

Guide for Consumption Tax Refund Procedures

This guide outlines the necessary procedures for consumption tax refund for official participants as stipulated in Article 22 of Special Regulation No. 7 concerning transportation, customs clearance, and handling of cargo.

The consumption tax rate in Japan is uniformly 5%, including local consumption tax. (4% is levied as consumption tax and 25% of that amount is levied as local consumption tax.) When official participants purchase goods or services in Japan, 5% consumption tax is added to the price.

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| Consumption Tax in Japan ... 5% (including local consumption tax) |
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. Preliminary Procedures

Official participants must submit the following documents before claiming a refund. See attached paper for refund flowchart. Official participants must submit all documents to the director of the relevant taxation office.

① Report on Selection of Taxable Entrepreneur Status for Consumption Tax

Official participants must submit a Report on Selection of Taxable Entrepreneur Status for Consumption Tax to the director of the relevant taxation office. (Not necessary if taxable entrepreneur status has been selected.)

Report must be submitted before the first day of the period for which consumption tax refund is sought.

(Format 1)

② Report on Selection of Special Exception to Taxation Period for Consumption Tax

Submit Report on Selection of Special Exception to Taxation Period for Consumption Tax if official participants select to receive refund every quarter (3 months, see Note). Report must be submitted before the first day of the applicable period. If submitting Report on Selection of Special Exception to Taxation Period for Consumption Tax, participants must file a return every three months.

(Format 13)

(Note) Selection of one-month or three-month period will be permitted starting April 1, 2004. If one-month period is selected, participants must file a return every month.

* Formats can be downloaded at the following URL. (In Japanese only.)
<http://www.nta.go.jp/category/yousiki/yousiki.htm>

. Procedures for Return for Refund

Official participants are entitled to receive a refund by filing a return.

In every taxation period, participants must file a consumption tax return with the relevant taxation office within two months following the day after the taxation period end date.

The refund will be transferred to the account specified in the participant's tax return, usually within two months of return filing. Be sure that the name of the account holder to which the refund is transferred is the same as that of the person/company filing the return.

The amount of consumption tax in the return (tax due) is calculated using the following formula.

$$\boxed{(\text{Tax Due}) = (\text{Consumption Tax on Sales}) - (\text{Consumption Tax on Purchases})}$$

Therefore, if participant's commercial activities generate sales, there can be no refund of any consumption tax levied on such sales. (Special Regulation No.7 Art.22-3)

If the consumption tax on sales exceeds the consumption tax on purchases, official participants must pay the tax difference.

. Coverage of Refund

In principle, consumption tax is levied on all sales of articles of commerce etc. in Japan. If, however, such sales fall under the category of export transaction, they are exempt from consumption tax. (Tax exemption for export)

Official participants who wish entitlement to tax exemption for export must submit an export permit for export of goods, or a service agreement for export of services, to prove that such transfer of assets is an export transaction.

There are other instances in which sales of goods etc. are exempt from consumption tax, depending on conditions. For further information, see table on attached sheet of examples of refundable items on EXPO 2005.

* Note that refund amount may be limited if participant has generated nontaxable sales, examples of which are given below.

Examples of nontaxable sales: proceeds from transfer of land, securities, tickets for goods etc., or from interest on deposits and savings

. How to File Tax Return

To file a tax return, official participants must fill out a "Return Form (for General Purposes)" and submit it to the director of the relevant tax office. See attached flow chart of tax amount calculation.

. Account Book etc. Required for Refund

To qualify for a refund, official participants must retain bills and account book containing the following necessary entries concerning purchases:

1 . Necessary Entries on Bills etc.

