

Q&A about Consumption Tax Imposed on Cross-Border Electronic Commerce Transactions

July 2026
National Tax Agency
Consumption Tax Office

Legend

○Abbreviations of articles and other documents cited in the text and at the end of the text are as follows.

APAITA The Act for Partial Amendment to the Income Tax Act, etc. (Act No. 12 of 2026)

Act Consumption Tax Act (Act No. 108 of 1988)

Order Order for Enforcement of the Consumption Tax Act (Cabinet Order No. 360 of 1988)

Regulations .. Regulations for Enforcement of the Consumption Tax Act (Order for Ministry of Finance No.53 of 1988)

IGCTA..... Act on Collection, etc. of National Consumption Tax Imposed on Imported Goods (Act No. 37 of 1955)

Circular Consumption Tax Act Basic Circular

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NB: XXXX is the base year or the initial reference year in this case. 45

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Revision of the taxation for transfers of imported cargoes of a small amount

(Revision of the taxation on transfers of imported cargoes of a small amount)

Question 1 Please tell me about the overview of the revision of the taxation on transfers of imported cargoes of a small amount

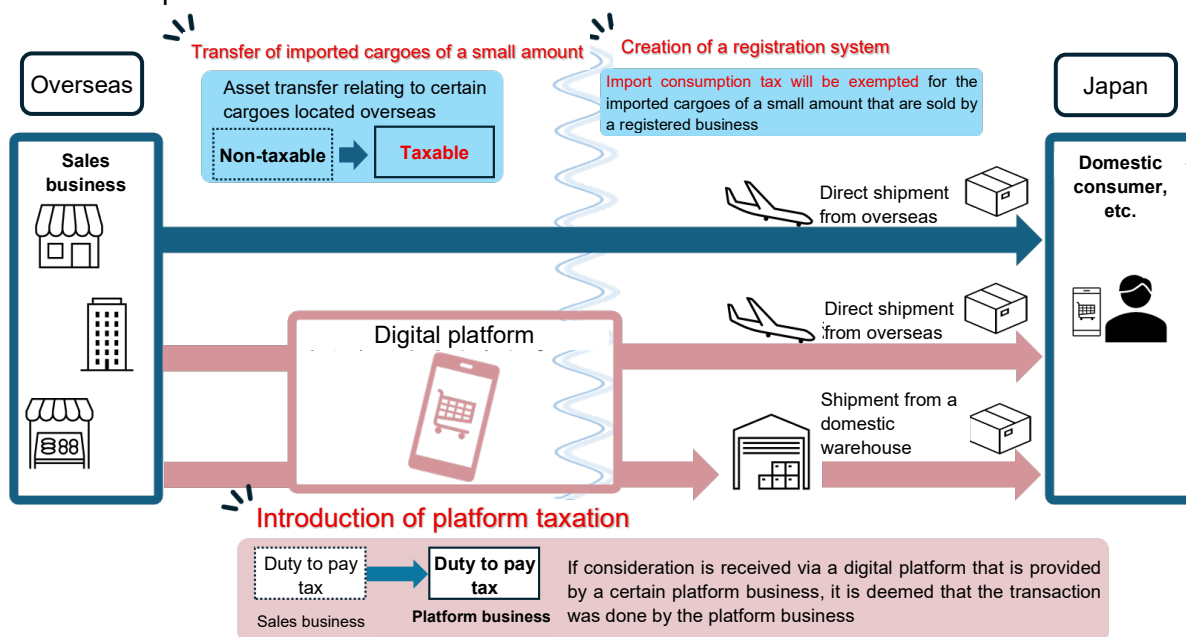
【Answer】

The target scope of imposing consumption tax includes asset transfers, etc. implemented by businesses in Japan (excluding those falling under the category of specified asset transfers), specified purchases, and foreign cargoes received from the bonded area (Act, 4^{①②}).

Whether an asset transfer is implemented by a business in “Japan” or not should be, in principle, determined by the location of the assets when the transfer is implemented. However, before the tax reform of FY2026, regarding the goods sold from overseas to a purchaser in Japan over the Internet, because the location of the assets was overseas, such transaction was not put subject to consumption tax[※].

※ When assets are sold, they are not put subject to taxation, while they become taxable when they are received from the bonded area. However, regarding certain imported cargoes of a small amount (imported cargoes of ¥10,000 or less in the total amount of taxable values), consumption tax is exempted from them (IGCTA, 13①(ii)).

In the tax reform of FY2026, the transfers of assets (limited to the cases where the consideration amount per one asset item is ¥10,000 or less [refer to Question 3 through Question 9] and where assets are shipped from overseas to Japan) located overseas to be implemented by businesses on April 1, 2028 onwards by using the method of mail-order sales (refer to Question 2) are positioned as “specified low-value asset transfers” and they have become subject to consumption tax recognizing them as asset transfers implemented in Japan (Act, 2① (viii-vi), 4③). In this provision, consideration amount for the asset transfers comprises the amount of all cash, non-cash items, rights, and other economic benefits that is received or is to be received as the consideration; excluding the consumption tax amount to be imposed on the asset transfers and the equivalent amount of local consumption tax to be imposed using the consumption tax amount as its tax base.



(For reference)

1 About a registered seller of specified low-value goods

Effective April 1, 2028, among the taxable cargoes received from the bonded area, those cargoes relating to the specified low-value asset transfers implemented by a registered seller of specified low-value goods that is registered by the District Director of the competent tax office in advance, will become consumption tax-exempted at the time of receipt. Please refer to “II Registration system for registered sellers of specified low-value goods” for the details of a registered seller of specified low-value goods.

2 Introduction of platform taxation

A business that implements specified low-value asset transfers is required to declare and pay consumption tax, whether it is a domestic business or a foreign business (excluding tax-exempted businesses). However, in the cases where specified low-value asset transfers are implemented via a digital platform provided by a designated category 2 platform business and where the considerations are collected and received via the platform business, the designated category 2 platform business needs to declare and pay tax deeming that the platform business implemented the specified low-value asset transfers (platform taxation).

Platform taxation will start to be applied to the asset transfers that will be implemented on April 1, 2028, or beyond. Please refer to “III Overview of platform taxation for asset transfers” for details.

3 Taxation when receiving assets relating to a specified low-value asset transfer

There will be no change regarding the following treatments: if the total amount of taxable values is ¥10,000 or less when receiving the cargoes from the bonded area, consumption tax at the time of receipts will be exempted, and if it is over ¥10,000, consumption tax at the time of receipts will be imposed, except for the cases involving the items not eligible for tax exemption (leather goods, knitted goods, etc.) (IGCTA13①(i), Customs Tariff Act, 14 (xviii), Order for Enforcement of Customs Tariff Act, 16-3). However, as described in 1 above, among taxable cargoes received from the bonded area, the specified low-value asset transfers implemented by registered sellers of specified low-value goods are not subject to consumption when the cargoes are received, even when involving the items not eligible for tax exemption or when the total amount of taxable values is over ¥10,000 at the time of receipts (refer to Question 17) (Act, 8-2).

※ Regarding consumption tax that is exempted when receiving cargoes, please refer to the section of Customs Answer on Japan Customs website (1006: Duty exemption for goods at a total customs value of ¥10,000 or less).

(Method of mail-order sales)

Question 2 Please tell me about the “method of mail-order sales.”

【Answer】

Specified low-value asset transfers are said to be certain asset transfers that are carried out by method of mail-order sales (Act, 2① (viii-vi)). The “method of mail-order sales” herewith means the method of mail-order sales as prescribed in Article 59, paragraph (1), item (vi) of the Order for Enforcement of the Customs Act 《Procedures for import declaration》 (Order, 2-3). So, they are goods sales performed by a goods seller (hereinafter “seller”) who presents

the sales prices and other conditions (hereinafter “sales conditions”) of the goods to unspecified large number of entities over telecom lines, and such sales are implemented by either of the following methods (Circular 5—10—1):

- ① It is a method to execute a goods sale where the entity who purchases the goods (hereinafter the “purchaser”) expresses the intent to make a purchasing offer to the seller over a telecom line per the trade agreement (sales conditions or revised sales conditions) by sending a message using its PC per the procedures displayed visually on the screen of the PC, and where the seller accepts the offer by sending a message using its PC

(Example) Goods sales by using a marketplace platform or by using the mail-order shopping site of own company

- ② It is a method to execute a goods sale where the seller expresses the intent to make a selling offer over a telecom line per the trade agreement (sales conditions) to unspecified large number of entities, and where the purchaser accepts the offer by sending a message using its PC per the procedures displayed visually on the screen of the PC

(Example) Goods sales at an auction site where the seller presents the buy it now price, and the purchaser decides to accept the conditions to purchase it

(Judgment unit for one asset item)

Question 3 Our company is selling daily necessities (tableware, etc.) by using the method of mail-order sales from overseas to the domestic market in Japan. In sales, we not only sell goods individually (where each customer can purchase necessary number of units) but also sell set goods (where multiple goods are bundled into one set in advance). Regarding the sales of such set goods, to make a judgment on the eligibility as a specified low-value asset transfer, how should we make a judgment on whether consideration amount per one asset item is ¥10,000 or less or not?

【Answer】

Among asset transfers, the asset transfers shipped from overseas to the domestic market in Japan by using the method of mail-order sales where the consideration amount (excluding tax) per one asset item is ¥10,000 or less, fall under the category of specified low-value asset transfers (Act, 2① (viii-vi)).

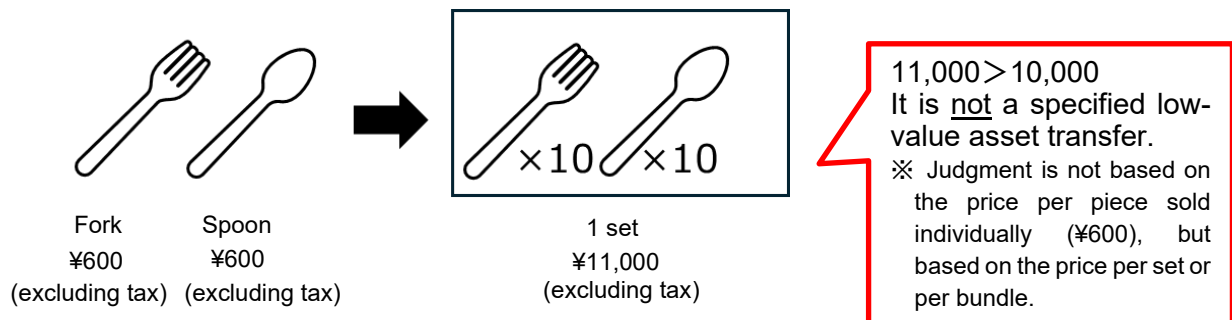
Whether consideration amount (excluding tax) per one asset item is ¥10,000 or less or not is determined by the minimum unit in asset sales. So, in principle, even when multiple units of the same asset item are sold at the same time, the consideration amount per one asset item is used to make a judgment. However, for example, when sales are recorded in the unit of asset set comprising multiple asset items, the set price is used to make a judgment; and also when it is prescribed sales consideration for one asset item is recorded by the measured quantity, the consideration amount after the measurement is used to make a judgment (Circular 5—10—2).

In the case of your question, if the set goods are sold based on the set price, whether the consideration amount (excluding tax) of the set goods is ¥10,000 or less or not is used to make a judgment.

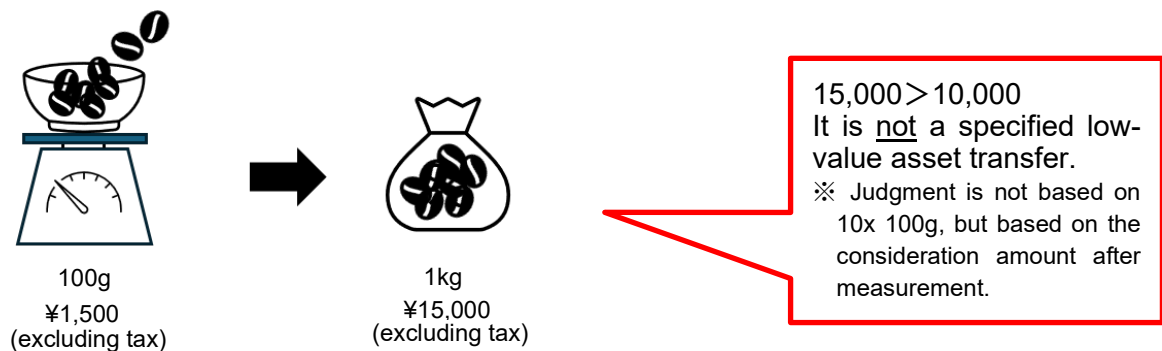
Regarding the minimum unit of goods sales, if the SKU (Stock Keeping Unit), which is set as the minimum identification unit for ensuring accurate order receipts/placements and inventory management, is structured per the above application logics, you may consider using such SKU to make a judgment.

《Judgment on whether consideration amount (excluding tax) per one asset item is ¥10,000 or less or not》

Example 1: In case a set comprising multiple assets is being sold



Example 2: In case goods are sold at ¥▲ per ●grams (In case goods are sold per the sell-by-weight method)



(Scope of the consideration amount for one asset item)

Question 4 When our company sells goods from overseas to the domestic market in Japan by using the method of mail-order sales, we bill the shipping fees to the customer separately from the goods price. In this case, to determine the eligibility as a specified low-value asset transfer, how should we treat the judgment on whether the consideration amount per one asset item is ¥10,000 or less or not?

【Answer】

The consideration amount, which is used as the base to make a judgment for a specified low-value asset transfer, does not include the transport costs (shipping fees) nor the consideration amounts for ancillary asset transfers.

If the consideration amount for the transfer of goods (assets) and the amount of shipping fees (consideration of ancillary asset transfer, etc.) are clearly segregated, like in the case of the question, you need to make a judgment on whether the consideration amount per one asset item is ¥10,000 or less or not, not including the shipping fee amount.

On the other hand, in case the transfer consideration amount for the goods (assets) and the amount of shipping fees are not clearly segregated (where “goods price including shipping fees” is used in sales), judgment will be made on whether the consideration amount per one asset item is ¥10,000 or less by using the goods consideration amount which includes the shipping fees equivalent (Circular 5—10—3). As a result of judgment, if the target is regarded as a specified low-value asset transfer, the consideration amount will be used as the tax base.

(Note) If shipping fees are segregated from the goods (assets) transfer consideration, as the cargo transport consideration from overseas to a location in Japan, it will be treated as a consumption tax-exempted transaction (Act, 7①(iii)).

(Consideration amount per one asset item in case discount is applied)

Question 5 Our company is selling goods from overseas to the domestic market in Japan, using a mail-order shopping site run by ourselves. At the mail-order shopping site, campaigns are offered from time to time for a fixed term applying a uniform 5% discount to goods prices, where each goods price is not changed and in our bills to the purchasers, 5% equivalent of the total purchase amount is discounted.

In addition, when goods are purchased over the mail-order shopping site run by our company, we provide the purchasers with points, depending on the purchase amounts, that can be used only at the mail-order shopping site. When used in shopping, points can be used for a discount (1 point = 1 yen) from the total purchase amount.

Does such discount from the total purchase amount affect the judgment on whether it is a specified low-value asset transfer or not? How should we make a judgment on whether each consideration amount is ¥10,000 or less per one asset item?

【Answer】

The consideration amount, which is used as the base for judging on whether the target is a specified low-value asset transfer or not, is said to be the “amount of all cash, non-cash items, rights, or other economic benefits that is received or is to be received” (Act, 2① (viii-vi in parentheses)). So, when discount is applied to goods sales, the amount after discount per one asset item is used to make a judgment on whether the consideration amount is ¥10,000 or less or not.

Therefore, when selling multiple goods and a discount is applied to the total purchase amount (your question refers to such a case), discount amount for each piece of the goods needs to be clarified. In such case, you might apply the discount to specific goods first as per the methods prescribed by respective business in advance (for instance, you might apply the discount to the most expensive item first).

