

This section explains every step in the filing procedure from basic calculation methods to filing and paying.

Calculate your consumption tax

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

Regarding the amount of sales tax and tax amount on purchases for the period starting on October 1, 2023 (when the qualified invoice-based method [the invoice system] took effect), the calculation method based on "deduction calculation" (whereby deduction is applied to the total transaction value in the calculation for each applicable tax rate) is hereby shown. Regarding the calculation method and how to fill in a tax return in case "accumulation calculation" (whereby the amounts of consumption tax, etc. described on qualified invoices are accumulated in the calculation) is applied, see the special corner for the invoice system on the website of the National Tax Agency.

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

$$\text{Taxable sales (tax included)} \times \left(\frac{100}{108} \text{ or } \frac{100}{110} \right) = \text{Tax base} \quad (*\text{rounded down to the nearest } \text{¥}1,000)$$

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.

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

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

Q. What items are included in the amount of sales revenue?

A. The following revenue sources are included: business income from product sales, agriculture, etc.; proceeds from real estate property sales; proceeds from sales of fixed assets for business, etc.

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

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

Q. Please tell me about the business types and the deemed purchase rate for each type.

A. Our answer is as follows.

Nature of the business	Business type	Deemed purchase rate
Wholesale	Type 1	90%
Retail, etc.	Type 2	80%
Manufacturing, etc.	Type 3	70%
Other type of business	Type 4	60%
Services, etc.	Type 5	50%
Real estate	Type 6	40%

Please refer to Page 20 for more details.

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 business 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)

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)

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

Other items

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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.

Q. Please tell me about the cases where tax return for refund is applied.

A. In the simplified tax system, tax return for refund is applied when the tax amount in interim tax return filing is larger than that in tax return filing, etc.

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 (2023) and the base period (2021)
- 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
- 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)

$$\left(\begin{array}{l} \text{"①Amount of} \\ \text{tax payable"} \end{array} + \begin{array}{l} \text{"②Transferable} \\ \text{tax payable"} \end{array} \right) - \left(\begin{array}{l} \text{"③Tax refundable} \\ \text{for insufficient} \\ \text{deduction"} \end{array} + \begin{array}{l} \text{"④Refundable} \\ \text{interim} \\ \text{payment"} \end{array} + \begin{array}{l} \text{"⑤Amount} \\ \text{of tax} \\ \text{refundable"} \end{array} + \begin{array}{l} \text{"⑥Transferable} \\ \text{interim payment} \\ \text{refundable"} \end{array} \right)$$

= "㉖Total consumption and local consumption taxes"

Enter other items

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

Submit your return form

Details of how to submit the final return form are as follows.

1. File by e-Tax
2. Send it by post or courier ("shinshobin" only) to the Tax office covering your jurisdiction or the Submission Processing Center applicable to your postal address.
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

The payment method is as follows.

1. Tax payment by transfer account
2. Direct Payment (Account transfer via e-Tax)
3. Payment via Internet banking or at ATM
4. Payment by credit card
5. Payment by smartphone app
6. Cash payment at convenience stores using QR code
7. 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.

What is tax payment by transfer account?

Tax payment by transfer account is quite a convenient system whereby the tax amount is automatically debited from the deposit or savings account with a financial institution that was designated in advance. To apply for the tax payment by transfer account, please refer to Page 39.

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About interim filing and payment for 2024

If the final consumption tax amount is more than 480 thousand yen for 2023, you need to file and pay for interim return for 2024, 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 2023 and 22/78 of that amount as local consumption tax by Monday, September 2, 2024.
 - "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 payment a year)"
Please refer to the website of the National Tax Agency (<https://www.nta.go.jp>) 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.

The final day of the target period for the interim tax declaration for 2024 income will be Sunday, June 30, 2024. Therefore, if you want the application starting with the interim tax declaration for 2024 income, submit a notice to the District Director of the tax office in charge by that day.

* Amount of the interim tax to be paid should be 6/12 of the amount of consumption tax in the final tax return of the previous year. When paying the interim consumption tax, you should pay the interim local consumption tax at the same time.

Consumption tax and local consumption tax are the taxes that will be eventually assumed by consumers; they have the nature of deposits payable. Please ensure proper tax return filing and payment within the due date.