

JAPAN - CUSTOMS DUTIES, TAXES AND LABELLING PRACTICES ON
IMPORTED WINES AND ALCOHOLIC BEVERAGES

Follow-up to the Panel Report

Communication from Japan

The following communication, dated 27 January 1989, has been received from Japan with the request that it be circulated to contracting parties.

With a view to implementing the recommendations adopted by the GATT Council on 10 November 1987 (C/M/215 agenda 10) on the basis of the panel report on the Japanese customs duties, taxes and labelling practices on imported wines and alcoholic beverages (L/6216), the Government of Japan had submitted a tax reform bill including the revision of the Liquor Tax Law to the Diet and this bill was approved into law by the Diet on 24 December 1988.

The main points of the revision are as follows:

(1) to abolish the ad valorem tax applied hitherto to whiskies/brandies, wines and certain other alcoholic beverages, the "grading system" concerning whiskies/brandies, etc. as well as the taxation according to extract content of "liqueurs", etc.; and

(2) to reduce considerably the existing differences in tax-bearing between whiskies/brandies and "shochu" by reducing the rate of specific tax based on quantity on whiskies/brandies and raising that on "shochu".

More detailed information is provided in the recapitulative table attached herewith.

The revision of the Liquor Tax Law mentioned above will be effective as of 1 April 1989 simultaneously with the introduction of the consumption tax which was also approved by the Diet in the context of the overall tax reform.

This notification is made with a view to ensuring transparency and in accordance with the relevant provisions of the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance adopted on 28 November 1979.

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REFORM OF LIQUOR TAX RATES

CLASSIFICATION	GRADING	P R E S E N T T A X				A F T E R T H E R E F O R M (01.04.1989)				CONSUMPTION TAX (¥)
		VOLUME TAX		AD VALOREM TAX [*]		VOLUME TAX		VOLUME TAX		
		ALCOHOLIC CONTENT (%)	TAX RATE (YEN/KL)	NON TARIFF LIMITATION (YEN/L)	TAX RATE (¥)	ALCOHOLIC CONTENT (%)	TAX RATE (YEN/KL)	ALCOHOLIC CONTENT (%)	TAX RATE (YEN/KL)	
S A K E	SPECIAL	15	570,600	710	150			15	133,700	3X OF THE PRICE
	1	15	279,500	-	-					
	2	15	107,900	-	-					
SHOCHU	-	25	78,600	-	-			25	119,800	
	-	35	184,650	-	-			35	298,650	
2	-	25	50,900	-	-			25	70,800	
	-	35	116,050	-	-			35	178,250	
BEER	-	-	239,100	-	-			-	208,400	
WINE	MORE THAN 7° IN ESSENTIAL CONTENT OVER 450 YEN	-	159,800	1,080	50			-	46,300	
	THE OTHERS	-	60,400 49,700	-	-			-	-	
WHISKIES WHISKY	SPECIAL	12	117,300	870	50			12	85,000	
	-	43	2098,100	1,400 1,950	150 220					
(INCLUDING BRANDY)	1	40	1011,400	1,110	100			40	982,300	
	2	37	296,200	570	65					
S P I R I T S	WHISKY-LIKE	37	296,200	-	-			37	331,400	
	THE OTHERS	37	361,800	540	100					
L I Q U E U R S	MORE THAN 21° ALCOHOLIC CONTENT	15	367,000	1,230	100			12	85,000	
	ESSENTIAL CONTENT THE OTHERS	12	117,300	1,230	50					

* After the reform, the ad valorem tax and the differentials in tax applied to whisky and liqueurs according to their grade and their essential content will be abolished. The tax rate of whisky with 43% alcoholic content will be 1,055,980 yen/kl, and the tax rate of whisky with 37% alcoholic content will be 908,620 yen/kl.