《Envisioned case ①: In case 5% is equally discounted from each piece of the goods》

Sales statement (on screen) [excluding tax]				
Order details				
	PC	¥99,800	➡	Specified low-value assets
	Discount	-¥4,990		¥94,810
	Office chair	¥10,200	➡	×
	Discount	-¥510		¥9,690
	Mouse	¥6,980	➡	○
	Discount	-¥349		¥6,631
				○

《Envisioned case ②: In case the full amount of discount is applied to the expensive goods first》

Sales statement (on screen) [excluding tax]				
Order details				
	PC	¥99,800	➡	Specified low-value assets
	Discount	-¥5,849		¥93,951
	Office chair	¥10,200	➡	×
	Mouse	¥6,980	➡	×
				¥10,200
				×
				¥6,980
				○

(Consideration amount per one asset item when the platform business itself bears part of the purchase amount)

Question 6 Our company is a tenant of an EC mall run by a platform business, selling goods from overseas to the domestic market in Japan. The EC mall from time to time offers campaigns for a fixed term applying a uniform 10% discount to the total purchase amount; where though the discount portion as well is invoiced to purchasers, the differences are in fact covered by the platform business itself, our company will receive the amounts before the discount.

In such a case, as to the eligibility for a specified low-value asset transfer, how should we make a judgment on whether each consideration amount per one asset item is ¥10,000 or less or not?

【Answer】

The consideration amount, which is used as the base for judging on whether the target is a specified low-value asset transfer or not, is said to be the “amount of all cash, non-cash items, rights, or other economic benefits that is received or is to be received” (Act, 2① (viii-vi in parentheses)). When selling goods applying discount, the amount after discount will be used to make a judgment on whether each consideration amount per one asset item is ¥10,000 or less or not. However, in the case described in the question, the discount is not provided by your

company, and the amounts your company receives as the considerations are the amounts before the platform business applies the discount. Therefore, you need to make a judgment on whether each consideration amount per asset item is ¥10,000 or less or not, by using the amounts before the discount.

(Note) As to the specified low-value asset transfers via the digital platform provided by a designated category 2 platform business where considerations are collected and received via the designated category 2 platform business, it is deemed that the designated category 2 platform business implemented the specified low-value asset transfers (refer to Question 29). For the eligibility as a specified low-value asset transfer for the designated category 2 platform business, judgment needs to be made on whether each consideration amount per one asset item is ¥10,000 or less or not by using the amounts before discount, just as above.

(Judgment on specified low-value asset transfers by using the amounts before discount)

Question 7 At the EC mall run by our company (a designated category 2 platform business), each purchaser can apply discount to the purchase amount by using the coupons issued by our company or tenant companies.

The taxable prices (taxable values) for the imported cargoes as shipped from overseas, in relation to application of the coupons to the goods sold over the EC mall of our company, should be the amounts before the discount. Therefore, in terms of the systems of our company, the amounts before the discount are registered as the sales prices of the goods. That is why, though prices after discount (total amounts) are invoiced to purchasers, we are unable to see the amounts after discount for individual goods in terms of our systems.

In such a case, as to the eligibility for a specified low-value asset transfer, should we use the amounts before discount for making a judgment on whether each consideration amount per one asset item is ¥10,000 or less or not?

【Answer】

For the consideration amount (judgment target amount), to be used as the base to make a judgment on the eligibility of each specified low-value asset transfer, if discount is applied when selling goods, amounts after discount need to be used. This is applicable, even though the taxable prices (taxable values) of imported cargoes, concerning the goods to which discount was applied when sold, are the prices before discount.

Regarding this point, if judgment is difficult for the designated category 2 platform business (refer to Question 40) by using the amounts after discount (like the case described in the question where goods are registered by using the taxable values of imported cargoes for the goods shipped from overseas), and if the taxable values of imported cargoes for the goods are stated as the amounts before discount, you may use the amounts before discount as applied by coupons for the judgment target amounts, as suggested in your question.

Please pay attention to the following: Regarding the transactions which fell under the category of specified low-value asset transfers per the above judgment, the amount to be used as the tax base for each of them should be the amount that is received by respective tenant company (the amount after discount); which means the amount is not necessarily the same amount as that used in the above judgment.

(Judgment about specified low-value asset transfers based on the invoiced amounts to purchasers)

Question 8 At the EC mall run by our company (a designated category 2 platform business), each purchaser can apply discount to the purchase amount by using the coupons issued by our company or tenant companies, paying the net amount or the total purchase amount minus the discount.

As to the coupons applied to the goods sold by the tenants, there are various types. For example, 10% equivalent of the total purchase amount is covered by our company, billing the amount net of the discount to the purchaser. In this case, amount before the deduction of 10% equivalent is paid to the tenant, while the amount after the deduction needs to be presented and invoiced to the purchaser; that is why prices of individual goods are registered with the systems, depending on the billing amounts after the discount irrespective of the nature of the coupons. Therefore, we can see only the amounts after the deduction with our systems, as the prices of individual goods.

In such a case, as to the eligibility for each specified low-value asset transfer, may we uniformly use the individual goods price depending on the billing amount to the purchaser irrespective of the nature of the coupons, when making a judgment on whether the consideration amount per one asset item is ¥10,000 or less or not?

【Answer】

As to the consideration amount (judgment target amount) to be used as the base for making a judgment on whether the target is a specified low-value asset transfer or not, if discount is applied when selling goods, the amount after the discount will be used as the amount; however, if the amount received by the business (tenant) that sells the goods is not the billing amount to the purchaser but the amount before the deduction of the discount incurred by the platform business (like the case where part of the billing amount to the purchaser is covered by the platform business), you will make a judgment by using the amounts before deduction.

Regarding this point, if at the time a firm order has been received, it is difficult for the designated category 2 platform business to precisely determine on whether use of the coupons was a discount or not (refer to Question 40), like in the question, you may uniformly use the price of individual goods depending on the coupons-applied billing amount as the judgment target amount.

Please note that the tax base amount for the transaction, which has fallen under the category of specified low-value asset transfers per the above judgment, should be the amount that includes the amount incurred by your company (the amount to be received by the tenant). In other words, you need to pay attention to the following: the amount is not necessarily the amount that was used in the above judgment.

(Consideration amount per one asset item in foreign currency-denominated transactions)

Question 9 Our company is selling goods from overseas to the market in Japan, using our own mail-order shopping site. At the mail-order shopping site, goods unit prices are set in USD, and all customer payments are USD-denominated.

In such a case, for the eligibility as a specified low-value asset transfer, how should we make a judgment on whether each consideration amount per one asset item is ¥10,000 or less or not?

【Answer】

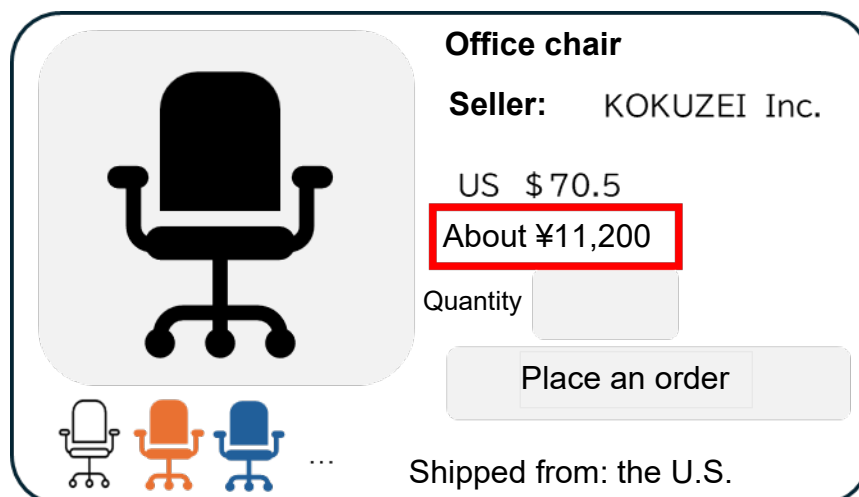
When making a judgment on the eligibility as a specified low-value asset transfer, it is necessary to make a judgment on whether each consideration amount per one asset item is ¥10,000 or less or not. Therefore, as to foreign currency-denominated goods sales (like the USD-denominated sales in the question), each consideration amount needs to be converted to JPY.

As for JPY-conversion method, as an example, you may convert the amount to JPY by using the spot exchange rate at the time of sales (the day a firm order was received).

Also, when indicating sales prices for goods to customers, firstly you need to check whether consumption tax will be imposed on their sales or not; then, regarding the goods subject to consumption tax, you are required to indicate consumption tax-inclusive amounts (total amount indication) (Act, 63). That is why before indicating such prices, you need to see JPY-converted figures and check whether each consideration amount is ¥10,000 or less or not (whether consumption tax needs to be imposed or not, vis-à-vis the eligibility as a specified low-value asset).

Regarding this point, for example, if JPY-converted amounts are shown as reference data on the goods order screen, you may use such JPY amounts to make a judgment on whether each consideration amount is ¥10,000 or less or not; if ever the FX rates used in the JPY-conversion are reasonable and such reasonable conversion has been practiced on a continual basis.

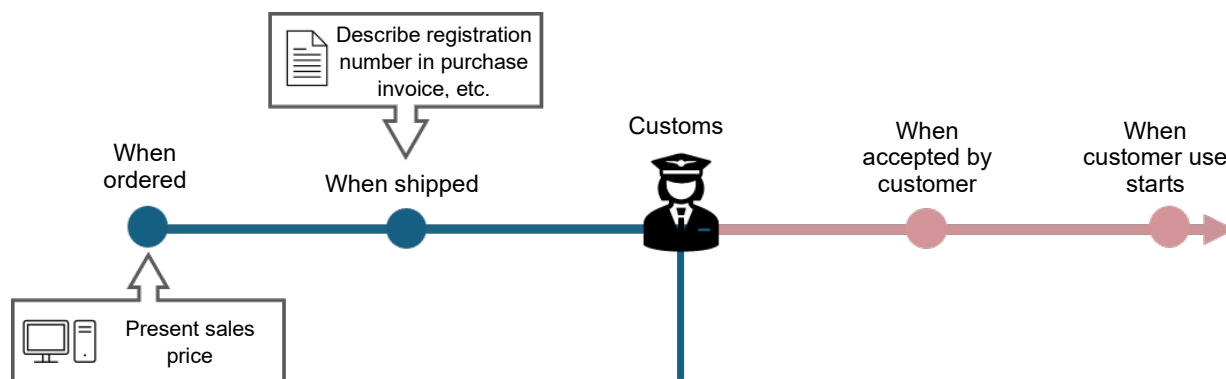
《Image》



Please note that when a registered seller of specified low-value goods implemented a specified low-value asset transfer, the seller needs to notify the importer or the customs broker of necessary information, by describing the registration number of the registered seller of specified low-value goods as well as that the transaction is an eligible specified low-value asset transfer, in the purchase invoice on the shipment of the assets relating to the specified low-

value asset transfer and other relevant documents (including digital records; hereinafter the “purchase invoice, etc.”) (Act, 57-8)(refer to Question 25).

Therefore, no JPY-conversion for prices has been done by the registered seller of specified low-value goods yet, at the latest by the time of the notification, the seller needs to perform JPY-conversion by using the method set by the relevant businesses in advance, and check whether each consideration amount per one asset item is ¥10,000 or less or not.



(Application of the simplified taxation system)

Question 10 Regarding specified low-value asset transfers, please tell me how to apply the simplified taxation system.

【Answer】

When calculating input tax credit per the simplified taxation system, any items related to specified low-value asset transfers must not be included in the amounts of taxable sales revenue and return of sales consideration, which are used as the base for the calculation (Act, 37①).

The businesses whose taxable sales revenue exceeds ¥50 million in the reference period, and the foreign businesses who do not hold permanent facilities (i.e., the permanent facilities as described in the Income Tax Act, Article 2, paragraph (1), item (viii-iv); or in the Corporation Tax Act, Article 2, item (xii-xix)) as of the first day of the taxation period are not allowed to apply the simplified taxation system (Act, 37①).

II Registration system for registered sellers of specified low-value goods

(Registration procedures for registered sellers of specified low-value goods)

Question 11 What kind of procedures need to be pursued for registering a registered seller of specified low-value goods?

【Answer】

If the entity is a business that implements specified low-value asset transfers or intends to do the same, and if such a business (limited to taxable businesses) wants to have another entity receive the taxable cargoes relating to the specified low-value asset transfer from the bonded area, for a duty-free import as applied; such entity can get registered as a registered seller of specified low-value goods, by submitting an “application for the registration as a registered seller of specified low-value goods” to the District Director of the competent tax office for the place of tax payment (Act, 57-7①②).

The registration as a registered seller of specified low-value goods is allowed only for taxable businesses. However, even when the entity is a tax-exempted business, if it becomes a taxable business in the taxation period, when it wants to get registered as a registered seller of specified low-value goods, it can submit an “application for the registration as a registered seller of specified low-value goods,” in the following cases:

- in case it will become a taxable business from the following taxation period, because the taxable sales revenue in the reference period is over ¥10 million
- in case the entity determines to be a taxable business by submitting a notification of election as a taxable business

(Circular 1—9—1).

※ Application form for the registration as a registered seller of specified low-value goods is scheduled to be announced on the website of the NTA in April 2027 or thereafter. The announcement will be posted in the section of “[Taxation of consumption tax on cross-border e-commerce transactions](#)” on the website of the NTA, so please reference it.

Upon receipt of the application for the registration, the District Director of the competent tax office will pursue the following unless any of the conditions to reject registration is met: enter the statutory items to the registered seller of specified low-value goods register for executing the registration; announce the registered items on the website of the NTA (refer to Question 24); and notify the registered business that the registration has taken effect (Act, 57-7③④⑤⑦).

(Transitional measures concerning the registration for registered sellers of specified low-value goods)

Question 12 Please tell me about the transitional measures concerning the registration for registered sellers of specified low-value goods.

【Answer】

It is planned to introduce the registration system for registered sellers of specified low-value goods from April 1, 2028. For this, transitional measures will allow you to submit a registration application for a registered seller of specified low-value goods from October 1, 2027, and get registered (Supplementary Provisions of the APAITA, 1(vii)G, 21①).

Only taxable businesses can get registered as registered sellers of specified low-value goods (refer to Question 11), while consumption tax will not be imposed on specified low-value asset transfers until April 1, 2028. Therefore, businesses that implement only specified low-value

asset transfers will be, in principle, tax-exempted businesses. Regarding this point, when submitting a registration application per the transitional measures, even a tax-exempted business can apply for it.

A tax-exempted business that has applied for the registration as a registered seller of specified low-value goods per the transitional measures referred here will not be freed from the duty to pay consumption tax, concerning the taxable asset transfers, etc. and specified taxable purchases implemented during the following periods:

- from April 1, 2028, to the last day of the taxation period, in case the registration as a registered seller of specified low-value goods takes effect before April 1, 2028
- from the day the registration takes effect to the last day of the taxation period, in case the registration takes effect on April 1, 2028 or thereafter

(Supplementary Provisions of the APAITA, 21④).

(Effect of the registration as a registered seller of specified low-value goods)

Question 13 When does the effect of the registration as a registered seller of specified low-value goods take place?

【Answer】

Upon receipt of the application for the registration as a registered seller of specified low-value goods, the District Director of the competent tax office will pursue the following unless any of the conditions to reject registration is met: enter the statutory items to the registered seller of specified low-value goods register for executing the registration; announce the registered items on the website of the NTA; and notify the registered business that the registration has taken effect (Act, 57-7③④⑤⑦).

Irrespective of the notification date, the registration takes effect on the date registered to the registered seller of specified low-value goods register (hereinafter the “registration date”).

Thus, regarding consumption tax imposed when receiving assets from the bonded area relating to the specified low-value asset transfer implemented by a registered seller of specified low-value goods, it will be exempted starting with the specified low-value asset transfer implemented after the registration date (Circular 1—9—4).

If yet to be registered at the time of the specified low-value asset transfer, even if the receipt from the bonded area takes place after the registration date, the consumption tax involved in the receipt will not be exempted: please pay attention to this point (in case of ¥10,000 or less in the total amount of the taxable values counted at the time of receipt from the bonded area, the consumption tax at the time of receipt will be exempted, except for the cases involving the items not eligible for tax exemption [leather goods, knitted goods, etc.]).

