

Table for determining taxability of consumption tax transactions

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

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

Account	Taxable/ Not taxable	Items (taxable sales or taxable purchases) not relating to taxable transactions
Amount of sales (revenue) (including miscellaneous revenue)	△	Non-taxable transactions Medical fees paid for by the social insurance system, proceeds from the sale of merchandise coupons, proceeds from land sales, interest income, house rents Transactions excluded from consumption tax Subsidies, benefits, and aids that cannot be valued, Insurance benefits, revenue from transactions effectuated abroad Tax-exempt transactions Revenue from exports
Cost of goods sold	Initial merchandise inventory	×
	Purchases	△
	Subtotal	
	Year-end merchandise inventory	×
	Net cost of goods sold	
Balance		
Business expenses	Taxes and duties	▽
	Freight and handling expenses	△
	Water, heat and light expenses	○
	Travel expenses and carfare	△
	Communications expenses	△
	Advertising expenses	△
	Entertainment expenses	△
	Cost of supplies	×
	Repair expenses	○
	Consumables expenses	○
	Depreciation expenses	×
	Welfare expenses	▽
	Salaries and wages	▽
	Subcontractor fees	○
	Interest and discount expenses	×
	Land and house rents	△
	Bad debt	×
	Fees and commissions	△
	Miscellaneous expenses	△
	Total	
Balance		
Reserves	Reserves for bad debts carried back	×
	Reserve for wage of family employee	×
	Reserve for bad debts carried over	×
Income before the special deduction for blue returns		
Special deduction for blue returns	×	
Income		

Taxability determination table (for agriculture income)

Account	Taxable/ Not taxable	Items (taxable sales or taxable purchases) not relating to taxable transactions
Sales	△	Tax-exempt transactions Export transaction and other revenue
Household consumption	Amount	○
		▽
Business consumption		Business consumption of seeds and seedlings
Miscellaneous revenue	△	Non-taxable transactions Subsidies, benefits, and aids that cannot be valued, Interest income Transactions excluded from consumption tax Subsidies and insurance benefits on which a value cannot be assigned
Subtotal		
Agricultural commodity inventory	Initial/ Year-end	(Note)
		(Note)
Total		
Taxes and duties	▽	Revenue stamp tax, fixed property tax, automobile tax
Seed/seedling expenses	△	Self-sufficient portion
Feeder livestock cost	△	Self-sufficient portion
Fertilizer expenses	△	Self-sufficient portion
Feedstuff expenses	△	Self-sufficient portion
Farm tool expenses	○	
Agricultural chemicals and hygiene expenses	○	
Various materials expenses	○	
Repair expenses	○	
Light, heat and power cost	○	
Apparel expenses	○	
Agricultural mutual relief contributions	×	Fully excluded from taxable purchases
Depreciation expenses	×	Fully excluded from taxable purchases (Depreciable asset purchase prices are taxable purchases.)
Freight and handling expenses	△	International freight
Labor expenses	▽	Labor costs (However, room and board expenses are taxable purchases.)
Interest and discount expenses	×	Fully excluded from taxable purchases
Land rents and lease expenses	△	Land rents
Land improvement expenses	▽	Current amount levied, special amount levied relating to roads and waterways
Bad debt	×	(Note) Separately qualifies as a deduction relating to bad debt
Miscellaneous expenses	△	Compensation for damages
Subtotal		
Inventory other than agricultural commodities	Initial/ Year-end	(Note)
		(Note)
Expenses for raising fruit trees and livestock deducted from necessary expenses		If deducting revenue derived from the sales of unripe fruits from cultivation expenses, add the amount to taxable sales.
Total		
Balance		
Reserves	Reserves for bad debts carried back	×
	Reserve for wage of family employee	×
	Reserve for bad debts carried over	×
Income before the special deduction for blue returns		
Special deduction for blue returns	×	
Income		

(Note)

Sole proprietors who were Tax-exempt business operators in 2021 or who will become so in 2023 must calculate their consumption tax adjustment amount.

The following are symbols used in the table above.

-Transactions relating to taxable sales (purchases)
- ×