

— Accounting and tax related advisory services

International taxation EPA and FTA (tariffs)

Tokyo Kyodo Trade Compliance Co., Ltd.

Our advisory services have achieved tariff reductions through utilization of EPA and FTA, and by paying early attention to changes in international commerce rules that can become management issues for global corporations.

Going into the 2010s, developed countries have faced issues such as low growth, low interest rates, and falling populations. At Tokyo Kyodo Accounting Office, we expected to see a trend of countries shifting toward indirect taxes, which generate income for governments that is less likely to be affected by economic trends than direct taxes. We believed that among both developed countries and emerging markets, the trend to secure tax income from consumption taxes and other indirect taxes would accelerate as they looked to compensate for the gap created by decrease of income from corporate and income taxes, and we expected this to significantly impact the corporate economy.

On the other hand, countries began to individually enter into EPAs and FTAs* (free trade agreements), and there was a sudden increase in the number of countries reducing and abolishing tariffs, as the world rapidly shifted toward the age of EPAs and FTAs.*

The Japanese government's policies have also resulted in the conclusion of large-scale EPAs, known as mega EPAs, in which Japan have in recent years concluded EPAs with major countries and regions around the world at a rapid pace such as TPP 11 and the Japan-EU Economic Partnership Agreement.

These agreements included the RCEP agreement with 10 ASEAN countries, China, South Korea, Australia, and New Zealand, which took effect on January 1, 2022, and was the first agreement of its kind between China, South Korea, and Japan. It is expected to result in significant economic benefits for Japanese companies. It has been estimated that when the RCEP agreement took effect, trade with countries with which Japan had entered into EPAs and FTAs made up approximately 80% of the total amount of trade for Japan.

Under these agreements, systems are in place that mean member countries can enjoy the benefits of the abolition and reduction of tariffs on exported products in countries where they are imported, but many Japanese companies have yet to take full advantage of these benefits.

At Tokyo Kyodo Accounting Office, we have been developing consulting services aimed at utilizing EPAs and FTAs in concrete ways since 2015. We will support companies engaged in EPA and FTA-related operations, which will be an increasingly important management issue going forward.

* EPA (Economic Partnership Agreement)

A comprehensive agreement between two or more countries and regions that covers areas including the liberalization of trade in goods and services, as well as areas outside of trade, such as the movement of people and investment, government procurement, and bilateral cooperation. (The Trans Pacific Partnership (TPP) agreement and Regional Comprehensive Economic Partnership (RCEP) agreement are examples of EPAs and FTAs)

* FTA (Free Trade Agreement)

An agreement between two or more countries and regions to reduce or abolish tariffs on goods, barriers to trade in services, etc. In general, EPAs cover a broader scope, while FTAs focus mainly on provisions related to the liberalization of trade in goods and services.

Strengths of our services

- Prompt development and provision of new consulting services in response to taxation policies and market trends in Japan and overseas
- Specialist teams with deep knowledge of EPA and FTA operations capable of achieving "tariff reductions"
- Proprietary development of JAFTAS®, a platform for EPA and FTA operations based on our understanding of practical issues from our track record of 40,000 consultations(as of August 2024)

More ►

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Features of our services

1 EPA and FTA consulting

We provide consulting services aimed at solving clients' issues, based on our track record of 40,000* consultations from corporate representatives overseeing practical operations.

Since 2015, Tokyo Kyodo Accounting Office has provided consulting services in response to over 40,000* consultations by corporate representatives involved in practical operations. We leverage this experience to provide consulting services that directly tackle the issues of representatives involved in practical operations at companies using EPAs and FTAs.

In recognition of this track record, the Ministry of Economy, Trade and Industry has entrusted us with the operation of the "EPA Consultation Desk" for 10 consecutive years*.

* as of August 2024

- Research and analysis
 - EPA and FTA utilization research
 - EPA and FTA utilization effect measurement
- Education and training
 - EPA and FTA internal training and supplier training
 - Establishment of dedicated EPA and FTA consultation desk
- Internal processes and operational support
 - EPA and FTA internal control creation support/internal system development support
 - Examination services
 - Outsourcing
 - JAFTAS®
- Advance instructions and research after the fact
 - Preparatory instruction support
 - Verification/research support after the fact
 - Simulated verification trial services

2 JAFTAS®

We will significantly reduce the burden of work for complicated and difficult originating status investigations through our shared platform and expert support.

In order to promote MADE IN JAPAN manufacturing on a global stage, it is becoming a common practice in global business to effectively utilize FTAs to boost market competitiveness.

To obtain tariff benefits from the utilization of FTAs, however, it must be proven that products originating in Japan are used throughout the entire supply chain of the exported products. Yet proving originating status requires significant work and results in a major administrative burden, as it requires an understanding of rules concerning the place of origin in each agreement, as well as research and information gathering across the supply chain as a whole, both in Japan and overseas.

JAFTAS® is a shared platform used by clients and respondents in originating status investigations. It is a system that collects requests and responses sent and received by multiple companies in one place, contributing to smooth communication and efficient progress management. We offer an environment that enables clients to standardize operations and perform their work efficiently, by ensuring that the procedures for sending and receiving of requests, and responses, proceed in line with this system.

Experts with substantial consulting experience related to FTAs, including operating the EPA Consultation Desk, provide support, closely following any uncertainties and doubts companies adopting this system may have. We promote understanding of rules concerning the place of origin, and provide total support for the preparation of certifying documents.

- Originating status investigations
- System collaboration with suppliers
- Supplier support
- Provision of the latest EPA information
- HS code management
- Verification measure support
- Data collaboration with designated issuing institutions (collaboration with JCCI)

Company

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