Also, please note that the following procedures need to be pursued only for the specified low-value asset transfers that are implemented after the registration date: describing the registration number, etc. of the registered seller of specified low-value goods in the purchase invoice, etc. concerning the asset shipment relating to the specified low-value asset transfer; and sending a notification to the importer or the customs broker (refer to Question 25).

When registered before April 1, 2028 per the transitional measures (refer to Question 12) concerning the registration for registered sellers of specified low-value goods, it will take effect on April 1, 2028 onwards, so the above procedures need to be pursued for the specified low-value asset transfers implemented on the day and beyond.

(Effect of the registration as a registered seller of specified low-value goods)

Question 14 Our company sells goods, which can be categorized as specified low-value asset transfers. If our company gets registered as a registered seller of specified low-value goods, what would be the taxation implications.

【Answer】

When you sell goods, which can be categorized as specified low-value asset transfers, such asset transfers are taxable for consumption tax, as implemented in Japan at the time of sales (Act,4③).

Regarding this point, whether taxable or not for consumption tax at the time of sales does not change for the specified low-value asset transfers, depending on whether registered as a registered seller of specified low-value goods or not.

On the other hand, if registered as a registered seller of specified low-value goods, when receiving taxable cargoes relating to specified low-value asset transfers from the bonded area, consumption tax is exempted (Act,8-2①).

To receive this application of tax exemption, you need to prove the basic fact by describing the registration number of the registered seller of specified low-value goods as well as that the taxable cargoes are relating to a specified low-value asset transfer in the import application (or in the customs declaration when using international postal mail service) (Act,8-2②).

(Registration as a registered seller of specified low-value goods is optional)

Question 15 Our company pursues sales for the goods as defined in the specified low-value asset transfers. Is it a must for us to get registered as a registered seller of specified low-value goods?

【Answer】

Among the taxable cargoes to be received from the bonded area, in the cases related to specified low-value asset transfers as implemented by a registered seller of specified low-value goods, consumption tax will be exempted when receiving them from the bonded area, if ever proven by describing the registration number of the registered seller of specified low-value goods and that the taxable cargoes fall under the category of specified low-value asset transfers in the import application (or in the customs declaration when using international postal mail service) (Act, 8-2). However, whether getting registered as a registered seller of specified low-value goods is simply subject to the free will of each business (Act, 57-7①).

(Regarding the specified low-value asset transfers implemented by a registered seller of specified low-value goods, in case the total amount of taxable values when receiving them exceeds ¥10,000)

Question 16 Following the registration as a registered seller of specified low-value goods, if we sold multiple units of a product (complying with specified low-value asset transfers) which is ¥10,000 or less per piece and sent them in blanket, resulting in the total amount of taxable values exceeding ¥10,000 when receiving them from the bonded area, is consumption tax imposed on us when receiving them from the bonded area?

【Answer】

If the total amount of the taxable values is ¥10,000 or less when receiving the taxable cargoes from the bonded area, consumption tax is exempted when receiving them, except for the items not eligible for tax exemption (such as leather products and knitted goods). If the total amount

of the taxable values exceeds ¥10,000, consumption tax is imposed when receiving them, unless any other tax-exemption provision overrides (IGCTA, 13①(i), Customs Tariff Act, 14(xviii), Order for Enforcement of Customs Tariff Act, 16-3).

Regarding this point, among the taxable cargoes to be received from the bonded area, in the cases of specified low-value asset transfers implemented by a registered seller of specified low-value goods, consumption tax will be exempted when receiving them from the bonded area, even if the total amount of the taxable values exceeds ¥10,000 when receiving them from the bonded area, as mentioned in the question, if ever properly proven by describing the registration number of the registered seller of specified low-value goods as well as that the taxable cargoes fall under the category of specified low-value asset transfers in the import application (or in the customs declaration when using international postal mail service)(Act, 8-2).

(Note) Among the taxable cargoes to be received from the bonded area, if they are related to specified low-value asset transfers as implemented by a registered seller of specified low-value goods, consumption tax will be exempted when receiving them from bonded area in all cases, if ever the total amount exceeds ¥10,000 when receiving them (there are various assumed cases of exceeding ¥10,000: for instance, due to blanket delivery as described above; items not eligible for tax exemption [leather goods, knitted goods, etc.]; FX rate fluctuations), on the premise that eligibility is proven by describing the registration number of the registered seller of specified low-value goods, etc. in the import application, etc.

(In case consumption tax is imposed on the taxable cargoes related to specified low-value asset transfers)

Question 17 Our company sold certain goods eligible for specified low-value asset transfers for ¥10,000 or less. However, customs clearance was tried without describing the registration number of the registered seller of specified low-value goods in the import application, and the goods were the items not eligible for tax exemption. Thus, we received a report from the purchaser that consumption tax had been imposed when receiving them from the bonded area. In such a case, what should our company do?

【Answer】

Regarding specified low-value asset transfers, consumption tax will be imposed on them as the asset transfers implemented in Japan (Act,4③).

In addition, if there is no registration as a registered seller of specified low-value goods, or if the registration number of the registered seller of specified low-value goods was not described in the import application (or in the customs declaration when using international postal mail service), as referred in the question, consumption tax will be imposed when receiving them from the bonded area, if they are the items not eligible for tax exemption (such as leather goods and knitted goods), even if the total amount of the taxable values is ¥10,000 or less when receiving them from the bonded area (IGCTA, 13①(i), Customs Tariff Act, 14(xviii), Order for Enforcement of Customs Tariff Act, 16-3).

Regarding this point, if consumption tax is again imposed when receiving the taxable cargoes in relation to a specified low-value asset transfer implemented by a taxable business, the business that implemented the specified low-value asset transfer can deduct the consumption tax amount^(Note1) on the specified low-value asset transfer^(Note2) from the consumption tax

amount on the tax basis amount of the taxation period that includes the day when consumption tax was imposed on the taxable cargoes, by keeping certain documents, etc. as prescribed in Article 30, paragraph (9), item (v) of the Consumption Tax Act (such as the import permission as provided by the Director-General of the competent customs) (Act, 40①②).

If the counterparty of a specified low-value asset transfer (purchaser) is a taxable business and if the business that implemented the specified low-value asset transfer applied the above deduction, the business that implemented a taxable purchase in the specified low-value asset transfer (purchaser) cannot apply input tax credit to the taxable purchase (Act, 40③).

(Note) 1 It is the amount from the consideration amount (pretax) for the specified low-value asset transfer multiplied by 7.8/100 (or multiplied by 6.24/100 in case reduced tax rate is applicable).

2 In practical operations, when wishing the application of deduction, obtain the import permission, etc. for the taxable cargoes relating to the specified low-value asset transfer from the counterparty of the specified low-value asset transfer (purchaser); and then, return the equivalent amount of the consumption tax on the specified low-value asset transfer which was subjected to the deduction to the counterparty of the specified low-value asset transfer (purchaser).

《For reference: Taxation for specified low-value asset transfers》

Duty to pay tax for sales business	Registration as a registered seller of specified low-value goods	Scene	Taxpayer	Cargo of ¥10,000 or less in customs taxable value	
				Tax-free goods	Non-tax-free goods
Taxable business	Existing	When sold	Sales business	<u>Taxation</u>	<u>Taxation</u>
		When received	Receiver of taxable cargoes	<u>Tax exemption</u> (Act, Article 8-2; IGCTA, 13①(ii))	<u>Tax exemption</u> (Act, Article 8-2)
Taxable business	Non-existing	When sold	Sales business	<u>Taxation</u>	<u>Taxation</u> ※Tax credit allowed (Act, Article 40)
		When received	Receiver of taxable cargoes	<u>Tax exemption</u> (IGCTA, 13①(ii))	<u>Taxation</u>
Tax-exempted business	Non-existing	When sold	—	— (No duty to pay tax)	— (No duty to pay tax)
		When received	Receiver of taxable cargoes	<u>Tax exemption</u> (IGCTA, 13①(ii))	<u>Taxation</u>

(Retroactive registration as a registered seller of specified low-value goods)

Question 18 If an application is submitted midway through a taxation period, can we receive the registration as a registered seller of specified low-value goods effective from the first day of the taxation period?

【Answer】

Retroactive registration is not allowed for a registered seller of specified low-value goods. The registration will be executed following the application and it will take effect only after that (refer to Question 13).

(Rejected registration for a registered seller of specified low-value goods)

Question 19 Are there any cases where an application for the registration as a registered seller of specified low-value goods is rejected?

【Answer】

When applying for the registration as a registered seller of specified low-value goods, if none of the following facts in each of the following categories for business is applicable to the applying business, in principle, registration will never be rejected (Act, 57-7^⑤).

【In case of a business other than a specified foreign business】^(Note1)

- ① Notification on the tax agent is yet to be submitted by the business who needs to appoint a tax agent
- ② One year is yet to elapse from the cancellation of the registration because of the following:
Regarding assets other than the assets relating to a specified low-value asset transfer, issued or provided a purchase invoice, etc. that indicates misleading information that they are related to a specified low-value asset transfer to an importer, etc. (those who intend to import them, relevant customs broker, etc.); or notified an importer, etc. of the registration number as a registered seller of specified low-value goods and that they are related to a specified low-value asset transfer
- ③ Yet two years has not passed from the date punishment ends or execution is no longer needed, after sentenced to a fine or a heavier punishment due to breach of any provision of the Consumption Tax Act ^(Note2, 3)

【In case of a specified foreign business】^(Note1)

- ① There is no tax agent that holds representation authority for consumption tax
- ② No notification is yet to be submitted for the tax agent
- ③ National tax delinquency currently existing, and it is quite difficult to collect the delinquent amount
- ④ One year is yet to elapse from the day the registration was cancelled (limited to the cases of cancellation due to a breach of the following A through C)
 - A Recognized that regarding assets other than the assets relating to a specified low-value asset transfer, issued or provided a purchase invoice, etc. that indicates misleading information that they are related to a specified low-value asset transfer to an importer, etc. (those who intend to import them, relevant customs broker, etc.); or notified an importer, etc. of the registration number as a registered seller of specified low-value goods and that they are related to a specified low-value asset transfer
 - B Recognized that there was no authentic reason for no consumption tax filing by the deadline
 - C National tax delinquency currently existing, and it is quite difficult to collect the delinquent amount
- ⑤ Yet two years has not passed from the date punishment ends or execution is no longer needed, after sentenced to a fine or a heavier punishment due to breach of any provision of the Consumption Tax Act ^(Note 2,3)

(Note) 1 A specified foreign business is a foreign business that does not hold an office, place of business, or equivalent for asset transfers to be implemented in Japan (refer to Question 30 for the significance of a foreign business).

- 2 For example, in case a corporation was sentenced to a fine or a heavier punishment due to a breach of the Consumption Tax Act, if the chief representative of the corporation as well was sentenced to a fine or a heavier punishment, the chief representative can apply for the registration as a registered seller of specified low-value goods in the name of a sole proprietor, only after the elapse of two years from the end of the execution or from the date no longer subject to execution.
- 3 “a fine or a heavier punishment” does not include a decision on order to impose various additional taxes nor delinquent tax.

(Cancellation of the registration as a registered seller of specified low-value goods)

Question 20 Our company is a corporation whose fiscal year ends in March. We became a registered seller of specified low-value goods on April 1, 2028. However, we want to cancel the registration as a registered seller of specified low-value goods from April 1, 2029. In this case, what kind of procedures are required?

【Answer】

By submitting a “notification on the request for cancellation of the registration as a registered seller of specified low-value goods” (hereinafter “notification on the cancellation of the registration as a registered seller of specified low-value goods”) to the District Director of the competent tax office for the place of tax payment, a registered seller of specified low-value goods can terminate as a registered seller of specified low-value goods (Act, 57-7^⑩ (i)).

In this case, in principle, the effect of the registration will be lost on the first day of the following taxation period after the taxation period that includes the day when the notification on the cancellation of the registration as a registered seller of specified low-value goods was submitted (Act, 57-7^⑩ (i)).

However, if the notification on the cancellation of the registration as a registered seller of specified low-value goods was submitted after 15 days before the first day of the following taxation period ^(Note), the registration will lose effect on the first day of the taxation period after the following taxation period. (Act, 57-7^⑩ (i), Order, 70-16^③).

Therefore, in the case of the question, a notification on the cancellation of the registration as a registered seller of specified low-value goods needs to be submitted by March 17, 2029.

(Note) Even if the day of “15 days before the first day of the following taxation period” is Sunday, a holiday as set forth in the Act on National Holidays (Act No. 178 of 1948) or any other general holiday, Saturday, December 29, December 30, or December 31, it cannot be the day after.

(Necessary procedures in case of business abolishment, death of a sole proprietor, and extinction due to corporate merger)

Question 21 Regarding a registered seller of specified low-value goods, please tell me about the procedures when the business is abolished, when the sole proprietor has died, or it has become extinct due to corporate merger.

【Answer】

In terms of the Consumption Tax Act, when a business abolishes its business, it is obligated to submit a “notification for business abolishment,” when a sole proprietor has died, it is obligated to submit a “notification on death of sole proprietor,” and when a corporate entity is extinct due to merger, it is obligated to submit a “notification on corporate extinction due to

merger” to the District Director of the competent tax office for the place of tax payment (Act, 57 ① (iii), (iv), (v)).

When a “notification for business abolishment” is submitted, on the day following the day the business is abolished; when a “notification on death of a sole proprietor” is submitted, on the day following the day the sole proprietor dies; and when a “notification on corporate extinction due to merger” is submitted, on the day the corporation becomes extinct due to merger, the effect of the registration as a registered seller of specified low-value goods becomes invalid (Act, 57-7⑩ (ii), (iii), (iv)).

(Note) When a sole proprietor is succeeded, or when a corporation is merged or divested, the effect of the registration as a registered seller of specified low-value goods for the entity succeeded, merged corporation, or divested corporation, does not reach the succeeding entity, surviving corporation after merger, or corporation that acquired the divested entity (Circular 1 – 9 – 5). Therefore, after such succession, etc., if the business successor, etc. wants to get registered as a registered seller of specified low-value goods, it needs to newly apply for a registered seller of specified low-value goods.

(Cancellation of registration for a registered seller of specified low-value goods)

Question 22 Are there any cases where the registration for a registered seller of specified low-value goods is cancelled?

【Answer】

The District Director of the competent tax office may cancel the registration as a registered seller of specified low-value goods in the following cases, depending on the following categories of business (Act, 57-7⑥).

【In case of a business other than a specified foreign business】^(Note1)

- ① Whereabouts unknown for one year or more^(Note2)
- ② Recognized that the business has been abolished^(Note3)
- ③ Recognized that the entity has died ^(Note3)
- ④ Recognized that it is extinct due to merger ^(Note3)
- ⑤ A business that must appoint a tax agent is yet to submit a notification on the tax agent
- ⑥ Recognized that regarding assets other than the assets relating to a specified low-value asset transfer, issued or provided a purchase invoice, etc. that indicates misleading information that they are related to a specified low-value asset transfer to an importer, etc.; or notified an importer, etc. of the registration number as a registered seller of specified low-value goods and that they are related to a specified low-value asset transfer
- ⑦ Sentenced to a fine or a heavier punishment due to breach of any provision of the Consumption Tax Act
- ⑧ Submitted an application including a false description in relation to the conditions to reject registration, and got registered

【In case of a specified foreign business】^(Note1)

- ① Recognized that the business has been abolished ^(Note2)
- ② Recognized that the entity has died ^(Note3)
- ③ Recognized that it is extinct due to merger ^(Note3)
- ④ Document that proves an entity has the tax representation authority for consumption tax is yet to be submitted by the deadline for tax filing
- ⑤ A business that must appoint a tax agent is yet to submit a notification on the tax agent

- ⑥ Recognized that regarding assets other than the assets relating to a specified low-value asset transfer, issued or provided a purchase invoice, etc. that indicates misleading information that they are related to a specified low-value asset transfer to an importer, etc.; or notified an importer, etc. of the registration number as a registered seller of specified low-value goods and that they are related to a specified low-value asset transfer
- ⑦ Recognized that there was no authentic reason for no consumption tax filing by the deadline
- ⑧ National tax delinquency currently existing, and it is quite difficult to collect the delinquent amount
- ⑨ Sentenced to a fine or a heavier punishment due to breach of any provision of the Consumption Tax Act ^(Note4)
- ⑩ Submitted an application including a false description in relation to the conditions to reject registration, and got registered

(Note) 1 A specified foreign business is a foreign business that does not hold an office, place of business, or equivalent for asset transfers to be implemented in Japan (refer to Question 30 for the significance of a foreign business).

