE STATE-WAR-NAVY COORDINATING COMMITTEE
WASHINGTON, D. C.****SWN-4672
12 August 1946****MEMORANDUM FOR THE SECRETARY OF STATE:****Subject: Japanese Tax Program.**

The Joint Chiefs of Staff request that the attached copy of a message from the Supreme Commander for the Allied Powers be forwarded by the Department of State to the Far Eastern Commission.

For the State-War-Navy Coordinating Committee:

**J. H. HILLDRING,
State Department Member**

**Enclosure:
Copy of message from
SCAP to JCS**

COPY TO ACCOMPANY ORIGINAL

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CONFIDENTIAL

Message from the Supreme Commander for the Allied
Powers to the Joint Chiefs of Staff

8 August 1946

Subject is Japanese Tax Program.

1. Tax Program prepared by Japanese Government after detailed study with guidance by members of this staff includes Capital Levy on individuals only, excluding United Nations Nationals. Concurrent with Capital Levy there is being imposed 100% tax on indemnity claims against the Government growing out of the war. These measures together with guarantee of small deposits and establishment of government finance agencies are designed to effect (a) maximum recapture of war profits; (b) sound reorganization of Japanese Banking System; (c) minimum disruption essential industrial production; (d) imposition of major taxation burden on high income class.

2. Above program will be ready for submission to Diet in mid-August and forced introduction of new measures such as (a) increased Property Tax Law and (b) War Profits Tax as imposed on juridical persons would cause serious disruption of organized plans of government for tax collection and create delays detrimental to badly needed programs for essential industrial production and economic stabilization. Above measures were considered and rejected here because of administrative difficulties created in connection with collection processes and because of conviction that results desired can be obtained with greater certainty through present simplified program.

3. Adequate safeguards will be achieved here to protect Allied interests. It is urged that Far Eastern Commission be requested not to take formal action on substantive aspects of tax program until opportunity for comment has been accorded to Supreme Commander for the Allied Powers.

4. Will forward complete details approved Japanese Tax Program earliest. If adjustments required subsequently by Far Eastern Commission these can be accomplished here after final coordination has been achieved.

CONFIDENTIAL

(copy)

SWN-4600
23 July 1946

MEMORANDUM FOR THE SECRETARY, JOINT CHIEFS OF STAFF:

Subject: Directive Regarding Japanese Taxation
of Aliens.

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It is requested that the enclosed directive be forwarded by the Joint Chiefs of Staff, if the directive in their opinion satisfactorily expresses the policy decision of the Far Eastern Commission, to General MacArthur for his guidance in accordance with paragraph III, 1 of the terms of reference of the Commission.

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For the State-War-Navy Coordinating Committee:

A. D. REID,
Secretary

(copy)

DIRECTIVE REGARDING JAPANESE TAXATION OF ALIENS

The following statement of policy, adopted by the Far Eastern Commission on 18 July 1946, under the provision of paragraph II, A, 1 of its Terms of Reference has been received from the State, War and Navy Departments for transmission to you as a directive for your guidance in accordance with paragraph III, 1, of those Terms of Reference. You should take appropriate steps to insure that any tax laws adopted by the Japanese conform to the principles set forth in this statement:

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THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

[Handwritten signatures and initials]
HM
NH
RAF
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6 DIVISION OF Office of the U. S. Political Adviser
NORTHEAST ASIAN AFFAIRS for Japan

REC'D
SEPT 12

SEP 14 1949 Tokyo, September 2, 1949.

DEPARTMENT OF STATE

ACTION No. 606

no action required

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CONFIDENTIAL - (FOR DEPARTMENT USE ONLY)

INFO
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S/S

Subject: Transmission of Memorandum Containing Summary of Japanese Tax Problems for Presentation to Under Secretary of the Army.

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The Acting Political Adviser has the honor to enclose a copy of a memorandum dated August 31, 1949, on the subject "Summary of Japanese Tax Problems for Presentation to Under Secretary Voorhees," which was prepared by Mr. L. H. MOSS, Chief, Internal Revenue Division, Economic and Scientific Section, General Headquarters, SCAP.

While some of the material presented in the memorandum has previously been reported, it is believed that the Department may find of interest this concise statement of Japanese tax problems and steps taken by General Headquarters to reform tax administration and maximize tax collections.

As indicated, this summary was prepared for presentation to Under Secretary of the Army Tracy S. VOORHEES who arrived in Tokyo on August 29, 1949, for a two-week inspection trip.

Enclosure: *[Handwritten mark]*

Copy of memorandum dated August 31, 1949, subject "Summary of Japanese Tax Problems for Presentation to Under Secretary Voorhees"

[Handwritten initials] Parchment Mat to the Department.

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CHBoehringer:lee

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ACTION COPY

RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

This Document Must Be Returned to DC/R Files 894.512/9-249

Confidential File

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FILED

JUL 14 1952

CONFIDENTIAL

Enclosure to Despatch No. 606, September 2, 1949, from the Office of the U. S. Political Adviser for Japan, Tokyo, on the subject "Transmission of Memorandum Containing Summary of Japanese Tax Problems for Presentation to Under Secretary of the Army".

(COPY)

Economic and Scientific Section
Internal Revenue Division

31 August 1949

MEMORANDUM FOR FILE:

SUBJECT: Summary of Japanese Tax Problems for Presentation to Under-secretary Voorhees

1. The major existing problems in the field of Japanese taxation are those relating to:

- a. Tax administration and enforcement, both national and local; and
- b. The unbalanced tax structure.

These problems are hereinafter briefly analyzed, with emphasis placed on action being currently taken to resolve the problems, and future action contemplated.

2. Background Summary: Administration of Japanese taxes has been, and is, inadequate, inefficient, inequitable and arbitrary. Part of this is because of the large percentage of inexperienced, untrained and youthful tax personnel; qualified personnel are practically non-existent. Part of it is due to the fact that the Oriental concept of a tax machine, with unlimited and arbitrary power in the hands of the tax collector, and with little or no right of effective appeal in the hands of the taxpayer, has remained until recently a fundamental part of the Japanese national tax administration; it is, in fact, still a part of the local tax administrations. The combination of these factors, together with the higher and higher tax rates which have resulted from the steadily mounting revenue requirements and inflation, had led to the development in Japan of a definitely undesirable tax condition which must be corrected, namely: arbitrary mass reassessments without investigation or right of appeal; deliberate underassessments by sympathetic tax officials; huge amounts of assessed but uncollectible delinquent taxes; a complete breakdown, in some offices, of accounting systems; wholesale tax evasion; an almost total lack of voluntary taxpayer compliance; extremely low taxpayer morale; and mass agitation for tax relief. These conditions represented tailor-made ammunition for the communists, who used them most effectively during the last general election. For example, in their propaganda sheets the communists described the mass reassessments as "descending from heaven" assessments; i.e., assessments based on "figures pulled out of the air".

3. ESS Tax Program: As part of the program to bring about corrective reforms, the following steps were taken by ESS during 1948:

- a. To

CONFIDENTIAL

Enclosure to
Tokyo's Despatch No. 606,
September 2, 1949.

- 2 -

a. To devise and implement the tax administration reforms, qualified and experienced tax personnel were recruited, on a loan basis, from the U.S. Bureau of Internal Revenue and certain selected state and local governments. Part of these specialists were assigned to ESS/Internal Revenue Division and part to the regional Civil Affairs teams.

b. Arrangements were completed for Dr. Carl Shoup of Columbia University and six outstanding tax economists to conduct a survey of the unbalanced tax structure.

4. Progress in Administration Reforms: Although substantial progress in tax administration and enforcement improvement has been made during the past year, the full implementation of the reforms remains to be realized. Progress to date includes:

a. The reorganization on 1 June 1949 of the 514 semi-autonomous offices of the national tax service into one external bureau of the Ministry of Finance with vertical lines of authority and control over all field offices. This was brought about by virtue of SCAPIN 2001.

b. The establishment within the national tax service in September 1948 of the National Tax Inspectors, a group of specialists who concentrate on large evasion cases. The extent of the success of this group aside from the additional revenue gained, may be gleaned from the following comparisons of income tax prosecutions:

	<u>Indictments</u>	<u>Convictions</u>
Eight months prior to 1 Dec 48	20	5
Eight months after 1 Dec 48	125	50

c. The establishment within the national tax service of the National Tax Investigators, whose function is to concentrate on the investigation of the large non-evasion cases; the National Tax supervisors, who maintain surveillance over the lower echelons of the reorganized service; and the National Tax Personnel Investigators, who were formed to weed out the corrupt and inefficient from the service.

d. The establishment of special activities within the service to implement certain ESS/IRD sponsored programs, such as: tax personnel training programs; accounting reforms; taxpayer education and publicity programs. To recruit the best qualified personnel for these activities, special competitive civil service examinations were held throughout Japan.

5. Tax Surveillance by CA Teams: Surveillance by prefectural Military Government teams over the local offices of the national tax service was initiated in February 1948, due to lagging tax collections. During the February-April periods of 1948 and 1949 approximately 120 and 130 men, respectively, were utilized for this surveillance. In

both

CONFIDENTIAL

Enclosure to
Tokyo's Despatch No. 606,
September 2, 1949.

- 3 -

both years tax collections substantially exceeded budget revenue estimates. With the abolishment of the prefectural teams and the drastic curtailment of personnel, now under way, which will result for all practical purposes in the elimination of surveillance over local tax offices, the question arises as to whether desired collection results can be obtained this fiscal year, when the tax burden is admittedly the highest of any year since V-J day. Fortunately, the ESS tax program initiated last year contemplated the gradual replacement of quantitative surveillance with qualitative surveillance, and qualified U.S. Treasury personnel, now stationed in all major regions with the Civil Affairs teams, were recruited with this in mind. Abrupt elimination of quantitative surveillance, however, was not contemplated. Present tentative plans of the Civil Affairs Section, Eighth Army, provide sixteen positions for national tax surveillance, plus eight for surveillance over local tax administrations, as the minimum necessary reasonably to assure collection of the tax goals and implementation of the tax reform program.

6. Shoup Report: The Shoup Tax Mission report, laying out the pattern for both short and long run revision of the Japanese tax structure, was submitted last week. It is a highly comprehensive and exhaustive study of the national, prefectural and local tax structures. Highlights of the report include recommendations:

a. That a much greater degree of fiscal autonomy, including much broader taxation powers, be granted the local governments.

b. That, in order to bring about a greater degree of voluntary taxpayer compliance and make effective tax enforcement possible, a substantial reduction averaging about 30% be made in the existing abnormally high personal income tax rates (with a top bracket of 55%).

c. That, to compensate for the reduced income tax rates in the high brackets, a "net worth" tax with rates ranging from $\frac{1}{2}\%$ to 3% be imposed on individuals with net properties in excess of five million yen.

d. That the normal corporate income tax rate of 35% be retained, but that the excess profits tax be repealed.

e. That a revaluation of assets be made, in order to reflect realistic depreciation charges for tax purposes.

f. That real estate taxes be substantially revised and made more productive, with anticipated revenues of 50 billion yen.

Throughout the report Dr. Shoup stresses action for the improvement of taxpayer compliance and tax administration efficiency. These recommendations are based upon the program already in force in ESS/IRD.

7. Future Action: Future actions planned are: continuation and acceleration of the present ESS tax administration reform program, both national and local, and implementation of the recommendations of the Shoup Mission.

HAROLD MOSS, Chief
Internal Revenue Division

CONFIDENTIAL

SEP 12 1946

CONFIDENTIAL

MEMORANDUM FOR THE SECRETARY GENERAL
FAR EASTERN COMMISSION

With reference to the cable dispatched by the Joint Chiefs of Staff on 6 September 1946 to the Supreme Commander of the Allied Powers, as WAR 99688, subject: extraordinary taxation in Japan, the following message has been received from the Supreme Commander for the Allied Powers:

"In view of the fact that the complete set of tax bills have not yet been passed by the Japanese Diet, publicity upon the subject of treatment of Allied Foreign Nationals at this time is considered premature and no press releases in Tokyo are contemplated. A release on this subject now will gravely embarrass the administration of the comprehensive program now in process of legislative action and will greatly increase the difficulties which confront the execution of the basic policies involved. Until action has been taken by the Diet on the series of complex bills under contemplation I recommend no press release be made. There can of course be no objection to such a release after the accomplishment of these administrative measures."

The foregoing is furnished for your information and any action considered appropriate.

J. H. Hildring
Assistant Secretary

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DEPARTMENT OF STATE
ASSISTANT SECRETARY

September 23, 1946

Mr. Chapin: JK

Kindly pass to appropriate
Division in State Department for
appropriate action.

J. T. Forno

Suspense 9/25

FAR EASTERN COMMISSION
1615 K STREET, N. W.
WASHINGTON, D. C.

ASSISTANT SECRETARY
W. L. CLAYTON

SEP 19 1946

A-C
DEPARTMENT OF STATE

16 September 1946

DIVISION OF JAPANESE
AFFAIRS
SEP 23 1946
DEPARTMENT OF STATE

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Assistant Secretary Hildring to the
Far Eastern Commission, dated 12 September
1946, and appropriate action there-
on and appropriate action there-
after with respect to the Commission's
decision on the subject of Japanese
press, has been received. The
Commission on this subject, and the
press, were contained in the
document dated 28 August 1946, transmitting
the text of the document SC-016/8.

The reply of the Supreme Commander was submitted to the
Far Eastern Commission at its twenty-fifth meeting on 12 September
1946, and the Commission unanimously agreed to accept the recom-
mendation of the Supreme Commander that a press release be post-
poned until action by the Japanese Diet on the tax bills has been
completed.

As Secretary General of the Far Eastern Commission, I
have been instructed to forward this decision of the Commission to
you, with the request that you inform the Supreme Commander accord-
ingly.

Sincerely yours,

Nelson T. Johnson

Nelson T. Johnson
Secretary General

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A-H

FAR EASTERN COMMISSION
2516 MASSACHUSETTS AVENUE, N. W.
WASHINGTON 8, D. C.

ASSISTANT SECRETARY
W. L. CLAYTON

ASSISTANT SECRETARY
A-H
SEP 23 1946
GENERAL HILDRING
DEPARTMENT OF STATE

SEP 19 1946

CONFIDENTIAL

A-C
DEPARTMENT OF STATE

16 September 1946

DIVISION OF INFORMATION
Mem L. Clayton
25 Sept 46
SEP 23 1946
DEPARTMENT OF STATE

8960

The Honorable William L. Clayton
Acting Secretary of State
Washington, D. C.

My dear Mr. Secretary:

The memorandum of Assistant Secretary Hildring to the Secretary General of the Far Eastern Commission, dated 12 September 1946, transmitting for information and appropriate action the message from the Supreme Commander with respect to the Commission's proposal to release its consultation on the subject of Japanese extraordinary tax laws to the press, has been received. The original consultation of the Commission on this subject, and the proposal for its release to the press, were contained in the letter of the Chairman to you dated 28 August 1946, transmitting the text of the document SC-016/8.

The reply of the Supreme Commander was submitted to the Far Eastern Commission at its twenty-fifth meeting on 12 September 1946, and the Commission unanimously agreed to accept the recommendation of the Supreme Commander that a press release be postponed until action by the Japanese Diet on the tax bills has been completed.

As Secretary General of the Far Eastern Commission, I have been instructed to forward this decision of the Commission to you, with the request that you inform the Supreme Commander accordingly.

Sincerely yours,

Nelson T. Johnson

Nelson T. Johnson
Secretary General

DCF OFD Unit
Rev. *K*
Dist

894.512/9-1646

CS/A

894.512/9-1646

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DC/R

SEP 26 1946

CONFIDENTIAL

MEMORANDUM TO SECRETARY, SWNCC

Subject: Views of the Far Eastern Commission Toward Question of Releasing to the Press Its Consultations on the Subject of Japanese Extraordinary Tax Laws.