Official participants must retain bills transacted. These documents must contain the following:

- Name of person or company that drew up the document
- Date of transaction
- Details of transaction
- Amount of transaction
- Name of person or company to which document was delivered

2 . Necessary Entries in Account Book

- Name of person or company official participants transacted with
- Details of transaction
- Date of transaction
- Amount of transaction

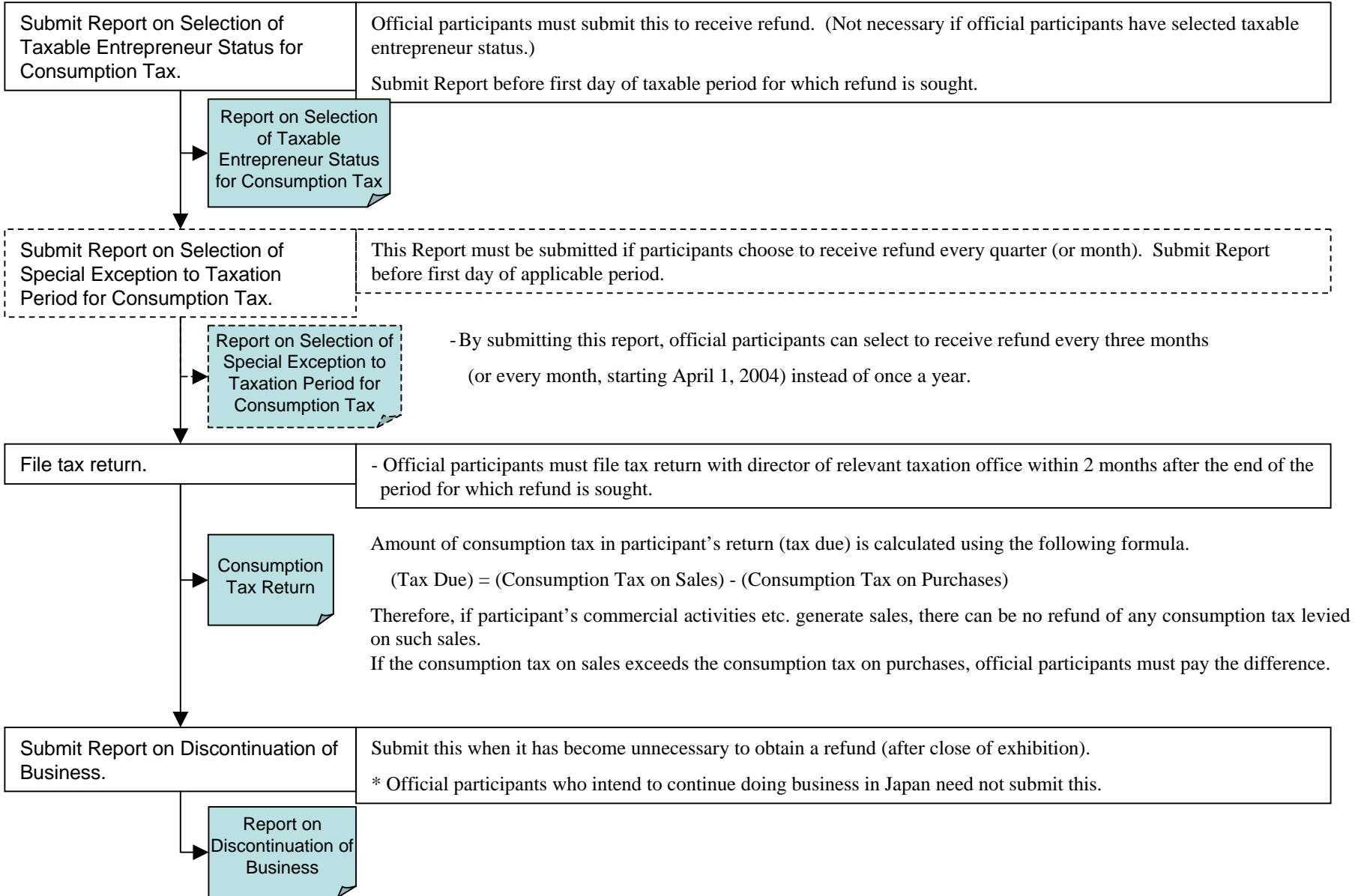
. Assistance in Consumption Tax Refund Procedures

Pursuant to Article 22-2 of Special Regulation No. 7, Japan Association for the 2005 World Exposition (“Association”) provides official participants with assistance in consumption tax refund procedures. For details, please consult the Association.