2 Examples of “whereabouts unknown” include the cases where it is impossible to contact a business for a necessary inquiry (there is no return for a document inquiry, no response for a phone inquiry, etc.) regarding no submission of a consumption tax return, etc.

3 In terms of the Consumption Tax Act, when a business abolishes its business, it is obligated to submit a “notification for business abolishment,” when a sole proprietor has died, it is obligated to submit a “notification on death of the sole proprietor,” and when a corporate entity is extinct due to merger, it is obligated to submit a “notification on corporate extinction due to merger” (the registration will lose effect after the submission of such notification [Act, 57① (iii), (iv), (v); 57-7 ⑩]).

4 “a fine or a heavier punishment” does not include a decision on order to impose various additional taxes nor delinquent tax.

(Composition of a registration number for a registered seller of specified low-value goods)

Question 23 What is the composition of a registration number for a registered seller of specified low-value goods?

【Answer】

Registration number for a registered seller of specified low-value goods is “S” (Romaji) + seven digits of Arabic figures.

Please note that it is different from the Corporate Number, the registration number as a business issuer of qualified invoices as per the retention method for invoices, nor the platform code used in import declaration, etc.

(Method to announce the information about a registered seller of specified low-value goods)

Question 24 What kind of methods are used to announce the information about a registered seller of specified low-value goods?

【Answer】

The information about a registered seller of specified low-value goods (specified the items registered with the low-value asset seller register such as the registration date) is announced

on the website of the NTA (Act, 57-7^{④⑪}, Order, 70-16^②). Also, when the registration as a registered seller of specified low-value goods is cancelled or loses effect, such dates are announced on the website of the NTA. Following items are announced:

- ① Individual name or name of the registered seller of specified low-value goods
- ② As for a corporation (excluding unincorporated association, etc.), location of the head office or the main office
- ③ As for a foreign business other than a specified foreign business (a foreign business that does not hold an office, place of business, or equivalent for asset transfers to be implemented in Japan), location of the office, place of business, or equivalent for asset transfers to be implemented in Japan
- ④ Registration number
- ⑤ Registration date
- ⑥ Date registration cancelled, date registration lost effect

(Duties of a registered seller of specified low-value goods)

Question 25 After the registration as a registered seller of specified low-value goods, what kind of duties would arise?

【Answer】

When a registered seller of specified low-value goods has done a specified low-value asset transfer, it needs to describe or record ① the registration number as a registered seller of specified low-value goods, and ② that it is for the assets relating to a specified low-value asset transfer, in a purchase invoice, etc. concerning the shipment of assets relating to a specified low-value asset transfer. And, it needs to notify the importer of the assets relating to the specified low-value asset transfer or the customs broker who will cover the import application of the items in ① and ② (Act, 57-8).

(The significance of “purchase invoice, etc.” and how to fill it out)

Question 26 When a registered seller of specified low-value goods implemented a specified low-value asset transfer, the seller needs to notify the importer, etc. of necessary information by describing or recording the registration number of the registered seller of specified low-value goods and that the target are the assets relating to a specified low-value asset transfer, in the purchase invoice, etc. for shipment: so, we learned. What kind of document is a “purchase invoice, etc.”? Also, how should we describe about the fact that the target assets are related to a specified low-value asset transfer?

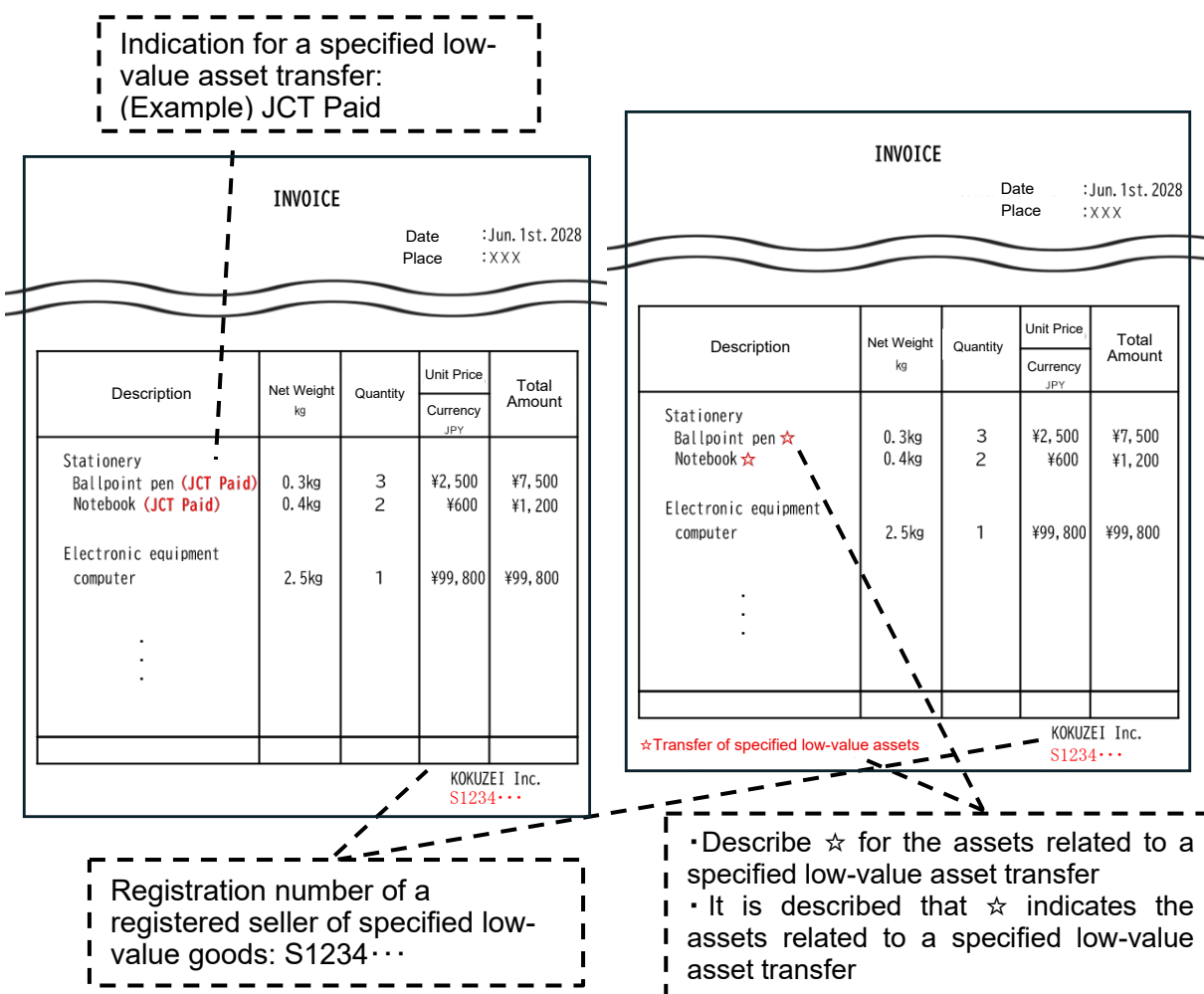
【Answer】

The registered seller of specified low-value goods needs to notify the importer, etc. of necessary information by describing or recording the registration number of the registered seller of specified low-value goods and that the target are the assets relating to a specified low-value asset transfer, in the purchase invoice, etc. (refer to Question 25). Therein, purchase invoice, etc. specifically represents what describes the names of goods, quantities, prices, etc. of which submission is required at the import declaration. An instrument like purchase invoice (import invoice) prepared in the source country of the goods is an example of this. Also, a document prepared when shipping the specified low-value assets, where the registration number, etc. of the registered seller of specified low-value goods can be confirmed, is another example.

Also, as to the statement that “the target are the assets relating to a specified low-value asset transfer” to be described or recorded in a purchase invoice, etc., if there is an objective explanation that the target are clearly the assets relating to a specified low-value asset transfer, that would be enough. For instance, if the explanation includes a description that the target assets individually correspond to the assets involved in a specified low-value asset transfer (supposedly, it might include an indication of JCT [Japan Consumption Tax] Paid), that is fine enough. Also, if the explanation shows some codes or numbers like “※” or “☆” and if it is separately clarified that such codes or numbers corresponds to the “assets included in the specified low-value asset transfer,” it is also fine enough in that it shows the “target are the assets relating to a specified low-value asset transfer.”

However, if a single purchase invoice, etc. includes various assets from multiple specified low-value asset transfers sold by multiple registered sellers of specified low-value goods, segregated indication is required.

《Image》



(Restricted application of the tax exemption threshold system for businesses concerning registered sellers of specified low-value goods)

Question 27 Our company is a registered seller of specified low-value goods. If our taxable sales revenue is ¥10 million or less in the reference period, will we be treated as a tax-exempted business?

【Answer】

To the registered sellers of specified low-value goods, the tax exemption threshold system for businesses is not applied during the taxation periods when the registration as a registered seller of specified low-value goods is effective; they cannot be tax-exempted businesses (Act, 9①).

(Relationship with the registration for a business issuer of qualified invoices)

Question 28 Our company plans to get registered as a registered seller of specified low-value goods. Separately from the registration, is it necessary for us to get registered as a business issuer of qualified invoices?

【Answer】

Since specified low-value asset transfers are regarded as asset transfers, etc. implemented in Japan, if a sales destination (importer) is a taxable business, the business might sometimes request you to issue qualified invoices or qualified simplified invoices (hereinafter “qualified invoices, etc.”) needed for them to apply input tax credit.

As a result of the registration as a registered seller of specified low-value goods (Act, 57-7), consumption tax will be exempted when receiving the taxable cargoes relating to a specified low-value asset transfer from the bonded area (Act, 8-2) (refer to Question 14). To issue qualified invoices, etc., separately from the registration as a registered seller of specified low-value goods, you need to get registered as a business issuer of qualified invoices (Act, 57-2). However, this registration is simply up to the free choice by respective business. So, please consider applying for the registration as well or not independently, based on your real business situation as a business.

※ If you are interested in the registration procedures, how to retain qualified invoices, etc. regarding business issuer of qualified invoices, please visit the “[Special section about the Invoice System](#)” on the website of the NTA.

III Overview of platform taxation for asset transfers

(Overview of “platform taxation” in relation to asset transfers)

Question 29 Please tell me about the overview of “platform taxation” in relation to asset transfers.

【Answer】

In principle, regarding the asset transfers implemented by foreign businesses receiving consideration in Japan and the specified low-value asset transfers implemented by businesses (not limited to foreign business)(refer to Question 1), each business implementing the asset transfers is supposed to perform tax filing and payment.

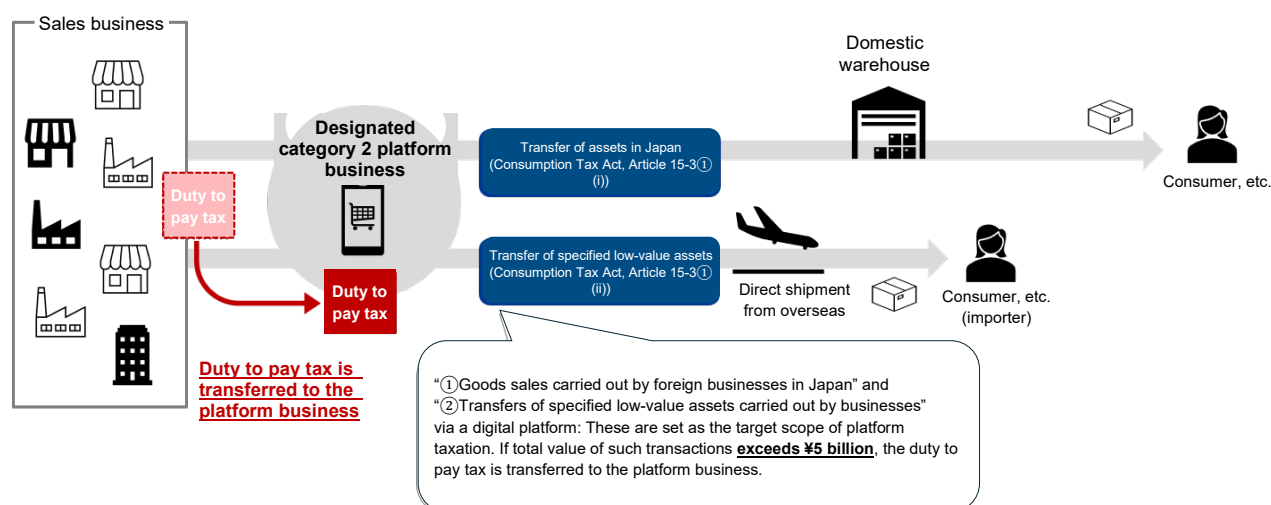
However, regarding the following asset transfers that are implemented by businesses on a digital platform (refer to Question 31) in April 1, 2028 and beyond, and where considerations for the asset transfers are collected and received via a designated category 2 platform business ※, the revision now prescribes that the designated category 2 platform business shall perform tax filing and payment, on the assumption that the designated category 2 platform business implemented the asset transfers (platform taxation)(Act, 15-3①).

- ① Asset transfers implemented by foreign businesses in Japan (including any ancillary asset transfers, etc.; excluding the equivalents of specified low-value asset transfers)
- ② Specified low-value asset transfers implemented by businesses

(Note) Unlike specified low-value asset transfers, among the asset transfers implemented in Japan, only those implemented by foreign businesses are put subject to platform taxation. For example, in case a domestic business implements both asset transfers and specified low-value asset transfers in Japan, only specified low-value asset transfers are put subject to platform taxation. As to the asset transfers implemented in Japan, the domestic business in charge itself is supposed to do tax filing and payment.

※ A designated category 2 platform business is a business designated by the Commissioner of the NTA; it is a business that satisfies the designated conditions (refer to Question 40).

《Platform taxation imagined》



(The significance of “foreign business”)

Question 30 What kind of entity is a “foreign business”?

【Answer】

The targets of platform taxation are ① the asset transfers implemented by foreign businesses in Japan (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers); and ② the specified low-value asset transfers implemented by businesses, that are executed via a digital platform, and where considerations for the asset transfers are collected and received via a designated category 2 platform business (Act, 15-3①).

The “foreign businesses” in ① above include the following (Act, 2① (iv-ii); Income Tax Act, 2① (v); Corporation Tax Act, 2 (iv)):

① Sole proprietors who are non-residents^{※1}

② Foreign corporations^{※2}

※1 Non-residents are individuals other than residents (that is, individuals that have a postal address in Japan or has had a residence in Japan for one year or longer consecutively until today).

※2 Foreign corporations are corporations other than domestic corporations (that is, corporations that have a head office or a main office within Japan).

(The significance of “digital platform”)

Question 31 What kind of entity is a “digital platform”?

【Answer】

The targets of platform taxation are ① the asset transfers implemented by foreign businesses in Japan (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers); and ② the specified low-value asset transfers implemented by businesses, that are executed via a digital platform, and where considerations for the asset transfers are collected and received via a designated category 2 platform business (Act, 15-3①).

This “digital platform” means a place that was constructed by information processing using computers, aiming to be used by unspecified many users; it is a place provided via telecom lines for constantly displaying asset transfer-related information on behalf of unspecified many people, to enable relevant entities other than the provider of the place per se to implement asset transfers, etc. on the place. Digital platform examples include online marketplaces, private import agency sites, etc. (Act, 15-2①).

IV The target scope, etc. of platform taxation

(Asset transfers implemented by foreign businesses in Japan)

Question 32 Our company is a platform business that runs an EC mall for the domestic market in Japan. We allow any foreign business to be a tenant of the EC mall of our company. The foreign business in question (which is a tenant of the EC mall) stores imported goods in a domestic warehouse held by a warehouse company other than our company in advance, and ships goods from the warehouse each time upon receipt of an order, recording sales. Concerning the sales of goods of this foreign business, our company is collecting the goods sales proceeds from the purchasers. In this case, the sales of goods by the foreign business should be put subject to platform taxation?

