

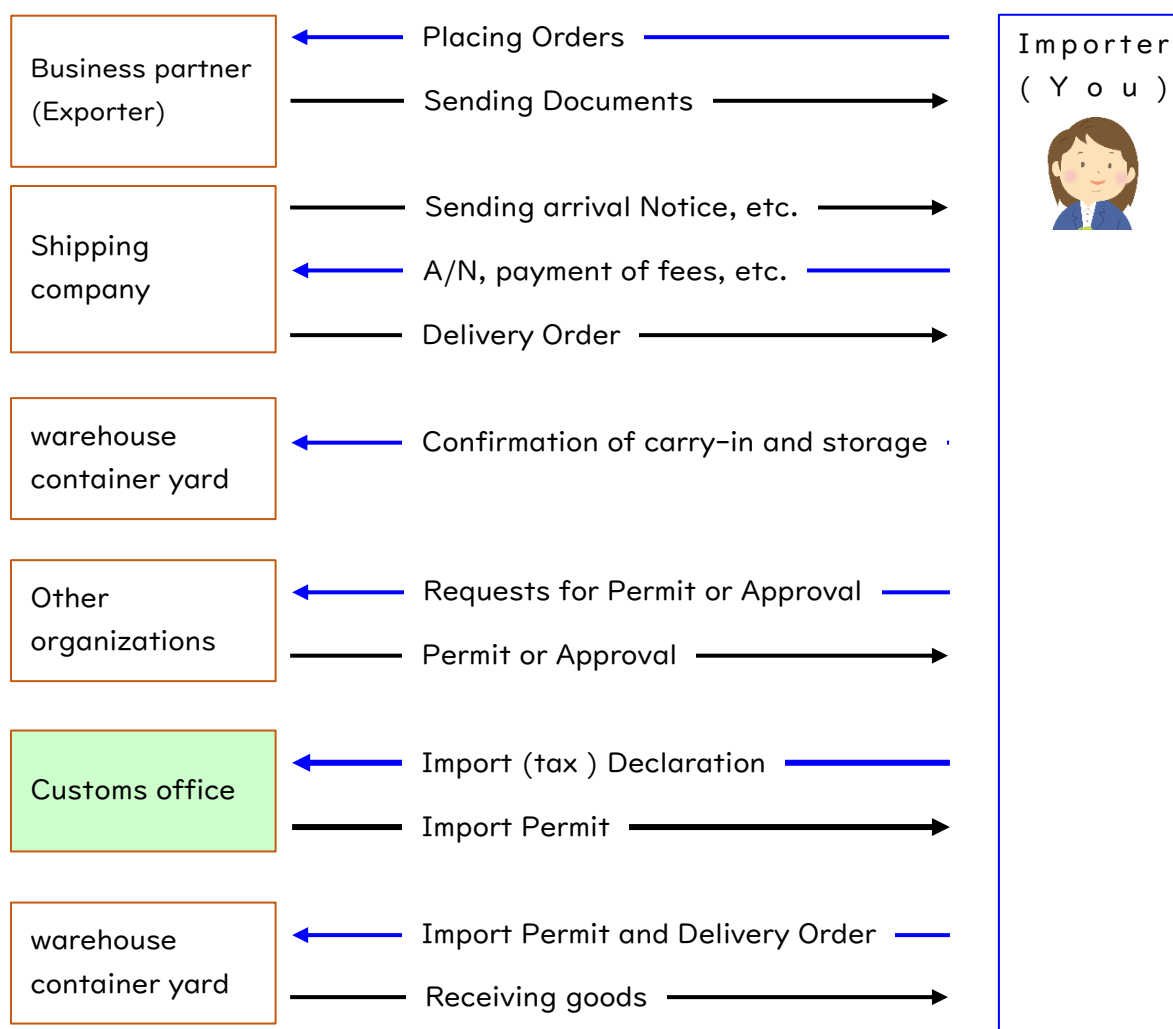
Flow of receiving the goods ordered overseas

At first

The Customs Counselor's Office sometimes receives questions from who have ordered goods to an overseas company for your own sale or for your own use or have placed an order on an overseas mail order site. They ask us, I am informed that my goods will be delivered by the shipping or airline company, what should I do?

This document describes the general flow of how the goods are sent to Japan from overseas and how you can receive it, including precautions for customs procedures.

The general flow and characters are as follows.



