

Japan Tax Update



2026 Tax Reform Proposals: Key Amendments Related to Customs and Consumption Tax

January 2026

In brief

On December 19, 2025, the Japanese government released the 2026 Tax Reform Proposals (the “2026 Tax Reform Proposals”). This newsletter provides a more detailed review of the key parts of the 2026 Tax Reform Proposals that relate to customs and consumption tax (Japanese value added tax). Other relevant links are as follows:

- [Overview of the full 2026 Tax Reform Proposals](#) (English)
- [Overview of the full 2026 Tax Reform Proposals](#) (Japanese)
- [Summary of the customs-related amendments](#) (Japanese)

In brief, the 2026 Tax Reform Proposals are a comprehensive reform of customs valuation for personal-use imports and the consumption tax framework for cross-border e-commerce, including a platformer deemed-supplier regime and a new registration system for low value goods sellers. The aim of this reform is to restore competitive neutrality between domestic and foreign retailers, curb abuse of personal-use rules, and streamline tax collection in an environment where low value consignments and marketplace intermediation now dominate consumer trade flows. While most measures are slated to apply from 1 April 2028, preparatory steps and transitional thresholds begin as early as 1 January 2027.

Please note that the content of this newsletter may be subject to change depending on the outcome of the government’s ongoing deliberations.

In detail

1. Introduction of new consumption tax collection rules at the point of sale for low value goods

Under the current Japanese customs rules, to reduce the administrative burden of tax collection and payment at customs, import consignments with a total customs value of JPY 10,000 or less are exempt from customs duty and import consumption tax (excepting certain specific categories of goods, such as leather goods).

Under the 2026 Tax Reform Proposals, a new concept of “Specified Low Value Goods” will be established, describing goods supplied from abroad by distance sale at a consideration not exceeding JPY 10,000 (excluding tax) per item (as opposed to JPY 10,000 per consignment described above). The sale of Specified Low Value Goods will then be brought within the scope of local supply consumption tax (i.e., as a taxable sale) at the level of the seller (“Supply of Specified Low Value Goods”).

Consequently, and in line with regimes already in place in countries such as Australia and Singapore, businesses engaged in the Supply of Specified Low Value Goods above a specified scale (JPY 10 million per year) will be required to collect Japanese consumption tax from customers at the point of sale, file periodic consumption tax returns, and remit the tax to the tax authorities.

To effect this change, a registration system, distinct from the standard registration for qualified invoice issuers, will be established for retailers engaged in such distance sales in order to prevent double taxation resulting from the addition of import consumption tax to the local supply consumption tax. Under this system, where a registered “Specified Low Value Goods Seller” conducts the Supply of Specified Low Value Goods, and the import declaration indicates the seller’s registration number and the fact that the goods are related to such a sale, the withdrawal of the goods from the bonded area will no longer be subject to import consumption tax.

Although the precise mechanism is still to be determined, it is expected that a Specified Low Value Goods Sellers will use this registration to avoid the collection of import consumption tax at time of import at the customs where a total consignment exceeds JPY 10,000 (as mentioned above, in principle, import consumption tax as well as import duties are generally exempt where the total value of a consignment – rather than value of a single item – is JPY 10,000 or less).

The 2026 Tax Reform Proposals do not give an exact definition of “distance sales.” More information is expected to be provided in upcoming legislation and guidance.

This amendment will apply to transactions occurring on or after 1 April 2028. Application for the registration for Specified Low Value Goods Seller status opens on 1 October 2027.

2. Abolition of the special customs treatment for goods intended for personal use

For goods intended for personal use, a special valuation rule allows the taxable value to be assessed at 60% of the overseas retail price paid. This provision was originally introduced to ensure fairness between the taxation of commercial goods generally imported at a wholesale price, and goods for personal use generally imported at a retail price.

Recently however, the explosion in e-commerce has significantly increased competition in the market for low value goods. Thus, the price gap between foreign retailers directly selling and shipping goods to Japanese consumers at retail prices, and domestic retailers importing goods as commercial cargo at wholesale prices has narrowed considerably. In addition, the difference in dutiable base between foreign and domestic retailers has created competitive imbalances. Situations have also occurred where individuals have falsely claimed goods as intended for personal use to take advantage of this special treatment, when their true purpose is for commercial resale.

Difference in taxable value of low value goods due to special treatment

Retail Price/Selling Price: JPY 50,000

Customs duty: 5%

Import consumption tax: 10%

(1) Goods intended for personal use (60% special treatment applicable)

Customs duty: dutiable value × duty rate = (JPY 50,000 × 0.6) × 5% = JPY 1,500

Import consumption tax: (dutiable value + customs duty) × 10% = (JPY 50,000 × 0.6 + JPY 1,500) × 10% = JPY 3,150

(2) Commercial goods (60% special treatment not applicable)

Customs duty: dutiable value × duty rate = JPY 50,000 × 5% = JPY 2,500

Import consumption tax: (dutiable value + customs duty) × 10% = (JPY 50,000 + JPY 2,500) × 10% = JPY 5,250

Against this backdrop, the 2026 Tax Reform Proposals abolish the special valuation rule for personal use goods.

3. Establishment of platform taxation for physical goods

The 2026 Tax Reform Proposals also introduces platform-level taxation for marketplaces that intermediate certain categories of supplies. A platform operator whose annual transaction value of the transaction categories below, tax inclusive, exceeds JPY 5 billion will be designated a "Type 2 Platform Operator":

- a) Supply of goods conducted in Japan by foreign businesses (including incidental transactions); and
- b) Supply of Specified Low Value Goods made by any business.