On September 6, 1946 the Chairman of the Far Eastern Commission sent a consultative message to the Supreme Commander for the Allied Powers/relative to extraordinary taxation in Japan, attached to which was the statement that the Far Eastern Commission intended to release its consultations on this subject to the press.

With reference to the reply of SCAP, dated September 8, 1946, to the above communication in which he stated that he considered publicity upon the subject of treatment of Allied Foreign Nationals at this time to be premature, it is requested that SCAP be informed that his message was submitted to the FEC at its twenty-fifth meeting on September 12, 1946 and that the Commission unanimously agreed to accept the recommendation of the Supreme Commander that a press release be postponed until action by the Japanese Diet on the tax bills has been completed.

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J. H. Hildring
Assistant Secretary

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SEP 26 1946

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A true copy of the signed original

894.512/9-1646

CONFIDENTIAL

THE STATE-WAR-NAVY COORDINATING COMMITTEE
WASHINGTON, D. C.

COPY

File
9-18-46

SWN-4724
9 September 1946

MEMORANDUM FOR THE STATE MEMBER, SWNCC

Subject: Consultation with the Supreme Commander for the Allied Powers Relative to Extraordinary Taxation in Japan.

Pursuant to the request of the State-War-Navy Coordinating Committee, the Joint Chiefs of Staff on 6 September 1946 dispatched to the Supreme Commander for the Allied Powers, as WAR 99688, the contents of the enclosure to the memorandum from the State Department Member on the above subject dated 30 August 1946.

The following message has been received from the Supreme Commander for the Allied Powers as a reply to WAR 99688:

"In view of the fact that the complete set of tax bills have not yet been passed by the Japanese Diet, publicity upon the subject of treatment of Allied Foreign Nationals at this time is considered premature and no press releases in Tokyo are contemplated. A release on this subject now will gravely embarrass the administration of the comprehensive program now in process of legislative action and will greatly increase the difficulties which confront the execution of the basic policies involved. Until action has been taken by the Diet on the series of complex bills under contemplation I recommend no press release be made. There can of course be no objection to such a release after the accomplishment of these administrative measures."

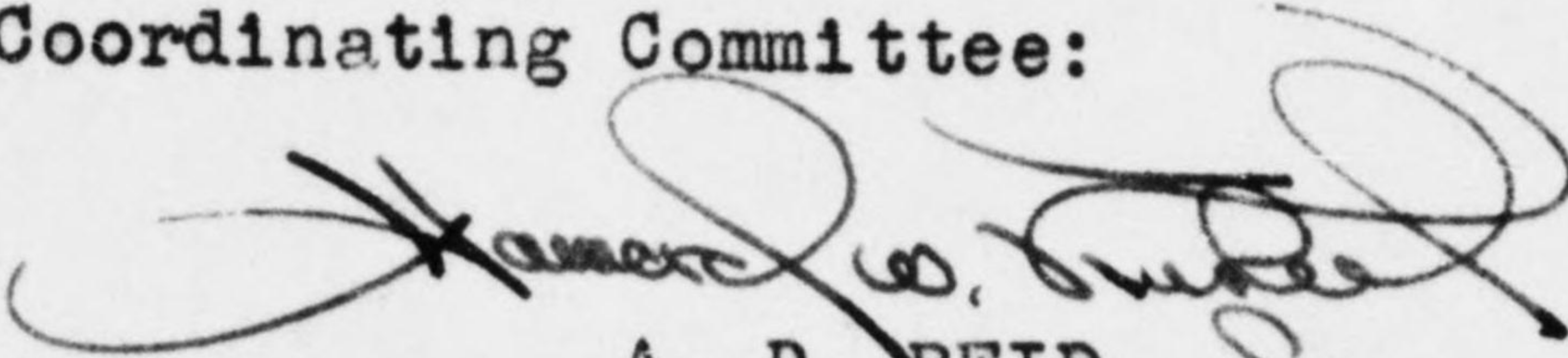
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SEP 18 1946

894.512/9-946 OS FILED
894.512/9-946

The foregoing is furnished for your information and any action considered appropriate.

For the State-War-Navy Coordinating Committee:


A. D. REID,
Secretary

CONFIDENTIAL

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : JK - Mr. Martin

DIVISION OF JAPANESE AND KOREAN
ECONOMIC AFFAIRS
DEPARTMENT OF STATE

DATE: 12-10-46

FROM : JA - Mr. Borton

*HB Reply prepared 2-6-47 L. Fisher
File SC/P*

SUBJECT: Application of Capital Levy Tax to Koreans Resident
in Japan.

*Fisher
Mr. Seibald - will you discuss with
Jack.
Return to JK
Fisher*

The attached memorandum which Mr. Cho, a Korean secretary to Prince Ri submitted to Mr. William J. Sebald raises the question as to the application of the capital tax levy on Koreans resident in Japan.

Mr. Sebald has indicated that to his knowledge, SCAP has not as yet determined the course that is to be taken in applying the levy to Koreans, but feels that this, and other questions related to the treatment which will be accorded Koreans in Japan may be referred to Washington for a decision.

Despite the fact that SCAP has been using every means to induce Koreans to return to Korea, an estimated 400,000 remain. In some instances, Koreans have considerable business interests of their own in Japan, and others have managed to find prominent positions in large Japanese business concerns. Black market operations have been a fertile field in which Koreans have participated heavily. It is estimated that a majority of Koreans however, will probably fall within the exempt classification of those having capital of no more than 30,000 yen.

Should the capital levy tax be imposed upon Koreans, all of Mr. Cho's arguments will doubtless find expression from Koreans in Japan and in Korea as well.

In case Koreans are treated as United Nations nationals, Mr. Sebald has indicated that it would constitute an open invitation for Koreans to engage in cloaking operations which would be used by Japanese to escape the provisions of the tax.

It is realized that the problems raised by this issue are similar to others concerned with the treatment of Koreans in Japan and elsewhere. As a start in the direction of initialing discussions that may eventually consider the problem as a whole, it is suggested that you might want to have a representative from your Division meet with Mr. Williams in order to consider possible recommendations on the specific problem of the application of the capital tax levy to Koreans in Japan.

JA: JZ Williams: sg

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FORM DS-322
7-18-46

2064
OUTGOING TELEGRAM

CLASSIFICATION

INDICATE

Collect

Charge Department:

Charge to

Department of State

Washington

CONFIDENTIAL

SUPREME COMMANDER FOR THE ALLIED POWERS,

TOKYO

45
INFO: WAR DEPT CHIEF OF STAFF

FOR POLITICAL ADVISER

FEB 11 1947

7 pm

CONFIDENTIAL

894.512/2-1147

XR
895.512

(Inform Whitman), suggest you discuss with SCAP officials application capital levy Koreans in Japan. Assumption here is under 100,000 yen exemption few Koreans involved. If deemed practicable suggest consideration be given applying only Koreans intending remain in Japan. If Koreans intend return Korea are exempt, involves consideration exemption Formosans, also use Koreans by Japs for cloaking purposes.

Marshall
(for E)

CS/N

DC/T

DISTRIBUTION DESIRED (OFFICES ONLY)

RECEIVED
FEB 11 1947 P.M.

JK:OJMcDiarmid:el
2/6/47

CR CLEARANCE

Routing slip with fields for 'To', 'Rev', 'Dist' and a signature line. Includes a stamp 'DOF WFL UEP' and a signature 'JKS JA'.

Signature
A-H

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894.512/2-1147

18 Nov. 1942: Rec'd from Mr. Cho, private secretary to Prince Ri,
re the argument of Koreans in Japan against
payment of the Capital Levy Tax. — W.B.

1. It is not reasonable for the Japanese government to collect the property tax from the Koreans and other neutral nations in Japan.
2. The property tax is the one by which Japan is to compensate the failure of her own war economy. Therefore the Japanese that started the war against the world should be the incidence of this tax.
3. As we Koreans have been emancipated by the victory of the Allied Powers from the Japanese tyranny according to the Potsdam Declaration, we are not responsible for this tax to atone for the Japanese war crimes. Of course as long as we live in Japan as foreigners, we are bound to follow the Japanese law, and pay the taxes. But the current property tax is different from that.
4. Shibusawa, former Japanese Minister of Finance, had the right opinion that the property tax should not be collected from the Koreans as well as the neutral nations.
5. We cannot agree with the opinion that the Koreans without nationality should be regarded as Japanese because Korea has no government.
6. It is not by the will of the Koreans that Korean government is not established. The Allied Powers that have divided Korea at the 38th parallel, and stood in the way of her unification are to blame for it.
7. It will be the shirking of the responsibility on the part of the Allied Forces and also against the spirit of Potsdam Declaration, if they put the Koreans again under the control of the Japanese Government on the pretext that Korea has no government. The bitter experience caused by the Japanese Tyranny for thirty five years is quite enough for us.
8. We wish you would understand our position as small, weak nation and adopt the proper policy for us.

CR T-152

Form DS-302 (7-2-46)

DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DEPARTMENT OF STATE INCOMING TELEGRAM

ACTION COPY

Handwritten signatures and initials

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DIVISION OF JAPANESE AND KOREAN ECONOMIC AFFAIRS DEPARTMENT OF STATE
FEB 26 1947

DCR file no action required
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Control 7949

Rec'd February 26, 1947 4:27 a.m.

	ACT	EXP
ESP		
ES		✓
GA		✓
JK	✓	3

FROM: Tokyo
TO : Secretary of State
NO : 41, February 25, 4 a.m.

894.512/2-147

REDEPTEL 45, February 11.

In view of FEC statement of policy (FEC 055/6) exemptions from capital levy or other extraordinary taxes are apparently determined by FEC. Current FEC policy provides exemption only for property owned by United Nations nationals. Authority has not been given to exempt other persons.

Neutrals, former belligerents later considered friendly, stateless individuals, and liberated persons all are presently subject to the capital levy.

It is estimated there are 561,000 Koreans now in Japan who have refused repatriation. Of this number some 20,000, many of whom have sizeable assets, are believed to be subject to the capital levy.

Should Formosans be determined to be Chinese and thus United Nations nationals, they would automatically be exempt under present FEC policy; but this question is understood to be still under inter-governmental discussion and involves many complications, REOURTEL 492, October 29, 1946 and other

correspondence to

CONFIDENTIAL

APR - 7 1947

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PERMANENT RECORD COPY: THIS COPY MUST BE RETURNED TO DC/R CENTRAL FILES WITH NOTATION OF ACTION TAKEN.

894.512/2-2547

CONFIDENTIAL

-2- #41, February 20, from Tokyo.

correspondence to and from Department regarding
Formosans in Japan.

If Department is considering proposing changes in
FEC policy re exemption from capital levy or other
extraordinary taxes request SCAP be fully advised
of Department's views soonest and given opportunity
to comment thereof prior to final decision US
position and before presentation to FEC.

Whiteman presently absent from Japan.

ATCHESON

WFS:DHC

CONFIDENTIAL

Office Memorandum • UNITED STATES GOVERNMENT

DATE: March 27, 1947

TO : JK

FROM : WE - B.R. Kittredge, Jr.

SUBJECT :

The attached memorandum was delivered to me by hand by a member of the Swiss Legation on March 26.

I am forwarding it to JK for action in consultation with LE and any other divisions which may be concerned.

I should appreciate being advised of the reply which will be made to the Swiss Legation.

BRK

WE:BRKittredge:hd

DIVISION OF JAPANESE AND KOREAN
ECONOMIC AFFAIRS
DEPARTMENT OF STATE
APR 11 1947
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LEGATION OF SWITZERLAND
WASHINGTON 8, D. C.

*Returned to
Em 1167
Hess*
DIVISION OF JAPANESE
ECONOMIC AFFAIRS
DEPARTMENT OF STATE
~~APP 1-1-1947~~
*July drafted
10/11/47*
Nov. 28, 1947

MEMORANDUM

The Legation of Switzerland has been apprized of the tenor of communications recently exchanged between the Swiss Diplomatic Mission in Japan and the General Headquarters, Supreme Commander for the Allied Powers, Diplomatic Section, Tokyo, in order to define the extent of application of tax laws promulgated by the Imperial Japanese Government. It was found that neither the Capital Levy Law nor the War Indemnity Special Measures Laws provide exemption from taxation by reason of the possession of the nationality of a neutral country and that only nationals of certain of the United Nations are exempted from taxation as set forth in the Enforcement Regulations for these taxes.

According to information supplied to the Swiss Diplomatic Representative in Tokyo, this discrimination against nationals of neutral countries apparently originated in Washington. The Legation of Switzerland has therefore been instructed to approach the American authorities in this question.

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- 2 -

The Swiss request for treatment under these tax laws of Swiss nationals and firms on an equal basis with allied nationals is primarily based on the most-favored-nation provisions of Article 14 of the Swiss-Japanese Treaty of Settlement of June 21, 1911. This clause reads as follows in its translation:

"The high contracting parties agree in all matters relating to commerce and industry that every privilege, favor, or exemption which one of the parties extends or will extend in the future to nationals of any other foreign country will be extended immediately and unconditionally to the other contracting party, since it is their intention to treat in every respect commerce and industry of both contracting countries on the basis of most-favored nation."

Under the proposed Japanese tax laws, however, the activity of Swiss firms in Japan must be considered jeopardized and their very existence threatened by the application of such regulations which seem contrary to the letter and

- 3 -

spirit of the Swiss-Japanese Treaty of Settlement. This all the more since tax privileges have been accorded to third countries.

The Swiss Government is unable to understand why Swiss nationals and firms should be given a less favorable treatment than those of other third countries. Such discrimination can hardly be considered justified by Switzerland in view of the provisions of Article 14 of the Swiss-Japanese Treaty of 1911. Furthermore, Switzerland, as former Protecting Power for United States interests in Japan and also for Japanese interests in certain belligerent countries, would consider itself entitled to expect for its nationals a treatment as favorable as that granted to nationals of third countries.

The Legation would therefore appreciate it if the competent American authorities would be disposed to use their good offices with a view to obtaining that the decision excluding Switzerland from these tax exemptions be revised in the light of the above considerations.

March 26, 1947
R.400.2 Bp/md

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894.512/3-2647

MEMORANDUM

The Department of State acknowledges the receipt of the memorandum from the Legation of Switzerland dated March 26, 1947, requesting that the American Authorities use their good offices to obtain a revision of the policy respecting the applicability of certain Japanese taxes to Swiss property in Japan. The memorandum refers to certain communications recently exchanged between the Swiss Diplomatic Mission in Japan and the General Headquarters of the Supreme Commander for the Allied Powers in Tokyo, in which it was ascertained that the enforcement measures of the Capital Levy Law and the War Indemnity Special Measures Laws do not exempt the property of nationals of neutral countries from these measures, whereas property of members of the United Nations is so exempt. It is stated further that according to information supplied to the Swiss Diplomatic Representative in Tokyo, this policy originated in Washington.

894.512/3-2647

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The policy to which reference is made, was established

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pursuant

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- 2 -

pursuant to a decision of the Far Eastern Commission, and not of the Government of the United States. Prior to this decision by the Far Eastern Commission, the position taken by this Government with respect to Japanese extraordinary tax laws in relation to non-Japanese individuals and corporations, was that no objection would be taken to the application of such taxes to all property in Japan, regardless of the nationality of the owner. The decision of the Far Eastern Commission was transmitted to the Supreme Commander for the Allied Powers as a basis for instructions to the Japanese Government to exempt property of members of the United Nations from this tax.

In as much as the action, in respect to the exemption of the property of members of the United Nations from the Capital Levy, was taken by the Japanese Diet, pursuant to a policy thus determined by the Far Eastern Commission, the Department of State is taking steps to transmit the memorandum of March 26, 1947 of the Swiss Legation, together with this reply, to the Far Eastern Commission for its consideration. As soon as is possible, the Government of the United States will transmit the comments of the Far Eastern Commission to the Legation of Switzerland.

