This paper analyses the Japanese Individual Income Tax, including its historical development, its role in Japan’s government macroeconomic policies, the importance as a source of revenue, the minimum taxable income. Also, a comparison is made with taxes on personal income of other member-countries of the Organization for Economic Cooperation and Development (OECD). The conclusion is that favorable tax treatment for income from capital should gradually be abolished, as a way to restore the role of the Japanese Individual Income Tax as a tool for income redistribution, diminish the tax erosion and consequently increase the tax collection, presently low for international standards and inadequate to meet the needs of the Central government.