

1604: Procedure for requesting tax refunds for those import goods to be re-exported or destroyed due to breach of transaction contract

“The tax refund system for the re-export or destruction of imported goods due to breach of transaction contract” applies to those imported goods subject to customs duty payment which fall under any of the following circumstances: (1), (2) or (3); and this system grants customs duty refund for those goods to be exported or destroyed under the condition of no change in their nature and form from the time of import, provided that the goods are transferred to the hozei area within six months from the date of their obtaining an import permit.

- (1) Return or destruction is considered reasonable on the grounds that the goods are not consistent with the transaction contract in terms of product quality, import volume, etc.
- (2) Return or destruction is considered reasonable on the grounds that the goods, purchased through mail/internet order for private use, fail to satisfy the importer’s expectation in terms of quality, etc.
- (3) Export or destruction instead of export is considered reasonable on the grounds that the sale or use of the goods, or sale or use of the product using the goods has been prohibited by a law or ordinance (or decision in accordance with a law or ordinance) after the goods was imported.

◎ Procedure

- (1) When you apply for duty refund for those breach-of-contract goods, etc. to be re-exported, it is necessary to send the goods back to the hozei area first, and then submit the “Declaration on the transfer of imported breach-of-contract goods, etc. to the hozei area” (Customs Form T No.1630). Once the transfer is confirmed, “Notification on the receipt of the declaration on the transfer of imported breach-of-contract goods, etc. to the hozei area” will be issued.

In case the postal service is used to re-export breach-of-contract goods the value of which does not exceed 20 thousand yen, etc., the submission of such specific goods to the customs shall be deemed equivalent to being transferred to the bonded area

For making an export declaration for imported breach-of-contract goods, etc., it is necessary to submit two copies of the “Application for customs duty refund (reduction/exemption) due to exportation of imported breach-of-contract goods” (Customs Form T No.1640) together with the documents listed below, in addition to complying with regular export procedure.

a. One of the following documents

- Evidence of the goods' breach of transaction contract
- Evidence that the goods had been purchased through mail/internet order for private use (Brochure, order form, invoice, etc.)
- Evidence that the sale or use of the goods, or sale or use of the product using the goods has been prohibited by a law, ordinance, etc. after the goods was imported. (Copy of a government gazette or notification describing the law/ordinance)

b. "Import permit" or any equivalent certificate issued by the customs (In case of parcel post, "Import permit" or "Notification on taxation on international parcel post" or "alternative certification by Customs".

c. "Notification on the receipt of the declaration on the transfer of imported breach-of-contract goods to the the hozei area" (except for the case of parcel posts, the value of which does not exceed 20 thousand yen, and the case of an export declaration for Customs which investigated the parcel posts before the declaration.)

(2) When you request duty refund for those imported breach-of-contract goods, etc. to be destroyed, it is necessary to send the goods back to the hozei area first, to receive "Notification on the declaration on the transfer of imported breach-of-contract goods, etc. to the hozei area" as mentioned above at (1), and then submit two copies of the "Application for approval of destruction" (Customs Form C No.3170), the aforementioned documents, a, b and c, as well as the evidence of good reason for destruction, so that you will receive official approval for destruction as well as the confirmation that the goods has been destroyed.

Next, it is necessary to make an application for duty refund, by submitting one copy of the "Application for customs duty refund (reduction/exemption) due to destruction of breach-of-contract import goods" (Customs Form T No.1660) together with the "Approval of destruction" which shows the aforementioned confirmation of destruction.

(Article 20 of the Customs Tariff Law, Article 56 of the Cabinet Order for Enforcement of the Customs Tariff Law, sections 1 to 16

of paragraph 20 of the General Notification of the Customs Tariff Law, Article 17 of the Law for the Collection of Excise Taxes on Imports, and Article 27 of the Cabinet Order for Enforcement of the said Law)