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- 3 -

In respect to the War Indemnities Special Measures Laws, the Japanese Government has exempted claims arising out of losses of the United Nations' property, and has guaranteed bank deposits of United Nations' nationals and other persons whose property was seized, confiscated or sequestered, or who were arrested or interned by the Japanese during the war, from losses arising out of the reorganization of Japanese financial institutions, necessitated by the application of the War Indemnities Special Measures Laws. This action was taken to afford protection to those persons who were denied access to and control of their property by the Japanese during the war, and it is considered consistent with the general policy that such property should be preserved and protected pending its return to the legitimate owners.

PNM
JK:OJMcDiarmid:mw

4/11/47

✓ ESP *Le/p* *Le/E* *NA* *WE* *A-H*

Department of State,

Washington,

2 1947

APR 30

P 200

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : U.S. Representative
Far Eastern Commission
FROM : Gen. Hilldring - A-H

DATE: April 30, 1947

SUBJECT: Application Japanese Extraordinary Taxes to Swiss
Property in Japan.

Forwarded herewith is a memorandum from the Legation of Switzerland to the Department of State, containing a request that American authorities use their good offices to obtain a revision of the policy respecting applicability of certain Japanese taxes to Swiss property in Japan.

Also attached is the Department of State's reply to the Legation of Switzerland.

These documents are forwarded for the information of the FEC and such ~~comments or other action~~ as the Commission may desire to take.

FW 894.512/3-2697

JK:OJMcDiarmid:mw

OR OFD Use

Rev. _____
Dat. _____
Dist. _____

Form DS-4 5-10		DEPARTMENT OF STATE TRANSMITTAL SLIP		Date April 30
TO: Mr Moulton (AH)				
TRANSMITTED FOR:				
INFORMATION OF THE DEPARTMENT'S REPRESENTATIVES	TRANSMISSION TO THE FOREIGN OFFICE	INFORMATION OF THE FOREIGN OFFICE	APPROPRIATE REPLY TO THE INDIVIDUAL	
SUBMISSION OF A REPORT TO THE DEPARTMENT. REFER TO		INFORMATION OF THE REPRESENTATIVE OF THE FOLLOWING U. S. AGENCY:	(AGENCY)	
ADDITIONAL REMARKS: <i>attached is cover memo for transmission of SWISS notel and our reply thereto to FEC. Will you please pull a copy of the two documents from file and send to FEC</i>				
WHEN A REPLY TO THE DEPARTMENT IS INDICATED PLEASE REFER TO THE FILE NUMBER AND THE DRAFTING OFFICE.				
FILE No. 3705	SIGNATURE <i>D. J. McP</i> DIVISION JK			

JUN 4 1947

894.512/3-2647

In reply refer to
894.512/3-2647

Dear General McCoy:

I am enclosing herewith a copy of a memorandum from the Legation of Switzerland, dated March 26, 1947, to the Department of State containing a request that the United States Government use its good offices to obtain a revision of the policy respecting the applicability of certain Japanese taxes to Swiss property in Japan. I enclose also a copy of the reply made by the Department of State to the Legation of Switzerland.

These documents are forwarded for the information of the Far Eastern Commission and for such action as the Commission may desire to take.

Sincerely yours,

J. H. Hilldring
Assistant Secretary

OR FD Us
To: *fl*
Rev: *lzh*
Dat: *ep*
Dist: *ep*
Enclosures: *ep*

- 1. Memorandum of March 26 from the Legation of Switzerland.
- 2. Memorandum of April 30 from the Department of State to the Legation of Switzerland.

Major General Frank McCoy,
Chairman, Far Eastern Commission,
2516 Massachusetts Avenue, NW.,
Washington 8, D. C.

KA
4 1947



A-H:WARudlin:sh 6/2/47

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894.512/3-2647

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STANDARD FORM NO. 64

*Return to Rom/67
N.S. 573*

Office Memorandum • UNITED STATES GOVERNMENT

TO : A-H - JK/Sec

DATE: April 11, 1947

FROM : JK - Mr. Whitman

PJM

SUBJECT: Applicability of Japanese Extraordinary Taxes to Swiss Property in Japan

1. It is recommended that the memorandum of March 26, 1947 from the Legation of Switzerland, together with the reply of the Department of State attached herewith, be transmitted to the U.S. representative in the FEC, for the information of the FEC and such comments or other action as the Commission may desire to take.

2. In respect to the present policies of the Japanese Government under which the property of United Nations' nationals is exempted from certain of the extraordinary tax measures recently promulgated by the Japanese Diet, reference is made to SWNCC 281/4, 27 June 1946, subject "Applicability of Proposed Japanese Extraordinary Tax Laws to Non-Japanese Individuals and Corporations." Appendix "A" to Enclosure "B" to that paper, indicates the background of the position taken by SWNCC. The initial decision by SWNCC as contained in SWNCC 281/1, was that this government had no objection to proposed Japanese extraordinary tax laws being applicable to all non-Japanese individuals and corporations. SCAP was so advised by JCS. When the matter was taken up at FEC, however, Committee no. 6 of the FEC proposed on May 9, 1946, that United Nations' property in Japan should not be subject to a capital levy except with the prior consent of the FEC. In difference to the position taken by Committee no. 6, SWNCC on May 22, requested that JCS inform Gen. MacArthur that no action should be taken with respect to the application of the Japanese extraordinary taxes to United Nations' nationals until further notice. On May 24, the Joint Economic Committees of the FEC endorsed the proposed policy of Committee no. 6 with the U.S. alone dissenting. SWNCC 281/4 incorporated this FEC decision which was then transmitted to the Supreme Commander for the Allied Powers.

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FW 894.512/3-2647

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JK:OJMcDiarmid:mw

Attachment

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Egt

A-H - JK/Sec

April 11, 1947

JK - Mr. Whitman

Applicability of Japanese Extraordinary Taxes to Swiss Property in Japan

1. It is recommended that the memorandum of March 26, 1947 from the Legation of Switzerland, together with the reply of the Department of State attached herewith, be transmitted to the U.S. representative in the FEC, for the information of the FEC and such comments or other action as the Commission may desire to take.

2. In respect to the present policies of the Japanese Government under which the property of United Nations' nationals is exempted from certain of the extraordinary tax measures recently promulgated by the Japanese Diet, reference is made to SWNCC 281/4, 27 June 1946, subject "Applicability of Proposed Japanese Extraordinary Tax Laws to Non-Japanese Individuals and Corporations." Appendix "A" to Enclosure "B" to that paper, indicates the background of the position taken by SWNCC. The initial decision by SWNCC as contained in SWNCC 281/1, was that this government had no objection to proposed Japanese extraordinary tax laws being applicable to all non-Japanese individuals and corporations. SCAP was so advised by JCS. When the matter was taken up at FEC, however, Committee no. 6 of the FEC proposed on May 9, 1946, that United Nations' property in Japan should not be subject to a capital levy except with the prior consent of the FEC. In difference to the position taken by Committee no. 6, SWNCC on May 22, requested that JCS inform Gen. MacArthur that no action should be taken with respect to the application of the Japanese extraordinary taxes to United Nations' nationals until further notice. On May 24, the Joint Economic Committees of the FEC endorsed the proposed policy of Committee no. 6 with the U.S. alone dissenting. SWNCC 281/4 incorporated this FEC decision which was then transmitted to the Supreme Commander for the Allied Powers.

JK:OJMcDiarmid:mw

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LEGATION OF SWITZERLAND

Washington 8, D.C.

MEMORANDUM

The Legation of Switzerland has been apprized of the tenor of communications recently exchanged between the Swiss Diplomatic Mission in Japan and the General Headquarters, Supreme Commander for the Allied Powers, Diplomatic Section, Tokyo, in order to define the extent of application of tax laws promulgated by the Imperial Japanese Government. It was found that neither the Capital Levy Law nor the War Indemnity Special Measures Laws provide exemption from taxation by reason of the possession of the nationality of a neutral country and that only nationals of certain of the United Nations are exempted from taxation as set forth in the Enforcement Regulations for these taxes.

According to information supplied to the Swiss Diplomatic Representative in Tokyo, this discrimination against nationals of neutral countries apparently originated in Washington. The Legation of Switzerland has therefore been instructed to approach the American authorities in this question.

- 2 -

The Swiss request for treatment under these tax laws of Swiss nationals and firms on an equal basis with allied nationals is primarily based on the most-favored-nation provisions of Article 14 of the Swiss-Japanese Treaty of Settlement of June 21, 1911. This clause reads as follows in its translation:

"The high contracting parties agree in all matters relating to commerce and industry that every privilege, favor, or exemption which one of the parties extends or will extend in the future to nationals of any other foreign country will be extended immediately and unconditionally to the other contracting party, since it is their intention to treat in every respect commerce and industry of both contracting countries on the basis of most-favored nation."

Under the proposed Japanese tax laws, however, the activity of Swiss firms in Japan must be considered jeopardized and their very existence threatened by the application of such regulations which seem contrary to the letter and

- 3 -

spirit of the Swiss-Japanese Treaty of Settlement. This all the more since tax privileges have been accorded to third countries.

The Swiss Government is unable to understand why Swiss nationals and firms should be given a less favorable treatment than those of other third countries. Such discrimination can hardly be considered justified by Switzerland in view of the provisions of Article 14 of the Swiss-Japanese Treaty of 1911. Furthermore, Switzerland, as former Protecting Power for United States interests in Japan and also for Japanese interests in certain belligerent countries, would consider itself entitled to expect for its nationals a treatment as favorable as that granted to nationals of third countries.

The Legation would therefore appreciate it if the competent American authorities would be disposed to use their good offices with a view to obtaining that the decision excluding Switzerland from these tax exemptions be revised in the light of the above considerations.

March 26, 1947
R.400.2 Bp/md

*ack'd 4/2/47
Referred to Mr. Bernard in JK
Loff: Ces*

IN OF JAPANESE AND KOREAN
ECONOMIC AFFAIRS
DEPARTMENT OF STATE

BRITISH EMBASSY,

WASHINGTON 8, D. C.

Ref: 289/ /47

APR 17 1947
MAY 2 1947

29th March, 1947

894.512/3-2947

Dear General Snow,

Some weeks ago I discussed with Mr. Freeman how the Commission might protect United Nations nationals against Japanese taxation which might lay upon them charges for defraying costs arising out of the war. Mr. Freeman told me that a clause drafted on the lines of the following might be included in the comprehensive paper which the American delegation to the Far Eastern Commission hopes to present to it shortly on the subject of United Nations property in Japan.

"No exceptional taxes, levies or imposts for the specific purpose of meeting charges arising out of the war or of meeting the costs of occupying forces shall be imposed by the Japanese authorities upon any property belonging to nationals of the United Nations which falls within the scope of the present paper".

I have given this proposal very careful consideration and have consulted the Foreign Office. As a result I should like to suggest, for the consideration of those who are engaged on this task, the following alternative draft:

"United Nations nationals and their property shall be exempted from any taxes, levies or imposts imposed in Japan for the purpose of meeting charges arising out of the war, including the costs of making good war damage and the costs of the occupation and of reparation payable to any of the United Nations and shall also be exempted from any taxation, levies

Brig. Gen. C.E. Snow,
264 Main State Department Bldg.,
Washington, D.C.

DCI	DFD Unit	/or
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Dist.		

MAY 12 1947

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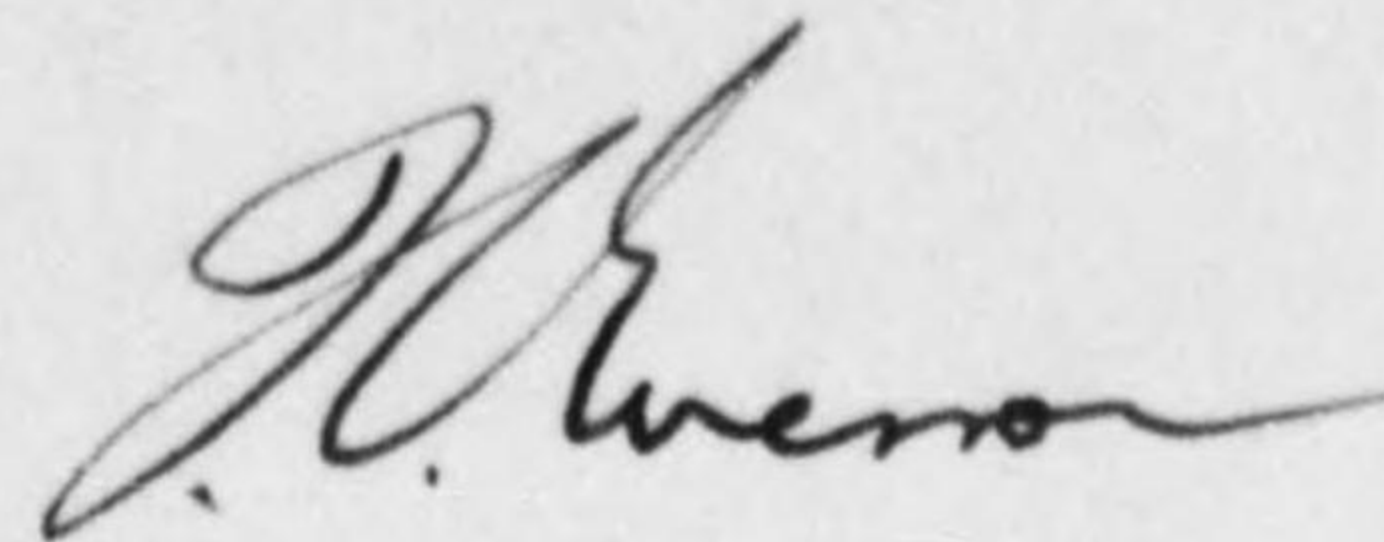
894.512/3-2947

- 2 -

or imposts discriminating against United Nations nationals and their property".

You will see that the principle difference between the two is that our draft prevents the imposition not only of taxes designed to meet any part of the cost of the war but also any other taxes so levied as to discriminate against United Nations nationals.

Yours sincerely,



F.C. Everson

APR 3 1947

In reply refer to
Le/P

My dear Mr. Everson:

Thank you for your letter of March 29, 1947 suggesting a clause for inclusion in the comprehensive paper which the American Delegation to the Far Eastern Commission hopes to present to the Commission shortly on the subject of United Nations property in Japan. I have passed your suggestion on to the people who are working on the paper.

Sincerely yours,

Conrad E. Snow
Assistant Legal Adviser
for
Political Affairs

Mr. F. C. Everson,
First Secretary,
British Embassy,
Washington, D. C.

Le/P:CESnow:lml
4-2-47

APR 3 1947 P.M.

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MAY 21 1947

In reply refer to
JK 894.512/3-2947

894.512/3-2947

My dear Mr. Everson:

Your letter of March 29, 1947, addressed to General Snow suggesting a clause for inclusion in the comprehensive paper on United Nations' Property in Japan, has been referred to the Division of Japanese and Korean Economic Affairs for reply.

I am appreciative of this suggestion, and the consideration which you, in consultation with the Foreign Office, have given to the matter. Your suggestion will be given careful consideration in connection with subsequent work on the paper.

I would like at this time to make the following tentative observations on your proposal in order that you may be aware of our thinking on the subject.

1. In respect to incorporating in this clause a general exemption of United Nations' nationals, as well as their property, from the extraordinary Japanese taxes, it has been our thought that such exemption, to the extent provided for by Far Eastern Commission policy, could more appropriately be considered separately, and should not therefore be incorporated in this paper which deals with United Nations' property which was seized, confiscated, or sequestered by the Japanese during the war. Since action has already been taken by the Far Eastern Commission on the applicability of the capital levy to United Nations' nationals in Japan, it is thought that a provision in the property paper exempting such nationals from these special taxes, would be somewhat duplicative in effect.

2. Regarding

Mr. F. C. Everson,
First Secretary,
British Embassy,
Washington, D. C.

