

Our Response to Consumption Tax Returns for Refunds

You can claim a refund by submitting a consumption tax return if you have paid more tax than you have charged because, for example:

- Your main business is exporting goods and services or selling goods tax-free for non-residents.
- You have made large capital investments.

While many taxpayers file their tax returns correctly, there are also cases where people try to fraudulently receive a refund of consumption tax by abusing the system and submitting a false tax return, making it look like they actually made a transaction.

However, in addition to the cases of fraudulent tax refunds mentioned above, we may temporarily stop the process of paying you the refund if your return:

- Includes errors which cause overclaims of refunds. Some returns misclassify taxable transactions as non-taxable or, conversely, non-taxable ones as taxable. Others misunderstand when transactions to be chargeable.
- Needs further review in light of various information we have.

To make sure there is no evidence to show that you overclaim the refund, we may contact you (or your tax accountant) to get more information, and ask you, as the administrative guidance, to submit copies of the supporting documents (such as export certificates, invoices and contracts) that show the validity of your claim. We may also conduct a tax examination for further review.

Please note that we may need much more time to process your return when:

- We are unable to contact your suppliers and/or customers to hear about the transactions they are supposed to be involved, and it is difficult to prove that the transactions have actually taken place.
- It is difficult to confirm the fact of money transfer related to the transactions.
- You do not keep records properly, and it makes us harder to check.

Furthermore, given the current situation (Note), while there have been no significant fluctuations in gold imports or domestic production, gold exports have increased substantially, this suggests a rise in smuggling. Since there is a possibility that some of this gold is being exported, in cases where the origin of the exported gold is unclear, verifying its source may take time, and the period during which the refund is withheld may be particularly long.

(Note) [Further Enhancement of Controls on Gold Smuggling](#)

These cases may cause you to wait for longer time to get the refund, but we will send it you soon after we finish the process and approve your claim. Thank you for your understanding and cooperation.