For qualifying transactions where payment is made through a Type 2 Platform Operator, the supplies described in a) and b) will be deemed to be made by that platform operator.

While the 2026 Tax Reform Proposals do not state it explicitly, category a) should be intended to include sales of goods through a marketplace fulfilment service, where items have already been imported prior to the placement of the order. According to the 2026 Tax Reform Proposals, with the prior consent of the relevant foreign retailer, import consumption tax and other input consumption tax attributable to supplies under a) may be treated as incurred by the Type 2 Platform Operator for purposes of input tax credits. This special measure appears to be designed to enable the platform operator to recover import consumption tax on behalf of foreign sellers, thereby avoiding a situation in which large numbers of overseas sellers would need to file consumption tax returns only to obtain refunds of import consumption tax.

The new platform taxation for physical goods will apply to transactions occurring on or after 1 April 2028. For platform operators, if a platform's covered transaction amount for 1 January 2027 through 31 March 2027, annualized by multiplying by four, exceeds JPY 5 billion, it must notify the Japanese tax authorities and will be designated a Type 2 Platform Operator, with the designation effective 1 April 2028.

4. Amendments to prevent circumvention of anti-dumping duties

Anti-dumping duties are tariffs imposed on goods exported to a country at unreasonably low prices that cause injury to the domestic industry of the importing country. They are a trade remedy measure permitted under WTO agreements and are implemented by various countries to protect their domestic industries.

Anti-dumping duties are levied by specifying the "product category," "supplier," or "supplying country" of particular goods. Therefore, to evade such measures, businesses may alter the "product name" or "supplying country" while continuing their commercial activities with no substantial change.

Additionally, they may conduct minor operations in third countries that don't change the product category in an attempt to hide the true "supplying country". Major economies, including the G20, have

introduced anti-circumvention measures to deal with such evasion. These measures expand the scope of countries or products subject to anti-dumping duties when circumvention is confirmed.

To curb circumvention in Japan and enhance the effectiveness of Japan's anti-dumping duties, it is considered important to adopt similar measures to those described above. Consequently, a new system will be established in Japan such that, if any of the following are identified, an additional duty equivalent to the relevant anti-dumping duty will be imposed:

- a) Third country circumvention: importing goods via a third country
- b) Minor modification circumvention: importing goods after minor processing
- c) Importing country circumvention: importing parts or components of goods and performing only final processing in Japan

The takeaway

The changes to the customs and consumption tax treatment of low value goods will likely lead to a rise in the cost of imported goods for consumers. However, some businesses should also expect an increase in costs in the short term, to ensure that internal systems can handle the new requirements.

Sellers of low value items shipped from overseas into Japan should evaluate the need to register as a Specified Low Value Goods Seller. Registration is pivotal to avoid import consumption tax on qualifying consignments, provided the required data points are correctly embedded on import or postal customs declarations. Absent registration and proper documentation, import consumption tax may be levied at the border, potentially harming the customer experience or creating additional costs for the seller.

Marketplaces should assess whether they could be designated as Type 2 Platform Operators and, if so, prepare for the new obligations to account for consumption tax on the relevant sales (i.e., the categories a) and b) described at 3. above). This will require recalibrating tax determination engines, seller onboarding flows, settlement statements, invoice data models, and return filings.

Additionally, these changes – together with the changes to circumvent evasion of anti-dumping duties – clearly indicate an intention on the part of the Japanese customs and tax authorities to strengthen monitoring and compliance of import controls. Foreign and domestic retailers, importers and marketplaces should ensure that they apply the appropriate customs and consumption tax treatment to all imports of goods, including maintaining necessary documentation to the support positions taken.

Key mechanics of the low value goods and platform taxation rules will ultimately depend on the final tax reform bills and subsequent guidance from the National Tax Agency and Customs; businesses should monitor for implementing regulations, public notices, and FAQs before operationalizing changes.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

PwC Tax Japan

Otemachi One Tower, 1-2-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan

Email:jp_tax_pr-mbx@pwc.com

www.pwc.com/jp/e/tax

Tsuyoshi Mizoguchi
Partner

Robert Olson
Partner

James Subin
Senior Manager

Masaru Ashino
Director

Mio Hamada
Senior Manager

Tax News

[View all news](#)

E-learning

PwC Tax Japan launched a new e-learning program called Tax Academy in October 2022, to support those wishing to develop their skills in the international tax field. For tax professionals outside Japan, the 'Introduction to Japanese taxes' series within Tax Academy provides a basic outline of the Japanese tax system, including corporate tax and consumption tax, and covers key points of international tax practice in English.

Please click here for details and to apply:

[Click here to apply](#)

PwC Tax Japan provides an extensive range of tax advisory services across corporate, international, and M&A tax matters by working seamlessly with the global PwC network. We also empower clients by delivering innovative solutions, including solutions with generative AI. As a strategic business partner, we combine deep tax expertise with advanced technology. This ensures our clients can navigate management challenges and achieve success in today's rapidly evolving business environment.

At PwC, we help clients build trust and reinvent so they can turn complexity into competitive advantage. We're a tech-forward, people-empowered network with more than 364,000 people in 136 countries. Across audit and assurance, tax and legal, deals and consulting we help build, accelerate and sustain momentum.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2026 PwC Tax Japan. All rights reserved.

PwC refers to the PwC network member firms and/or their specified subsidiaries in Japan, and may sometimes refer to the PwC network. Each of such firms and subsidiaries is a separate legal entity. Please see www.pwc.com/structure for further details.