

**Act Concerning Special Measures for Correcting Practices Impeding Consumption Tax Pass-on, etc.
with the Aim to Ensure Smooth and Proper Pass-on of Consumption Tax (Outlines)**

<Objective>

To ensure smooth and proper consumption tax pass-on at the time when consumption tax ratio is to increase, by means of building necessary legal frameworks such as special measures designed to swiftly and effectively correct rejecting consumption tax pass-on and other practices by specific enterprises.

<Outlines> The effect of this Act shall be expired on March 31, 2021

I. Special Measures for Correcting Practices Rejecting Consumption Tax Pass-on, etc.

Specific enterprises [i. Large-scale retailers, ii. legal entities continuously being supplied with goods/services by specific supply enterprises]

Specific supply enterprises [i. Enterprises continuously supplying goods or services to large-scale retailers, ii. an enterprise whose capital amount etc. is 0.3 billion JPY or less, iii. self-employed]

1. Compliance Rules on Specific Enterprises [Specific enterprises shall not conduct the following practices to specific supply enterprises.]

- i. Price reduction/slashing ii. Coerced purchase/coerced use of service, unfairly coerced offering of benefits
- iii. Rejection of negotiation based on net-of-tax price iv. Retaliate practices

2. Inspection, Guidance, etc. on Practices Rejecting Pass-on, etc.

- i. Reporting/inspection (JFTC, Ministers in charge, Director General of Small and Medium Enterprise Agency (SMEA))
- ii. Guidance/advice (JFTC, Ministers in charge, SMEA Director General)
- iii. Request for measures to JFTC (Ministers in charge, SMEA Director General)
- iv. Recommendation/publication (JFTC)

II. Special Measures for Correcting Representations Impeding Consumption Tax Pass-on

Compliance Rules on Enterprises [Enterprises shall be banned to use the following representations impeding smooth and proper consumption tax pass-on.]

- i. Representations indicating that no consumption tax is passed on to customers.
- ii. Of representations indicating the deduction from selling price of all or part amount equivalent to consumption tax that customers are to incur, those that clearly state their relevance with consumption tax.
- iii. Of representations indicating that an enterprise offers economic benefits to its customers in relation to consumption tax, those comparable to the representations provided in the above ii.

*Secretary General of the Consumer Affairs Agency, etc. are in the position to give recommendations, guidance, etc. concerning representations impeding consumption tax pass-on.

III. Special Measures Concerning Price Representations

- 1. At the time when consumption tax ratio is to increase, if necessary for smooth and proper consumption tax pass-on, tax-included price is not required to be presented on goods or services, only where measures are implemented to prevent anyone from wrongly seeing the marked price as tax-inclusive. (Special exemption from required tax-included price display) * Enterprises who will not present tax-included price shall endeavor to adopt them as soon as practicable.
- 2. In the case where enterprises display a price without tax along with that with tax, only if the price with tax is being articulated, Article 4 (1) of Act against Unjustifiable Premiums and Misleading Representations (misrepresentation) shall not be applied.

IV. Special Measures Concerning Concerted Practices on Determining Ways of Pass-on and Representations of Consumption Tax

Pass-on cartels and representation cartels shall be exempted from the Antimonopoly Act (subject to notification to JFTC)

○Pass-on Cartels: **Concerted practices in relation to decisions on pass-on methods** (e.g. a decision on adding the amount of consumption tax to base prices respective enterprises set on their own; a reasonable decision on methods to process fractions)

○Representation Cartels: **Concerted practices in relation to decisions on representation methods** (e.g. a decision on using uniform price representation method)

Duties for Government, etc.

1. Thorough Publicity

The government shall carry out thorough publicity to the people in relation to the purpose of coming consumption tax raise, the nature of consumption tax and the government's efforts made for smooth and proper pass-on.

2. Exhaustive Measures for Informant Protection, etc.

The government shall take every possible measures to collect information relating to infringements of this Act, to protect those who report the information to the government, etc.

3. Extensive Structures for Surveys and Monitoring

The government and the prefectures shall establish structures that enable them to extensively carry out publicity, gathering information relevant to practices infringing this Act, providing guidance, advices, etc. for enterprises.