

# About the qualified invoice-based method (the invoice system) (October 1, 2023~)

The qualified invoice-based method (the invoice system) is a method to receive tax credit for consumption tax on purchases corresponding to multiple tax rates.

To ensure the application of tax credits on purchases under the qualified invoice-based method (the invoice system), in principle, retention of the following is required: a ledger that contains certain descriptions; and qualified invoice (invoices), etc. that were issued by “business issuer of qualified invoice.”

Despite that, in case the simplified tax system was chosen or in case the special accommodation of 20% is applied, the amount of tax payable will be calculated from taxable sales. Therefore, in such cases, retention of a qualified invoice, etc., is not a requirement of the tax credit for consumption tax on purchases.

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

## Described items on a qualified invoice

The items that need to be described on a qualified invoice are as follows.

### [Entry Items]

- The underlined items are the extra items to be added to the invoices with extra descriptions.
- Regarding the transactions of retail business, restaurant business, taxi operation business, etc. where goods or services are sold to many and unspecified people, **simplified qualified invoices** may be issued instead of qualified invoices.

#### Qualified invoice

- 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

請求書 △△商事(株)

登録番号 T 012345...

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

#### Simplified qualified invoice

- 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)
- ⑤ Consumption tax amount categorized by tax rate\*, or applicable tax rate

スーパー○○

東京都... 登録番号 T 123456...

XX年11月30日

領収書

ヨーグルト*	1	¥108
カップラーメン*	1	¥216
ビール	1	¥550
合計		¥874
8%対象		¥324
内 消費税額		¥24
10%対象		¥550
内 消費税額		50
* 軽減税率対象		
お預り		¥1,000
お釣		¥126

⑤ Applicable tax rate or amount of consumption tax, etc. is described. \* Both can be described.

\* No specific form is set by law nor administrative notice, etc., any document can be regarded as a qualified invoice, if needed items are described therein irrespective of its name, including hand-written one.

\* Fraction treatment for the “consumption tax categorized by tax rate” in ⑤: It is allowed only once for each tax rate, on one qualified invoice. As the fraction treatment method, you may choose either one of the following at your discretion: round-up; round-down; or 4 vs. 5 rounding.

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

When requested from a taxable person, a business issuer of qualified invoice is required to issue a qualified invoice and retain its copy. Also, even if the amount of taxable sales during the base period is below 10 million yen, consumption tax must be filed.

## Requirements for purchase tax credit 《Points that require attention as a buyer》

In principle, to ensure the application of tax credits on purchases, it is required to retain the ledgers containing descriptions on certain items as well as the qualified invoices, etc. As a general rule, taxable purchases made from parties other than business issuer of qualified invoice, such as Tax-exempt business and consumers, are not eligible for tax credit for consumption tax on purchases. However, the following transitional measure will be effective during the period of October 1, 2023 ~ September 30, 2029: even for the taxable purchases by anybody other than business issuer of qualified invoice, certain portion of the tax amount equivalent on purchases can be deducted as the tax amount on purchases.

<Certain % of the tax amount equivalent on purchase>

- October 1, 2023 ~ September 30, 2026.....80% deduction is possible.
- October 1, 2026 ~ September 30, 2029.....50% deduction is possible.

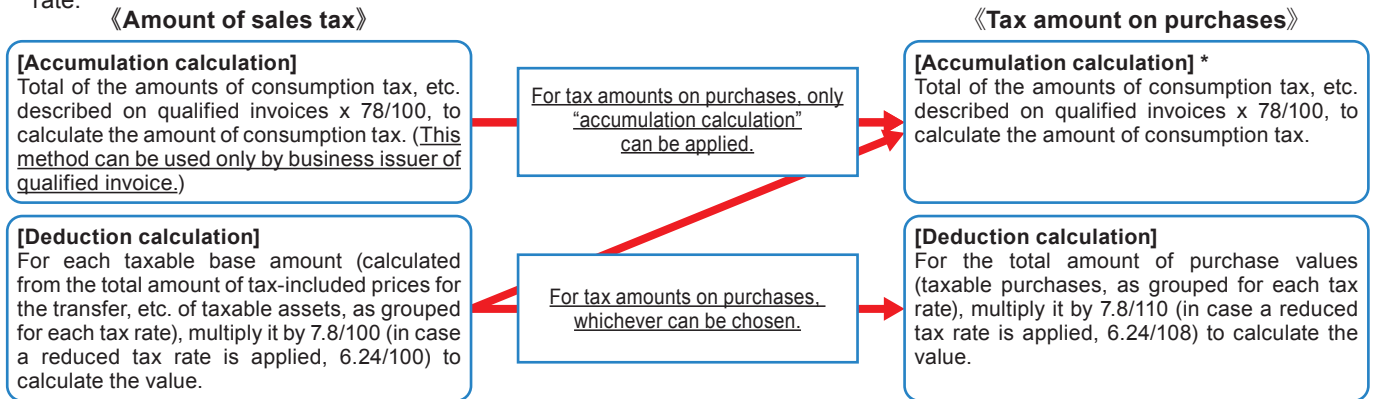
\* To ensure the application of the transitional measure (80% deduction, 50% deduction) for obtaining tax credits on purchases, the following are required: retain the invoices, etc. that contain the same descriptions as the invoices with extra descriptions to be received from anybody other than the business issuer of qualified invoice; and retain the ledger that shows a description that the transitional measure will be applied (stating that the purchases were the taxable purchases subject to the special application of a 80% deduction or 50% deduction).