【Answer】

The targets of platform taxation are ① the asset transfers implemented by foreign businesses in Japan (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers); and ② the specified low-value asset transfers implemented by businesses, that are executed via a digital platform, and where considerations for the asset transfers are collected and received via a designated category 2 platform business (Act, 15-3①).

In the case specified in your question, a foreign business sells assets that are located in a domestic warehouse, it is a case of asset transfers implemented by a foreign business in Japan, where the asset transfers are implemented on a digital platform and the considerations are received via your company; so, if your company is a designated category 2 platform business, it is a matter of fact that the sales of goods implemented by the foreign business should be subject to platform taxation.

If the assets are located in Japan at the time of transfer, they are classified as the “asset transfers implemented in Japan” (Act, 4③(i)); so, if they are sold by a foreign business on a digital platform and if the considerations are received via a designated category 2 platform business, they are put subject to platform taxation, not only in the cases where the goods are kept in the warehouses of a warehouse company (as quoted in your question) but also in the cases where the goods are kept in the domestic warehouses of a foreign business that implements goods sales or in the domestic warehouses of the platform business.

(Ancillary asset transfers implemented by foreign businesses in Japan)

Question 33 Our company is a platform business running an EC mall targeting the domestic market in Japan. At the EC mall of our company, there are cases where in relation to the goods sales performed by a foreign business in Japan, paid installation work is set as an option, and shipping fees are separately set for the goods sales of certain amount or less. Such installation work expenses and shipping fees are collected by the foreign business together with the proceeds of goods sold via our company. Are the proceeds of goods sold including such installation work expenses and shipping fees put subject to platform taxation? Please note that the goods sales do not fall under the category of specified low-value asset transfers.

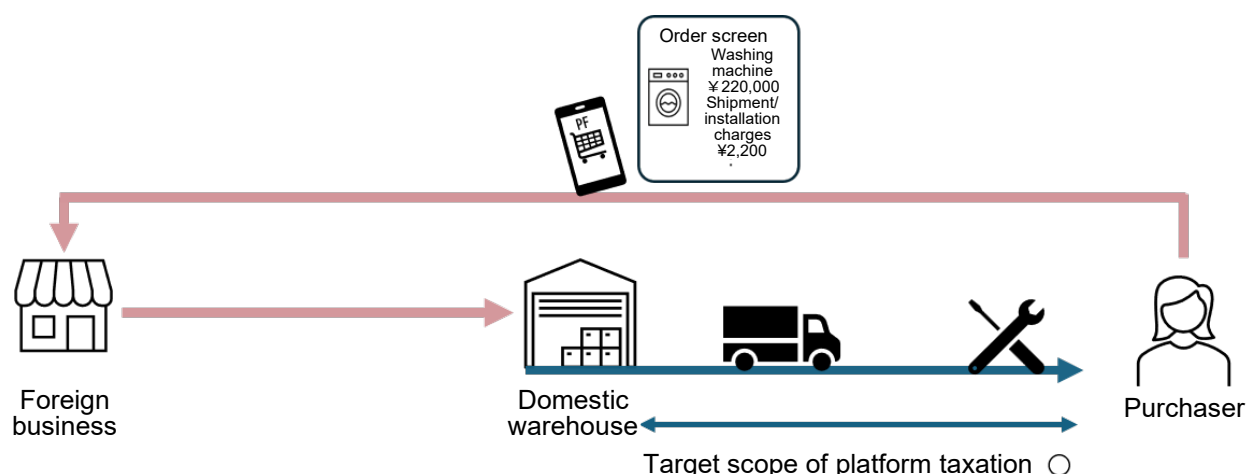
【Answer】

The targets of platform taxation are ① the asset transfers implemented by foreign businesses in Japan (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers); and ② the specified low-value asset transfers implemented by businesses, that are executed via a digital platform, and where considerations for the asset transfers are collected and received via a designated category 2 platform business (Act, 15-3①).

As mentioned in ① above, asset transfers implemented in Japan include such ancillary asset transfers, etc. For example, they comprise what are performed via a digital platform together with the asset transfers (such as asset transfers implemented by foreign businesses in Japan) like the transportation and installation of the assets sold performed in relation to the asset transfers (Circular 5－10－5).

In the case of the question, in relation to sales of the goods located in Japan, installation work and transportation are performed for the goods in Japan, and the installation work fees and shipping fees (considerations related to them) are received by the foreign business via the platform business. So, if your company is a designated category 2 platform business, the installation work expenses and shipping fees as well are put subject to platform taxation.

《Image》



(The significance of “collection/receipt via a platform business”)

Question 34 Our company is a platform business running an EC mall targeting the domestic market in Japan. In terms of the usage agreement of the EC mall, regarding the considerations for the goods sales implemented by businesses via the EC mall, it is set forth that our company collects the money from goods purchasers, takes some fees from it, and pays the residual to the businesses that sold the goods. Our company entrusts this payment operation to another business, so the businesses that sold the goods will receive the considerations of goods sold via the other business. Is such case as well subject to platform taxation?

【Answer】

The targets of platform taxation are ① the asset transfers implemented by foreign businesses in Japan (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers); and ② the specified low-value asset transfers implemented by businesses, that are executed via a digital platform, and where considerations for the asset transfers are collected and received via a designated category 2 platform business (Act, 15-3①).

In the case of the question, in terms of the usage agreement of the EC mall (digital platform) provided by your company, regarding the asset transfer considerations, your company (platform business) collects payment from purchasers and pays net proceeds of the goods sales to the businesses. So, if the payment operation to sales businesses is entrusted to another business, still the condition of “collection/receipt of asset transfer considerations via a designated category 2 platform business” is applicable to this case.

Therefore, if your company is a designated category 2 platform business, both ① and ② transactions above are subject to platform taxation.

(Note) The same does apply to the judgment on whether a platform business satisfies the designated conditions for a designated category 2 platform business or not (refer to Question 40).

(When asset transfer considerations are received not via a platform business)

Question 35 Our company is a platform business. Businesses sell goods on the digital platform provided by our company. Regarding the considerations of goods sold, some businesses collect and receive them directly from the goods purchasers not via our company. Is such a case subject to platform taxation?

【Answer】

The targets of platform taxation are ① the asset transfers implemented by foreign businesses in Japan (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers); and ② the specified low-value asset transfers implemented by businesses, that are executed via a digital platform, and where considerations for the asset transfers are collected and received via a designated category 2 platform business (Act, 15-3①).

In the case of the question, some sales businesses directly collect and receive the considerations of goods sold from goods purchasers not via your company. Such cases are not subject to platform taxation.

(Note) When making a judgment on whether a platform business satisfies the designated conditions for a designated category 2 platform business (refer to Question 40) or not, the cases where considerations are not collected via the platform business, are not included in the amount to see whether it exceeds ¥5 billion or not, which is part of the designated conditions.

(Foreign business judgment by a platform business in relation to asset transfers)

Question 36 In relation to the judgment on eligibility for platform taxation by a platform business, concerning a business that implements asset transfers on the digital platform we provide, how should we make a judgment on if the operator is a foreign business or not?

Also, how should we make a judgment on whether an asset transfer implemented via the digital platform is an asset transfer implemented in Japan or not, or on whether it is a specified low-value asset transfer or not?

【Answer】

The targets of platform taxation are ① the asset transfers implemented by foreign businesses in Japan (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers; the same does apply hereunder within Question 36); and ② the specified low-value asset transfers implemented by businesses, that are executed via a digital platform, and where considerations for the asset transfers are collected and received via a designated category 2 platform business (Act, 15-3①).

Regarding the judgment on eligibility for platform taxation to be made by a platform business, you may pursue the following judgment process per objective and reasonable criteria like the methods shown below (Circular 5—10—6):

- 1 Judgment on whether the business that implements asset transfers in Japan is a foreign business or not

Method to determine by referencing the head office location as filled out in the digital platform usage agreement, etc. by the business that implements asset transfers

《Image》

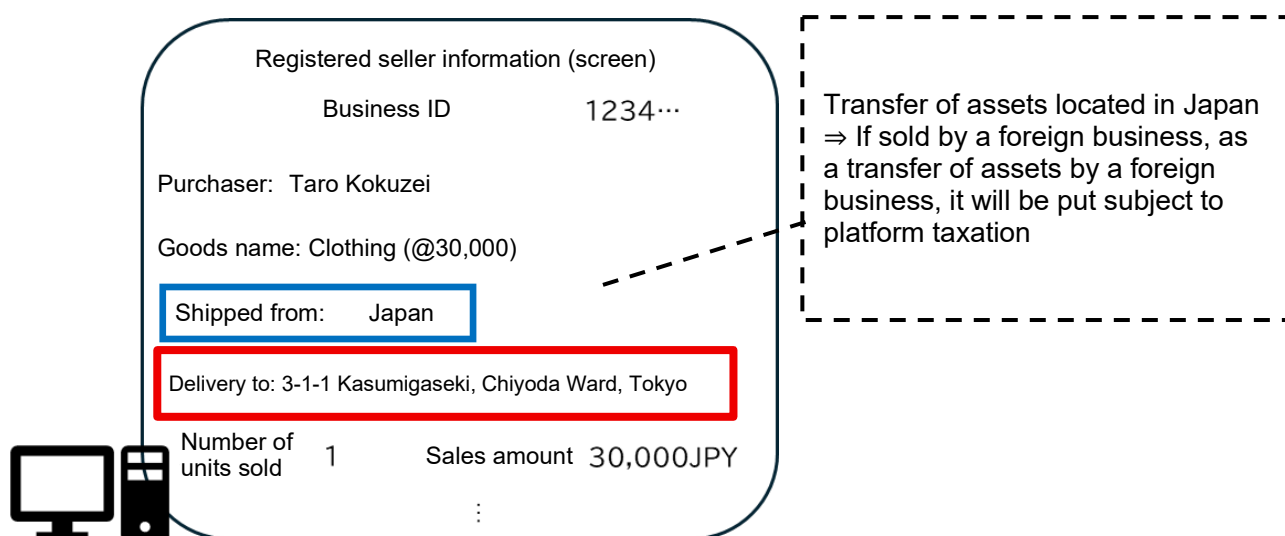
Registered seller information (screen)	
Business name	KOKUZEI Inc.
Business ID	1234...
Chief representative	KOKU ZEI
Contact information	KOKUZEI@xxx
Location	Room 1234 ... China

※ In addition to the above, if a domestic location is confirmed (by using the register information in case of a corporation, or by using the certificate of residence or driver's license in case of a sole proprietor), you might treat it as a domestic business. If not, you might treat it as a foreign business. If a judgment is made based on factual data in addition to what was alleged by the business itself, it would be recognized as one based on objective and reasonable criteria.

2 Judgment on whether it is an asset transfer implemented in Japan or not, or on whether it is a specified low-value asset transfer or not

Method to determine by using the asset shipping place as registered on the digital platform by the business that implements asset transfers, as well as by using the delivery destination as registered on the digital platform by the asset purchaser

《Image ①》



Registered seller information (screen)

Business ID 1234...

Purchaser: Taro Kokuzei

Goods name: Clothing (@30,000)

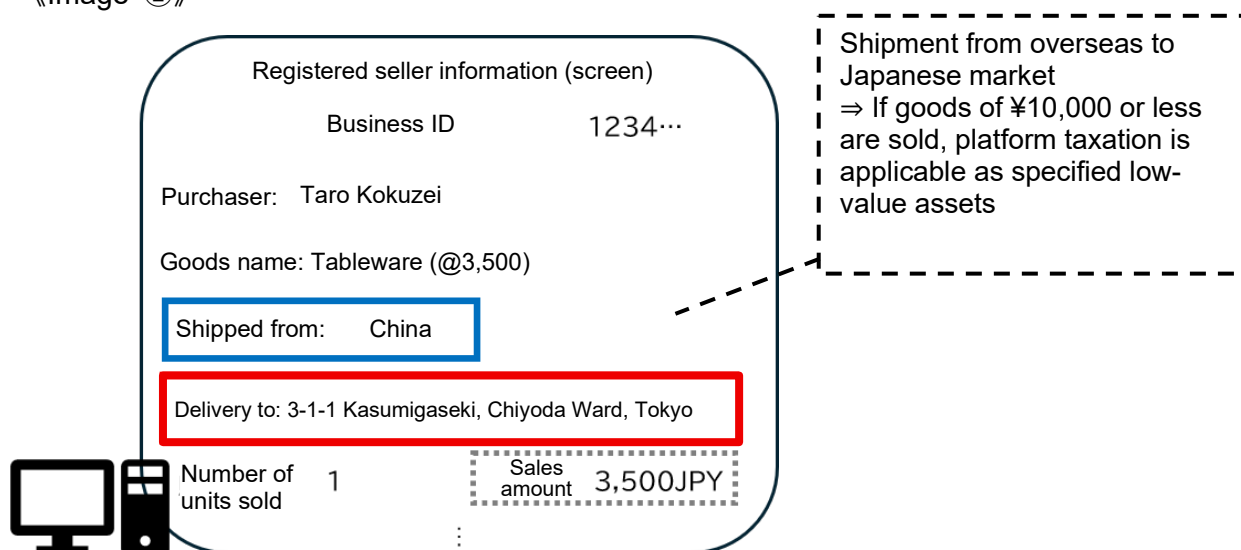
Shipped from: Japan

Delivery to: 3-1-1 Kasumigaseki, Chiyoda Ward, Tokyo

Number of units sold 1 Sales amount 30,000JPY

Transfer of assets located in Japan
⇒ If sold by a foreign business, as a transfer of assets by a foreign business, it will be put subject to platform taxation

《Image ②》



Registered seller information (screen)

Business ID 1234...

Purchaser: Taro Kokuzei

Goods name: Tableware (@3,500)

Shipped from: China

Delivery to: 3-1-1 Kasumigaseki, Chiyoda Ward, Tokyo

Number of units sold 1 Sales amount 3,500JPY

Shipment from overseas to Japanese market
⇒ If goods of ¥10,000 or less are sold, platform taxation is applicable as specified low-value assets

(Checking whether the business that implements asset transfers is a taxable business or not)

Question 37 In relation to the judgment on eligibility for platform taxation by a platform business, concerning a business that implements asset transfers on the digital platform we provide, should we check whether the operator is a business liable for consumption tax?

【Answer】

Irrespective of whether a business that implements asset transfers on a digital platform is a business liable for consumption tax or not, the foreign businesses that implement asset transfers in Japan and the businesses that implement specified low-value asset transfers, via a digital platform, are subject to platform taxation, if the asset transfer considerations are collected and received via a designated category 2 platform business (Act, 15-3①). Therefore, it is not necessary for you to check whether these businesses performing asset transfers are businesses liable for consumption tax or not.

(Application of the deemed input tax credit by a designated category 2 platform business)

Question 38 Our company is a designated category 2 platform business. Among the taxable purchases relating to the costs incurred when foreign business ship and sell goods out of the domestic warehouse of our company as well as among the consumption tax amounts relating to the taxable cargoes received by the foreign businesses from the bonded areas, cannot our company use the application of input tax credit concerning what are related only to the asset transfers seemingly implemented by our company?

【Answer】

If a foreign business implements an asset transfer (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers. The same does apply hereunder in Question 39) in Japan via a digital platform, and if the asset transfer considerations are collected/received via a designated category 2 platform business, such transfers are deemed to have been implemented by the designated category 2 platform business (Act, 15-3①).

On the other hand, domestic taxable purchases relating to the expenses incurred for the shipment by the foreign business and the consumption tax amount paid when receiving the taxable cargoes from the bonded area are included in the scope that is subject to input tax credit of the foreign business (Act, 30①).

However, regarding such taxable purchases and receipts of the taxable cargoes from the bonded area, if they are related only to the asset transfers that are deemed to have been implemented by the designated category 2 platform business, application of Article 30 of the Consumption Tax Act《deduction of the consumption tax amount included in purchases》is allowed assuming that they were implemented by the designated category 2 platform business, based on consent obtained from the foreign business in advance (hereinafter “deemed input tax credit”)(Act, 15-3⑮). Method to obtain this consent can take any form, if it readily recognizable by the foreign business and the platform business.