Assistance in:

- Preparing reports
- Preparing documents including computation of tax amount
- Other kinds of work that may be necessary

Refund Flowchart



Flowchart of Tax Amount Calculation

Calculate local consumption tax after calculating consumption tax.

* Numbers in brackets represent numbers of columns on return form.

* Solid line boxes represent calculation method for cases in which there are no sales.

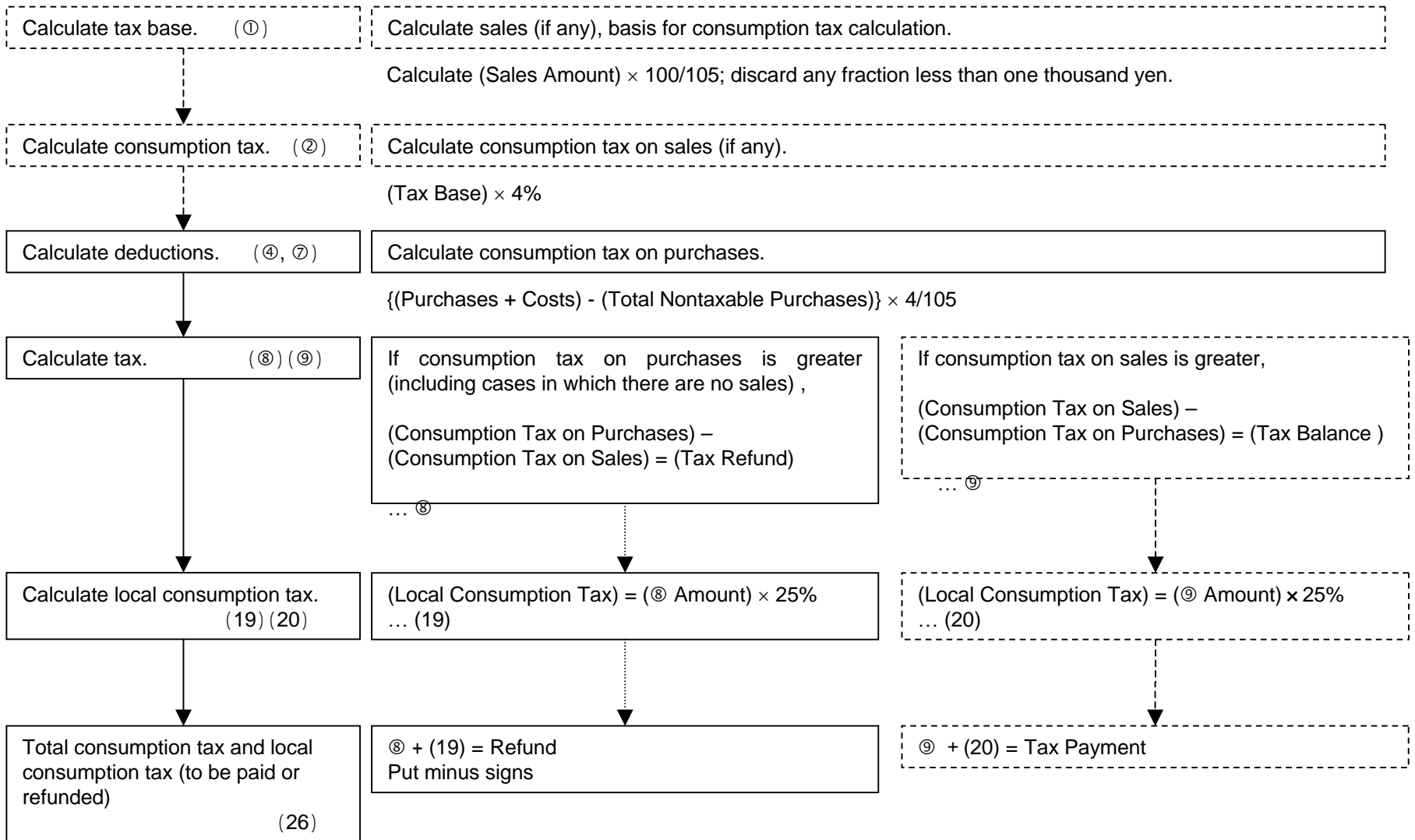
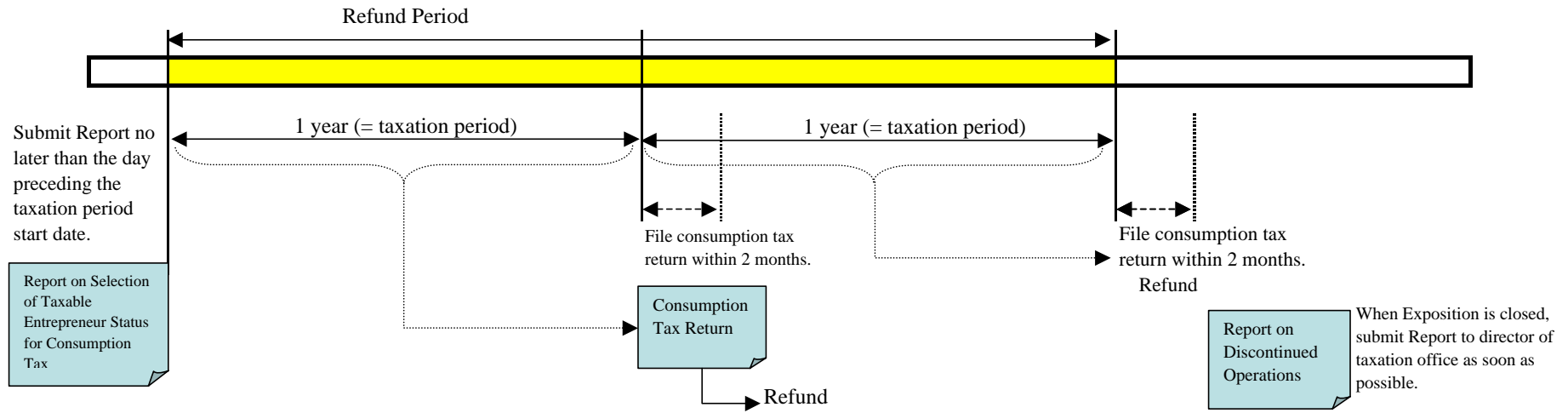