DO NOT WRITE IN THESE SPACES
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- 2 -

2. Regarding the exemption of United Nations' nationals from discriminatory taxation, it is proposed that there be a separate clause in the paper prohibiting any discriminatory measures of the Japanese Government against the ownership and use of property by United Nations' nationals in Japan. This, I believe, is in accordance with the practice followed in the draft treaties with Italy and the European satellite states, and may, in part at least, meet your views on the matter.

Sincerely yours,

Edwin M. Martin, Chief
Division of Japanese and Korean
Economic Affairs



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4/17/47

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Copy to: Genl Snow (Lo)

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2. Regarding the exemption of United Nations' nationals from discriminatory taxation, it is proposed that there be a separate clause in the paper prohibiting any discriminatory measures of the Japanese Government against the ownership and use of property by United Nations' nationals in Japan. This, I believe, is in accordance with the practice followed in the draft treaties with Italy and the European satellite states, and may, in part at least, meet your views on the matter.

Sincerely yours,

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Division of Japanese and Korean
Economic Affairs



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Copy to: Genl Snow (Le)

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APR 28 1947
MAY 2 1947

STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

DATE: Sept. 22, 1947

TO : OE - Mr. McDiarmid
FROM : A-S. - Mr. Conger *ccc*
SUBJECT :

The attached letter of 18 September from General McCoy of FEC is referred to OE for information and any action necessary. You may wish to refer this to the Swiss desk for communication to the Legation of Switzerland.

2942

STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

DATE: Sept. 22, 1947

TO : OE - Mr. McDiarmid

FROM : A-S. - Mr. Conger *cc*

SUBJECT :

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2942

GA-399

FAR EASTERN COMMISSION
2516 MASSACHUSETTS AVENUE, N.W.
WASHINGTON 8, D. C.

file
Reply Drafted OSM
9/24/47

18 September 1947

DIVISION OF OCCUPIED AREAS
ECONOMIC AFFAIRS
SEP 25 1947
DEPARTMENT OF STATE

ASSISTANT SECRETARY
A-S
SEP 22 1947
MR. SALTZMAN
DEPARTMENT OF STATE

894.512/9-1847

My dear Mr. Secretary:

Reference is made to General Hilldring's letter of June 4, 1947, enclosing a copy of the memorandum from the Legation of Switzerland, dated March 26, 1947, requesting that the United States Government use its good offices to obtain a revision of the policy respecting the application of certain Japanese taxes to Swiss property in Japan.

The Far Eastern Commission has given sympathetic consideration to the request presented by the Legation of Switzerland on behalf of its Government and has carefully weighed the reasons set forth in the aforesaid memorandum with a view to supporting its claim. After due examination of all factors involved, the Commission regrets that it cannot accede to the request of the Swiss Government. It believes that the nationals of neutral countries, who were able to do business in Japan during the war years and thus derived the benefits accruing therefrom, should continue to be subject to local laws, including laws imposing taxation, which have as their object the raising of revenue for the vitally necessary economic rehabilitation of Japan.

The Far Eastern Commission considers that it does not fall within the Terms of Reference of the Commission to determine the effect of the Swiss-Japanese Treaty of Settlement of June 21, 1911 in the present circumstances.

Sincerely yours,

Frank McCoy

Frank R. McCoy
Chairman

The Honorable Charles E. Saltzman
Assistant Secretary of State
Department of State
Washington, D. C.

DIVISION OF
NORTHEAST ASIAN AFFAIRS

SEP 30 1947

DEPARTMENT OF STATE

OCT 16 1947

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MEMORANDUM

The Department of State refers to the memorandum from the Legation of Switzerland dated March 26, 1947, and to the Department's reply thereto dated May 2, 1947, respecting the applicability of certain Japanese taxes to Swiss property in Japan. In the latter communication, the Department of State informed the Legation that the Legation's memorandum of March 26, 1947 was being transmitted to the Far Eastern Commission for its consideration, and that the Government of the United States would transmit the comments of the Far Eastern Commission to the Legation as soon as possible.

The Department is now in receipt of the following letter from the Chairman of the Far Eastern Commission:

Reference is made to General Hilldring's letter of June 4, 1947, enclosing a copy of the memorandum from the Legation of Switzerland, dated March 26, 1947, requesting that the United States Government use its good offices to obtain a revision of the policy respecting the application of certain Japanese taxes to Swiss property

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re (April 30) 894.512/3-2647

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DCP OPD Unit

By *E.B.*

Date

9A-399

property in Japan.

'The Far Eastern Commission has given sympathetic consideration to the request presented by the Legation of Switzerland on behalf of its Government and has carefully weighed the reasons set forth in the aforesaid memorandum with a view to supporting its claim. After due examination of all factors involved, the Commission regrets that it cannot accede to the request of the Swiss Government. It believes that the nationals of neutral countries, who were able to do business in Japan during the war years and thus derived the benefits accruing therefrom, should continue to be subject to local laws, including laws imposing taxation, which have as their object the raising of revenue for the vitally necessary economic rehabilitation of Japan.

'The Far Eastern Commission considers that it does not fall within the Terms of Reference of the Commission to determine the effect of the Swiss-Japanese Treaty of Settlement of June 21, 1911 in the present circumstances.'

Department of State,

Washington, October 13, 1947.

A true copy of the signed original.

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Handwritten signatures and initials, including a large signature and the number 3173.

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RECORD COPY

THE ATTACHED COPY OF A DESPATCH HAS BEEN DESIGNATED THE RECORD COPY TO REPLACE THE ORIGINAL ACTION COPY WHICH WAS NOT RETURNED TO THE CENTRAL RECORDS BY THE ACTION OFFICE.

THIS COPY MUST BE RETURNED TO DC/R FOR FILING.

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DESP. 91 FROM TOKYO

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No. 91

Tokyo, February 12, 1948.

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Feb. 25ACTION
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OFSSubject: Report Concerning Discussion of the Subject "Japanese
Tax Reform" at a Meeting of the Economic Study Council
of the Asiatic Society, January 15, 1948.The Honorable
The Secretary of State,
Washington.

Sir:

1/

I have the honor to enclose copy of a report concerning a meeting of the Economic Study Council of the Asiatic Society held on January 15, 1948 at which the subject "Japanese Tax Reform" was discussed. As may be gathered from the discussion (which is summarized at the beginning of the report) delinquency in payment of Japanese taxes presents an important problem in Government finance. It appears that, if the present rate of tax payment is not improved, the Japanese Government must continue to finance its operations by inflationary deficit spending methods. (From conversations with Japanese officials it appears that it is impossible in any case to avoid some deficit spending in view of the low rate of production and the cost to the Japanese economy of the Occupation. The achievement of an apparently "balanced budget" is said to be a deception in as much as deficit spending continues through the Reconstruction Finance Corporation.)

There seemed to be general agreement among the participants in the discussion that present Japanese corporate tax rates are too high and should be altered. Mr. H. SHAVELL of the Finance Division of the Economic and Scientific Section of this Headquarters also recommended establishment of a more productive local tax system. In addition he was obviously disturbed that tax collectors, who feel that tax rates are much too high, have taken it upon themselves to make decisions concerning each individual's ability to pay. He asserted that the Tax Reform Law was democratically passed in the Diet and that any change to be made therein is a responsibility of the Diet. This statement caused

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Tokyo's 91
Feb. 12, 1948

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amusement on the part of his listeners since it is commonly believed that this Headquarters' recommendations are used by the Government to force most reform legislation through the Diet. It is unlikely, therefore, that popular dissatisfaction could lead to a statutory change not favored by advisers of this Headquarters.

Mr. Shavell strongly criticized corporations such as the Tokyo Shibaura Electric Company which have misappropriated taxes withheld from employees' salaries. He stated that withheld taxes were in arrears by 14.3 billion yen by November 1947.

2/

As an example of this Headquarters' desire to encourage payment of taxes, there are enclosed five copies of an official Press Release issued on January 21, 1948 in which Mr. Shavell praises the Japanese Ministry of Finance for initiating stringent measures against corporations which have misappropriated Government tax funds.

Respectfully yours,

W. J. Sebald
Acting Political Adviser

Enclosures:

1. Report concerning a meeting of the Economic Study Group of the Asiatic Society, January 15, 1948.
2. Five copies of a General Headquarters, FEC, Press Release, January 21, 1948, concerning measures against tax delinquent corporations.

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(For Department Use Only)

Enclosure No. 1 to Despatch No. 91 dated February 12, 1948 from the Office of the United States Political Adviser for Japan, Tokyo, entitled "Report Concerning Discussion of the Subject "Japanese Tax Reform" at a Meeting of the Economic Study Council of the Asiatic Society, January 15, 1948."

SUBJECT: Report Concerning Discussion of "Japanese Tax Reform" at a Meeting of the Economic Study Council of the Asiatic Society, January 15, 1948.

PLACE: Tokyo Correspondents Club.

PARTICIPANTS: Dr. AYUSAWA Iwao, Secretary-General, Office of the Central Labor Committee, Chairman of the Economic Study Council, Asiatic Society.
Mr. J. R. HAROLD, official of the Labor Division, Economic and Scientific Section, Supreme Commander for the Allied Powers, Secretary of the Economic Study Council, Asiatic Society.
Mr. H. SHAVELL, official in charge of taxation, Finance Division, Economic and Scientific Section, General Headquarters, Supreme Commander for the Allied Powers.
Mr. IKEDA Hayato, Vice-minister of the Finance Ministry.
Mr. TOKUSHIMA Yonesaburo, Vice President of the Tax Collectors' Union.
Mr. KAWO Hisaaki, formerly Secretary-General of the International Bank and adviser to the Yokohama Specie Bank.
Mr. Burton CRANE, New York Times correspondent.

Summary. Mr. Shavell described the revision made in the Japanese tax system in March, 1947. He feels that corporation tax rates should be lowered and that local taxation methods should be placed on a more productive basis.

He also described the present high rate of delinquency in tax payment which he attributed to the unfamiliarity of the public with self-assessment of income taxes and opposition to the collection of high taxes on the part of tax collectors' unions. Mr. Ikeda attributed tax delinquency to the failure of the first trial of self-assessment, inefficiency of collection agencies, and deterioration of public conscience. He related the importance of complete tax collection to the solution of the problem of deficit finance and its corresponding effect upon the rehabilitation of the Japanese economy.

Mr. Tokushima

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February 12, 1948

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Mr. Tokushima criticized tax legislation as a mass of patch-work changes and complained of insufficient appropriations for tax collecting expenses. He characterized present tax rates as exorbitant and asserted that, in order to avoid throwing business men into bankruptcy, tax collectors have taken it upon themselves to determine individual ability to pay.

Mr. Crane stated that high tax rates are discouraging legitimate business. He feels that tax levels, taken in conjunction with new wage standards and low official prices, leave business men no profits.

Mr. Shavell described as a major factor in tax delinquency the misappropriation by certain corporations of taxes withheld from employees' salaries. He strongly censured Mr. Tokushima and other tax collectors for taking the liberty of determining the individual taxpayer's ability to pay.

In response to a question Mr. Ikeda stated that it is physically impossible to collect taxes from "third country nationals" (a Japanese phrase commonly used to describe Chinese and Koreans) who have refused to pay all taxes on the basis of the precedent set by exemption of Allied nationals from the non-recurring capital levy. End of Summary.

The Chairman of the Asiatic Society Economic Study Council, Dr. AYUSAWA Iwao presided at the meeting and the Secretary of the Council, Mr. J. R. HAROLD presented the first speaker, Mr. SHAVELL, who introduced the subject for discussion, "Japanese Tax Reform".

Mr. Shavell: The Japanese tax system up to March 1947 was based upon a tax law of April 1940 which changed tax laws of the Meiji period as follows:

One, income tax was given great weight; two, a second corporation tax replaced the corporation income tax; three, local tax powers were diminished; four, the system of re-distribution of taxes by the National Government to the local Governments was strengthened.

The physical inadequacies of the tax system, as revised in 1940 became evident following the end of the war. Income from monopolies of the Japanese Government failed to keep up with expenditures. Inflation resulted in discrimination against salaried workers since their wages were immediately subject to taxation whereas other tax payers had a period of from seven months to a year before payment was due (a delay making possible payment in inflated currency). Furthermore, assessment of incomes was fraught with collusion because locally elected committees, whose members were sponsored by vested interests, were often subject to bribery.

Therefore,

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Therefore, a reform tax law was passed in March 1947 and became effective in April 1947. Under this law the following changes were made; self-assessment was substituted for governmental assessments, a single progressive income scale replaced varied income tax schedules; a corporate income tax was added; the excessive profits tax was lowered; luxury taxes were increased; and taxes on necessities were lowered.

However, Japanese tax collection is far behind schedule. Taxes at present uncollected amount to ¥94,000,000,000. Some of the reasons for tax delinquencies seem to be laxity of government administration, ignorance on the part of the public, and labor unrest in tax offices. For example, tax collectors will not prosecute tax delinquents and collect only small sums as penalties. In addition they will not attach and sell property belonging to delinquents and, despite the number of delinquencies, there has been in all-Japan not one person convicted of tax evasion. The fact that early tax publicity was poor is not a sufficient excuse for the failure of the public to accept responsibility for tax payment. With regard to labor unrest, tax employees have resorted to a slow-down campaign. Assessment and re-assessment notices have not been despatched, on the grounds that employees are not paid a "living wage". Placards have been posted in tax offices informing the public that it should not comply with such an "inequitable tax system". However, labor obstruction has been remedied in part and there are few such cases at present.

Under the new tax law, administrative measures have been improved. There is broader selection and a single progressive income tax schedule. Some have criticized as premature the adoption of the self-assessment method of tax reporting but retention of "disinterested" local assessment committees would have been a continuing source of injustice. However, it will take from five to ten years to judge the success of the new method and in the interim universal government re-assessments will be necessary.

There appears to be little need for further statutory change except for the addition of a corporation tax to be levied by the National Government, and employment of more productive local taxes. Corporation taxes at present are discriminatory, as they are levied on the basis of a ratio of dead earnings to total invested capital. In addition corporation taxes are exorbitant and prevent industrial recovery. Another objectionable feature is that the National Government now carries the burden of 60 percent of the cost of local finances. A real property tax offers one field for additional local taxation although there is a great deal of opposition to such a tax. There can also be further administrative reform since reforms on paper have not been effected in practice. For example, on account of lax enforcement measures, arrears are equal to budgetary deficiencies.

Mr. Ikeda: (Mr. Kano translated). The greatest problem of the Japanese Government at present is rehabilitation of the Japanese economy; a sound finance must be established if that problem is to be solved. To that end it is necessary to balance the budget by seeking a sure source of revenue.

Upon

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Feb. 12, 1948

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Upon the basis of the budget, total anticipated expenditure this year is ¥134,800,000,000. In connection with this year's budget, anticipated principal tax revenues are:

¥68,500,000,000 from income taxes,
6,300,000,000 from corporation taxes,
23,800,000,000 from a tax on alcoholic beverages,
7,800,000,000 from commodity taxes,
6,500,000,000 from a theatre admission tax,
6,500,000,000 from a tax on non-sufferers of war damage.

The Government is doing its utmost to balance the budget but healthy finance depends upon full collection of anticipated tax revenues. However, tax collection has been exceedingly unsatisfactory and delinquency at the end of the period from April to December 1947 amounted to ¥10,000,000,000.

One of the reasons for such delinquency is the failure of the first trial of self-assessment which has been only twenty percent of Government expectations. In addition delinquencies are increasing, partly on account of the inefficiency of collection agencies and partly because of the deterioration of public conscience.

The present tax system has presented unprecedented problems. It is of primary importance to publicize the necessity for tax payment. One of the problems of the future is rationalization of the tax system since an increase in yen income does not mean corresponding increase in real earnings. In addition adjustments in family allowances are necessary and production must be fostered to increase revenues from indirect taxes.

