

## **1704: System of tax reduction for domestic excises to be imposed on import goods**

Domestic excises shall be imposed on import goods once their import declaration is made, however, the Law for the Collection of Excise Taxes on Imports allows for tax reduction when import goods meet any of the following conditions.

When import goods are deteriorated or damaged before their import permission is issued, the decreased value of the goods as a result of the deterioration or damage shall be abated from the domestic consumption tax excised on the goods.

Also, when import goods are processed or repaired products with their processing or repair work having been made in a foreign exporting country using materials exported from Japan for the purpose of such processing or repair, and have been imported into Japan as dutiable products within one year in principle from the date of issue of the export permit of those Japan-originating materials, the added value of the goods as a result of the processing or repair shall be deemed as the material portion of import, and tax reduction of domestic excises shall be introduced accordingly (provided that the materials were not exempted from domestic excises at the time of export from Japan and that the processing or repair work is considered as too difficult to be conducted in Japan).

The tax reduction system of domestic excises to be applied to the above import goods is interrelated with the duty reduction provisions of the Customs Tariff Law. Therefore, filing for tax reduction is supposed to be made as part of the duty reduction procedures.

Also, the application of this tax reduction system may require the submission of a security of value equal to reduced tax.

(Article 15 and paragraph 2 of Article 15 of the Law for the Collection of Excise Taxes on Imports)