In addition, to enable the application of input tax credit to the consumption tax amount on the taxable purchases, in principle, it is required to retain relevant ledgers and qualified invoices, etc. Also, to enable the application of input tax credit to the consumption tax amount when receiving the taxable cargoes, it is required to retain relevant ledgers and relevant documents that indicate the import permission for the taxable cargoes (import permission as described in

Article 67 of the Customs Act) as received by the business (receiving taxable cargoes from the bonded area) from the Director-General of the competent customs (Act, 30⑦).

Regarding this point, the name in the attention of the qualified invoices, etc. to be retained or the importer's name appearing in the import permission is the foreign business; but no need to change it to the name of the designated category 2 platform business.

Regarding the consumption tax amounts on the taxable purchases or when receiving the taxable cargoes from the bonded area, for which the designated category 2 platform business received the application of deemed input tax credit, please be reminded that input tax credit is not applicable with the foreign business (Circular 5－10－8). Therefore, the designated category 2 platform business needs to share the recognition on this point with the foreign business, for example, when receiving consent from the foreign business, etc.

(The significance of the relevance only to the asset transfers that are deemed to have been implemented by a designated category 2 platform business)

Question 39 Our company is a designated category 2 platform business. We now know that input tax credit is applicable to what were necessary only for the asset transfers that are deemed to have been implemented by our company, such as the expenses incurred when foreign businesses shipped and sold the goods from the domestic warehouse of our company. Given this context, please tell me about the scope of and judgment timing for “what were necessary only for the asset transfers.”

【Answer】

Regarding domestic taxable purchases and receipts of the taxable cargoes from the bonded area, in relation to the asset transfers (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers; the same does apply hereunder within Question 40) implemented by a foreign business in Japan via a digital platform, if they are related only to the asset transfers that are deemed to have been implemented by the designated category 2 platform business, application of Article 30 of the Consumption Tax Act 《deduction of the consumption tax amount included in purchases》 is allowed assuming that they were implemented by the designated category 2 platform business, based on consent obtained from the foreign business in advance (Act, 15-3⑮).

“What were necessary only for the asset transfers” represents the taxable purchases, etc., that were needed by the foreign business only for implementing asset transfers in Japan; examples include cargo handling operations at the domestic warehouse that stores the assets relating to the asset transfers; and receipts of the taxable cargoes relating to the assets from the bonded area. Also, judgment on “what were necessary only for the asset transfers” depends on the situation on the day taxable purchases were made or on the day taxable cargoes were received from the bonded area (Circular 5－10－7).

Regarding this point, for example, for pursuing goods sales via a digital platform, if a foreign business takes out the goods from the bonded area (imported them) in advance, and stores them in a domestic warehouse of your company, if ever goods sales are performed through another platform business, for the goods taken away for sales (mainly) through your company, you may treat the consumption tax amount in relation to the taxable cargoes received as the target for applying input tax credit of your company. In such case, regarding the consumption tax amount relating to the receipts, the other platform business cannot apply deemed input tax credit to it. Therefore, the designated category 2 platform business needs to share the

recognition on this point with the foreign business, for example, when receiving consent from the foreign business, etc.

Please note that regarding the consumption tax amount relating to only one taxable purchase, it cannot be divided among multiple designated category 2 platform businesses as the target for applying deemed input tax credit.

V Designation, etc. of a designated category 2 platform business

(Filing obligations for a platform business)

Question 40 Please tell me about the designated conditions for a designated category 2 platform business, and about filing obligations for a platform business.

【Answer】

If the following designated condition is met, a platform business needs to submit a “designation notification as a designated category 2 platform business”(hereinafter a “designation notification”) to the Commissioner of the NTA via the District Director of the competent tax office for the place of tax payment by the submission deadline for a tax return for the taxation period^{※1, 2} (Act, 15-3③).

Please note that if the entity is already a designated category 2 platform business as of the last day of the taxation period, there is no need to re-submit a designation notification even if the designated condition is met in the taxation period.

《The designated condition》

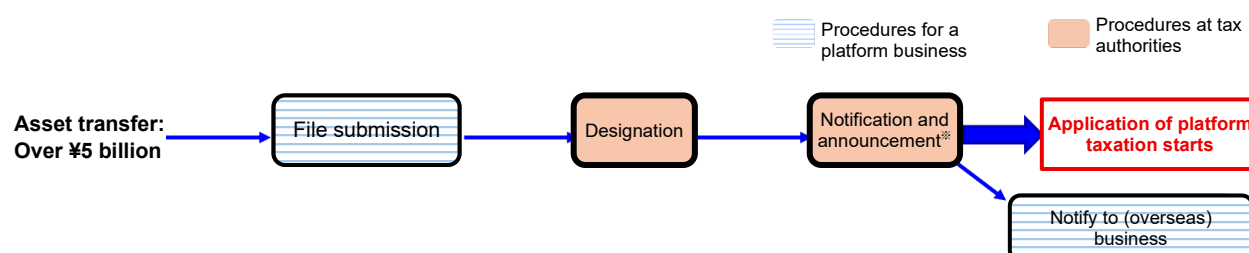
That the sum total amount^{※3,4,5} collected and received from the following via the platform business exceeds ¥5 billion: ① asset transfers implemented by foreign businesses in Japan (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers); and ② consideration amounts from the specified low-value asset transfers implemented by businesses, executed through the digital platform provided by the platform business, in the taxation period of the platform business.

- ※1 In case there is no obligation to file a tax return, it is a virtual submission deadline assuming obligation to file a tax return (in principle, within two months counting from the day after the last day of the fiscal year).
- ※2 In case of a corporation, it is within two months counting from the day after the last day of the taxation period. But, if a special provision on submission deadline for a corporation tax return is applied (Act, 45-2 ①), the extended submission deadline will be applied specifically.
- ※3 If there are any consumption tax amount and local consumption tax amount, they are included.
- ※4 If the taxation period is less than one full year, the sum total amount is divided by the number of months of the taxation period, and it will be multiplied by 12.
- ※5 In case multiple digital platforms are being provided by the platform business, it is the total amount of what are collected and received by the platform business, among the consideration amounts relating to the asset transfers of ① and ② implemented on all the digital platforms being provided by the platform business.

(Note) 1 There are transitional measures for filing and designation when the system starts (refer to Question 42).

2 For the specified low-value asset transfers deemed to have been done by a designated category 2 platform business, if the operator wants to get registered as a registered seller of specified low-value goods, the designated category 2 platform business itself is supposed to pursue the registration application process (refer to Question 46).

《Envisioned flow from designation to application for a designated category 2 platform business》



※Also, if there is any change in the announced items for a platform business, a new file needs to be submitted and the change will be announced.

(For your reference) As to the various filing forms concerning designated category 2 platform businesses, we plan to announce them on the website of the NTA in August 2026 onwards. When released, you will be able to check them in the section of [“Taxation of consumption tax for cross-border e-commerce transactions”](#) on the website of the NTA. So, please visit the site.

(Designation as a designated category 2 platform business and the date it will take effect [in principle])

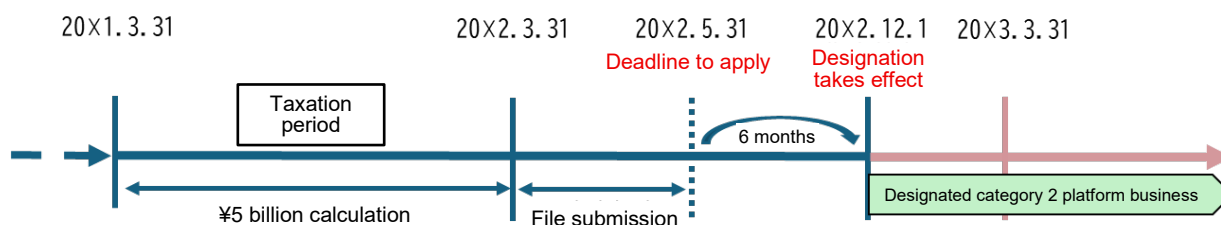
Question 41 Please tell me about the designation as a designated category 2 platform business and the date it will take effect.

【Answer】

When a designation notification was submitted by a platform business, the Commissioner of the NTA will designate it as a designated category 2 platform business (even when no designation notification is submitted, if the designated conditions [refer to Question 40] are met, the Commissioner will designate the entity as a designated category 2 platform business)(Act, 15-3②).

The designation will take effect on the first day of the month after the month which includes the day six months after the submission deadline for the designation notification (refer to Question 40) (if no designation notification is submitted by the submission deadline, after the day the designation notification is issued) (the entity will become subject to platform taxation on the day the designation takes effect).

【Example】 In case of a corporation whose fiscal year ends in March



(Note) There are transitional measures for filing and designation when the system starts (refer to Question 42).

When a designated category 2 platform business is designated by the Commissioner of the NTA, it will be notified to the designated category 2 platform business, and the following items about the operator will be announced on the website of the NTA (Act, 15-3④, Order, 30⑤).

- ① **Name of the digital platform** of the designated category 2 platform business
- ② **Individual name or name** of the designated category 2 platform business
- ③ **The date when the designation will take effect** for the designated category 2 platform business

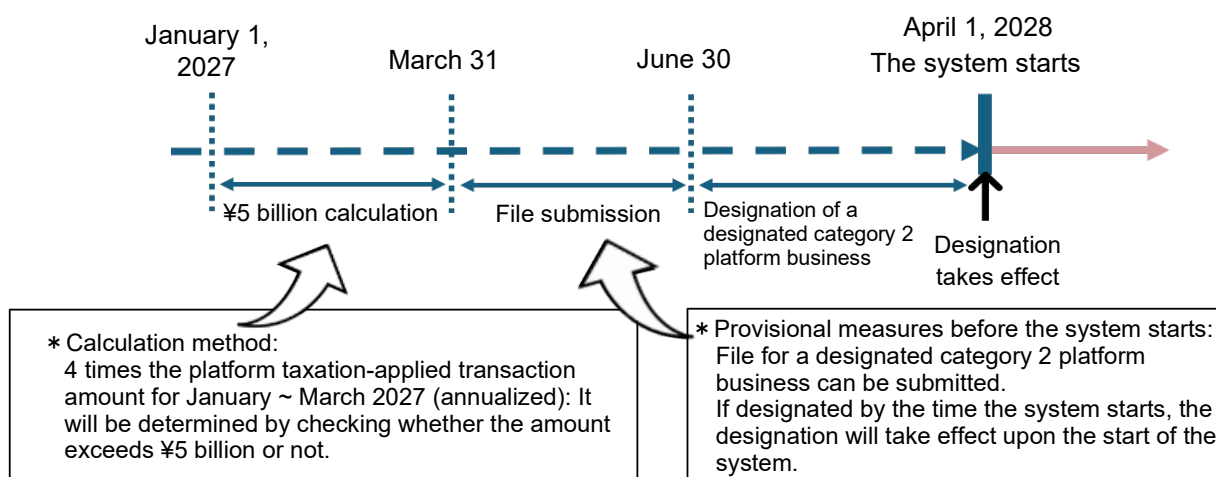
(Transitional measures for filing and designation for a designated category 2 platform business before the system starts)

Question 42 Our company is a platform business that runs an EC mall for the domestic market in Japan. Could you provide us with advice on what we should do for filing and application before the system starts?

【Answer】

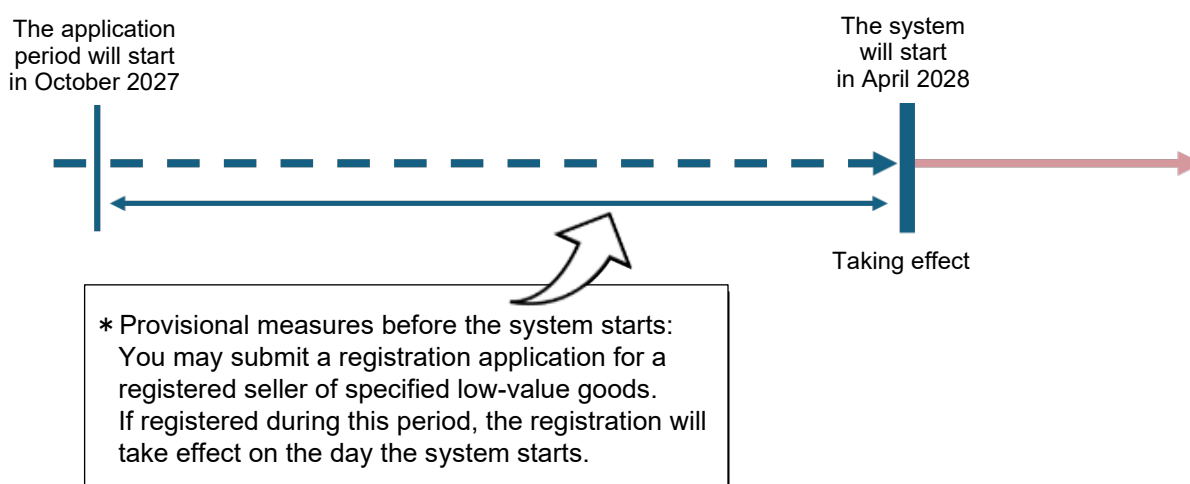
Per the transitional measures, platform taxation will be applied to eligible platform businesses from January 1, 2027. For the period from the date to March 31, 2027, calculate the total amount, targeting the asset transfers implemented by foreign businesses in Japan that are subject to platform taxation (including ancillary asset transfers, and excluding the equivalents of specified low-value asset transfers) as well as the specified low-value asset transfers implemented by businesses; then, multiply it by 4. If the resultant amount exceeds ¥5 billion, a designation notification needs to be submitted by June 30, 2027 (Supplementary Provisions of the APAITA, 20②③).

In this case, if a designation is provided by the Commissioner of the NTA, the designation will take effect from April 1, 2028 (Supplementary Provisions of the APAITA, 20②).



In addition, per the above transitional measures, a business, that has received the designation as a designated category 2 platform business, needs to determine whether registration application for a registered seller of specified low-value goods is necessary or not after October 1, 2027, based on whether there were any specified low-value asset transfers that are subject to platform taxation (Supplementary Provisions of the APAITA, 21①).

(Note) In relation to the specified low-value asset transfers that are deemed to have been done by a designated category 2 platform business, if intending to get registered as a registered seller of specified low-value goods, the designated category 2 platform business itself is supposed to apply for the registration (refer to Question 46).



(Judgement on ¥5 billion threshold for the period of January through March 31, 2027)

Question 43 Our company is a platform business that runs an EC mall for the domestic market in Japan. Since system amendments would not be fast enough, it would be difficult for us to accurately aggregate the target amounts for platform taxation concerning the period of January 1 through March 31, 2027, though trying hard to apply the transitional measures. On the other hand, the amount of 4x sales revenue by foreign businesses among the total sales revenue from the domestic market in Japan via the EC mall (digital platform) (those of ¥10,000 or less in settlement amount) is apparently over ¥5 billion. In such a case, may we judge that the amount subject to platform taxation for the period is over ¥5 billion?

【Answer】

Per the transitional measures, each platform business needs to calculate the total amount of the following subject to platform taxation concerning the period of January 1 through March 31, 2027, assuming that platform taxation will be applicable from January 1, 2027: asset transfers (including ancillary asset transfers; and excluding the equivalents of specified low-value asset transfers) implemented by foreign businesses in Japan; and specified low-value asset transfers implemented by businesses. If 4x this total amount exceeds ¥5 billion, the platform business needs to submit a designation notification by June 30, 2027 (Supplementary Provisions of the APAITA, 20②③).

Regarding this point, if it is difficult for you to accurately aggregate the above total amount for the period from January 1, 2027, to March 31, 2027, due to delays in system amendments, etc., you may use another reasonable method to calculate it and if it is apparent the resultant figure exceeds ¥5 billion, you are allowed to make a judgment by using the amount calculated by that method (as a result of the calculation by a reasonable method, if it is apparently below ¥5 billion, no need to submit a designation notification).

In the case of the question, regarding the transactions for the domestic market in Japan implemented by foreign businesses via the EC mall run by your company (¥10,000 or less per settlement amount), even when you are not sure whether they are the sales of goods located in Japan or whether they are the good sales from overseas to the domestic market in Japan, we can interpret them as: “asset transfers implemented by foreign businesses in Japan” if they are the sales of goods located in Japan; or, on the contrary “specified low-value asset transfers” if they are the goods sales from overseas to the domestic market in Japan, as the consideration amount per one asset item is ¥10,000 or less. Either category is subject to platform taxation. Therefore, by obtaining 4x the amount of such transactions during the period, you may judge by seeing whether it exceeds ¥5 billion, and by using the amount, you may submit a designation notification.

