

Tax Controversy / Tax Reform Proposal Newsletter

January 2026

To help achieve the early resolution of tax disputes

-Episodes 1 through 20 of our YouTube lecture series are now available.

Key Takeaways

- Looking back, we realize that most disputes between taxpayers and tax authorities are not about the interpretation of laws, but rather about the finding of facts. Moreover, the points of contention are often very straightforward.
- In order to resolve tax disputes as quickly as possible, it is important to bring forward and thoroughly discuss the kinds of arguments that would normally be made before courts or tribunals, and to do so during the tax audit stage.
- What kind of discussions should be brought forward? The answer can be found in those decisions where the taxpayer's position was accepted.

In order to resolve tax disputes as quickly as possible, it is important to have thorough discussions during the tax audit stage.

Most tax disputes are issues of fact-finding

Thanks to your support, this month marks the 20th episode of our YouTube lecture series, "What to do if there's a dispute over tax?" The cases we have covered are all ones in which disagreements between taxpayers and the tax authorities were not resolved during the tax audit stage. However, when the taxpayers filed an appeal with the tribunal, in every case, all or part of the taxpayer's position was accepted.

Looking back, it becomes clear that most disputes between taxpayers and tax authorities are not about complicated interpretations of tax laws, but rather about issues of fact-finding. Often, the disputes center around simple questions, such as whether something was done intentionally, whether there was an agreement, or whether goods were actually exported. In many cases, the points of contention are very straightforward.

Why do tax disputes drag on?

Despite this, why do tax disputes tend to drag on? When I read decisions in which the taxpayer's position was accepted, I often feel that discussions during the tax audit stage were not fully exhausted. If these taxpayers had presented and substantiated their claims during the tax audit stage in the same way they do before the tribunal, perhaps the tax authorities would not have proceeded with the assessment in the first place.

Considering the time and costs involved, it is obviously better for taxpayers to resolve tax disputes during the tax audit stage whenever possible. To achieve this, it is important to bring forward and thoroughly discuss the kinds of arguments that would normally be made before courts or tribunals, and to do so during the tax audit stage.

What kind of discussions should be brought forward?

So, what kind of discussions should be brought forward and conducted during the tax audit stage? The answer can be found in those decisions where the taxpayer's position was accepted. By analyzing what factors the tribunal considered decisive in accepting the taxpayer's arguments, we can naturally identify what discussions should be brought forward.

Deloitte Tohmatsu will continue to deliver 10-minute YouTube lectures once a month. These decisions serve as case files for tax matters. Let's learn from them together and think about what to do when you face a tax dispute.

What to do if there's a dispute over tax?

Let's learn from the latest tribunal case where a taxpayer won and think together!



DT Legal Japan



Tax controversy is a means of defending taxpayers against tax assessments.

Guide to tax controversy services

Deloitte Tohmatsu defends taxpayers against tax assessments through tax controversy.

Deloitte Tohmatsu has a proven track record of resolving tax issues by providing comprehensive services, ranging from submitting rebuttal letters and legal opinions to representing taxpayers in tax appeals and tax litigation, thereby defending taxpayers against tax assessments.



The first step

When a taxpayer faces differences in opinion with the tax authorities during a tax audit, the first step is to submit a rebuttal letter that outlines the taxpayer's viewpoint and the reasons behind it.

Cases where a rebuttal letter is effective

For example, submitting a rebuttal letter is effective in the cases where it is necessary to counter the tax examiner's points by considering case law, or to argue that the tax examiner's interpretation of contracts or factual findings is incorrect.

Rebuttal letter service

We quickly submit an initial rebuttal letter under the taxpayer's name based on the facts discernible from the documents provided at the time of the order. We do this for a fixed fee, and we can handle all types of Japanese taxes.

We also offer services for further consultations with tax examiners and the submission of additional rebuttal letters, billed on an hourly basis.

The trump card

When submitting a rebuttal letter does not resolve the differences in opinion with the tax authorities, a legal opinion becomes the taxpayer's trump card.

Cases where a legal opinion is effective

In the case where the issue at hand is critical due to the amount of additional tax, it is necessary to submit a legal opinion, negotiate with the tax examiner and, if needed, submit additional legal opinions to ensure the taxpayer's viewpoint is accepted.

Legal opinion service

We offer comprehensive representation, not only in submitting a legal opinion under the name of a lawyer but also in negotiations with tax examiners and the submission of additional legal opinions, based on a success fee or hourly fee. Before providing these services, we will review the relevant materials in advance to assess the likelihood of the taxpayer's viewpoint being accepted.

