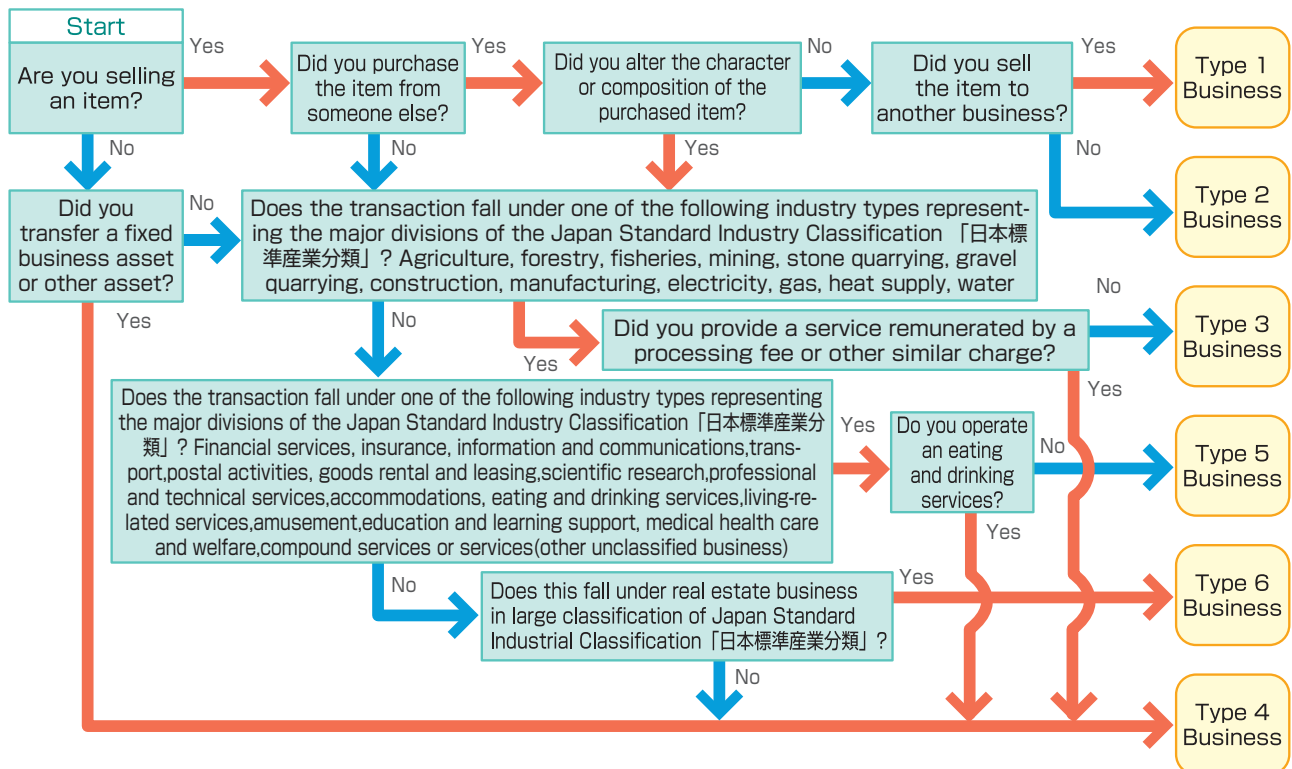


Flowchart for determining business types

- The following flowchart serves as a guide when determining business types. See P12 as to the business types.
- As a rule, business types are determined per transaction (per transfer of taxable asset, etc.) and each transaction is judged for its classification into the Business Types 1 through 6.



(Note) On October 1, 2019, the business classification related to the "transfer of food and drinks" in "agriculture, forestry and fisheries" under the simplified tax system has changed from Type 3 business (the deemed purchase rate is 70%) to Type 2 business (the deemed purchase rate is 80%).

- * Each Sole proprietor classification is determined based on transactions effectuated within the bounds of normal social standards. However, in the event certain transactions are effectuated where transfers of assets are confused for services provided and vice versa and the amounts charged are treated individually for each transaction, each business type should be determined based on each of those Sole proprietor amounts.
- * For the question, "Did you alter the character or composition of the purchased item?" ,the following example are judged as actions that do not constitute an alteration in the character or composition of the item.
 - Attaching or displaying the brand or name of the item
 - Containing a liquid or other product within a sales receptacle
 - Selling the items as they are in assorted multi-packs
 - Glass or other product that is sold in cut pieces
- * As per the flowchart, if a transaction neither involves the transfer of an item purchased from someone else nor constitutes a manufacturing and retailing activity, use the manufacturing industries category of the Japan Standard Industry Classification(major divisions)as a base for determining whether or not the transaction relates to transfers of assets generally occurring in one of these manufacturing industries.
- * Even if a transaction is deemed as falling under the manufacturing industries category of the Japan Standard Industry Classification irrespective of the designation of the charge, any service provided involving the processing of raw materials, other material or a product belonging to someone else that was remunerated by a fee charged for that processing is deemed a Type 4 business.

Table for determining the taxable transactions

This table contains an approximate standard for determining the taxable transactions with respect to consumption tax for each item appearing in the income statement for business and other income. Examine the nature of a transaction well whenever actually determining its taxability.

If determining for yourself is difficult or if you would like more information, contact any tax office.

Taxability determination table(for sales, etc. and real estate income)

Account	Taxable /Not taxable	Items not relating to taxable sales
Amount of sales (revenue including miscellaneous revenue)	△	Medical fees paid for by the social insurance system(NON) Proceeds from the sale of merchandise coupons(NON) Proceeds from land sales(NON) Interest received(NON) House rents(NON) Insurance benefits(UN) Revenue from transactions effectuated abroad(UN) Revenue from exports(EX)

Taxability determination table(for agriculture income)

Account	Taxable /Not taxable	Items not relating to taxable sales
Amount of sales	△	Revenue from exports(EX)
Household consumption	○	Business consumption of seeds and seedlings
	Amount	
Miscellaneous revenue	△	Subsidies on which a value cannot be assigned(UN) Insurance benefits(UN) Interest received(NON)
Subtotal		
Agricultural commodity inventory	Initial	
	Year-end	

Meaning of the symbols:

-Transactions relating to taxable sales
- ×.....Transactions not relating to taxable sales
- △.....Most transactions are relating to taxable sales, however, some are not
- ▽.....Most transactions are not relating to taxable sales, however, some are

- NON.....Non-taxable transactions
- UN.....Transactions not subject to consumption tax (untaxable transactions)
- EX.....Tax-exempt transactions