

## 1905: Offering of Collateral in the Authorized Importers' Program

The offering of collateral (hereinafter preserving collateral”) is required (if deemed necessary for the preservation of duty/tax) when those who are approved as authorized importers wish to use the Authorized Importers' Program and extend the time limit for duty/tax payment.

In principle, preserving collateral is required in any of the following cases;

- (1) If an additional tax for deficient declaration or non-declaration has been imposed for the past year
- (2) If the business has filed a special declaration after deadline in the past year
- (3) The current ratio at the time of the latest fiscal period (including quarterly financial results) is less than 100% and the equity ratio is less than 30%.

※Even if the above (3) is applicable, preserving collateral is not required if any of the following cases apply

- (i) Those who have obtained a rating equivalent to or higher than “A” from a specific rating agency.
- (ii) The Current ratio for those with quarterly financial results is below 100% as of the latest quarterly financial results, but not for two consecutive quarters.
- (iii) Parent companies located in Japan do not fall above (3) or fall any of (i) to (ii).

The amounts and provision period of the preserving collateral are as follows:

### ○Preserving collateral for Special Declaration

#### 1. Amount:

The amount deemed necessary by the Director General of Customs up to the largest of the following

- (1) The total amount of customs duties, etc. paid or fixed to be paid by special declaration for the imported goods in the previous year for the month with the largest total amount.
- (2) The total amount of customs duties, etc. expected to be paid by the special declaration for the goods to be imported during the next 1 year for the month with the largest total amount.

#### 2. Provision period:

In principle, it is 1 year, and the provision period is the period to secure customs duties, etc. on specially declared goods for which import permission was granted during this period.

Note1 : The ordered amount of collateral may be changed when Customs investigate the import records, etc. for the authorized importer and find it necessary to change the amount of collateral.

Note2 : Provision period is subject to change as a result of consideration of the necessity of continued provision of collateral at the end of the provision period.

Note3 : Authorized importers could not get import permission of specially declared goods if they fail to comply the order of collateral provision. In addition, approval status may be revoked.

○Preserving collateral for the extension of the time limit for duty/tax payment

1. Amount

The amount equivalent to the customs duty, etc. for which time limit for duty/tax payment is extended by filing an application for extension of the due/tax payment of declaration.

2. Provision Period

Until the customs duties, etc. for which the time limit for duty/tax payment has been extended are paid. The “period for requesting provision of collateral” is the same period as the period for providing collateral for special declaration (in principle, 1 year), and if an application for extension of the time limit for duty/tax payment is filed within the period for provision of collateral for the above “Preserving collateral for Special Declaration” (in principle, 1 year), the period for provision of collateral shall be from the application for extension of the time limit for duty/tax payment to the payment of the extended customs duties, etc. is made..

Note : the approval of authorized importers may be revoked if they fail to comply with collateral provision order.

(Article 7-8 and 9-2 of the Customs Law, Article 4-11 and 7 of the Cabinet Order for Enforcement of the Customs Law, Article 1-7-2 of the Regulation for Enforcement of Customs Law, 7-8-1 and 9-2-4 of the Basic Note of the Customs Law)