Any person who wishes to import goods shall give the name, quantity, value and other necessary information about the goods to the Director-General of Customs, and obtain permission after the necessary inspection. However, customs clearance procedures require expert knowledge as described in the flow chart. Many importers utilize a customs broker to save time and reduce the technical burden, rather than do the work by themselves. You can either do it by yourself. This document assumes that you will do by yourself.

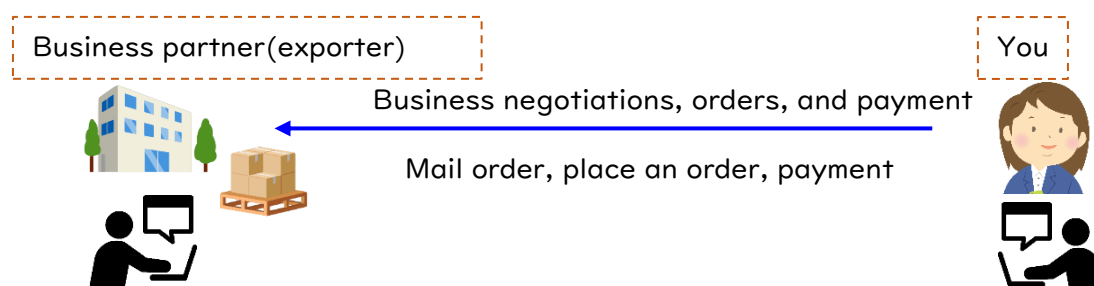
In addition, there are methods of transporting goods from overseas, such as ❶ international mail, ❷ international courier service, ❸ baggage and ❹ other general cargo. This document describes about the goods will be sent by ❹ general cargo.

❶ Before placing an order

- There are articles prohibited for import under the relevant Japanese laws or ordinance. Importing may result in penalties or confiscation of your goods. Please check carefully in advance. (e.g., narcotics, weapons, trademark infringing goods, etc.)
- Customs permits imports based on laws such as the Customs Act, the Customs Tariff Act, and the Temporary Customs Measures Act.
- When goods for import require a permit or approval under laws and regulations other than the Customs law (called other laws and regulations) a certificate of application for a permit or approval under other laws and regulations must be submitted.
- Some laws /ordinance require importers to submit certain certificates issued by a foreign authorities. Please check the website of Customs or contact the organization that has jurisdiction (in charge) other laws and regulations in advance. (e.g., food, leather goods, pharmaceuticals, etc., import quotas, etc.)
→1801 Outline of other relevant laws and ordinances referred to by Customs(FAQ)

❷ Business negotiations and orders with overseas exporters and sellers

- You do business with overseas company and place an order for goods. In the case of mail order, you order from an overseas mail order site. Usually, this company or its agent is the exporter. The exporter prepares documents such as Invoices and Packing Lists (P/L). The addressee of these documents will be you.
- You will be notified the details of the transaction and the estimated shipping date by e-mail.
- Taxes such as customs duties and consumption tax will be paid at the time of customs procedures, not at the time of ordering.