Please note that in this method, asset transfers implemented by foreign businesses in Japan that are subject to platform taxation (over ¥10,000 per settlement amount) are not included in the total. So, even if the calculated amount is ¥5 billion or less, it is not allowed for you to consider that submission of a designation notification is unnecessary based on the judgment only by the amount; you need to know it lacks a reasonable base.

(Notification to the businesses when designated as a designated category 2 platform business)

Question 44 When designated as a designated category 2 platform business by the Commissioner of the NTA, should we notify the businesses that implement asset transfers via the digital platform we provide that such transfers will be put subject to platform taxation?

【Answer】

When notified by the Commissioner of the NTA of the designation as a designated category 2 platform business, the designated platform business needs to promptly notify the businesses that implement asset transfers to be put subject to platform taxation that such asset transfers will be put subject to platform taxation and of the date the application of platform taxation takes effect (the date on which the designation as a designated category 2 platform business takes effect) (Act, 15-3^⑤).

Regarding the notification, notification forms and methods are optional: for example, you may clearly indicate the details of the notification when providing a briefing session on the changes, in case usage covenants for the businesses are changed in line with the start of platform; or you may clearly indicate the items of the notification as included in an ordinary communication email exchanged with the businesses. However, please pay attention to that the following cases are not regarded as an adequate notification to the businesses: mere posting to the website of the designated category 2 platform business; and mere description as included in the usage covenants for the digital platform provided by the designated category 2 platform business.

Anyway, you need to ensure that the “notification” reaches the relevant businesses without fail enabling them to recognize that the asset transfers will be newly put subject to platform taxation.

(Tax filing and payment when designated as a designated category 2 platform business)

Question 45 When notified by the Commissioner of the NTA of the designation as a designated category 2 platform business, regarding the asset transfers that are subject to platform taxation, the designated category 2 platform business performs tax filing and payment: Is this a correct understanding?

【Answer】

Regarding the asset transfers that are subject to platform taxation, the designated category 2 platform business calculates the consumption tax amount to be paid using the asset transfers as its taxable sales on the day the designation as a designated category 2 platform business takes effect (the day put subject to platform taxation) onwards, and carries out tax filing and payment (Act, 15-3^①).

In the tax filing, attach a statement that describes the total amount of considerations for the asset transfers that are subject to platform taxation to the tax return (Act, 15-3^{①⑥}, Regulations, 11-6^⑤).

(Registration as a registered seller of specified low-value goods for a designated category 2 platform business)

Question 46 Our company is a designated category 2 platform business. Should we get registered as a registered seller of specified low-value goods?

【Answer】

Regarding the asset transfers that are subject to platform taxation, they are deemed to have been implemented by a designated category 2 platform business. So, regarding the taxable cargoes relating to specified low-value asset transfers that deemed to have been implemented by a designated category 2 platform business, if intending to have an importer, etc. receive them from the bonded area following an application for duty-free import, the designated category 2 platform business needs to get registered as a registered seller of specified low-value goods (refer to Question 11 concerning the registration procedures for a registered seller of specified low-value goods).

As to the delivery of the assets to an importer, etc. in relation to the specified low-value asset transfers that are deemed to have been implemented by a designated category 2 platform business, we can assume that the delivery may be done not only by the designated category 2 platform business but also by an engaged sales business. Given that, even when the duties of a registered seller of specified low-value goods (refer to Question 25) (such as describing or recording the registration number, etc. to the purchase invoices, etc., sending a notification to the importer, etc.) are performed by the sales business, it will be treated as the duties fulfilled by the designated category 2 platform business (Circular 1—9—6).

(Duty to issue invoices for the asset transfers that are subject to platform taxation)

Question 47 Our company is a designated category 2 platform business as well as a business issuer of qualified invoices (invoice-issuing business). Regarding an asset transfer that is subject to platform taxation, when the counterparty of the asset transfer (taxable business) asks us to issue a qualified invoice, should our company issue a qualified invoice?

【Answer】

The asset transfers subject to platform taxation are deemed to have been implemented by a designated category 2 platform business. When the designated category 2 platform business is a business issuer of qualified invoices (invoice-issuing business), if asked by the counterparty of the asset transfer (taxable business) to issue a qualified invoice for the asset transfer that is subject to platform taxation, the designated category 2 platform business needs to issue a qualified invoice (Act, 15-3①, 57-4①).

In this case, what need to be described on a qualified invoice: Fill out “Individual name or name of business issuer of qualified invoices” by the “individual name or name” of the designated category 2 platform business and fill out “Registration number” by the “registration number” of the designated category 2 platform business.

Please note that the asset transfers subject to platform taxation fall under the category of business transactions that enable the issuance of qualified simplified invoices (Act, 57-4②, Order, 70-11).

Items to be described for a qualified simplified invoice are somehow different from those for a qualified invoice: It is not necessary to describe the “individual name or name of the business that will receive the document.” Also, only either “consumption tax amounts for respective tax rate groups” or “applied tax rates” will be enough to describe.

The following items must be described on each of the qualified simplified invoices:

- ① Individual name or name of the business issuer of qualified invoices, and registration number
- ② Date a taxable asset transfer was implemented
- ③ Details of the assets or services concerning a taxable asset transfer (in case the taxable asset transfer is a taxable asset transfer eligible for reduction, details of the assets and that it is a taxable asset transfer eligible for reduction)
- ④ Total amount of the values of taxable asset transfers of respective tax rate groups (tax-exclusive amount or tax-inclusive amount)
- ⑤ Consumption tax amounts for respective tax rate groups, or applied tax rates※
※ You may describe both “consumption tax amounts for respective tax rate groups” and “applied tax rates.”

(Restricted application of the tax exemption threshold system for businesses to designated category 2 platform businesses)

Question 48 If the taxable sales revenue is ¥10 million or less in the reference period, even a designated category 2 platform business can be a tax-exempted business?

【Answer】

During the taxation periods when the designation as a designated category 2 platform business is effective (platform taxation is applicable then), the tax exemption threshold system for businesses is not applicable to the designated category 2 platform business, so it cannot be a tax-exempted business (Act, 9①, 15-3⑭).

Also, the simplified taxation system is not applicable to any designated category 2 platform business (Act, 15-3⑭, 37①).

(Note) A platform business, which is a tax-exempted business, becomes a designated category 2 platform business per designation. Even if the designation as a designated category 2 platform business takes effect midway through a taxation period (becoming subject to platform taxation), such an entity becomes a taxable business from the first day of the taxation period.

(In case asset transfer considerations subject to platform taxation were returned)

Question 49 Our company became a designated category 2 platform business effective on April 1, 2028. Regarding the asset transfers implemented by a business via the digital platform our company provides before the date (if done on the day onwards, they are subject to platform taxation), if part of the considerations is returned on the day onwards, can our company deduct the consumption tax amount corresponding to the returned amount?

【Answer】

Regarding the asset transfers implemented by a business via the digital platform your company provides before you become subject to platform taxation, if all or part of the considerations is returned, the business will deduct the consumption tax amount corresponding to the returned amount, so even if the amount is returned on April 1, 2028 (when you became a designated category 2 platform business) or thereafter, your company cannot deduct the consumption tax amount corresponding to the returned amount.

Since the asset transfers that are subject to platform taxation are deemed to have been implemented by a designated category 2 platform business, if considerations for the asset

transfers implemented by businesses (platform taxation) are returned after April 1, 2028 when you became a designated category 2 platform business, your company (who is a designated category 2 platform business) will deduct the consumption tax amount corresponding to the returned amount (Act, 38①).

In this case, instead of tax amount deduction corresponding to the returned considerations, if you have been continuously practicing the accounting steps of segregating tax bases for respective tax rates and implementing deductions from corresponding sales amounts, this treatment as well will be allowed (Circular 14—1—8).

(Judgment on the obligation to file an interim return when you became a designated category 2 platform business and calculation of interim tax payment amount)

Question 50 Our company (with fiscal year ending in March) became a designated category 2 platform business from April 1, 2028. What will be the judgment on our obligation to file an interim return for FYE March 2029? Also, how should we calculate the interim tax payment amount?

【Answer】

Whether the obligation to file an interim return arises or not is judged by the final consumption tax amount of the immediately preceding taxation period; also, interim tax payment amount is calculated by using the final consumption tax amount of the immediately preceding taxation period (Act, 42①).

Therefore, even if you became a designated category 2 platform business from April 1, 2028 (this is the case in your question), the final consumption tax amount of the immediately preceding taxation period (FYE March 2028) is used to determine whether you are obligated to file an interim return in FYE March 2029 and calculate the interim tax payment amount.

For the target period for interim tax declaration, if you do interim tax declaration and payment by using the consumption tax amount, etc. as calculated based on a tentative account settlement, instead of using the final consumption tax amount of the immediately preceding taxation period, you need to include the consideration amount for the asset transfers (subject to platform taxation) implemented on April 1, 2028, or thereafter to the taxable sales, in the calculation of the interim tax payment amount (Act, 43①).

VI Change in the announced items and cancellation of the designation for a designated category 2 platform business

(Change in the announced items for a designated category 2 platform business)

Question 51 Please tell me about the necessary procedures when there arises any change in the announced items after the designation as a designated category 2 platform business (such as change in the name of the digital platform provided).

【Answer】

If there occurs any change in the items about a designated category 2 platform business announced on the website of the NTA (name of the digital platform, individual name or name of the designated category 2 platform business, etc.), the designated category 2 platform business needs to submit a “notification on change in the announced items for a designated category 2 platform business” to the Commissioner of the NTA via the District Director of the competent tax office for the place of tax payment (Act, 15-3⑥).

Once a “notification on change in the announced items for a designated category 2 platform business” is submitted, the changed item will be announced on the website of the NTA (Order, 30④).

(When digital platform business of a designated category 2 platform business was inherited through merger, etc.)

Question 52 Our company acquired Company X, who is a designated category 2 platform business, inheriting the digital platform business of Company X in its entirety. What should we expect in terms of the application of platform taxation? Also, are there any procedures our company should pursue?

【Answer】

When a business has inherited digital platform business from a designated category 2 platform business through merger or divestiture, or through business transfer, the merged corporation that has inherited the business, or the corporation that has inherited the divested business, or the business that has received the business through a transfer (excluding a designated category 2 platform business) is deemed to have been designated as a designated category 2 platform business by the Commissioner of the NTA on the day the merger, etc. occurred (Order, 30①).

Given that, in the case of the question, regarding the asset transfers implemented by businesses through the digital platform that your company inherited effective on the day of merger, etc., where the asset transfer considerations were collected and received via your company (who became a designated category 2 platform business), your company will do tax filing and payment.

In addition, the business that has inherited digital platform business from a designated category 2 platform business through merger or divestiture, or through business transfer, needs to submit a “notification on the merged corporation that is deemed to have been designated as a designated category 2 platform business” to the Commissioner of the NTA via the District Director of the competent tax office for the place of tax payment, without delay (Act, 15-3③, Order, 30②).

When a business is found that is deemed to have been designated as a designated category 2 platform business, the Commissioner of the NTA will notify the business that it is deemed to have been designated as a designated category 2 platform business; and at the same time,

name of the digital platform, etc. of the designated category 2 platform business will be announced on the website of the NTA (Act, 15-3④, Order, 30④⑤).

When a notification on the designation as a designated category 2 platform business is received from the Commissioner of the NTA, the newly designated platform business needs to promptly notify the businesses implementing asset transfers that will be subject to platform taxation that such asset transfers will be subject to platform taxation as well as of the date platform taxation will take effect (the day the designation as a designated category 2 platform business takes effect) (Act, 15-3⑤) (refer to Question 44 on how to notify).

(When digital platform business is abolished by a designated category 2 platform business)

Question 53 When digital platform business of a designated category 2 platform business is abolished in its entirety, through transfer to another business, what kind of procedures are required?

【Answer】

When having abolished digital platform-related business, to which platform taxation is applicable, in its entirety through its transfer to another entity, etc., the designated category 2 platform business needs to promptly submit a “notification on abolishing designated category 2 platform business” to the Commissioner of the NTA via the District Director of the competent tax office for the place of tax payment (Act, 15-3⑩).

When it is found that a designated category 2 platform business has abolished digital platform-related business, to which platform taxation is applicable, the Commissioner of the NTA will cancel its designation as a designated category 2 platform business (Act, 15-3⑪).

(Application for cancelling the designation as a designated category 2 platform business)

Question 54 Our company is a designated category 2 platform business. However, the scale of our digital platform business has shrunk. The total amount of considerations for the asset transfers, subject to platform taxation, has continued to be less than ¥5 billion for 3 consecutive years. In this case, does our company continue to be a designated category 2 platform business?

【Answer】

If the condition to apply for cancelling the designation is met, a designated category 2 platform business may apply for the cancellation of the designation as a designated category 2 platform business, by submitting an “application for cancelling the designation as a designated category 2 platform business” (hereinafter “application for designation cancellation”) to the Commissioner of the NTA via the District Director of the competent tax office for the place of tax payment, by the deadline to submit a tax return for the taxation period in the third year^{※1}(Act, 15-3⑦).

《The condition to apply for cancelling the designation》

The total amount of the considerations for the asset transfers (which are subject to platform taxation) continues to be ¥5 billion or less in either taxation period, out of the taxation periods from the base taxation period to the taxation period (i.e., taxation period of the third year) that includes the day three years after the first day of the base taxation period^{※2※3}

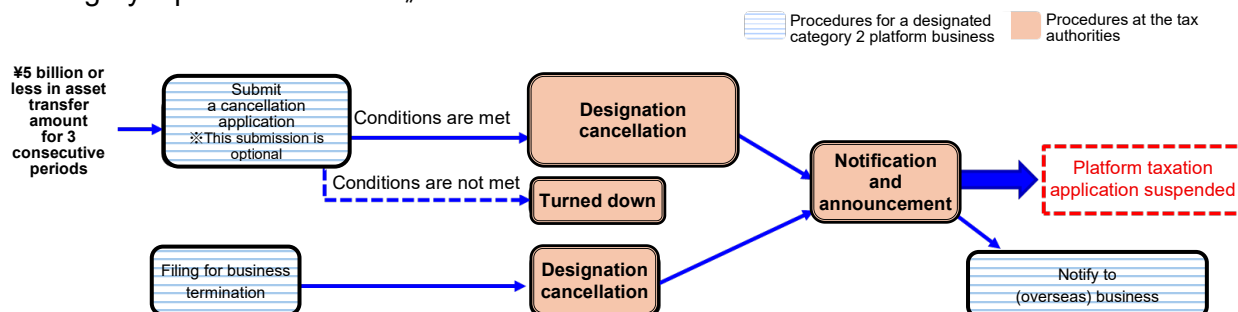
※1 In case of a corporation, it is within two months counting from the day following the last day of the taxation period. However, if special measures on the submission deadline for a corporation tax return are applicable (Act, 45-2①), it will be until the submission deadline extended accordingly.

※2 If there are any consumption tax amount and local consumption tax amount due, include such amounts.