Dr. Ayusawa: The third speaker is Mr. TOKUSHIMA Yonesaburo, Vice President of the Tax Collectors Union.

Thirty thousand tax collectors are employed by the Finance Ministry, twenty-three percent of whom are girls paid on the basis of the eighteen hundred yen monthly base wage level. The Tax Collectors Union is said to have a membership of 4,500.

Mr. Tokushima (Mr. Kano interpreted): I agree with Mr. Ikeda that Japanese tax revenues are in a critical position. This is because of patch-work changes resulting from superficial thinking on the part of Government officials and members of the Diet. In the book "Japan's Finances" written before the war, Dr. Molton said that the expense of collecting taxes in Japan was very small in comparison to army and navy expenditures, so small that efficient collection would seem impossible.

The Japanese people, like other Asiatic people, do not understand the meaning of love of duty, or conscience. That people should obey without understanding is accepted practice in Japan but it is impossible to obtain success in tax revision without first building a foundation in the minds of the people. Because of the Japanese habit of submitting all matters for decision to Government officials it is difficult to awaken people to the real meaning of taxation.

At present it is the honest people who suffer, and who, on account of correct assessment of their taxes, must sell their belongings so that they can pay. Nevertheless, tax evaders are comfortable. I know of several individuals in Tokyo who earn between sixty and one hundred

million

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Feb. 12, 1948

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million yen a year whose tax delinquency is unchecked because of inefficiency and lack of personnel in tax offices.

Wage and salary earners face great difficulties. According to investigations, persons earning 4,200 yen a month pay 15.9 percent of their wages as taxes and persons earning 3,600 yen per month pay 13.6 percent as taxes. A laborer in the United States (with a wife and child) earning \$50 a week pays only 3.8 percent of his wages in taxes. Japanese laborers cannot live on their wages and must sell property to make up a deficiency amounting to between five and six hundred yen a month. Unless justice is achieved the people will become extremely dissatisfied because they see that the new-rich evade taxes. In Japan enterprisers do not correctly assess their incomes and, because there is no public accountant system, the whole burden of assessment falls upon the tax collectors. Since collectors are now requiring payment in accordance with their own estimates as to individual ability to pay, a reduction in the rate of taxation would not lessen revenue. In any event, revenues cannot be increased until persons are found who can pay increased taxes. However, union members are doing their utmost to insure increased collections and to fight inflation. The tax system should be revised, inspection of taxpayers' books by tax collectors should be legalized and greater funds should be allotted for tax collection purposes.

The meeting was then opened for general discussion by Mr. Burton CRANE, New York Times correspondent, who asserted that double taxation of corporate income makes business revival in Japan impossible. In the United States, he said, there is 49½ percent double taxation in the lowest brackets whereas in Japan there is 68 percent double taxation in the lowest brackets. He feels that this encourages black market loans in unrecorded business deals in an effort to avoid taxation. For that reason he asked if more reasonable tax would not provide greater revenue. Mr. Shavell agreed that it would and stated that the Government would gain by basing the corporation tax system on invested capital from whatever source obtained. Some taxes giving small returns might be abolished.

Mr. Shavell noted that farmers have been exempt from withholding taxes and will be required to pay taxes under the new tax law for the first time this month. The sum of eighteen billion yen collected up to the present represents a tax paid only by wage earners.

Mr. Shavell pointed out that a large amount of taxes withheld from wage earners' salaries have been misappropriated by employers and cited the Tokyo Shibaura Electric Company which owes more than one hundred million yen to the Government, representing taxes already collected from employees. He pointed out that up to November 1947 withheld taxes were in arrears by 14.3 billion yen and that such arrears are expected to amount to thirty to forty billion yen. He feels that the Government must punish large corporations which, because of their financial difficulties, misappropriate the taxes they collect.

In response to a question from the floor characterizing as "dangerous" the determination by tax collectors of an individual's ability to pay, Mr. Tokushima asserted that such a tendency was merely an indication of the inequitable nature of Japan's tax collection system.

According

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Feb. 12, 1948

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According to Mr. Tokushima, Mr. Watanabe of the Economic Stabilization Board has remarked in a magazine article that business men would go bankrupt were full taxes collected. Mr. Shavell asked by what right tax collectors refuse to obey laws set up by the Diet and Mr. Tokushima countered that economic collapse will occur unless tax exemption levels are raised. Mr. Shavell emphasized that he feels that tax collectors have no right to prevent the implementation of law. He argued that the law must work since it is a democratically passed law of the Diet. (This aroused laughter on the part of members of the audience.) If the law is unworkable, he said, it is the Diet's responsibility to alter it.

Mr. Ikeda objected to the position taken by Mr. Tokushima. He stated that the rate is not too high and that he had never heard of a person becoming bankrupt on account of taxation. However, he feels that the tax rate upon annual incomes up to 100,000 yen may be too high. Above that income level he feels the rate is not exorbitant. Mr. Tokushima observed that in some systems collectors have assessed taxes upon only one-half of business men's actual income to prevent the latter's bankruptcy.

Mr. Crane stated that corporations, in difficulties up to July 1947, have encountered even greater problems since that period because the failure to provide wage controls in conjunction with the establishment of new wage standards and low official prices leaves no profits. In addition he said that the Japanese Government informed employers that they might not use increased wages as an excuse for increased loans. He stated, with confirmation from Mr. Harold, that the average wage in private industry is now more than 3,000 yen per month. Only producers with excellent credit ratings can borrow from official sources and black market loan rates are completely unreasonable. (He stated that the Japanese Government is offering bond underwriters 10% interest and only 9% interest to the people who purchase the bonds.)

Mr. Crane alleged that business men must now sell a part of their products in the black market which has resulted in an apparent production decrease from July to November. (He believes that production has actually increased.) Furthermore "practical compromises" between business and Government are no longer possible. He announced that the Tokyo Tax Office is beginning to auction the property of Tokyo Shibaura Electric Company which is ¥190,000,000 in arrears (approximately ¥110,000,000 misappropriated taxes withheld from employees' salaries, and approximately ¥80,000,000 for the non-war sufferers' tax).

Mr. Shavell noted that such companies can and do borrow money to build capital improvements but refuse to borrow for taxes. He observed that sale of some affiliated companies might have a good effect on present inflationary tendencies. Returning to obstructive union tactics he remarked that, in addition to those already mentioned, employees in the Osaka area have been working only five and one-half hours a day and have held mass meetings on Government time. Furthermore, despite provisions of the law, 10% of tax employees in the Osaka area are doing nothing but union work, and unions are urging employees not to send out delinquency notices until they receive a "living wage". A

A Japanese business man asked if evasion of taxes by "nationals of third countries" (Chinese and Koreans) is an important factor. Mr. Ikeda described the difficulties involved in collecting taxes from such

nationals

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Incl. 1 to
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Feb. 12, 1948

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nationals which has arisen because they have employed their exemption from the non-recurring capital levy tax as a precedent for demanding exemption from all taxation. At present, he stated, no taxes have been collected from such nationals. He observed that the Chinese Mission has asked instruction in the premises from the Chinese Government. Queried as to the authority of the Chinese Mission or the Chinese Government to interpret Japanese law, he agreed that only the Occupation authorities have the power to interpret or set aside Japanese law. However, in practice he felt that such a conclusion cannot be supported, and that collection of taxes from Chinese and Koreans is a physical impossibility.

With regard to his recommendation that land taxes be levied by local governments, he suggested that such taxes be assessed on a rental value, income from the respective owners of land to provide the taxation standard. He stated that an income tax on business is, in a sense, a property tax, since business income is the combined income from assets and labor. In addition, he submitted, a tax on farm income is a tax on the combined income from land and labor.

CONFIDENTIAL

Reynolds and enclosures present a fairly complete picture of the steps taken by SCAP and the Eighth Army to improve tax collections.

Recurrent reading of covering despatch. The more interesting passages of the enclosures have been marked with red clips.

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closures present a
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Recommenced reading of
covering despatch. The
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of the enclosures have
been marked with
paper clips.



UNITED STATES POLITICAL ADVISER FOR JAPAN

DIVISION OF NORTHEAST ASIAN AFFAIRS

FEBRUARY 14 1948

DEPARTMENT OF STATE

Tokyo, February 14, 1948.

No. 102

UNCLASSIFIED

RECEIVED DEPARTMENT OF STATE

1948 FEB 25 PM 3 35

DC/M FACILITIES BRANCH

Subject: Military Government Surveillance of Japanese Administration.

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1948 FEB 27 AM 10 25

RECEIVED DEPARTMENT OF STATE

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The Acting Political Adviser has the honor to enclose four copies of Operational Directive No. 4, dated January 21, 1948 (together with enclosures thereto) issued by Headquarters, United States Eighth Army, concerning surveillance of the Japanese tax administration. This directive is a part of a general effort to reduce Japanese tax delinquency which has reached serious proportions (this Mission's despatches No. 1486, December 30, 1947, concerning a conversation with Mr. TSURU Shigeto, Deputy Director-General of the Economic Stabilization Board, and No. 91, dated February 12, 1948, "Report Concerning Discussion of the Subject 'Japanese Tax Reform' at a Meeting of the Economic Study Council of the Asiatic Society, January 15, 1948").

It is pointed out in the directive that, since delinquency in tax payment has a general inflationary effect, immediate remedial action is necessary on the part of the Japanese Government, in conjunction with active surveillance by Military Government personnel and special tax surveillance teams. Surveillance is to be directed particularly toward the administration of the personal income tax of which the potential revenue deficit is said to exceed that of all other national taxes combined.

The first enclosure to the directive is an explanatory study and contains comment on the importance of complete payment of taxes. There is set forth a description of the Japanese tax system and of the organization of tax agencies. Factors cited as contributing to tax delinquency are: unfamiliarity on the part of taxpayers with the newly-established system of self-assessed income taxes; and opposition to the tax system on the part of tax collectors. Leaders of the National Tax Workers' Union are said to have been instructed by the Chief of the Labor Division of the Economic and Scientific Section of this Headquarters that their obstructive tactics must cease inasmuch as they are unlawful and damaging to the national interest. It is intimated that disciplinary action may be taken by the Japanese Government if slow-down activities continue. According to an item appearing in the Nippon Times of February 3, 1948 (five copies of which are enclosed), tax collections improved as a result of action on the part of the National Tax Workers' Union which, on January 20, 1948, notified members of the local branches that it is their duty to collect and assess taxes in accordance with the law.

894.512/2-1448

FEB 27 1948

CS/V

894.512/2-1448

ACTION COPIES TO:

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UNCLASSIFIED

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Tokyo's No. 102
Feb. 14, 1948

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UNCLASSIFIED

The second, third and fourth enclosures to the directive contain, respectively, a list of local tax offices, an estimate of revenue (tax goals), and an organizational chart of Japanese tax agencies.

Enclosures: *am*

1. Operational Directive
No. 4, January 21, 1948,
issued by Headquarters,
United States Eighth Army,
(4 copies).
2. Excerpt from Nippon Times,
February 3, 1948 (2 copies)

Original and *✓* valid to the Department

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Enclosure No. 1 to Despatch No. 102 dated February 14, 1948, from the Office of the United States Political Adviser for Japan, Tokyo, entitled "Military Government Surveillance of Japanese Tax Administration".


HEADQUARTERS EIGHTH ARMY
United States Army
Office of the Commanding General
APO 343

21 January 1948

C-O-R-R-E-C-T-I-O-N

Attached Operational Directive, subject: "Surveillance of Japanese Tax Administration," 21 January 1948 is Operational Directive Number 4 and will be changed accordingly.

BY COMMAND OF LIEUTENANT GENERAL EICHELBERGER:


A. R. HAMILTON
Major, AGD
Ass't Adj Gen

HEADQUARTERS EIGHTH ARMY
United States Army
Office of the Commanding General
APO 343

21 January 1948

OPERATIONAL DIRECTIVE }
NUMBER 2 }

SURVEILLANCE OF JAPANESE TAX ADMINISTRATION

1. The maintenance of adequate tax revenue by the Japanese Government is at present a matter of vital concern to the Supreme Commander for the Allied Powers. To the extent that Japanese Government expenditures are not financed with tax and other revenues, the present inflation will be aggravated. With the prospect that current fiscal year tax receipts may fall considerably behind budget estimates and thereby unleash added inflationary pressures, immediate action by the Japanese Government with attendant active surveillance by military government personnel becomes necessary. Instructions have been issued relative to additional surveillance teams to supplement military government units in this work.
2. Military government surveillance of Japanese tax collections will be limited initially to the 450 local tax offices of the national government, as listed in inclosure 2, and will not be extended at this time to cover tax offices of municipalities or prefectures. Major emphasis should be placed on the administration of the personal income tax, as the potential revenue deficit in this tax is believed to exceed that of all other national taxes combined. The extent of surveillance required and other information relevant to tax surveillance are contained in inclosure 1 attached.
3. As tax collection goals and quotas have already been distributed to the Tokyo, Nagoya, Osaka, Hiroshima, Takamatsu, Kumamoto, Sapporo, and Sendai Regional Financial Bureaus, surveillance should be initiated as early as possible. Monthly reports as prescribed in inclosure 1 will be submitted on the last day of the month for January, February, March, and April 1948. It is desired that reports (Reports Control

Symbol MG-13) be submitted to Commanding General, Eighth Army, Attention: Military Government Section, APO 343, to reach this headquarters in triplicate not later than the 10th day of the month following the month reported upon.

BY COMMAND OF LIEUTENANT GENERAL EICHELBERGER:

Schanze
OFFICIAL:

J. A. LESTER
Major General, GSC
Chief of Staff

SCHANZE
G-1

- 4 Incls.
1. MG Surveillance of Tax Administration
 2. List of Tax Offices
 3. Estimate of Revenue (tax goals)
 4. Chart of Tax Organizations

DISTRIBUTION: Z plus

I Corps	50
IX Corps	50
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Each MG unit	8
MG Section	100

(Special Priority Distribution)

SUBJECT: Military Government Surveillance of Japanese Tax Administration

A. Nature of Problem:

1. Japanese tax collection levels have lagged far behind budget estimates. Actual tax receipts for the first seven months (April-October 1947) of the 1947-48 fiscal year have amounted to 32.8 billion yen, as against budget tax revenue estimates aggregating 133.9 billion yen for the fiscal year.

2. General Headquarters, Supreme Commander for the Allied Powers, is vitally concerned in the maintenance of adequate tax revenues for the Japanese Government. With the prospect that current fiscal year tax receipts may fall considerably behind budget estimates, and thereby unleash added inflationary pressures, immediate action by both the Japanese Government and military occupation forces becomes necessary.

3. Inefficiencies and irresponsible activities of tax collectors are chiefly responsible for the significant lag in tax collections. Many tax officials have not only been negligent in fulfilling their normal duties, but have adopted tactics designed to discourage collection of taxes. These tactics have taken the form of:

✓ a. Hanging posters on tax office walls condemning the general tax system and imploring the public not to pay taxes.

✓ b. Refusing to comply with orders of superior officials to audit returns, reassess taxpayers' incomes, and to carry out enforcement provisions of the tax laws.

✓ c. Staging lengthy labor union meetings during office hours.

B. Nature of Japanese Tax Administration.

4. The highest echelon of tax authority is represented by the Taxation Bureau of the Ministry of Finance. Eight Regional Financial Bureaus constitute the next lower echelon (see inclosure 4). These eight regional bureaus, each covering designated areas within the nation, provide liaison service between the Taxation Bureau in Tokyo and local tax offices in the field. Actual tax operation is accomplished by 450 local field offices (see inclosures 2 and 4)

5. A superintendent, generally of second class civil service rank, is in charge of each local tax office. Tax offices are divided into three sections; a Direct Tax Section, Indirect Tax Section, and General Affairs Section.

