

# **Remarks on the NTA Practicum**

## **at the World Bank Conference, Jakarta**

Fujiki HAYASHI  
President of National Tax College  
June 4, 2008

Because Mr. HAYASHI is not available today, I read his remarks on behalf of him.

### **1. Introduction**

Mr. Chairmen, distinguished guests, ladies and gentlemen:

It is a great pleasure for me to give my remarks at the Scaling-Up Program Regional Conference of the Joint Japan/World Bank Graduate Scholarship Program (JJ/WBGS). First of all, as President of the National Tax College, the National Tax Agency of Japan (NTA), I would like to thank the World Bank, Keio University, Yokohama National University (YNU) and the National Graduate Institute for Policy Studies (GRIPS) for supporting our program.

As many of you may have already known, our program is run by the National Tax College (NTC), which is a training institute for the NTA officials. I, as President of the National Tax College, am very keen on attending today's conference, but unfortunately, I am not available today. So, I entrust Mr. YANAGISAWA, JICA Expert who has been sent from NTA to read out my remarks, on behalf of me.

### **2. Technical Cooperation by the NTA: Overview**

Before explaining our program, I would like to briefly explain about the

technical cooperation by the NTA.

The NTA actively engages in providing technical cooperation to developing countries. These activities can be divided into two categories: one is training programs in Japan, and the other is dispatching experts to developing countries.

There are four kinds of training programs in Japan: the first one is the International Seminar on Taxation (ISTAX), which is a group training program for tax officials from all over the world. This seminar is held in cooperation with the Japan International Cooperation Agency (JICA). Secondly the Country-Focused Training Course is a nation-by-nation program run jointly with JICA and other agencies. Third one is the NTA Practicum, which I am going to talk about today. It is a practical training course at the NTC for graduate students under the Joint Japan/World Bank Graduate Scholarship Program (JJ/WBGS) and other scholarships. And lastly, the International Taxation Seminar for Asian countries, which focuses on international taxation issues for Asian countries. This is a new program that has started last year.

In addition, the NTA dispatches two types of experts to developing countries: namely Long-Term Experts and Short-Term Experts. Long-Term experts, which include Mr. YANAGISAWA, are dispatched to the tax authorities of Indonesia, Malaysia and Viet Nam for two or three years, while Short-Term experts are dispatched to developing countries for about one week.

### **3. Technical Cooperation by the NTA: Objectives**

Through technical cooperation, the NTA pursues the following three main

objectives: The first is to introduce and explain Japan's tax system and administration to developing countries. The second objective is to help improve the tax systems and administration in developing countries. And the third is to promote and nurture positive relationships between Japan and developing countries.

Let me add one more point: as the process of globalization continues and accelerates, multinational enterprises are expanding and conducting business throughout the world. Cross-national tax issues may arise accordingly. In this regard, it is very important for us all, namely the Japanese NTA and the tax professionals in developing countries, to establish a common view on the appropriate application of international taxation rules through our program. By doing so, we can avoid unnecessary tax disputes and, in those cases where disputes take place, we can settle the problem fairly smoothly.

#### **4. NTA Practicum**

I would like to explain the NTA Practicum. While the name of this program is the "NTA Practicum", it is run by the NTC as I explained earlier. This program was started in 1996, so this is the 13<sup>th</sup> year it has been held. This program has helped improve tax administration in developing countries, and as a matter of fact, the two panelists of Session B today, Mr. Gyeltshen from Bhutan and Mr. Gorga Parlaungan from Indonesia, participated in NTA Practicum 11<sup>th</sup> Cohort.

The NTA Practicum is a practical training course on tax issues for tax officials from developing countries who are enrolled in master's courses at graduate schools in Japan. Participants of the Joint Japan/World Bank Graduate Scholarship Program (JJ/WBGSP) are studying at Keio

University, Yokohama National University (YNU) and the National Graduate Institute for Policy Studies (GRIPS). Since its start, 227 participants from 49 countries have studied in the NTA Practicum, among which 182 participants from 48 countries on scholarship from the World Bank. In the Practicum the participants have the chance to study actual practices and the detailed background of Japanese tax system and tax administration as well as international taxation including tax treaties, while doing theoretical studies in the Graduate Schools.

In addition to the lectures and the visits to the frontlines of tax administration in Japan, we assign the participants to prepare a short paper on the topics they choose in the area of the tax policy or tax administration of their respective countries. Though it is a very tough job for them to prepare a paper in addition to their degree paper, it is actually a very good opportunity for them to apply the Japanese experience on tax policy and administration they learn in the Practicum to the actual situation of their own countries. In this regards we can safely say that the Practicum is a very policy-oriented training course. Therefore it is natural that, returning to their home countries after completing their studies in Japan, many of them have been contributing very much to the improvement of the tax administration of respective countries, like Mr. Gyeltshen and Mr. Gorga Parlaungan. Without doubt, this is a great achievement by the World Bank, respective graduate schools and the NTC.

## **5. NTA and NTC technical cooperation to Indonesia**

As Indonesia is chosen as the venue of this Conference, I would like to briefly explain the technical cooperation in taxation for Indonesia by the NTA and the NTC. Indonesia is one of the most important partners in the technical cooperation program of the NTA and the NTC. In the ISTAX

seminar, for example, Indonesia started to send your trainees as early as 1969. In fact, as many as 62 Indonesian participants joined this seminar to this date. In the case of the NTA Practicum, 52 Indonesian participants took the NTA Practicum. No other country exceeds Indonesia in the number of participants.

Indonesian tax officials here may know me, because I visited Jakarta this March. I participated in the reunion conference of the Indonesian tax officials who have studied in Japan, namely, FAJAR (Forum Alumni dan Japan Returnee). In the remarks I delivered at that time, I stressed the importance of developing the human resources of tax administration, because sound tax system and tax administration are the foundation of the activities of government and thus the economic development of a nation.

During my visit to Indonesia I learned that the Directorate General of Taxes (DGT) of Indonesia, that is Indonesian tax authority, had been implementing a number of reforms to improve their tax administration and the reforms are progressing favorably, while addressing various issues. I also learned that those officials who studied in Japan including the participants of the NTA Practicum made great contributions to those reforms, by utilizing the knowledge and the experience they studied in Japan. I was very much impressed with their excellent performances in the Indonesian tax administration.

## **6. Conclusion**

Japanese NTA and NTC will positively continue our technical cooperation to developing countries and we hope that, together with their own efforts on necessary reforms, it contributes to the improvement of their tax administration and that it facilitates their economic development. We hope

that it also contributes to improving region-wide tax administration and enhancing regional cooperative relationships.

Let me end by expressing my sincere hope that, as a great opportunity prepared jointly with the World Bank and respective graduate schools, the NTA Practicum will make important contributions to the future of developing countries.

Thank you.