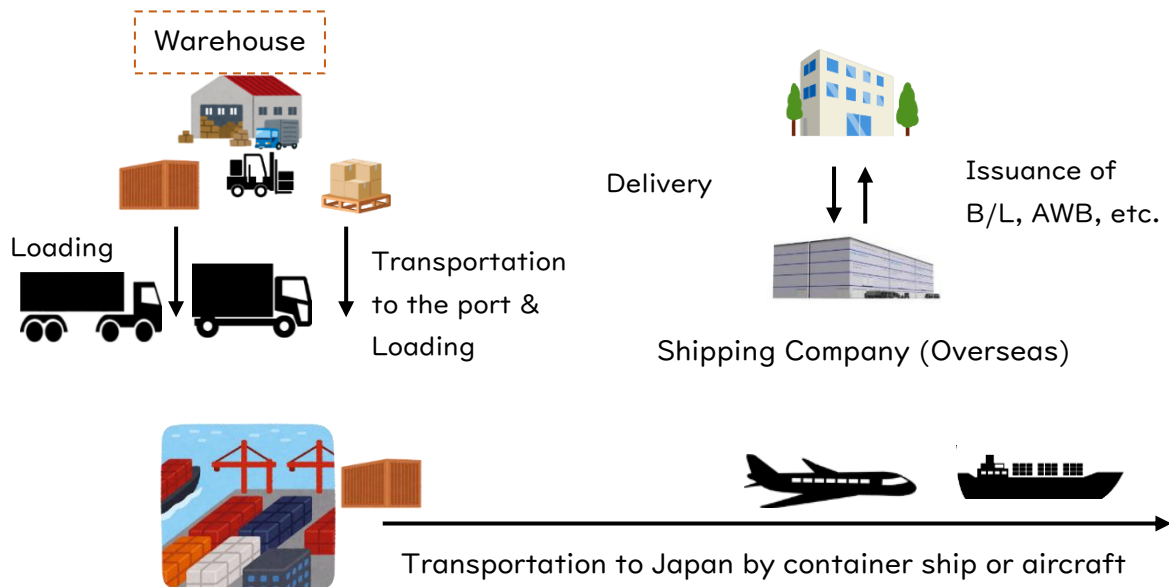


❸ Delivery of the goods from the exporter to the shipping company (overseas)

- The goods is delivered from the business partner(=exporter) to the shipping company (shipping company, airline company, its agent, forwarder, etc. (hereinafter called shipping company.)).
- Containers are usually used to transport goods. If the amount of goods is large, it is loaded into a container at a warehouse and transported to a port or airport (called

FCL). If the amount of goods are few, a specialized contractor will pick it up, take it to the port or airport, and then load it into a container with other cargo at the same destination (called LCL).

- Bill of Lading (B/L), Sea Waybill (SWB) or Air Waybill (AWB) will be issued to the exporter by the shipping company that received the goods. The Notify party of the Bill of Lading ,etc. will be you.



④ Sending shipping documents from the exporter

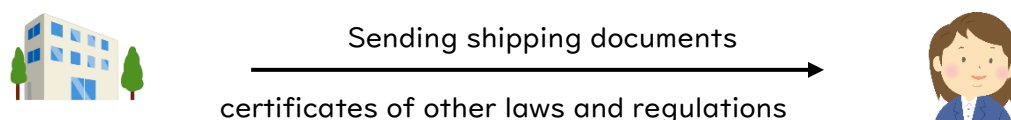
- The exporter (business partner) will send you the shipping documents as bellow required for import procedures. Please keep it in a safe place.

Invoices, Packing Lists, Bill of Lading, Insurance certificate (Insurance premium statements) if you have marine insurance, etc.

Analysis Report, Safety data sheet (called MSDS or SDS), etc. if nescessary.

Generalized System of Preferences: Form A and Certificates of Origin, If you intend to apply for preferential tariffs treatment.

Certain certificates issued by a foreign authorities, if the goods for import require a permit or approval under other laws and regulations.