Speaking up in tax matters

When the tax authorities issue a tax assessment, taxpayers can file an appeal with the tribunal to seek a final administrative decision. Filing an appeal can be considered a means of speaking up in tax matters. The tribunal listens to the viewpoints of both the taxpayer and the tax authorities and makes a decision based on the evidence presented.

Tax appeal process

An appeal must be filed with the tribunal within three months of receiving the notice of assessment. Typically, there are about three to four exchanges of briefs during the appeal process. The entire process usually takes about one year until a decision is reached.

Tax appeal service

We provide comprehensive representation for taxpayers' appeals, based on a success fee or hourly fee. We handle all aspects of the appeal process, including the preparation of documents and negotiations with the tribunal judges.

Further means of speaking up

If the tribunal issues a decision that denies the taxpayer's viewpoint, the taxpayer can file a tax litigation in court to seek a judicial decision. A tax litigation represents a further means of speaking up in tax matters. While it may be difficult to correct erroneous interpretations of tax law at the tribunal level, it is possible to do so in court.

Tax litigation process

A tax lawsuit must be filed within six months of becoming aware of the tribunal's decision. First Instance: The period until a judgment is usually around one and a half years. Appeal: The period until a judgment is usually within one year. Final Appeal: It may take more than a year to reach a judgment.

Tax litigation service

We provide comprehensive representation for taxpayers in tax litigation, from the first instance to the appeal and final appeal, based on a success fee or hourly fee. We handle all aspects of the process, including the preparation of documents and attendance at oral arguments.

Tax reform proposal is a means of changing the tax rules themselves.

Guide to tax reform proposal service

Deloitte Tohmatsu supports efforts to change the tax rules themselves through tax reform proposals.

Deloitte Tohmatsu has a proven track record of resolving tax issues by advising taxpayers on tax reform proposals and changing the tax rules themselves.

Cases where a tax reform proposal is effective

Even if there are issues with the current tax rules, once the tax authorities issue a tax assessment based on those rules, judicial resolution of tax issues becomes difficult. However, by amending laws, regulations, or administrative circulars, it is possible to change the problematic tax rules themselves, thereby resolving tax issues legislatively or administratively. In cases where it is necessary to change the tax rules themselves, a tax reform proposal proves to be effective.

Tax reform proposal service

We provide advice to taxpayers on tax reform proposals based on a success fee or hourly fee, supporting efforts to change the tax rules themselves. We carefully examine the issues with the current tax rules, propose feasible amendments to laws, regulations, or administrative circulars, prepare the rationale for why such amendments should be implemented, and strongly back up the realization of tax reform proposals.



Our strong credentials in resolving tax issues make us a top choice.

Track record of tax controversy / tax reform proposal services

Deloitte Tohmatsu has a proven track record of resolving tax issues through tax controversy / tax reform proposal.

We strive to resolve tax issues as swiftly as possible. In numerous cases that we have undertaken and been involved in, we have resolved tax issues through tax controversy / tax reform proposal. Some recent examples where tax issues were resolved are as follows.

| 2026 | Legal opinion | Consumption tax | | |
|---------|---------------------|--------------------------------------|-----------------|---|
| 2025 | Rebuttal letter | Director's remuneration | Legal opinion | CFC regime |
| | Tax reform proposal | Earnings stripping rules | Rebuttal letter | Stamp tax |
| | Legal opinion | Accrual basis principle | Rebuttal letter | Inheritance tax |
| | Rebuttal letter | Requirements for re-examination | Rebuttal letter | Consumption tax |
| | Tax appeal | Entertainment expenses | Legal opinion | CFC regime |
| 2024 | Rebuttal letter | Donations | Legal opinion | Heavy penalty tax |
| | Tax litigation | Article 132-2 of Corporation Tax Act | Tax appeal | Revocation of blue form tax return approval |
| | Legal opinion | CFC regime | Tax appeal | Property tax |
| 2023 | Legal opinion | Bad debt losses | Legal opinion | Entertainment expenses |
| | Legal opinion | Article 132-2 of Corporation Tax Act | Legal opinion | Advantageous placement of shares |
| | Tax litigation | CFC regime | | |
| 2022 | Legal opinion | Property tax | Tax appeal | Deemed capital gains |
| | Tax appeal | Corporate gains on donations | Legal opinion | Deemed capital gains |
| 2021-20 | Tax appeal | Reorganization tax regime | Legal opinion | Stamp tax |

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