\* Regarding the business operators of 100 million yen or less in taxable sales amount for the reference period or of 50 million yen or less in taxable sales amount for a specified period, tax credits on purchases can be applied to them for their taxable purchases of less than 10,000 yen inclusive of taxes during the period of October 1, 2023 ~ September 30, 2029, only by retaining the ledger that contains certain items (special provisions for small-amount cases). In this case, it is not required to include a description in the ledger that special provisions for small-amount cases will be applied. Whether it is “less than 10,000 yen inclusive of taxes” or not is judged by the total amount (including taxes) of taxable purchases (1 transaction).

## Tax amount calculation method

“Accumulation calculation” or “deduction calculation” can be chosen for calculating amount of sales tax and tax amount on purchases on October 1, 2023, or beyond.

- ① “Accumulation calculation” is a method accumulating the amounts of consumption tax, etc. that are described on qualified invoices.
- ② “Deduction calculation” is a method deducting a portion from the aggregate amount of transactions for each applicable tax rate.



\* Whenever taxable purchases occur, if the amount obtained from the payment for the taxable purchases x 10/110 (in case a reduced tax rate is applied, 8/108) (if a fraction of less than 1 yen arises, the fraction is rounded down or put subject to 4 vs. 5 rounding) is described (recorded) in a ledger as a suspense payment for consumption tax, etc., total of such amounts x 78/100 is allowed as a method of accumulation calculation for the tax amount on purchases (ledger-based accumulation calculation).

\* In case “accumulation calculation” is applied to the tax amount on purchases, the tax amount on purchases for the taxable purchases, to which the transitional measure (80% deduction, 50% deduction) is applied, as well needs to be calculated per “accumulation calculation.”

Specifically, whenever there arise taxable purchases to which the transitional measure (80% deduction, 50% deduction) is applied, the payment price for the taxable purchases x 7.8/110 (if a reduced tax rate is applicable, 6.24/108) will be multiplied by 80/100 (Note) to get the value. (In case a fraction of less than 1 yen occurs to the amount, apply round-down or 4 vs. 5 rounding to the fraction. )

In this process, you may use the following control scheme: segregate the taxable purchases subject to this transitional measure for adequate management; and implement the above calculation for each of the segregated taxable purchases midway of a taxation period or at the end of the taxation period.

(Note) This ratio corresponds to the period to which the transitional measure (80% deduction, 50% deduction) is applied. October 1, 2023 ~ September 30, 2026: 80/100 , October 1, 2026 ~ September 30, 2029: 50/100

## About the burden-alleviating measure (special accommodation of 20%) for the small-scale business operators that become business issuer of qualified invoice

For those who have become taxable person (that is, business issuer of qualified invoice) from Tax-exempt business triggered by the introduction of the qualified invoice-based method (the invoice system), they may use the amount of tax credits on purchases as the tax amount after special deductions (that is, equivalent of 80/100 of the residual amount after deducting the total amount of consumption tax on the value of refund, etc. against the sales revenue from the amount of consumption tax on the total amount of the taxable base).

In case a Tax-exempt business (including those Tax-exempt business who become taxable person by submitting a choice decision notification on becoming a taxable business operator for consumption tax [Note 1]) becomes a business issuer of qualified invoice (Notes 2 and 3), the special accommodation of 20% can be applied to each of the taxation periods of the business issuer of qualified invoice that include October 1, 2023 and up to September 30, 2026.

(Note 1) The special accommodation of 20% cannot be applied to any tax return for a period including September 30, 2023, or before (that is, before the qualified invoice-based method [the invoice system] took effect).

(Note 2) In case of a taxable person who becomes a business issuer of qualified invoice, in principle, the special accommodation of 20% can be applied to the following taxation period onward after the taxation period when it became a business issuer of qualified invoice if its taxable sales amount was 10 million yen or less in the reference period.

(Note 3) In cases business operators become disqualified to enjoy tax exemption irrespective of registered as a business issuer of qualified invoice or not (for instance, business operators of over 10 million yen in taxable sales amount in the reference period, new corporations of 10 million yen or more in equity capital, business operators who have reduced the tax amount on purchases through obtaining fixed assets subject to adjustments or large-amount specific assets, etc.); or in cases a certain provision is applied to shorten the taxation period to 1 month or 3 months, the special accommodation of 20% cannot be applied.

## Procedures for registration and application to get registered as a business issuer of qualified invoice

Regarding the procedures for registration and application to get registered as a business issuer of qualified invoice, check the “Application procedures” at the special corner for the invoice system on the website of the National Tax Agency.

When registered after the assessment by tax office, registration number, etc. are notified to each applicant. At the same time, information on each registered business operator (in case of a sole proprietor, in principle, name, registration number, and registration date) will be published on the “Announcement Site of Business Issuers of Qualified Invoice (of the National Tax Agency).”