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6. The Direct Tax Section is generally the largest and most important, as it is responsible for administration of the personal Income Tax, Corporation Tax, Estate and Gift Tax, and for special non-recurrent taxes such as the Increased Income and Non-War Sufferers' Special taxes. The average personnel strength of this Section is approximately 60.

7. The Indirect Tax Section is usually smallest of the three in personnel strength. This Section deals with the administration of liquor, beer and sake taxes, Commodity Tax, Admission Tax, Stamp Taxes, Pari-mutuel Tax, Sugar Excise, Textile Excise and miscellaneous minor taxes. Average personnel strength: 10.

8. The General Affairs Section is principally concerned with maintaining collection records, mailing of tax assessment notices, and preparation of collection reports. Average personnel strength: 25.

9. It is noteworthy that tax payments are not made directly to the tax offices. Payments are made usually to branch offices and agencies of the Bank of Japan, and to a lesser extent to post offices. When payments are received, one receipt is given to the taxpayer, a duplicate is transmitted to the tax office making the assessment, and a triplicate copy retained by the bank or post office receiving payment.

10. Salient characteristics of the present Japanese taxation system are as follows:

a. The personal Income Tax is given recognition as the basic revenue producer. The second most productive tax is the Liquor, Beer and Sake Tax. Other taxes in the order of importance for this fiscal year are: Increased Income Tax, Commodity Tax, Non-War Sufferers Special Tax, Admission Tax, Corporation Tax, and various minor taxes. Budget tax revenues and actual collections through October 1947 were as follows:

	<u>Actual Collections</u> (April-October 1947)	<u>1947-48 Budget</u> <u>Estimates</u>	
	(billion yen)		
Income Tax: Total	15.0	68.5	
Withheld at Source	10.8	19.3	
Not withheld at Source	4.2	49.2	
Liquor Tax	5.6	23.9	
Increased Income Tax	3.8	9.0	
Commodity Tax	2.7	7.8	
Non-War Sufferers Tax	0	6.5	
Admission Tax	1.8	6.5	
Corporation Tax	1.6	6.3	
Others	2.3	5.4	
Total	<u>32.8</u>	<u>133.9</u>	

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b. By far the most important deficiency in tax collection is in the portion of the Income Tax not withheld at source. It is particularly in this component of the income tax, the so called "self-assessed" income tax, that immediate improvement is urgent. This class covers chiefly farmers, business men, and professional practitioners.

c. The Income Tax collected at source is derived from withholding by employers of compensation paid to employees (as in the United States), and from withholding of dividend and interest payments by corporations and banks. Employers utilize income tax withholding tables in computing the tax to be withheld. During the month of January, employers are required to adjust the tax withheld during the preceding year to conform with actual tax liabilities for the year.

d. The Liquor, Beer, and Sake Tax is a specific tax imposed at distillers levels. It is collected monthly.

e. The Increased Income Tax and Non-War Sufferers' Special Tax are not permanent components of the general tax system. Both taxes are temporary one-time levies imposed for technical reasons. The Increased Income Tax was due by 30 April 1947, and was based upon the excess of 1946 calendar year personal incomes above 1945 levels. The Non-War Sufferers' Special Tax is due by 31 January 1948, and is imposed upon individuals and corporations owning or utilizing real property undamaged during the war.

f. The Commodity Tax is a manufacturers ad valorem excise levied on most manufactured commodities. It is collected monthly.

g. The Admission Tax is imposed upon entrance fees to theaters, exhibitions, ball games, etc. It is collected monthly.

h. The Corporation Tax covers taxes on corporate net income, excess profits, capital stock and liquidation surpluses. It is collected semiannually.

C. Factors Responsible for Low Income Tax Collections to Date:

11. There are two major factors responsible for the poor showing of current tax collections. One may be laid to low-standard taxpayer compliance. The second may be attributed to inefficiencies and irresponsible activities of tax collectors.

12. Under the new "Pay-As-You-Go" Income Tax, all individuals who receive or expect to receive income exceeding 4800 yen in any single year, of which 1,000 yen or more is not taxed at source, are required to file estimates of their income tax assessment quarterly. In addition, such individuals are required to make quarterly payments on their estimated tax assessments. In filing their last quarterly returns by January 31 of the year following the taxable year, taxpayers are required to correct their earlier estimated assessments to conform with actual income received.

13. In view of the newness of the self-assessment and "Pay-As-You-Go" features of the Income Tax, a certain amount of compliance

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difficulty was foreseen. Since 1887, when the income tax was first inaugurated in Japan, income tax assessments have largely taken the form of "guess-work" by tax officials. Most taxpayers have thus far filed greatly understated returns, apparently in anticipation of Government reassessment. This has been the case for the first three quarterly returns--as filed in June, August and October. The fourth and final quarterly return is due by January 31, 1948. It is hoped that this return will represent a marked improvement over the first three.

14. New and severe penalties await taxpayers who under-state incomes in January returns. The Income Tax Law, as revised this month, provides for 25% automatic penalty on the amount of tax not reported as of January 31.

15. Another penalty that will be incurred by taxpayers who are delinquent in payments of income taxes is an interest charge. Effective this month, interest is chargeable on late payments at the rate of 5 sen per 100 yen per diem. This is equivalent to 18.25% per annum.

16. Because this is the first year of the new Income Tax, the Government is offering an incentive to secure maximum compliance by taxpayers. Any taxpayer filing a correct final return in January 1948 will be absolved of all penalties and interest charges that he ordinarily would have incurred. For example, a taxpayer who was liable to file quarterly returns last June, August and October, failed to do so. He would not be penalized for failing to file previously if he submits a correct final return in January.

17. The second major factor responsible for inadequate income tax collections can be laid to sabotaging tactics reportedly sponsored by the National Tax Workers Union. In pressing demands for increased wages for tax personnel, the Union has carried on a concerted campaign designed to slow down tax administration. The tactics utilized since early October this year include:

a. Hanging posters on the walls of tax offices condemning the tax system and imploring the public not to comply with tax duties.

b. Ordering tax office employees to countermand orders of superior officials unless such orders were first approved by union leaders. This has resulted in the refusal of tax office employees to reassess taxpayers incomes and to enforce payment of taxes.

c. Holding mass union meetings during office hours. Meetings generally last for two hours and occur several times per week. During this time all work in tax offices ceases.

18. On 16 December 1947, leaders of the National Tax workers Union were summoned to the office of the Labor Division, ESS, GHQ, SCAP. The Union was instructed to issue orders immediately to all lower Union

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echelons to the effect that all slowdown activities were to cease, and that orders of tax office superintendents were to be obeyed. On 17 December 1947 the Union informed Mr. Killen, Chief of the Labor Division, that orders to that effect had been issued.

19. Thus far, no indication has been received by the Ministry of Finance of the change in union policy. In the light of the warning given to the union leaders by Mr. Killen, to the effect that their activities were unlawful and damaging to the national interest, disciplinary action may be taken by the Japanese Government in January 1948 if slow-down activities continue.

D. Details of Surveillance.

20. The Taxation Bureau of the Japanese Government has issued monthly collection goals to each of the eight Regional Financial Bureaus, which Bureaus are in turn required to apportion their goals among local tax offices within their respective areas. It is desired that investigation be made to ensure:

a. That regional collection goals are completely reallocated among local tax offices. One reinforcement surveillance team has been designated exclusively for each of the eight Regional Finance Bureaus, shown in Inclosure 2. Other reinforcement teams will supervise the local branch tax offices of the national government as shown in inclosures 2 and 4.

b. That collection goals established by local tax offices are in consonance with amounts prescribed by the Regional Financial Bureaus. The reinforcement team which has surveillance of each Regional Finance Bureau will verify with prefectural military government teams the correctness of the tax allocations to local tax offices.

21. It is desired arrangements be made for the employees of each local tax office to be briefed by a responsible Japanese Government tax collection official in the presence of a Military Government representative. The briefing of employees should stress:

a. Importance of task being performed.

b. Urgent need for increased revenue in order to preclude government borrowing from the Bank of Japan and consequent increased currency issue. (The Government's inability to meet obligations because of decreased revenue is the most important single factor in the present inflationary trend.)

c. Multiple inflationary effect which results from increased currency issue and which contributes directly to higher cost of living.

d. Increased wages for tax employees as well as other government employees is largely dependent upon efficient tax administration.

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22. It is desired that all informational and publicity data transmitted through technical channels to local Military Government Teams be accorded prompt dissemination within their areas and that local tax officials be encouraged to institute publicity programs through local media designed to stimulate the tax collection program.

23. It is desired that special surveillance be accorded to actions on the part of Japanese Government tax officials to ensure that adequate investigation is made of returns from persons suspected of black market operations. Local tax officials should be encouraged to exercise vigorous prosecution for improper returns on the part of such individuals and to afford wide local publicity to such action. In addition it is desired that local tax officials be advised to conduct spot checks of amusement places (such as night clubs, theatres, etc.) in order to determine accuracy of returns therefrom.

24. It is desired that separate reports be made through technical channels to this Headquarters giving salient facts and circumstances attendant with any recalcitrant or evasive action on the part of foreign nationals (such as Chinese, Koreans, etc.) in effecting payment of just tax returns.

25. It is desired that separate reports to this Headquarters through technical channels be made on the activities of any union leaders or other tax employees which it is deemed are impeding or slowing down the tax collection program.

26. It is desired that such operational assistance as is deemed feasible and does not transgress on civil liberties be accorded regional and local tax officials by Military Government personnel exercising surveillance over this program. Such assistance may take the form of aiding local officials to obtain adequate means for distribution of tax forms and notices, or of accompanying Japanese tax officials on their spot checks of amusement places for the purpose of investigating methods used by officials in achieving adequate information.

27. It is desired that local tax offices receive semi-monthly calls by Military Government personnel. The purpose of these calls should be to evaluate progress toward achieving local tax collection goals, to lend informal assistance to increase collection efficiency, and to implement surveillance as outlined herein.

28. It is desired that reports (Reports Control Symbol MG-13) be submitted to the Commanding General, Eighth Army, Attention: Military Government Section, APO 343, on or about the last day of January, February, March, and April 1948 to reach this headquarters not later than the 10th day following the month reported on. Reports should be in concise narrative form and include the following information:

a. Tax collection goals assigned to each local tax office within each local government area.

b. Actual monthly tax collections reported by each local tax office for the period November 1947 to date.

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c. Major problems of tax administration in each Military Government area.

d. Extent of tax office sabotage, if any.

e. Type and extent of operational assistance given to local tax offices.

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NAMES AND LOCATION OF LOCAL TAX OFFICES

1. Tokyo Regional Finance Bureau, Tokyo, K. Yuchi, Director.

a. Tokyo Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Kojimachi	1-1 Otemachi Chiyoda-ku	K. Kakinuma
Kanda	Higashi-kanda Chiyoda-ku	S. Nakamura
Nihonbashi	2-5 Horidome-cho Chuo-ku	K. Kunieda
Kyobashi	8-2 Kobiki-cho Chuo-ku	S. Murakoshi
Shiba	2-103 Atago-cho Minato-ku	H. Seto
Yotsuya	Kioi-cho Chiyoda-ku	S. Kawada
Azabu	c/o Kioi-cho Chiyoda-ku	T. Oshima
Koishikawa	36 Masago-cho Bunkyo-ku	K. Torii
Hongo	Masago-cho Bunkyo-ku	R. Koizumi
Shitaya	Kita-inari-cho Daito-ku	T. Nakazima
Asakusa	Kura-cho Daito-ku	T. Araki
Shinagawa	Kitashinagawa Shinagawa-ku	Y. Ishihara
Omori	Ichinokura-cho Ota-ku	S. Kagawa
Setagaya	Wakabayashi-cho Setagaya-ku	Y. Okada
Tamagawa	c/o ditto	S. Ichikawa
Meguro	Kamimeguro Meguro-ku	N. Uchikoshi
Shibuya	Kamidori Shibuya-ku	K. Umezu
Yodobashi	Nishiokubo Shinjuku-ku	I. Omata
Nakano	Showadori Nakano-ku	M. Onimaru
Suginami	Asagaya Suginami-ku	T. Uchiyama
Itabashi	Itabashi Itabashi-ku	K. Kikuchi
Nerima	Nerima-minami-cho Itabashi-ku	Y. Mamiya
Toshima	Zoshigaya-cho Toshima-ku	R. Sasaki
Oji	Oji Oji-ku	K. Ogata
Arakawa	Nishidori-cho Arakawa	T. Tanikawa
Adachi	Minamisenu-cho Arakawa-ku	T. Kato
Sumida	Sumida-cho Sumida-ku	K. Simono
Katsushika	Sunahara-cho Katsushika-ku	H. Atsuta
Edogawa	Nishi-komatsugawa Edogawa-ku	T. Yamaguchi
Koto	Hukogawa-kiyosumi-cho Edogawa-ku	N. Saito
Ome	Ome-cho Nishitama-gun	K. Miyogawa
Hachioji	Yokoyama-mura Minamitama-gun	M. Tokuichi
Tachikawa	Sizaki-cho Tachikawa-city	K. Suzuki
Musashino	Musashino-cho Kitatama-gun	S. Sugiyama

b. Kanagawa Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Yokohama	Noge-cho Naga-ku	H. Tanaka
Isogo	Isogo-cho Yokohama-city	M. Tachikawa
Totsuka	Totsuka-cho Totsuka-ku Yokohama city	K. Miyasaki
Kanagawa	Shitito-cho Kanagawa-ku	S. Matsue
Tsurumi	Oi-cho Tsurumi-ku Yokohama City	S. Hihara
Kawasaki	Sumako Kawasaki	T. Masuda
Yokosuka	Hukuda-cho Yokosuka-city	S. Shimozyo
Huzisawa	Huzisawa Huzisawa-city	T. Kamiyama
Oiso	Oiso-cho Naga-gun	H. Yoshida
Atsugi	Atsugi-cho Aiko-gun	H. Huzita
Odawara	Saiwai Odawara-city	J. Obata

c. Saitama Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Urawa	Naga-cho Urawa-city	I. Sugita
Kawaguchi	Sakre-cho Kawaguchi-city	K. Goto
Kawagoe	Miyashita-cho Kawagoe-city	T. Ikezawa
Titibu	Titibu-cho Titibu-gun	H. Shiota
Kumagaya	Kumagaya Kumagaya-city	S. Kozima
Oshi	Oshi-cho Kitasaitama-gun	M. Isobe
Kasukabe	Kasukabe-cho Minamisaitama-gun	K. Kuremochi

d. Chiba Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Chiba	Nagasu Tiba-city	J. Matsumoto
Narita	Narita-cho Inba-gun	K. Toyama
Matsudo	Matsudo Matsudo-city	K. Saki
Ichikawa	Oozu-Kokubu Ichikawa-city	G. Noguchi
Sawara	Sawara-cho Katori-gun	K. Sakiguchi
Choshi	Syogen-cho Choshi-city	K. Arai
Togane	Togane-cho Yamabe-gun	Z. Shimizu
Mohara	Mohara-cho Chosei-gun	Y. Suzuki
Kisarazu	Kisarazu Kisarazu-city	H. Okubo
Tateyama	Hojyo Tateyama-city	Y. Ando

e. Yamanashi Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Kohu	Sakura-cho Kohu-city	K. Koizumi
Kenoiwa	Kenoiwa-cho Higachiyamanashi-gun	T. Terada
Kozikezawa	Kozikezawa-cho Minamikoma-gun	Y. Horita
Nirasaki	Nirasaki Kitakoma-gun	K. Yamadera
Otsuki	Otsuki-cho Kitatsuru-gun	T. Okuaki

f. Tohigi Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Utsunomiya	Hanawada-cho Utsunomiya-city	T. Kobayashi
Kanuma	Kanuma-cho Kamitoka-gun	K. Katano
Maoka	Maoka-cho Haga-gun	R. Arai
Tohigi	Tohigi-city	H. Nakamura
Otawara	Otawara-cho Nasu-gun	K. Namura
Ashikaga	Tomoi-cho Ashikaga-city	G. Muto
Sano	Sano-city	Y. Harasawa

