

## Outline of the invoice system

The invoice system is a method to receive tax credit for consumption tax corresponding to multiple tax rates on purchases.

### What is the qualified invoice?

The qualified invoice refers to a document in which the seller communicates to the buyer the exact applicable tax rate, consumption tax amount, etc. Specifically, it is the current "separate accounting invoice" to which the "registration number," "applicable tax rate," and "consumption tax categorized by tax rate" have been added.

In order for the seller to issue a qualified invoice, it must be registered as a "business issuer of qualified invoice" by the District Director of the tax office of jurisdiction.

請求書

△△商事(株)  
登録番号 T012345...

11月分 131,200円 ××年11月30日

日付	品名	金額
11/1	魚 *	5,000円
11/1	豚肉 *	10,000円
11/2	タオルセット	2,000円
...		
合計	120,000円	消費税 11,200円
8%対象	40,000円	消費税 3,200円
10%対象	80,000円	消費税 8,000円

\* 軽減税率対象

### [Entry Items]

- ① Name or title of the qualified invoice issuer and registration number
- ② Transaction date
- ③ Transaction details  
(indicating that the item is subject to reduced tax rate)
- ④ Compensation amount totaled separately by tax rate  
(Excluding or including tax) and applicable tax rate
- ⑤ Consumption tax amount categorized by tax rate
- ⑥ Name or title of the business operator against whom the invoice is issued

\* For transactions related to retail business, restaurant business, taxi business, etc., where sales are made to an unspecified number of counterparts, the "qualified simplified invoice" with simplified entry items may be issued.

### Once a business operator is registered as a business issuer of qualified invoice <<points that require attention as a seller>>

Whether or not the transaction is subject to the reduced tax rate, if an invoice is requested by the buyer who is a taxable party, a qualified invoice must be issued and a copy must be retained.

Even if the amount of taxable sales during the base period is below ¥10,000,000, unless the registry becomes invalid, consumption tax must be filed.

In order to comply with the invoice system, it is necessary to make preparations according to the actual business situation, such as revising the format of invoices, etc. currently in use and notifying the registration number to business counterparties.

### Requirements for purchase tax credit <<Points that require attention as a buyer>>

In order to apply for tax credit for consumption tax on purchases, it is necessary, in principle, to retain accounting books and a qualified invoice, etc. in which certain matters are recorded.

\* Items of entry in accounting books are the same as in the current system of retaining separate accounting invoices.

\* In case the simplified tax system has been selected, the amount of tax payable will be calculated from taxable sales. Therefore, retention of a qualified invoice, etc., is not a requirement of the tax credit for consumption tax on purchases.

As a general rule, taxable purchases made from parties other than business issuer of qualified invoice, such as tax-exempt businesses and consumers, are not eligible for tax credit for consumption tax on purchases.

\* There is a transitional measure whereby 80% of the equivalent purchase tax can be deducted as a purchase tax amount for the period between October 1, 2023 and September 30, 2026 and 50% of the equivalent purchase tax can be deducted as purchase tax for the period between October 1, 2026 and September 30, 2029. However, when applying this measure, invoices bearing a description of the items as well as separate accounting invoices received from tax-exempt business operators must be retained and the ledger including a description that the transitional measure has been applied must also be retained.