

Calculate your consumption tax

Calculate your consumption tax, enter the appropriate figures in ① to ⑨ of Schedule 4-3 complete Schedule 5-3.

step.1 Calculate your total amount of taxable sales

$$\text{Amount of sales} - \text{Non-taxable sales, etc.} = \text{Taxable sales (tax included)}$$

step.2 Calculate your tax base

$$\text{Taxable sales (tax included)} \times \left(\frac{100}{108} \text{ or } \frac{100}{110} \right) = \text{Tax base}$$

Please use the table for calculating taxable sales (Table A) to determine your tax base.

step.3 Calculate your consumption tax

$$\text{Tax base} \times (6.24\% \text{ or } 7.8\%) = \text{Consumption tax}$$

step.4 Calculate the amount of consumption tax relating to recovered bad debt

* Calculate if applicable.

Please use the table for calculating the deductible tax on purchases (Schedule 5-3) to determine the amount of deductible tax on purchases.

step.5 Calculate the amount of tax on value of refunds, etc.

* Calculate if applicable.

step.6 Calculate the amount of consumption tax representing the base for determining the deductible tax on purchases

$$\text{Consumption tax} + \text{Consumption tax relating to recovered bad debt} - \text{Tax relating to refunds and other charges} = \text{Amount of consumption tax representing the base}$$

■ If operating 1 type of business

step.7 Calculate the deductible tax on purchases

$$\text{Amount of consumption tax representing the base} \times \text{Applicable deemed purchase rate} = \text{Deductible tax on purchases}$$

■ If operating 2 or more types of businesses

step.8 Calculate the amount of taxable sales (tax excluded) for each type of business

$$\text{Taxable sales (tax included) per business type} \times \left(\frac{100}{108} \text{ or } \frac{100}{110} \right) = \text{Amount of taxable sales (tax excluded) per business type}$$

step.9 Calculate the sales ratio for each type of business

$$\frac{\text{Amount of taxable sales (tax excluded) per business type}}{\text{Total amount of taxable sales (tax excluded)}} \times 100 = \text{Sales ratio per business type}$$

step.10 Calculates the amount of consumption tax for each type of business

$$\text{Amount of taxable sales (tax included) per business type} \times \left(\frac{6.24}{108} \text{ or } \frac{7.8}{110} \right) = \text{Consumption tax per business type}$$

step.11 Select the calculation method for the deductible tax on purchases

<Basic formula>

$$\text{Amount of consumption tax representing the base} \times \left(\frac{\text{Consumption tax for Type 1 business}}{\times 90\%} + \frac{\text{Consumption tax for Type 2 business}}{\times 80\%} + \frac{\text{Consumption tax for Type 3 business}}{\times 70\%} + \frac{\text{Consumption tax for Type 4 business}}{\times 60\%} + \frac{\text{Consumption tax for Type 5 business}}{\times 50\%} + \frac{\text{Consumption tax for Type 6 business}}{\times 40\%} \right) = \text{Amount of deductible tax on purchases}$$

Total of consumption tax amounts by business type

<Special method 1 > If the amount of taxable sales relating to one business type covers 75% or more of the entire amount of taxable sales

<Special method 2 > If the total amount of taxable sales relating to two businesses types covers 75% or more of the entire amount of taxable sales

○ If not classifying businesses by type

Calculate the deductible tax on purchases for taxable sales relating to unclassified businesses using the lowest deemed purchase rate corresponding to those businesses.

⇒ See P23 for more specific calculation methods.

step.12 Determine the deductible tax on purchases

Calculate with the calculation method selected in step 11.

step.13 Calculate the amount of tax relating to bad debt

* Calculate if there is bad debt.

step.14 Calculate the subtotal of deductions

$$\text{Amount of deductible tax on purchases} + \text{Amount of tax on value of refunds, etc.} + \text{Amount of tax relating to bad debt} = \text{Subtotal of deductible tax}$$

step.15 Calculate either the balance or the consumption tax refund

$$\text{Consumption tax} + \text{Amount of tax relating to recovered bad debt} - \text{Subtotal of deductible tax} = \text{Balance* or Tax refundable for insufficient deduction}$$

(*rounded down to the nearest ¥100)

Bad debt

No deductions can be claimed for bad debt unless you have kept ample documentation that certifies the facts supporting the writing off of doubtful receivables and provides clear details pertaining to the bad debt.