g. Ibaraki Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Mito	Matsumoto-cho Mito-city	K. Akabane
Ota	Ota-cho Kuzi-gun	T. Sodeyama
Takahagi	Takahagi-cho Taka-gun	Y. Nonomura
Aso	Aso-cho Namekata-gun	Y. Morito
Ryugasaki	Ryugasaki-cho Inashiki-gun	T. Akashi
Tsutiura	Kawanishi-cho Tsutiura-city	U. Taguchi
Shimodate	Shimodate-cho Makabe-gun	G. Kobayashi
Sakai	Sakai-cho Sarushima-gun	J. Kosuge

h. Gunma Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Maebashi	Tanaka-cho Maebashi-city	M. Hirai
Takasaki	Yazima-cho Takasaki-city	G. Kenmochi
Huzioka	Huzioka-cho Tano-gun	H. Mori
Gunmatomioka	Tomioka-cho Kitakanraku-gun	A. Suzuki
Nakanojyo	N kanojyo-cho Azuma-gun	T. Takaraba
Numata	Numata-cho Tone-gun	T. Ikeda
Kiryu	Airaku-cho Kiryu-city	H. Tsukuda
Tatebayashi	Tatebayashi-cho Yuraku-gun	E. Kaneko

i. Niigata Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Niigata	8 Kamiokawa Maedori Niigata-city	T. Hashiba
Shibata	Tera-cho Shibata-city	Y. Odaki
Maki	Maki-cho Nishikanbara-gun	T. Ishiyama
Sanjyo	Oaza-Sanjyo Sanjyo City	H. Takekuda
Nagaoka	Gakko-cho Nagaoka-city	H. Kobayashi
Oziya	Oziya-cho Kitauonuma-gun	S. Huruya
Tokamachi	Tokamachi Nakauonuma-gun	K. Sano
Kashiwazaki	Higashi-Gakko-cho Kashiwazaki-city	H. Mitsuma
Takada	Saijyo-cho Takada-city	G. Yasugata
Yasuzuka	Itoigawa-cho Higashikubiki-gun	K. Yabuchi
Itoigawa	Itoigawa-cho Nishikubiki-gun	K. Tomioka
Aikawa	Aikawa-cho Sado-gun	K. Utsuno
Murakami	Murakami-cho Iwahuna-gun	K. Takeuchi

j. Nagano Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Nagano	Oaza-Minaminagano Nagano-city	N. Kamijyo
Iwamurata	Iwamurata-cho Kitasaku-gun	K. Takino
Ueda	Tsuneiri Ueda-city	H. Miyazima
Suwa	Oaza-Kamisawa Suwa-city	T. Ishiwara
Ina	Ina-cho Kamiina-gun	Y. Ichimura
Ida	Oaza-Ida Ida-city	I. Iwamoto
Kiso	Hukuchino-cho Nishitikuma-gun	T. Yamada
Matsumoto	Oaza-Kitahukashi Matsumoto-city	T. Sakaguchi
Omachi	Omachi Kitazumi-gun	Y. Hayashi
Shinanonakano	Nakano-cho Shimotakai-gun	R. Kawamura

2. Osaka Regional Financial Bureau, Osaka, D. Yoshida, Director

a. Osaka Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Higashi	Moto-cho Higashi-ku	K. Kazaki
Nishi	Taisyodori Taisyoku	T. Kuwabara
Minami	Takatsu-cho Minami-ku	Y. Ueda
Kita	Dozima-hamadori Kita-ku	Z. Yoshikuni
Osakahukushima	Dozima-Nishi-cho Kita-ku	Z. Matsunaga
Konohana	Asahibashi-cho Konohana-ku	M. Yamada
Ikuno	Kitaikuno-cho Ikuno-ku	K. Ueda
Higashinari	Kitaikuno-cho Ikuno-ku	T. Osumi
Asahi	Noe-Nakano-cho Jyoto-ku	M. Inoue
Jyoto	Noe-cho Jyoto-ku	K. Ito
Abeno	Kitahatanaka Abeno-ku	K. Yamada
Higashisumiyoshi	Tanabeazuma-cho Higashisumiyoshi-ku	T. Maki
Nishinari	Nankaidori Nishinari-ku	Y. Horita
Sumiyoshi	Sumie Naka Sumiyoshi-ku	H. Okuda
Yodogawa	Nakatsu-Hondori Oyodo-ku	K. Iwao
Ibaraki	Ibaraki-cho Mishima-gun	H. Tamura
Toyono	Moto-cho Ikeda-city	Y. Taniguchi
Sakai	Ohama-koen Sakai-city	T. Huzimoto
Izumiotsu	Tanaka-cho Izumiotsu-city	S. Yonome
Kishiwada	Kishiwada-city	H. Kitagawa
Izumisano	Sano-cho Sennan-gun	M. Yamano
TomitaBayashi	Tomitabayashi-cho Minamikochi-gun	H. Tamai
Huse	Daieigi Huse-city	H. Kawano
Yao	Hachio-cho Nakakochi-gun	S. Tsuzi
Hira	Maikata-cho Kitakochi-gun	H. Yamamoto

b. Kyoto Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Kamikyo	Kawabata-Dori-Marutasagaru Shimotutumi-cho Sakyo-ku	S. Yoshida
Naka	Higashihairu-Nakanoshima-cho Sanjyodori-Kawara-cho Chukyo-ku	K. Yaze
Shimokyo	Mano-cho-Gojyosagaru-Otsu-cho Shimokyo-ku	K. Maekawa
Ukyo	Saga-asahi-cho Ukyo-ku	K. Huziwara
Higashiyama	Kiyomizu-cho Higashiyama-ku	T. Tomita
Sakyo	Shushozi-cho Sakyo-ku	T. Asaho
Huchimi	Takajo-cho Huchimi-ku	T. Yoneta
Yamashiro		
Tanabe	Tanabe-cho Tsuzuki-gun	Y. Wakabayashi
Sonobe	Sonobe-cho Hunai-gun	K. Ishida
Hukuchiyama	Oka Hukuchiyama-city	Y. Nii
Miyatsu	Miyatsu-cho Yosa-gun	Y. Nakazima
Maizuru	Kamiaku Maizuru-city	I. Kaneko
Mineyama	Mineyama-cho Naka-gun	M. Ikeda

c. Hyogo Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Kobe	Kano-cho Ikuta-ku	N. Matsui
Nada	Ninomiya-cho Hukiae-ku	S. Kohara
Suma	c/o Hyogo Taxation Office	T. Sakata
Hyogo	Nishide-cho Hyogo-ku Kobe-city	K. Yotsuba
Nishinomiya	Nishide-cho Hyogo-ku	E. Matsue
Ashiya	Matsubara-cho Nishinomiya-city	H. Tanaka
Itami	Itaminishinomiya Itami-city	T. Yoshida
Amagasaki	Higashimoto-cho Amagasaki-city	Y. Sato
Akashi	Akashi-city	T. Ueda
Yashiro	Yashiro-cho Kato-gun	S. Nakanishi
Kakogawa	Kakogawa-cho Kakogun	Y. Tsubota
Himezi	Hon-cho Himezi-city	S. Kagizaki
Tatsuno	Tatsuno-cho Ibo-gun	K. Matsutani
Kamigori	Kamigori-cho Akako-gun	K. Okada
Toyooka	Toyooka-cho Shirosaki-gun	Y. Katagiri
Wadayama	Wadayama-cho Asaka-gun	Y. Hukuoka
Kashiwabara	Kashiwabara-cho Hikami-gun	S. Murakami
Sumoto	Yamashita-cho Sumoto-city	N. Matsue

d. Nara Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Nara	Konishi-cho Nara-city	K. Setoyama
Katsuragi	Takada-cho Kitakatsuragi-gun	K. Horiike
Sakurai	Sakurai-cho Isoki-gun	M. Igarashi
Yoshino	Kamiichi-cho Yoshino-gun	T. Matsumoto

e. Wakayama Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Wakayama	Masago-cho Wakayama-city	K. Tsukamoto
Kogawa	Kogawa-cho Naka-gun	H. Kikukawa
Kainan	Hunao Kainan-city	H. Okamoto
Iwasa	Iwasa-cho Arita-gun	Y. Tsuzi
Gobo	Gobo-cho Hidaka-gun	K. Masuda
Tanabe	Kamiyashiki-cho Tanabe-city	K. Komori
Shingu	Ninomiya Ninomiya-city	T. Moteki

f. Shiga Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Otsu	Kamiichikura-cho Otsu-city	K. Kishimoto
Minaguchi	Minaguchi-cho Koga-gun	S. Nunokawa
Ominechiman	Ganou-gun	Y. Murata
Hikone	Iban-cho Hikone-city	T. Tsukahara
Nagahama	Minamigohoku-cho Nagahama-city	G. Shozui
Imazu	Imazu-cho Takashima-gun	T. Yoshida

g. Fukui Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Fukui	Fukui-city	M. Takebe
Ono	Ono-cho Ono-gun	E. Hashimoto
Takeo	Takeo-cho Nanjyo-gun	N. Takita
Tsuruga	Tsunai Tsuruga-city	N. Masuya
Obama	Obama-cho Toziki-gun	S. Takeda

3. Sapporo Regional Financial Bureau, Sapporo, R. Furuki, Director.

a. Hokkaido Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Sapporo	Odori-Nishi Sapporo-city	K. Sato
Hakodate	Nizuki-cho Hakodate-city	T. Suzumura
Ezashi	Ezashi-cho Hinoki-yama-gun	S. Ishigaki
Yagumo	Yagumo-cho Yamagoe-gun	M. Kadouchi
Sutsu	Sutsu-cho Sutsu-gun	S. Hoga
Otaru	Tomioka-cho Otaru-city	T. Honjyo
Kucchian	Kucchian-cho Abuta-gun	S. Soma
Iwamizawa	Nijyodori-Higashi Iwamizawa-city	K. Nagano
Takigawa	Takigawa-cho Soya-gun	K. Nagamatsu
Ishikarihukagawa	Moto-machi Hukagawa-cho Uryu-gun	T. Okumura
Asahikawa	Gojyodori Asahikawa-city	M. Notono
Nayoro	Nayoro-cho Kamikawa-gun	K. Goto
Rumoi	Rumoi-cho Rumoi-gun	M. Sato
Wakkanai	Wakkanai-cho Soya-gun	M. Ogura
Muroran	Saiwai-cho Muroran-city	K. Matsuki

Hokkaido Prefecture (cont'd)

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Urakawa	Urakawa-cho Urakawa-gun	K. Kimura
Tomakomai	Tomakomaki-cho Isanimatsu-gun	S. Muto
Abashiri	Abashiri-cho Abashiri-gun	H. Yamame
Kitami	Takadai Kitami-city	K. Katagiri
Monbetsu	Monbetsu-cho Monbetsu-gun	H. Yadagai
Kushiro	Hebu-cho Kushiro-city	H. Hukayama
Obihiro	Nishi-Ichijyo Obihiro-city	T. Ishida
Tokachi-Ikeda	Ikeda-cho Nakagawa-gun	E. Aoyama
Nemuro	Nemuro-cho Nemuro-gun	E. Sakamoto

4. Sendai Regional Financial Bureau, Sendai, J. Ishihara, Director

a. Miyagi Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Sendai	Kitaichiban-cho Sendai-city	Y. Suzuki
Shiogama	Aza-Hanadate Shiogama-city	S. Nara
Hurukawa	Hurukawa-cho Shida-gun	Y. Nikaido
Tsukidate	Tsukidate-cho Kurinara-gun	K. Kanizaki
Sanuma	Sanuma-cho Tome-gun	K. Sato
Shizukawa	Shizukawa-cho Motoyoshi-gun	Y. Maeda
Ishinomaki	Nitta-cho Ishinomaki-city	H. Sato
Ogawara	Ogawara-cho Shibata-gun	T. Kikuchi

b. Iwate Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Morioka	Ueda Morioka-city	K. Tiba
Hanamaki	Hanamaki-cho Hieki-gun	K. Segawa
Mizusawa	Mizusawa-cho Tanzawa-gun	M. Magai
Ichinosaki	Ichinosaki-cho Nishiiwai-gun	T. Katayori
Sakari	Sakari-cho Kisan-gun	M. Hunau
Kamaishi	Kamaishi Kamaishi-city	A. Sato
Shimohei	Miyako-cho Miyako-city	T. Yabuta
Kuzi	Kuzi-cho Kozono-gun	Z. Aikuche
Ninoe	Hukuoka-cho Ninoe-gun	K. Umemori

c. Fukushima Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Fukushima	Miyamachi Fukushima-city	T. Mori
Nihonmatsu	Nihonmatsu-cho Adachi-gun	Y. Sugahara
Koriyama	Danjyo Koriyama-city	S. Sato
Sugagawa	Sugagawa-cho Iwase-gun	T. Hirai
Tazima	Tazima-cho Minamiaizu-gun	T. Takahashi
Wakamatsu	Koga-cho Wakamatsu-city	G. Higuchi

Fukushima Prefecture (cont'd)

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Kitakata	Kitakata-cho Yama-gun	K. Watanabe
Bemge	Bemge-cho Kawanuma-gun	S. Uryu
Shirakawa	Shirakawa-cho Nishishirakawa-gun	Z. Koyama
Taira	Tazima Taira-city	I. Takahashi
Soma	Nakamura-cho Soma-gun	T. Ito

Akita Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Akita	Kameno-cho Horitome-cho Akita-city	M. Obori
Odate	Odate-cho Kitaakita-gun	E. Kodama
Hanawa	Hanawa-cho Keno-gun	K. Koyama
Noshiro	Noshiro-city	T. Tsuzaki
Honjyo	Honjyo-cho Yuri-gun	S. Tsushima
Omagari	Omagari-cho Senhoku-gun	S. Hakozaiki
Yokote	Yokote-cho Hiraoka-gun	S. Suzuki

Aomori Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Aomori	Oaza-Uramachi Aomori-city	T. Noda
Ajikezawa	Ajikezawa-cho Nishitsugaru-gun	H. Sagawa
Hirosaki	Sagara-cho Hirosaki-city	T. Aoki
Kuroishi	Kuroishi-cho Hinamitsugaru-gun	T. Suzuki
Goshogawara	Goshogawara-cho Kitatsugaru-gun	I. Narumi
Sanbonji	Sanbonji-cho Kamikita-gun	H. Kikuchi
Tanabe	Tanabe-cho Shimokita-gun	J. Goto
Hachinoe	Honbetsu-cho Hachinoe-city	K. Hatakawa

Yamagata Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Yamagata	Hatago-cho Yamagata-city	Y. Sagawa
Sagae	Sagae-cho Nishimurayama-gun	K. Nizaki
Tateoka	Tateoka-cho Kitamurayama-gun	T. Kenbe
Shinjyo	Shinjyo-cho Mogami-gun	K. Abe
Sakata	Hotomachi Sakata-city	S. Kato
Tsuruoka	Tsuruoka-city	Y. Saki
Nagai	Nagai-cho Nishiokitama-gun	T. Sendo
Yonezawa	Yonezawa-city	Z. Yamaguchi

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5. Nagoya Regional Financial Bureau, Nagoya, Sakata, Director.