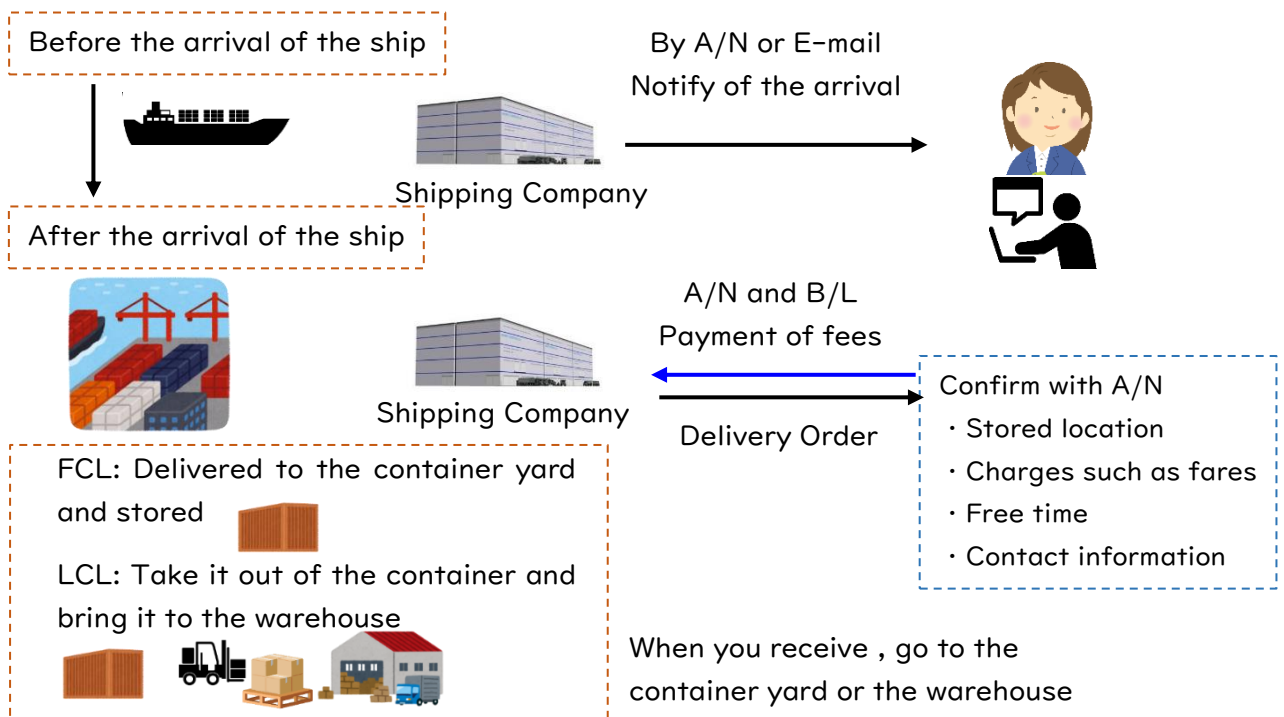


⑤ Ship or aircraft loaded with the goods arrives in Japan

- When a ship or aircraft loaded with the goods arrives in Japan, the shipping company will contact the Notify Party(= you) of Bill of Lading by a Arrival Notice (A/N). The timing of notification varies by the shipping company. Please check with the shipping company.
- The Arrival Notice includes details such as estimated date and time of arrival, location of arrival, place of storage, additional charges of fees, free time (free storage

period), contact information, etc.

- When the ship arrives at the port, the goods are stored in the bonded area (container yard or warehouse).
- The person who be notified with the Arrival Notice (= you) will carry out the procedure. If you want to go through the procedure yourself, go to the shipping company listed in Arrival Notice, present Arrival Notice and Bill of Lading, pay the fee, and receive a Delivery Order (D/O) in exchange for Bill of Lading. The Delivery Order will be required when you receive the goods after the Import Permit. For details, please check with the shipping company. If you utilize a customs broker, the customs broker will perform the procedure.



⑥ Customs Procedures (Import Declaration and Tax Payment)

Precautions before Import declaration

- If import is restricted by other laws and regulations, please obtain a permit in advance.
- Please make sure that you have all the necessary documents for the import declaration. Permits for other laws and regulations and documents related to tax reductions and exemptions must be ready at the time of filing.

→ 1107 Documents to be Submitted for Import Clearance(FAQ)

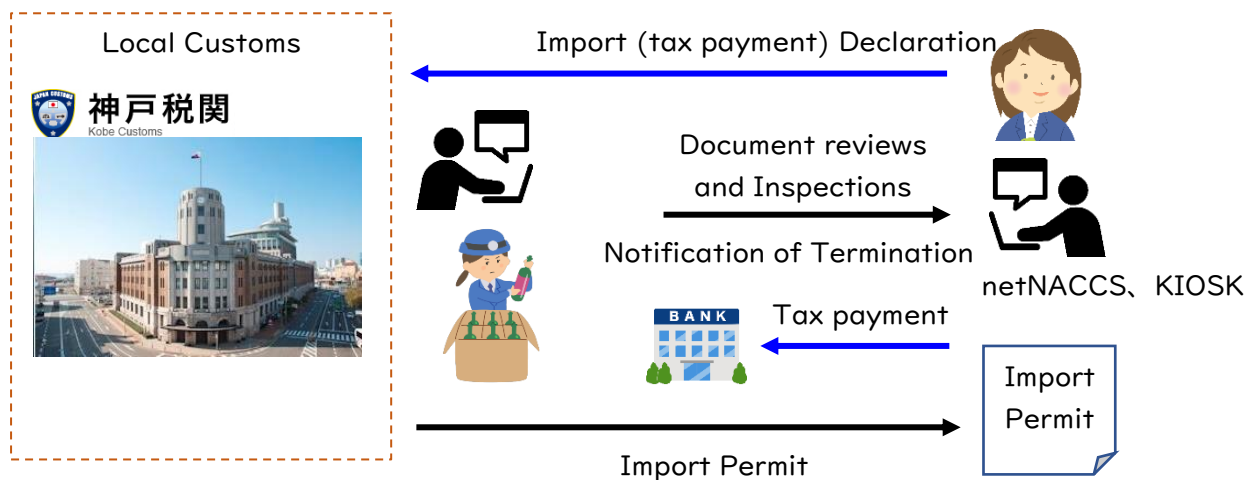
- Please make sure that the goods have been taken into to the bonded area and stored. It is not possible to declare before taking into the bonded area.
- The rate of customs duties varies depending on the classification of the package (called the HS code) and the application of preferential tariffs.

