



Japan: Inbound Tax Alert

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Japanese Customs and Consumption Tax

On 30 June 2023, the Japanese customs authorities published amendments to the basic circular of the Customs Code, with the aim of reducing cases of abusive practices. The changes clarify the existing procedures when determining the importer in situations where there is a contractual transaction, as well as in situations where the import does not arise as a result of a contractual transaction.

For imports where there is a sales contract between a seller located outside of Japan and a buyer in Japan, the importer is the consignee, as stated on the invoice under the contractual terms.

In the absence of a contractual supply, the importer is deemed to be the person who has the authority to dispose of the imported goods, and the person carrying on the activities for which the import occurred. This includes, for example, a person who rents and uses goods imported under a lease agreement, or a person who sells goods on consignment if the goods are imported for consignment sales. This guidance is consistent with a ruling of Tokyo's district court on 8 October 1990, which indicates that the importer should be the person to whom the effect of the importation of the goods is substantially attributed.

The circular clarifies that an importer of record that does not have the right to dispose of the imported goods is not deemed to be a "person importing goods." It should be noted that this means that even if such importers hold import documents in which they are specified as the importer of record, they will not be entitled to deduct import consumption tax, under article 30(9)(iii) of the Consumption Tax Act.

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