a. Aichi Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Nagoya-higashi	Shirakabe-cho Higashi-ku	K. Mori
Nagoyanishi	Minamisotobori-cho Naka-ku	Y. Oi
Nagoyanaka	Minamisotobori-cho Naka-ku	K. Kamata
Showa	Sakurayama Showa-ku	I. Takahashi
Atsuta	Minami-ku	H. Sumi
Nakagawa	Yagunadori Nakagawa-ku	S. Ichikawa
Komaki	Komaki-cho Higashikasugai-gun	S. Moriya
Owariseto	Seto-city	K. Isogai
Ichinomiya	Mezidori Ichinomiya-city	K. Mita
Tsushima	Oaza-Tsushima Tsushima-city	I. Takahashi
Handa	Oaza-Horisaki Handa City	M. Ito
Ohama	Ohama-cho Hokikai-gun	A. Tsukiyama
Nishio	Nishio-cho Hazu-gun	T. Tokoro
Okazaki	Okazaki-city	Y. Yamashita
Taguchi	Taguchi-cho Nitashigarogi-gun	H. Muramatsu
Toyohashi	Higashihattyo Toyohashi-city	T. Nakagome
Shinjyo	Shinjyo-cho Minamishigaragi-gun	M. Nitta

b. Shizuoka Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Shizuoka	Kitaando-cho Shizuoka-city	M. Hoseno
Shimizu	Shimizu-city	T. Ono
Shimoda	Shimoda-cho Kamo-gun	S. Umeda
Numazu	Ote-cho Numazu-city	T. Okuda
Atami	Atami Atami-city	H. Shimizu
Huzimiya	Omiya Huzimiya-city	T. Yamamoto
Huzieda	Huzieda-cho Shita-gun	T. Nagae
Iwata	Iwata-cho Iwata-gun	M. Ueno
Kekegawa	Kekegawa-cho Ogasa-gun	K. Mitsui
Hamamatsu	Aioi-cho Hamamatsu-city	H. Ikeda

c. Mie Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Tsu	Hiroaki-cho Tsu-city	M. Udono
Suzuka	Kobeshin-cho Suzuka-city	Y. Okuno
Kuwana	Oaza-Kuwana Kuwana-city	T. Huruyama
Yokkaichi	Oaza-Amagasuka Yokkaichi-city	K. Huzishima
Matsuzaka	Oaza-matsuzaka matsuzaka-city	S. Hanzawa
Uziamada	Iwabuchi-cho Uziamada-city	S. Shu
Ueno	Oaza Ueno Ueno-city	S. Inanuma
Owase	Owase-cho Kitamuro-gun	J. Hukuyama
Kinoto	Kinoto-cho Minamimuro-gun	H. Niwa

d. Gifu Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Gifu	Gifu-city	Y. Kishimoto
Ogaki	Nankyo-cho Ogaki-city	M. Okada
Seki	Seki-cho Bugi-gun	Y. Murase
Guniyo	Hechiman-cho Koriyama-gun	Y. Yamada
Tezimi	Showa-cho Tezimi-city	S. Miyeoka
Nakatsugawa	Nakatsu-cho Ena-gun	Y. Ito
Takayama	Nada-cho Takayama-city	I. Inagaki

e. Toyama Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Toyama	Sakurabashidori Toyama-city	M. Hunaziri
Uotsu	Uotsu-cho Shimoshinkawa-gun	S. Tanaka
Takakoka	Takakoka-city	T. Sono
Demachi	Demachi Higoshitonami-gun	M. Kitamura

f. Ishikawa Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Kanazawa	Kitade-cho Kanazawa-city	M. Okeyama
Komatsu	Tono-cho Komatsu-city	Y. Hirai
Nanao	Huzibashi Nanao-city	K. Tanaka
Wazima	Wazima-cho Hoshi-gun	H. Koyama

6. Hiroshima Regional Financial Bureau, Hiroshima, ~~Hiroshima~~, ~~and~~ Takahashi, Director.

a. Hiroshima Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Hiroshima	Hattiyobori Hiroshima-city	Y. Sakurai
Hatsukaichi	Hatsukaichi-cho Saeki-gun	I. Wada
Kure	Kure-city	T. Asai
Kabe	Nakahara-mura Usa-gun	B. Mizuhara
Yoshida	Yoshida-mura Takada-gun	Y. Takamatsu
Saijyo	Saijyo Kamo-gun	K. Maruki
Tadanoumi	Tadanoumi-cho Toyoda-gun	M. Shirakami
Onomichi	Tomyosho-cho Onomichi-city	T. Kondo
Hukuyama	Nishi-cho Hukuyama-city	S. Sato
Huchu	Huchu-machi Ashishina-gun	K. Shimonishi
Miyoshi	Miyoshi-cho	I. Takeuchi
Shohara	Shohara-cho Hiba-gun	K. Higashikubo

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b. Yamaguchi Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Yamaguchi	Oaza-Imemichi Yamaguchi-city	K. Muroi
Iwakuni	Oaza Iwakuni-city	K. Sakuma
Yanoi	Yanoi-cho Kuga-gun	A. Matsuda
Tokuyama	Tokuyama-city	J. Tanaka
Hikari	Oaza-Asao Hikari-city	I. Harukawa
Bohu	Kitaziri Bohu-city	T. Hoshikawa
Asa	Asa-cho Asa-gun	T. Akagawa
Ube	990-2 Nakaube Ube-city	Z. Tanaka
Shimonosaki	Oaza-Misakino-cho Shimonosaki-city	S. Ohata
Nagatohukagawa	Hukagawa-cho Otsu-gun	K. Kadota
Hagi	Oaza-Higashida-cho Hagi-city	Y. Kato

c. Okayama Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Okayama	Oaza-Higashinokayamashita Okayama-city	M. Miyuchi R. Huzita
Seto	Seto-cho Akaiwa-gun	M. Masuya
Seidaizi	Jyodo-gun	Y. Akomatsu
Azino	Azino-cho Kosima-gun	S. Yamaguchi
Kuroshiki	Aza-Asahi-cho Kuroshiki-city	K. Irie
Temazima	Temazima-cho Asakuchi-gun	S. Watanabe
Kasaoka	Kasaoka-cho Oda-gun	K. Harami
Takahashi	Takahashi-cho Jyobo-gun	H. Yetani
Nimi	Nimi-cho Atetsu-gun	K. Iwai
Kuze	Kuze-cho Maniwa-gun	K. Yumoto
Tsuyama	Tamochi Tsuyama-city	T. Itaya
Hayashino	Hayashino-cho Aida-gun	

d. Tottori Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Tottori	Higashi-cho Tottori-city	S. Mori
Kurayoshi	Kurayoshi-cho Higashitoonaku-gun	S. Tsunoda
Yonago	Kamo-cho Yonago-city	J. Ariwa

e. Shimane Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Matsue	Nekahara-cho Matsue-city	K. Nomura
Yasuki	853, Aza-Kawago Yasuki-cho Nomi-gun	S. Ishikawa
Daito	Daito-cho Ohara-gun	K. Ichimura
Izumo	Otsu-cho Izumo-city	Y. Mishima
Iwamita	Ota-cho Anon-gun	T. Kitaura
Kawamoto	Kawamoto-cho Ochi-gun	T. Murata
Hamada	Hamada-cho Neke-gun	H. Aukei
Masuda	Masuda-cho Shukichi-gun	Y. Tabo
Seigo	Seigo-cho Shukichi-gun	K. Okamoto

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7. Takematsu Regional Financial Bureau, Takematsu, R. Yokoyama, Director.

a. Kagawa Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Takematsu	Kusunoki2-cho Takamatsu-city	Y. Suzuki
Marugame	Marugame-city	I. Tanaka
Sekeda	Higashichama Sekeda-city	H. Shakudo
Nagao	Nagao-cho Okawa-gun	H. Matsunaga
Tosho	Aza-Hase Shodo-gun	H. Nekamura

b. Ehime Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Matsuyama	Oaza-dogo Matsuyama-city	H. Toyodama
Imaharu	Oaza-shin-cho Imaharu-city	M. Nakagawa
Nii	Oaza-Akiyashiki Saijyo-city	Y. Shivata
Mishima	Mishima-cho Uma-gun	H. Yamamoto
Osu	Osu-cho Kito-gun	S. Gunba
Yahatahama	Shimomatsukage Yahatahama-city	M. Takahashi
Unomachi	Higashiwa-gun	T. Kondo
Uwazima	Heribetadori Uwezima-city	S. Kotayama

c. Tokushima Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Tokushima	Kokuhu-cho Nato-gun	K. Tanaka
Kowashima	Kowashima-cho Assue-gun	S. Sasaki
Tomioka	Tomioka-cho Neka-gun	Y. Yamada
Mugi	Mugi-cho Umibe-gun	S. Watabe
Muya	Senmaki-cho Itano-gun	N. Sakaki
Wakimachi	Wakimachi Nima-gun	Y. Miyamura
Ikeda	Ikedamachi Miyoshi-gun	J. Okawa

d. Kochi Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Kochi	Kanekobeshi Kochi-city	M. Shinpo
Nakamura	Nakamura-cho Hata-gun	T. Kuwamo
Suzaki	Suzaki-cho Takaoka-gun	Y. Ichihashi
Akaoka	Akaoka-cho Kami-gun	T. Euchi
Aki	Aki-cho Aki-gun	K. Takeda

8. Kumamoto Regional Financial Bureau, Kumamoto, T. Ijichi, Director.

a. Kumamoto Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Kumamoto	Chibashiro-cho Kumamoto-city	K. Saito
Mihume	Mihume-cho Kaminasuki-gun	S. Toriyama

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Kumamoto Prefecture (cont'd)

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Tamana	Tamana-cho Tamana-gun	I. Moriseko
Yamaga	Yamaga-cho Kamoto-gun	S. Orita
Miyachi	Miyachi-cho Aso-gun	S. Araki
Yashiro	Nishimoto-cho Yashiro-city	M. Watanabe
Hitoyoshi	Hitoyoshi-cho Tama-gun	T. Kai
Amakusa	Motowetari-cho Amakusa-gun	M. Hunaki

b. Fukuoka Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Fukuoka	Huchizaki Kemitemachi Fuku ka-city	K. Yoshitake
Kashii	Kashii-cho Kasuya-gun	M. Toyomasu
Tsukushi	Hutsukaichi-cho Tsukushi-gun	S. Matsuhuzi
Yaheta	Oaze-Ogure Yaheta-city	H. Ikenaka
Onge	Orio-cho Onge-gun	I. Toyonaga
Naokata	Naokata-city	S. Shinno
Tagawa	Nishimoto-cho Ida-cho Tagawa-city	S. Doseno
Izuka	Izuka Izuka-city	I. Notomi
Kurume	Kyo-cho Kurume-city	Y. Jyozima
Amaki	Ameki-cho Asakura-gun	T. Nakagawa
Okawa	Okawa-cho mizo-gun	M. Matsumoto
Yame	Hukushima-cho Yame-gun	J. Kitagawa
Omuda	Jyoshin-cho Omuda-city	S. Mizota
Kokura	Keney-cho Kokura-city	T. Tikan
Mozi	Oaze-Mozi Mozi-city	S. Ota
Yukuhashi	Yukibeshi-cho Kyoto-gun	K. Uehara

c. Oite Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Oita	Niege-cho Oite-city	M. Serizawa
Kunisaki	Kunisaki-cho Kunisaki-gun	M. Ito
Hizi	Hinode-cho Hoyemi-gun	T. Watanabe
Usuki	Usuki-cho Kitaumibe-gun	T. Sato
Seeki	Iza-Matsughana Seeki-city	M. Kamiezu
Mie	Mie-cho Ono-gun	M. Anan
Tekeda	Takeda-cho Nechashi-gun	T. Tenebe
Hida	Hida-cho Hida-gun	K. Yonekura
Mori	Mori-cho Kuma-gun	R. Iwao
Nakatsu	Tono-cho Nakatsu-city	T. Takito
Yokkaichimachi	Yokkaichimachi Usa-gun	T. Iwakiri

d. Nagasaki Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Nagasaki	Motodaiku-cho Nagasaki-city	H. Kawamura
Isehaya	Isehaya-city	T. Kurose

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Nagasaki Prefecture (cont'd)

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Sasebo	Kibata-cho Sasebo-city	K. Miyegawa
Shimabara	Gongenyanishi Shimabara-city	H. Ikeda
Hirato	Hirato-cho Kitamatsuura-gun	K. Yazumi
Hukue	Hukue-cho Minamimatsuura-gun	Y. Hokubu
Bushozu	Bushozu-cho Iki-gun	S. Kamimura
Izuhara	Izuhara-cho Shimogata-gun	K. Ogura

e. Saga Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Saga	Matsubara-cho Saga-city	S. Kamogawa
Karatsu	Aze-Kuruwachi Karatsu-city	T. Imoo
Takeo	Takeo-cho Kinezima-gun	M. Ida
Imari	Imari-cho Nishimatsuura-gun	H. Tashiro

f. Kagoshima Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Kagoshima	Ekii-cho Kagoshima-city	Y. Motio
Chiran	Chiran-cho Kawabe-gun	S. Nigaki
Sendai	Miyuchi-cho Sendai	K. Ikono
Demizu	Demizu-cho Demizu-gun	M. Kanai
Kojiki	Kojiki-cho Aira-gun	K. Hirata
Iwakawa	Iwakawa-cho So-gun	T. Takahashi
Kenoya	Kenoya-city	M. Taniguchi
Tanegashima	Kumage-gun	S. Anre

g. Miyazaki Prefecture

<u>Name of Local Office</u>	<u>Location</u>	<u>Name of Chief</u>
Miyazaki	Miyatomachi Miyazaki-city	M. Hideshima
Obi	Obimachi Minaminaka-gun	M. Tsuruta
Miyakonozyo	Miyakonozyo-city	Y. Suenaga
Takanabe	Takanabemachi Koyu-gun	M. Kawasaki
Nobeoko	Onza-Okatami Nobeoko-city	E. Takayama
Takachiho	Takachiho-machi Nishiusuki-gun	K. Yamaguchi

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ESTIMATED REVENUE FROM TAXES FOR FISCAL YEAR 1947-48 (MILLION YEN)

NOTE: Figures shown may be subject to slight revisions but are sufficiently accurate to serve as a guide.

TAXES	Revenue collected	ESTIMATED REVENUE					
		Apr - Oct	Nov	Dec.	Jan.	Feb.	Mar.
(with held)	10,821	2,350	2,350	3,350	2,430	11,816	5
Income Tax (Self-Assessed)	4,231	879	950	7,149	9,284	11,948	12,081
(Total)	15,052	3,229	3,300	10,499	11,714	13,764	12,086
Increased Income Tax	3,777	400	335	950	1,063	1,363	212
Corporation Tax	1,565	595	510	809	875	977	969
Liquor Tax	5,553	741	1,741	4,283	4,757	4,508	2,589
Commodity Tax	2,669	598	787	1,099	1,003	848	448
Admission Tax	1,859	518	633	803	878	862	313
Non-War Sufferers Special Tax				1,766	2,354	1,177	589
Others	2,346	378	521	438	479	554	109
Total	32,821	6,459	7,827	20,647	23,123	23,751	17,315

Inclosure 2 to OD 2 Headquarters Eighth Army 21 Jan 1948
date

ESTIMATED REVENUE FROM TAXES FOR FISCAL YEAR 1947-48 (MILLION YEN)

NOTE: Figures shown may be subject to slight revisions but are sufficiently accurate to serve as a guide.

	Revenue collected	ESTIMATED REVENUE						Total Estimated Collections
		Apr - Oct	Nov	Dec.	Jan.	Feb.	Mar.	
(with held)	10,821	2,350	2,350	3,350	2,430	11,816	5	23,122
(Self-Assessed)	4,231	879	950	7,149	9,284	11,948	12,081	46,522
(Total)	15,052	3,229	3,300	10,499	11,714	13,764	12,086	69,644
Income Tax	3,777	400	335	950	1,063	1,363	212	8,100
on Tax	1,565	595	510	809	875	977	969	6,300
	5,553	741	1,741	4,283	4,757	4,506	2,589	23,870
Tax	2,669	598	787	1,099	1,003	848	448	7,452
Tax	1,859	518	633	803	878	862	313	5,866
offerers Tax				1,766	2,354	1,177	589	5,886
	2,346	378	521	438	479	554	109	4,825
	32,821	6,459	7,827	20,647	23,123	23,751	17,315	131,943

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