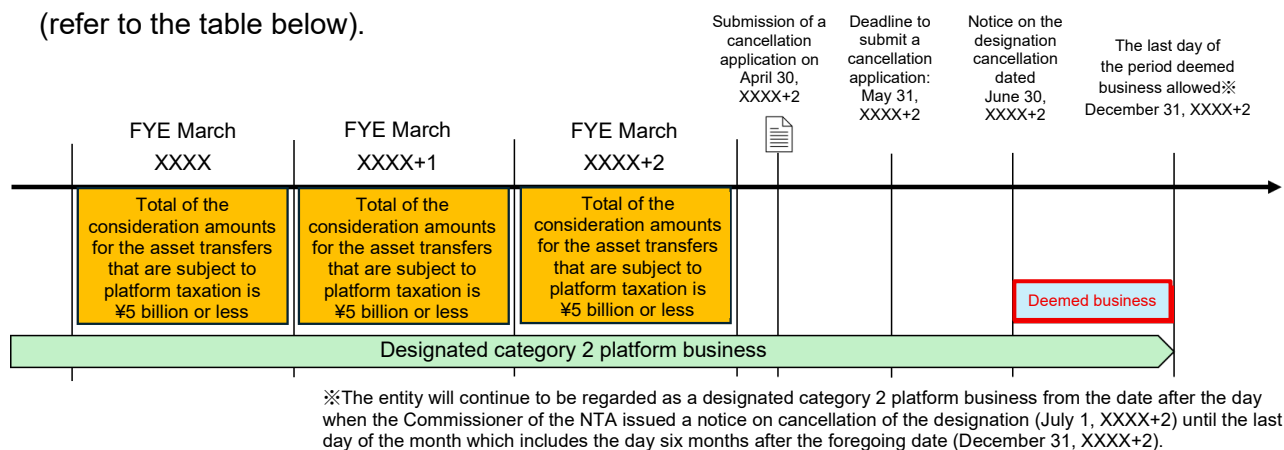
※3 In case of a taxation period which is less than one year, divide the sum total amount by the number of months of the taxation period and have it multiplied by 12 to obtain the figure.

The Commissioner of the NTA assesses the submitted application for cancelling the designation, and if the conditions to cancel the designation are met, the designation as a designated category 2 platform business will be cancelled (Act, 15-3⑧).

《Envisioned flow: From designation cancellation to termination of application for a designated category 2 platform business》



Even when the designation has been cancelled per the submission of the application for designation cancellation, the entity will continue to be deemed a designated category 2 platform business and subject to the application of platform taxation for the following period: from the day a notification is issued by the Commissioner of the NTA on the cancellation of the designation as a designated category 2 platform business to the last day of the month which includes the day six months after the following the notification issuance date. Therefore, regarding the asset transfers (subject to platform taxation) implemented in the period when the entity continued to be a deemed designated category 2 platform business, the designated category 2 platform business must cover the necessary tax filing and payment (Act, 15-3⑨) (refer to the table below).



(Designation cancellation for a designated category 2 platform business)

Question 55 We heard that in certain cases, the Commissioner of the NTA cancels the designation as a designated category 2 platform business. Please tell me in what kind of cases this is applicable.

【Answer】

Not only when having received an application to cancel the designation as a designated category 2 platform business from the operator itself (refer to Question 54), but also when it is recognized that any of the following facts is applicable for a designated category 2 platform

business, it is set forth that the Commissioner of the NTA may cancel the designation of the designated category 2 platform business (Act, 15-3^{⑧⑪}):

- ① The designated category 2 platform business has abolished the digital platform business to which platform taxation is applicable (refer to Question 53)
- ② When there is no authentic reason for the failed timely submission, when a consumption tax return was not submitted by the deadline, which is required in Article 17, paragraph (2) of the Act on General Rules for National Taxes (tax filing within deadline)
- ③ National tax delinquency exists now and collection of the delinquent amount is quite difficult
- ④ When it is recognized there is a hindrance to ensure collection for consumption tax (for example, a designated category 2 platform business is in a state difficult to pay the consumption tax amount relating to the asset transfers that is subject to platform taxation)

When it has cancelled the designation as a designated category 2 platform business, the Commissioner of the NTA notifies the relevant businesses of the cancellation of the designation, and at the same time announces the following items on the website of the NTA (Act, 15-3^⑫, Order, 30^④).

- ① That the designation as a designated category 2 platform business was cancelled
- ② The date when the application of platform taxation will be discontinued

(Notification to businesses when the designation as a designated category 2 platform business was cancelled)

Question 56 When we receive a notification from the Commissioner of the NTA that our designation as a designated category 2 platform business will be cancelled, should we notify the businesses, that implement asset transfers via the digital platform we provide, that we will discontinue to be subject to platform taxation?

【Answer】

When you receive a notification from the Commissioner of the NTA that your designation as a designated category 2 platform business will be cancelled, you need to promptly notify the businesses, implementing asset transfers that will discontinue to be subject to platform taxation, that the asset transfers will discontinue to be subject to platform taxation as well as of the date when platform taxation will be no longer applicable (Act, 15-3^⑬).

Regarding the notification, notification forms and methods are optional: for example, you may clearly indicate the details of the notification when providing a briefing session on the changes, in case usage covenants for the businesses are changed in line with the cancellation of the designation; or you may clearly indicate the items of the notification as included in an ordinary communication email exchanged with the businesses. However, please note that the following cases are not regarded as an adequate notification to the businesses: mere posting to the website of the designated category 2 platform business; and mere description as included in the usage covenants for the digital platform provided by the designated category 2 platform business.

Anyway, such notification must ensure that the target businesses clearly recognize that the asset transfers on the platform will discontinue to be subject to platform taxation.

(Tax filing and payment in case the designation as a designated category 2 platform business is cancelled)

Question 57 When we receive a notification from the Commissioner of the NTA that our designation as a designated category 2 platform business will be cancelled, are we (former designated category 2 platform business) no longer responsible for tax filing and payment concerning the asset transfers to be implemented on the day the application of platform taxation will be discontinued due to the cancellation and beyond?

【Answer】

For the asset transfers to be implemented by the businesses via the digital platform on the day platform taxation lifted due to the cancellation of the designation as a designated category 2 platform business or thereafter, you will be no longer required to calculate consumption tax to be paid on the taxable sales revenue as a designated category 2 platform business; you will be no longer responsible for relevant tax filing and payment (Act, 15-3①).

If ever you executed any transactions subject to consumption tax other than the asset transfers that were subject to platform taxation, you are responsible for tax filing and payment regarding consumption tax on such transactions.

(Judgment on the duty to pay tax when the designation as a designated category 2 platform business is cancelled)

Question 58 Following cancellation of the designation, our company (with the fiscal year ending in December) discontinued to be a designated category 2 platform business on October 1, XXXX+1. Given that, when making a judgment on the duty to pay tax for FYE December XXXX+2 and FYE December XXXX+3, should we include the consideration amount for the asset transfers that were subject to platform taxation in the taxable sales revenue of the reference period?

NB: XXXX is the base year or the initial reference year in this case.

【Answer】

The asset transfers that are subject to platform taxation are deemed to have been implemented by a designated category 2 platform business (Act, 15-3①).

Therefore, in the case of the question, the consideration amount of the asset transfers that are subject to platform taxation needs to be included in the taxable sales revenue of the reference period (FYE December XXXX) for FYE December XXXX+2 of your company.

Next, in the taxable sales revenue of the reference period (FYE December XXXX+1) for FYE December XXXX+3, the consideration amount for the asset transfers implemented between January and September XXXX+1 (subject to platform taxation) will be included, whereas the consideration amount for the asset transfers implemented by businesses between October and December XXXX+1 (not subject to platform taxation) will not be included.

(Note) The same does apply to the judgment on the taxable sales revenue of the specific period.

VII Judgment on the duty to pay tax, etc.

(Transitional measures concerning special measures for exemption from tax payment duty for small-scale businesses ① 【Primary calculation method】)

Question 59 We learned that in line with the tax reform of FY2026, transitional measures were set concerning the application of the special measures for exemption from tax payment duty for small-scale businesses (the tax exemption threshold system for businesses). Please tell me about its overview.

【Answer】

A business whose taxable sales revenue is ¥10 million or less in the reference period and the specific period of the taxation period[※] is, in principle, treated as a tax-exempted business whose duty to pay consumption tax is exempted. In line with the tax reform of FY2026, following transitional measures were set for the application of the tax exemption threshold system for businesses.

※ The reference period means two years before the target year for the sole proprietor; also, it means two fiscal years before the target fiscal year for corporations (Act, 2①(xiv)).

Even if the taxable sales revenue for the reference period of the taxation period is ¥10 million or less, if the taxable sales revenue of the specific period (it is the period from January 1 to June 30 of the previous year for the sole proprietor, whereas it is the period of the initial six months of the previous fiscal year for corporations, in principle) is over ¥10 million, the entity becomes a taxable business from the taxation period.

As to the ¥10 million judgment for the specific period, the total amount of salaries paid can also be used as the scale instead of taxable sales revenue. However, judgment by the total amount of salaries paid cannot be used as the scale for judgment if the entity was a foreign business as of the first day of the taxation period (refer to Question 30) (Act, 9-2③).

1 Taxation period including April 1, 2028

Regarding a tax-exempted business, assuming that specified low-value asset transfers were taxable from the first day of the reference period or of the specific period for the taxation period as well as assuming that platform taxation is applicable (not including the transactions that are subject to platform taxation), calculate taxable sales revenue for the reference period or the specific period (Supplementary Provisions of the APAITA, 18①).

In case of becoming a taxable business per the transitional measures, the duty to pay consumption tax will not be exempted, on the taxable asset transfers and specified taxable purchases, etc. in the period from April 1, 2028, to the end of the taxation period that includes the day.

Example: Regarding the taxation period from January 1, 2028, to December 31, 2028 (taxation period that includes April 1, 2028), if the goods sales value through the mail-order shopping site of own company (falling under the category of specified low-value asset transfers) is ¥11 million; whereas the goods sales value resulting from digital platform operation run by a designated category 2 platform business (subject to platform taxation) is ¥5 million, both for the reference period (the period from January 1, 2026, to December 31, 2026):

⇒ Taxable sales revenue in the reference period is ¥11 million > ¥10 million

⇒ Regarding the taxable asset transfers, etc. and specific taxable purchases for the period of April 1, 2028, through December 31, 2028, a consumption tax return needs to be filed

2 Taxation period that starts on April 2, 2028 or beyond (limited to the cases where the first day of the reference period or of the specific period for the taxation period is before April 1, 2028)

Calculate the taxable sales revenue for the reference period or for the specific period, assuming that the specified low-value asset transfers were taxable from the first day of the reference period or of the specific period for the taxation period; and assuming that platform taxation was applicable (though not including the transactions subject to platform taxation) (Supplementary Provisions of the APAITA, 18②).

Example: Regarding the taxation period from May 1, 2028, to April 30, 2029 (of the taxation periods that start on April 2, 2028 or after), if the goods sales value through the mail-order shopping site of own company (shipments from domestic warehouses of own company) is ¥8 million; whereas the domestic goods sales value resulting from digital platform operation run by a designated category 2 platform business (subject to platform taxation) is ¥14 million, both for the reference period (period from May 1, 2026, to April 30, 2027):

⇒ Taxable sales revenue is ¥8 million for the reference period ≤ ¥10 million

⇒ Regarding the taxation period from May 1, 2028, to April 30, 2029, consumption tax declaration is not required (tax-exempted business), unless the entity becomes a taxable business by other provisions

(Note) Domestic goods sales in Japan implemented by foreign businesses have been subject to consumption tax since earlier. That said, since the goods sales implemented via a designated category 2 platform business are in the target scope of platform taxation, they are not included in the taxable sales revenue, which is used in judging whether the tax exemption threshold system for businesses is applied or not. Therefore, if there are no other transactions implemented in Japan other than such goods sales, the entity is determined to be a tax-exempted business, so no need to do tax filing and payment.

(Transitional measures concerning the special measures for exemption from tax payment duty for small-scale businesses ② 【Special calculation】)

Question 60 In line with the tax reform of FY2026, when applying the transitional measures concerning special measures for exemption from tax payment duty for small-scale businesses (the tax exemption threshold system for businesses), it is difficult for us to use the primary calculation method in the judgment on the duty to pay consumption tax for the taxation period including April 1, 2028. May we calculate it using a simplified method?

【Answer】

If there is a difficult situation to use the method specified in Question 59 for calculating the taxable sales revenue for the reference period concerning the taxation period including April 1, 2028 or for the specific period, taxable sales revenue of the reference period can be judged from the amount obtained from 4x the taxable sales revenue of the period from October 1, 2027,

to December 31, 2027 (that is, the taxable sales revenue on the premise that from October 1, 2027, specified low-value asset transfers were taxable, and that platform taxation was applicable [while not including transactions subject to platform taxation]) (Supplementary Provisions of the APAITA, 18③). Regarding the taxable sales revenue for the specific period, it can be judged by looking at the amount calculated from 2x the above taxable sales revenue (Supplementary Provisions of the APAITA, 18④).

Regarding the difficult circumstances when applying special calculation, the level of difficulty is not questioned.

(Tax liability of a foreign corporation subject to platform taxation)

Question 61 Our company is a foreign corporation, with the fiscal year ending in December. We sell goods domestically via a platform business. We are a business liable for consumption tax.

We have received a notification from the platform business that our transactions on the platform will be put subject to platform taxation, effective from April 1, 2028. In this case, how the duty to pay tax of our company will look like for FYE December 2028, FYE December 2029, and FYE December 2030?

【Answer】

Regarding the transitional measures concerning the tax exemption threshold system for businesses for the taxation period including April 1, 2028, they are applicable only to tax-exempted businesses (Supplementary Provisions of the APAITA, 18①). Since your company is a taxable business, the transitional measures are not applied to your company, so you will be a taxable business in FYE December 2028.

Regarding the taxation periods starting on April 2, 2028 or after, if the first day of the reference period or of the specific period for the taxation period is before April 1, 2028, calculate the taxable sales revenue of the reference period or of the specific period, assuming that specified low-value asset transfers became taxable from the first day of the reference period or of the specific period as well as assuming that platform taxation was applicable (while not including transactions subject to platform taxation) (Supplementary Provisions of the APAITA, 18②).

Therefore, if your company's transactions comprise platform taxation-eligible ones only, and if there are no other transactions that can be recorded as taxable sales revenue, for the taxation periods starting on April 2, 2028, or after (FYE December 2029 and beyond), you will be a tax-exempted business.

If you are a registered entity for business issuers of qualified invoices, you will not be a tax-exempted business. So, if needed, please consider cancelling the registration, etc.

(Judgment on the duty to pay tax for a foreign corporation that implemented transactions related to specified low-value assets before the revision)

Question 62 Established on April 1, 2024, our company is a foreign corporation whose accounting period ends in March. We are only implementing transactions that are specified low-value asset transfers now, or before April 1, 2028. How should we make a judgment on the duty to pay tax for FYE March 2029? The consideration amount for the transactions for the reference period and the specific period of FYE March 2029 is ¥10 million or less, and the amount of paid-in capital, etc. is ¥10 million or more as of April 1, 2028.

【Answer】

Regarding the taxation period including April 1, 2028, when making a judgment on the duty to pay tax, it is expected to calculate the taxable sales revenue of the reference period as well as the taxable sales revenue of the specific period, assuming that specified low-value asset transfers were taxable from the first day of the reference period or of the specific period for the taxation period; and also assuming that platform taxation was applicable (while not including the transactions subject to platform taxation). If either of them exceeds ¥10 million, regarding the taxable asset transfers, etc. and specified taxable purchases implemented from April 1, 2028 to the final day of the taxation period including April 1, 2028, the duty to pay consumption tax will not be exempted (as set forth in the transitional measures) (Supplementary Provisions of the APAITA, 18①) (refer to Question 59).

Your company's transaction consideration amount (all specified low-value asset transfers) is ¥10 million or less for the reference period or for the specific period of FYE March 2029 (taxation period including April 1, 2028), so the above transitional measures are not applicable.

On the other hand, in case a foreign corporation who has the reference period starts a business involving taxable asset transfers in Japan on any day on the first day onwards following the last day of the reference period, it is deemed that there will be no reference period for the fiscal year, and that if the amount of paid-in capital, etc. as of the first day of the fiscal year is ¥10 million or more, the duty to pay tax will not be exempted in either of the taxation periods included in the fiscal year (Act, 12-2③).

Regarding this point, your company is implementing the transactions that fall under the category of specified low-value asset transfers before April 1, 2028, and it is not that your company has started the specified low-value asset transfer business as of April 1, 2028, and furthermore, the transactions are not taxable asset transfers implemented in Japan before April 1, 2028. Therefore, regarding FYE March 2029, "cases where a new business is started in Japan relating to taxable asset transfers on the day following the last day of the reference period or thereafter" is not applicable in your case. That is why you do not need to make a judgment on the duty to pay tax, depending on the capital amount being ¥10 million or more or not as of the first day of FYE March 2029 (April 1, 2028).

Thus, the duty to pay tax for FYE March 2029 will be exempted.