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)		Δ	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 o	Initial merchandise inventory	×	(Note)
	Purchases	Δ	Purchase price of land and merchandise coupons; transportation insurance premiums
f gc	Subtotal		
Cost of goods sold	Year-end merchandise inventory	×	(Note)
<u> </u>	Net cost of goods sold		
	Balance		
	Taxes and duties	∇	Enterprise tax, stamp tax, fixed property tax, automobile tax; ordinary membership fees for trade organizations and commercial associations
	Freight and handling expenses	Δ	International freight
	Water, heat and light expenses	0	
	Travel expenses and carfare	Δ	International traveling and lodging expenses
	Communications expenses	Δ	International correspondence and postal expenses
	Advertising expenses	Δ	Prepaid cards cost
	Entertainment expenses	Δ	Cash disbursements for expressions of congratulations and condolence, farewell gifts, gift certificates, beer coupons, prepaid cards, etc.
l	Cost of supplies	×	Fully excluded from taxable purchases
l sir	Repair expenses	0	
less e	Consumables expenses	0	
Business expenses	Depreciation expenses	×	Fully excluded from taxable purchases (Depreciable asset purchase prices are taxable purchases.)
SS	Welfare expenses	∇	Statutory welfare expenses such as health insurance premiums, gifts and money for congratulations or condolence (Expenses for recreational trips are taxable purchases.)
	Salaries and wages	\triangleright	Salaries, bonuses, retirement allowances (travel allowances are taxable purchases.)
	Subcontractor fees	0	
	Interest and discount expenses	×	Fully excluded from taxable purchases
	Land and house rents		Land rents, house rents
	Bad debt	×	(Note) Separately qualifies as a deduction relating to bad debt
	Fees and commissions		Registration, licensing, patent and other charges prescribed by governmental regulation
	Miscellaneous expenses		Compensation for damages
-	Total	\leftarrow	
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		
Revenue	Sales		Δ	Tax-exempt transactions Export transaction and other revenue		
	Household consumption	Amount	0			
	Business consumption		$\overline{}$	Business consumption of seeds and seedlings		
	Miscellaneous revenue		Δ	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		
	Subtota					
	Agricultural commodity	Initial Year-		(Note)		
	inventory	end		(Note)		
	Total	dutiae	∇	Revenue stamp tax, fixed property tax, automobile tax		
	Taxes and duties Seed/seedling expenses		Δ	Self-sufficient portion		
	Feeder livestock cost			Self-sufficient portion		
l	Fertilizer expenses		_	Self-sufficient portion		
	Feedstuff expenses		Δ	Self-sufficient portion		
	Farm tool expenses		0			
ĺ	Agricultural chemicals		0			
	and hygiene ex					
	Various ma expense		0			
	Repair expense		0			
	Light, heat					
	power co		0			
	Apparel exp	enses	0			
	Agricultural mutual		×	Fully excluded from taxable purchases		
Bus	Depreciation expenses		×	Fully excluded from taxable purchases (Depreciable asset purchase prices are taxable purchases.)		
iness	Freight and handling expenses		Δ	International freight		
Business expenses	Labor expenses		∇	Labor costs (However, room and board expenses are taxable purchases.)		
es	Interest and discount expenses		×	Fully excluded from taxable purchases		
	Land rents and lease expenses		Δ	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		Δ	Compensation for damages		
	Subtota	al				
	Inventory other	Initial		(Note)		
	than agricultural commodities	Year- end		(Note)		
	Expenses for fruit trees and I deducted f necessary exp	ivestock rom		If deducting revenue derived from the sales of unripe fruits from cultivation expenses, add the amount to taxable sales.		
	Total					
	Balance Reserves fo		×			
Reserves	debts carried back Reserve for wage of		×			
rves	Reserve for bad		×			
Inc	debts carried over					
ded	duction for blue r	eturns	×			
^{3p}	Special deduction for blue returns					
Income						

(Note)

Income

Sole proprietors who were Tax-exempt business operators in 2022 or who will become so in 2024 must calculate their consumption tax adjustment amount.(see P22) The following are symbols used in the table above.

- OTransactions relating to taxable sales (purchases)
- ×Transactions not relating to taxable sales (purchases)
- \triangleMost transactions are relating to taxable sales (purchases), however, some are not
- ▽.....Most transactions are not relating to taxable sales (purchases), however, some are