Calculate the local consumption tax

Calculate the amount of local consumption tax and enter it in ⑩ to ⑬ of Schedule 4-3.

step.16 Enter the amount of consumption tax representing the local tax base

step.17 Calculate either the amount of the tax payable or the amount of tax refundable

$$\text{Balance or Tax refundable for insufficient deduction} \times \frac{22}{78} = \text{Amount of tax payable* or Amount of tax refundable}$$

(*rounded down to the nearest ¥100)

Basic knowledge

Preparation

Procedures

Completing your return

Calculation

Local consumption tax calculation

Enter the value in the return form (Page 1 and Page 2)

Other items

Filing and paying

Income tax adjustment

Rough draft return form

Enter the appropriate figures in the return form (Page 1 and Page 2).

- step.18 Enter in the return form(Page 2)
Enter in the return form(Page 2) from Schedule 4-3.
- step.19 Enter the appropriate figures in ① to ⑨ of the return form(Page 1)
Enter the appropriate figures in the return form(Page 1) from the return form (Page 2) and Schedule 4-3.
- step.20 ⑩ of the return form (Page 1) Enter the interim payment
- step.21 ⑪ of the return form (Page 1) Calculate the amount of consumption tax payable
- step.22 ⑫ of the return form (Page 1) Calculate the amount of refundable interim payment
- step.23 ⑮ and ⑯ of the return form (Page 1) Enter the amount of taxable sales for the tax period (2020) and the base period (2018)
- step.24 Enter the appropriate figures in ⑰ to ⑳ of the return form(Page 1)
Enter the appropriate figures in the return form(Page 1) from Schedule 4-3.
- step.25 ㉑ of the return form (Page 1) Enter the transferable interim payment (if applicable)
- step.26 ㉒ of the return form (Page 1) Calculate the transferable amount of tax payable
- step.27 ㉓ of the return form (Page 1) Calculate the transferable interim payment refundable
- step.28 ㉖ of the return form (Page 1) Calculate the total consumption tax and local consumption taxes (payable or refundable)

$$\left(\begin{array}{l} \text{"①Amount of} \\ \text{tax payable"} \end{array} + \begin{array}{l} \text{"②Transferable} \\ \text{tax payable"} \end{array} \right) - \left(\begin{array}{l} \text{"⑧Tax refundable} \\ \text{for insufficient} \\ \text{deduction"} \end{array} + \begin{array}{l} \text{"⑩Refundable} \\ \text{interim} \\ \text{payment"} \end{array} + \begin{array}{l} \text{"⑭Amount} \\ \text{refundable"} \end{array} + \begin{array}{l} \text{"⑲Transferable} \\ \text{interim payment} \\ \text{refundable"} \end{array} \right) \\ = \text{"㉖Total consumption and local consumption taxes"}$$

Enter other items

- Enter place for tax payment, the business name, your individual number, your name and any supplementary information
* See P35 for details.

Filing and paying

Submit your return form

There are 3 ways to submit your final return form.

1. File by e-Tax
2. Send it by post or courier ("shinshobin" only) to the Tax office covering your jurisdiction
3. Hand it in at the reception counter of the Tax office covering your jurisdiction

* See P39 for details.

Paying your consumption and local consumption taxes

There are 5 ways of paying your tax.

1. Tax payment by transfer account
2. Payment using e-Tax
3. Payment using a credit card
4. Payment at convenience stores
5. By presenting cash and your tax payment slip to the financial institution or to the Tax office covering your jurisdiction by due date for tax payment

* See P39 for details.

About interim filing and payment for 2021

If the final consumption tax amount is more than 480 thousand yen for 2020, you need to file and pay for interim return for 2021, in accordance with the following categories.

- "If the amount is more than 480 thousand yen but 4 million yen or less (one interim filing and payment a year)"
Please file and pay for 6/12 of the final consumption tax amount for 2020 and 22/78 of that amount as local consumption tax by Tuesday, August 31, 2021.
 - "If the amount is more than 4 million yen but 48 million yen or less (three interim filing and payment a year)" and "If the amount is more than 48 million yen (eleven interim filings and payments a year)"
Please ask the Tax Office in your jurisdiction about the due date of filing and payment, etc.
- * Any businesses required to file interim consumption tax returns must file and pay for 22/78 of the interim payment amount of consumption tax as the interim payment amount of local consumption tax together with the interim consumption tax returns.

About voluntary interim return system

If the final consumption tax amount (excluding local consumption tax amount) in the previous year is 480 thousand yen or less (without an obligation of interim tax returns) but if you submit a "Notification of filing voluntary interim tax returns" to the District Director of the Tax office in your jurisdiction at the payment location, you can voluntarily file and pay for interim tax returns starting for the June interim return period, the last day of which first arrives on and after the day when the said notification is submitted.

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