

## Tax Appeal and Litigation Services

We offer support through the extra innings of tax audits

### Tax appeals and litigation are the extra innings of a tax audit

When the opinion of a taxpayer under audit differs from that of the tax authorities, the optimal solution is to resolve the difference of opinion during the tax audit. However, if the difference of opinion cannot be resolved in the tax audit, the taxpayer may file a first-tier or second-tier tax appeal, which functions as an extension of the audit. Filing a first-tier tax appeal offers the fastest manner to correct an erroneous fact pattern included in the assessment notice.

However, when the difference is not resolved in the first-tier tax appeal, the taxpayer may still file a second-tier appeal with the National Tax Tribunal, functioning as a further extension of the first-tier appeal. By doing a second-tier appeal, the taxpayer may seek a final decision on the matter by the administrative branch. Since the tribunal will issue a decision based on evidence as a third party referee, i.e. hearing from both sides, the taxpayer can fix an incorrect assessment in a faster manner without engaging in tax litigation.

When the difference is still not resolved in the second-tier appeal, the taxpayer may then conduct tax litigation, which functions as the next step beyond the second-tier. By engaging in tax litigation, the taxpayer can correct an erroneous legal interpretation as well. Deloitte can estimate the cost of supporting tax appeals and litigation as one package, and through efficiently supporting the controversy process end-to-end, total costs can be reduced.

### < Steps in tax appeals and litigation >



- **A taxpayer files a tax appeal with the tax authorities**  
The tax authorities conduct a re-investigation.  
It generally takes 3 months for the authorities to issue a decision.
- **A taxpayer files a tax appeal with the National Tax Tribunal**  
Briefs are usually exchanged 3 or 4 times.  
It generally takes 1 year for the tribunal to issue a decision.
- **A taxpayer files a petition with the District Court**  
Briefs are usually exchanged 5 or 6 times.  
It generally takes 1.5 years for the court to issue a decision.
- **A taxpayer files an appeal with the High Court**  
It generally takes within 1 year for the court to issue a decision.
- **A taxpayer files an appeal with the Supreme Court**  
It may take more than 1 year for the court to issue a decision.

## Our services

We examine the cause in the difference of opinion, provide consultation services regarding chances of a successful outcome, assist in the required procedures should you decide to proceed with tax appeals and litigation, and offer advice on how to disclose the assessment notice to the public. Our total package includes support from tax audit defense through the tax appeals and litigation processes on your behalf.

There are numerous examples where our clients have been successful in tax appeals and litigation. Recent success cases where our clients have won include the following.

- ① Tax litigation regarding the Japan CFC regime (2023)
- ② Tax appeal regarding deemed capital gains (2022)
- ③ Tax appeal regarding gains on donation received by a corporation (2022)
- ④ Tax appeal regarding corporate reorganization (2021)

### Attorneys of the firm



**Yutaka Kitamura, Partner**  
Attorney at law in Japan and  
the State of NY, USA  
email: [yutaka.kitamura@tohmatsum.co.jp](mailto:yutaka.kitamura@tohmatsum.co.jp)

## Contact

### DT Legal Japan

Tokyo Office Shin-Tokyo Building, 3-3-1 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan  
Tel +81 3 6870 3300  
Osaka Office Yodoyabashi Mitsui Building, 4-1-1 Imabashi, Chuo-ku, Osaka-shi, Osaka, 541-0042, Japan  
Tel +81 6 7711 2540  
email [dtlegal@tohmatsum.co.jp](mailto:dtlegal@tohmatsum.co.jp)  
Corporate Info [www.deloitte.com/jp/en/dtlegal](http://www.deloitte.com/jp/en/dtlegal)  
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