

# Japan: New Tax-Free List to Encourage More Tourists Spending

Tourism has become one of the major sectors in the economy of Japan. The nation has been trying various mechanisms to attract even more visitors each year. Amongst them is to extend tax free list to boost the expenditures of tourists. Basically, this offer will be available as from October.



Some of the items that will be added to the tax free list include health goods, cosmetics and confectionery items. Though evasion of tax from these goods will adversely affect sales tax income to the government, the move is likely to result in greater number of tourists, which has an indirect impact on general spending.

Those who will enjoy this new tax position are those spending more than 5000 yen at designated tax-free shops. According to the tax law, these tourists will get the tax portion deducted at the point of purchase if they show their passports.

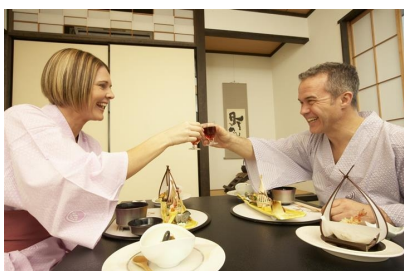
Tourists who are frequent in the country each year have received the good news positively. One of them, Mr. Teng Theng, a business consultant, seems to like the news a lot. According to him, he will be willing to spend more money on goods and buying supplements. For him, his previous priority, chocolate and cosmetics for his wife, will be now subsidized. The authorities are encouraging tourists such as Teng Theng to spend even more besides their local purchases.

According to surveys conducted by the Japan Tourism Agency, purchases done by foreign tourists account for 30 percent of all their total travel expenditure within the borders of Japan. An expert from the agency commented that shopping is really a strong motive for tourists paying visit to Japan. Some of the products being taken abroad are consumables, which are not exempted from tax.



Currently, the tax evasion process is bureaucratic and lengthy, making those buying bulky products from the nation discouraged. For example, for a tourist to qualify for tax exemption, he needs to purchase goods worth at least 10, 000 yen of which the goods need to be apparel, appliances or other goods that qualify for tax exemption. Besides, the shops that one buys such goods need to be designated by the tax authorities.

In addition, tax refund is as well hectic and tiresome. A tourist has to present his or her passport and proceed with a lengthy process of filling in tax exemption forms and present the relevant receipts. The new tax free list will cover goods like alcohol, food stuffs, medicine, batteries and even cosmetics. This means that those visiting Japan will be in a position to buy more yet for a lesser amount of money. Besides, they will be spared from hectic and tiresome tax refund form filling.



The survey shows that the new measure will probably increase the consumption and general spending of tourists within the nation. By the year 2020, the authorities will double its tax collection thanks to this strategy, according to JTA.

Both small stores and the major ones are gearing-up for more business as they get ready for the new tax-refund scheme. Most of these firms have made some steps even to employ English, Chinese and Korea speaking employees while getting ready for new business.

Date: 2014-09-29

Article link:

<http://www.tourism-review.com/travel-tourism-magazine-new-tax-free-list-welcomed-by-tourists-in-japan-article2475>