

Japan Tax & Legal Inbound Newsletter

Requests for correction when an importer disputes customs duty

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This article discusses how importers can make requests for corrections in regard to customs duty disputes, as well as providing a case example and practical considerations.

Case example

In early 2019, an importer determined that the amount of customs duty on imported goods was excessive due to an incorrect HS Code applied to the imported goods. The importer requested a correction and a refund of the excessive customs duty and consumption tax paid on such goods. The customs office denied the importer's request and issued a notice stating there was no error in the amount of customs duty imposed in the initial import declaration. The importer appealed the decision to the Ministry of Finance. The Ministry of Finance's Customs Dissatisfaction Review Committee upheld the decision of the customs office. The case also was dismissed by the National Tax Appeals Tribunal in accordance with the decision of the Customs Dissatisfaction Review Committee.

Overview of requests for correction and appeals

If the amount of tax paid through customs clearance is erroneous, an importer may request the customs office that made the import declaration to correct it and refund any overpaid tax. If the importer is dissatisfied when a request for correction is not accepted, the importer may request a re-investigation by the customs office that made the import declaration within three months of receiving notice of the decision, and the customs office will re-investigate the appropriateness of the decision. However, since the re-investigation is carried out in the same customs office as the initial request for correction, it is rare that the request for re-investigation would be overturned once it has been disposed of in the same customs office.

If the importer is dissatisfied with the re-investigation decision, the importer may file an appeal with the Minister of Finance within three months of receiving notice of the decision. Upon appeal, the Customs Dissatisfaction Review Committee (as an independent third party) will examine the import duties, and the National Tax Appeals Tribunal will examine the import consumption taxes that are collected in conjunction with the import duties. Since import consumption taxes are collected in conjunction with customs duties, it is practically inconceivable that these two bodies would reach different conclusions, and the National Tax Tribunal likely would issue a decision in line with the decision of the Customs Dissatisfaction Review Committee.

If the importer is dissatisfied with the decision made by the Customs Dissatisfaction Review Committee and the National Tax Appeal Tribunal, the importer may appeal to the courts as a final measure.

Practical considerations

In general, since ordinary import declarations are based on self-assessment, it is difficult to obtain a refund of taxes paid by filing a request for correction, unless the initial declaration was clearly incorrect. This is true even in cases of debatable HS Codes and customs valuations, which are often difficult to judge. However, there are cases in which a request for correction is made in such cases and the tax is refunded. In addition, there are cases in which decisions of the customs offices have been overturned by the Customs Dissatisfaction Review Committee and the request of the importer was accepted.

However, a request for correction requires a clearer basis than an additional tax payment pursuant to an amended declaration. Therefore, it is necessary to carefully examine whether the original amount of tax paid was, in fact, excessive based on customs laws and regulations.

Furthermore, a request for correction may be made within five years from the date of an import permit, so importers should consider whether requests for correction should be made on goods imported in the past five years.



Deloitte Japan's View

Points to consider when filing a request for correction:

1. Are there reasonable grounds to file a request for correction?
2. Is the amount to be refunded worth making a request for correction?
3. Is the content of the request for correction in accordance with customs laws and regulations?
4. Is there sufficient evidence to justify the request for correction?

A request for correction requires reasonable preparation. Deloitte Japan can assist in such preparation and filing the request with the customs office.

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