Diagram of Consumption Tax Refund Procedures

Submit Report on Selection of Taxable Entrepreneur Status for Consumption Tax to director of relevant taxation office.

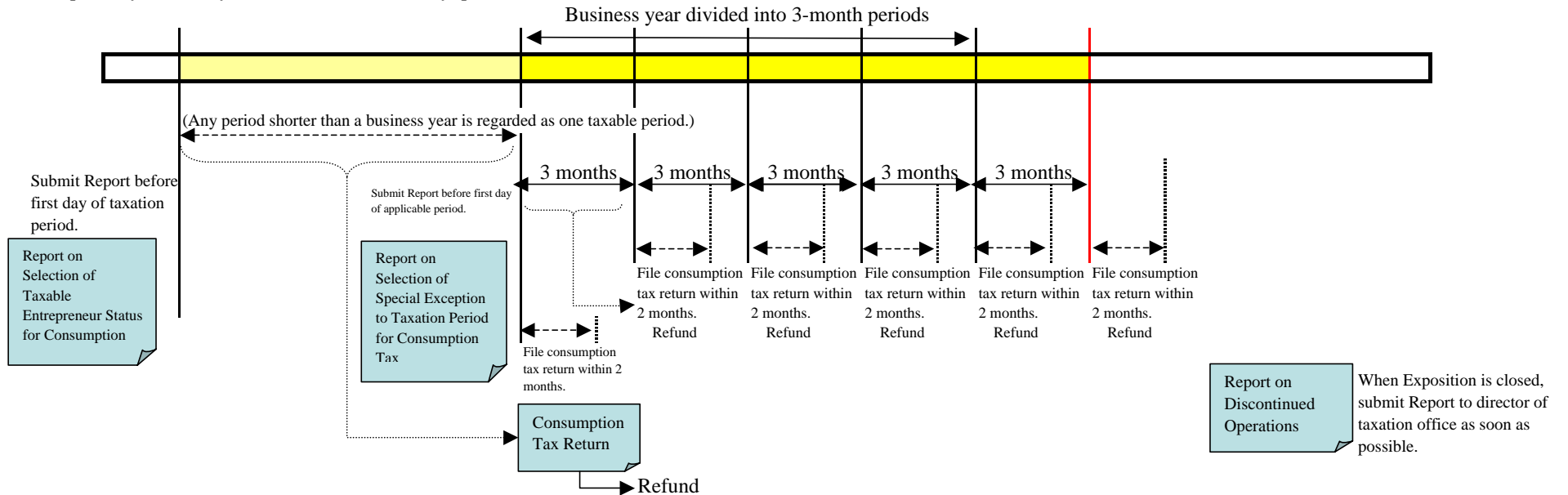
Refund on yearly basis

Procedures for refund on yearly basis are as follows.



Refund on quarterly basis

Procedures for refund on quarterly basis are as follows.
For quarterly refunds, you must file a return every quarter.



Examples of Refundable Cost Items on EXPO 2005

| Example of cost item | Nontaxable | Refundable | Tax exemption for export | Remarks |
|---|------------|-------------------------------|------------------------------------|--|
| Cost of planning and design for module exhibits | × | ○ | △ | Data delivered to foreign countries are exempt from taxation for export. |
| Cost of equipment/fixtures (interior walls, floors, ceilings, utilities, office equipment, lavatories etc.) and related works | × | ○ | × | |
| Cost of design | × | ○ | △ | Data delivered to foreign countries are exempt from taxation for export. |
| Cost of construction (production and execution) | × | ○ | × | |
| Cost of purchase or lease of hardware (systems, equipment, and materials for exhibition, video, sound etc.) and installation | × | ○ | × | |
| Cost of production of software for exhibition, video, sound etc. | × | ○ | △ | Software delivered to foreign countries is exempt from taxation for export. |
| Cost of office supplies | × | ○ | × | |
| Cost of check and maintenance and consumables replacement | × | ○ | △ | Inspection/classification/sorting of certain foreign cargo is exempt from taxation for export. |
| Insurance premiums | ○ | × | × | |
| Cost of events such as national days and special days | × | ○ | × | |
| Cost of electricity, gas, water and sewage, and air-conditioning of pavilions | × | ○ | × | |
| Cost of communication | × | ○ (Domestic communication) | ○ (International communication) | International communication is exempt from taxation for export. |
| Cost of waste disposal | × | ○ | × | |
| Cost of demolition/waste disposal after exhibition | × | ○ | × | |
| Cost of staff lodging | × | ○ | × | |
| Cost of meals, supplies, heat, electricity and water and staff lodging that is expensed | × | ○ | × | |
| Cost of furnishing of shops, kitchen construction and equipment, sales and administration etc. | × | ○ | × | |
| Cost of preparing and printing brochures for distribution to visitors and VIPs | × | ○ | × | |
| Cost of preparing souvenirs for distribution to visitors and VIPs | × | ○ | × | |
| Disposal of custom-cleared cargo in bonded exhibition halls | × | ○ | × | |

* △ in the tax-exempt column denotes conditional exempt from taxation for export.
For details of conditions for exemption, please consult the Association.