Import (tax payment) declarations

- For import (tax payment) declaration, use netNACCS or go to the customs where Export and Import Declaration Terminal(called KIOSK terminal) is located, you can use the

terminal to make an import declaration.

- The customs office where you would submit your import declaration is the customs office that has jurisdiction of the warehouse where the goods are stored. Please note that procedures cannot be carried out at other customs offices.
- Upon receiving the import declaration, the customs office carries out document reviews and necessary inspection. The method and place of inspection are notified by the customs authorities.
- Inform the container yard/warehouse that the inspection will be occurred, and make arrangements for transportation.
- After the document reviews and inspections are completed and after confirming customs duties and consumption taxes are paid, the customs office will issue you an Import permit.

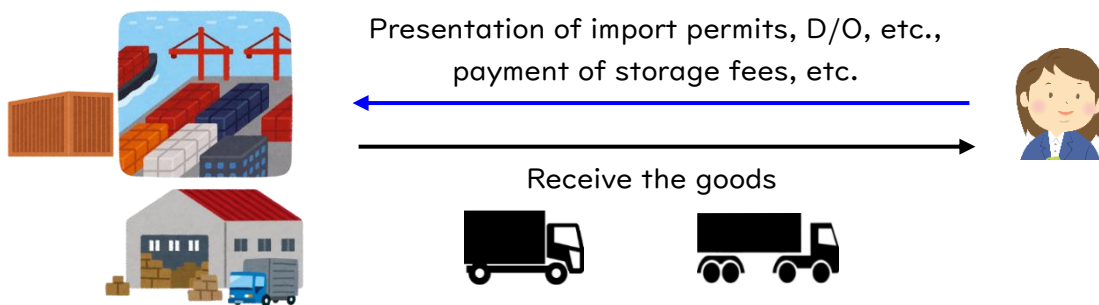


Other things to keep in mind

- Consumption tax is levied in principle.
- It takes time to carry out document reviews and inspections. It doesn't necessarily end on the same day. Please complete the procedure with plenty of time to spare. In addition, the container yard/warehouse may not respond when it is late in the evening.
- There is no fee for customs document reviews and inspection, but you need to make necessary arrangements for the transportation to the inspection location and unpacking and repacking of the goods for the inspection. A specialized contractor will perform it and the cost will be charged separately by the contractor. For details, please check with the company that billed you.

⑦ Receiving the goods from the container yard/warehouse

- You can receive the goods when you present the Delivery Order and Import Permit and pay the storage fee, etc. to the officer at the container yard/warehouse where the goods are stored. If you exceed the free time stated in the Arrival Notice, you may be subject to additional charges. For details, please check with the container yard/warehouse where the goods are stored.



⑧ Reference

Precautions

- In actual trade transactions, Bill of Lading may not be sent (surrender B/L, etc.) or Delivery Order may not be issued (called D/O less).
- If the goods is being transported by aircraft, you will usually be notified by e-mail.
- If you want to utilize a customs broker, you will need to find a customs broker on the Internet, etc..
- You are required as expenses from order to receive such as the cost of customs clearance overseas, freight from the export point to Japan, insurance fee, cargo handling fee in the port of Japan, sorting fee, handling fee at the time of inspection, domestic transportation fee, etc. There may be costs when applying for other laws and regulations.

About Customs Procedures

- Please declare the price of the goods correctly. If you declare a price that is different from the original price, you may be subject to additional taxation.
- Please be sure to keep your declaration documents even after the import permit. (The maximum retention period is 7 years.)
- If you have any questions, please consult with the office for Classification about the tariff classification, the office for Rules of Origin about the origin of the goods, the office for Customs Valuation additional factors.

Price of the goods, customs duty, etc.

- Customs duties are, in principle , stipurated to use the price or quantity of the goods at the time of import declaration as a tax base.
- The tax base (import declaration price) is based on the CIF price(cost including the freight charges and the insurance to the destination).
In addition, it is necessary to add any costs such as fees incurred in transactions and fees for the use of rights such as trademark rights.
- The amount of customs duties is calculated by multiplying the price of goods (CIF price) by the "tariff rate".
- The consumption tax amount is calculated by multiplying the total of the declared price and customs duty by the "consumption tax rate". The current consumption tax rate is 10% (7.8% of national consumption tax rate and 2.2% of local consumption tax rate).