

Japan Announces Complete Reform of Tax Free Shopping System

Signy, Switzerland, April 1, 2025

- **On March 31, 2025, the Japan Parliament enacted a new law on the Tax Free Shopping scheme.**
- **The reform will shift Japan's Tax Free Shopping Scheme from 'Consumption Tax-off' to 'Consumption Tax-on'¹, requiring retailers to handle Consumption Tax refunds and confirm export validation at Customs.**
- **These changes aim to establish a more secure and efficient system.**
- **The new scheme will take effect starting November 1, 2026.**

Japan's Tax Free Shopping Market on the Rise

With international travel rebounding, Japan is outperforming every major luxury shopping destination worldwide. According to Global Blue data, Japan's Tax Free spend recovery reached 287% in 2024 vs. 2019, driven by increasing tourist arrivals.

Mainland Chinese tourists, who account for 50% of Japan's Tax Free spend², are leading this growth. Several factors are making Japan more attractive than ever, including a narrowing price gap due to foreign exchange rate, streamlined visa processes, and exclusive shopping experiences.

As Japan strengthens its position as a top global shopping destination, the Tax Free Shopping reform will create an even more efficient and secure framework for retailers and international shoppers alike.

How the Japanese Economy Benefits from Tax Free Shopping

The data is clear: Tax Free Shopping has become a key driver in Japan's retail boom. International shoppers contribute substantially to retail spend, with Tax Free Shopping acting as a powerful incentive for travelers to choose Japan over other destinations. Additionally, the increase in international visitors has a ripple effect on the leisure and hospitality sector, as more tourists choose to stay, dine, and experience Japan's culture,

¹ In Japan, the VAT is called consumption tax.

² Global Blue data 2024

further driving the country's economic growth. Last year, international visitors spent around 2.4 Trillion Yen in shopping out of a total of 8.1 Trillion Yen spent on the overall Japan Economy, boosting the Tourism economy and job creations in the industry.

The New Law Set to Strengthen Japan's Tax Free Shopping Scheme

On March 31, 2025, the Japanese Government announced a complete reform of its Tax Free Shopping Scheme, transitioning from the 'Consumption Tax-off' to the 'Consumption Tax-on' model¹, effective starting November 2026. By adopting the new scheme, the Japanese Government is aligning with the same Tax Free model as in Europe and other APAC countries.

This transition aims to enhance security, reduce the risk of fraud, and ensure sustainability of the system. By implementing the 'Consumption Tax-on' model, the government seeks to improve monitoring and maintain a seamless, transparent shopping experience for both retailers and international visitors.

Upcoming Changes to Tax Free Shopping in Japan

Unlike the current 'Consumption Tax-off' model, the new system will require tourists to pay the consumption tax at the time of purchase and retailers to store Customs Validation data.

Outlined below is the new process:

- 1) **Consumption Tax Payment at Purchase:** International shoppers will pay for goods with Consumption Tax included.
- 2) **Customs Validation Required:** International shoppers must obtain Customs Validation at the exit point to complete their Tax Free transaction, which will be possible through Self-Validation Kiosks.
- 3) **Refund Issued Upon Export Proof:** A Consumption Tax refund will only be issued if proof of export is received from Customs.

To qualify for Tax Free Shopping, international shoppers must spend at least 5,000JPY or more on eligible goods³, and leave Japan within 90 days of their purchase.

What Merchants Need to Know

The shift to a 'Consumption Tax-on' system presents an opportunity to enhance the process, ensuring greater accuracy and efficiency. By proactively managing this transition, retailers

³ Fashion and Accessories, Cosmetics, Gold and Jewelry, Leather Goods

can maximize refund success, deliver a seamless experience, and maintain high levels of customer satisfaction.

With over 18 million travelers, 40 million Tax Free transactions, and years of experience managing VAT-on systems across Europe, Global Blue is the ideal partner to help retailers navigate this key change.

Local and Experienced Team: Global Blue's highly experienced local team in Japan, established in 2011 and present in 47 prefectures, has an in-depth understanding of the market. The team is fully equipped to offer expert, on-the-ground support to ensure a hassle-free transition.

Technology to Support Merchants: Global Blue is proud to offer the best-in-class solutions that can fit all types and sizes of Japanese retailers. These solutions streamline the entire in-store Tax Free process, providing unparalleled convenience for store staff and driving operational efficiency.

Services to Support Visitors: To assist travelers in their digital Tax Free Shopping journey, Global Blue is proud to offer its Mobile Customer Care solution, which provides real-time updates and multilingual guidance in Japan. Visitors can also access the Global Blue App, simplifying their in-store experience and enabling a faster refund process. Both solutions help the international travelers navigate the validation process and track their refunds in real-time.

Merchants preparing for Japan's new Tax Free scheme can begin by contacting their Global Blue representative or visiting the Global Blue [Japanese website](#). After identifying the most suitable technological solution for their needs, our team will provide in-depth training and continuous support, ensuring a smooth and efficient transition to the new Japanese Tax Free scheme.

For more information please contact:

MEDIA CONTACTS

Virginie Alem – CMO & COO Japan
Mail: valem@globalblue.com

ABOUT GLOBAL BLUE

Global Blue is the business partner for the shopping journey, providing technology and services to enhance the experience and drive performance.

With over 40 years of expertise, today we connect thousands of retailers, acquirers, and hotels with nearly 80 million consumers across 53 countries, in three industries: Tax Free Shopping, Payments and Post-Purchase solutions.

With over 2,000 employees, Global Blue generated €28bn Sales in Store and €422M revenue in FY 2023/24. Global Blue is listed on the New York Stock Exchange. For more information, please visit www.globalblue.com

