

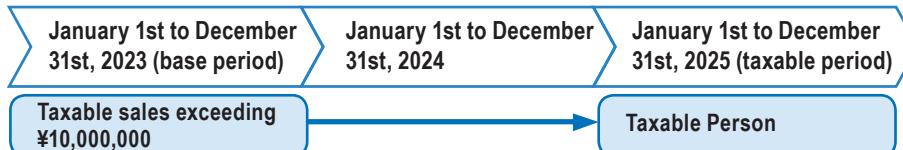
# Basic knowledge

Explains things we would like you to know before filing your final return.

## Those who must file final returns

Sole proprietors who at any stage fall under either of the following categories are required to file the Consumption and Local Consumption Taxes Final Return for 2025. The final return for consumption and local consumption taxes is filed in one final return form.

- (1) For a registered business issuer of qualified invoice
- (2) Sole proprietor which had taxable sales amounting to more than 10 million yen during the base period (2023), (see following figure) or
- (3) Sole proprietor which do not fall under category (1) above but have submitted the "Report on the Selection of Taxable Proprietor Status for Consumption Tax"
- (4) Sole proprietor which do not fall under category (1) and (2) above and whose taxable sales for a specified period (the period from January 1, 2024 through June 30, 2024) exceeds 10 million yen. Note that for the determination of 10 million yen during a specified period, total amount of salary and other expenses may be used instead of taxable sales, except for sole proprietors who are nonresidents on the first day of the taxable period.



**Note** If you fall under either (1)-(4), you need to file the final return for 2025, even if the amount of taxable sales during 2025 were 10 million yen or less. If your amount of taxable sales during 2023 were 10 million yen or less and you did not submit the "Report on the Selection of Taxable Proprietor Status for Consumption Tax" in advance and when not falling under category (1) or (4) above, you are a Tax-exempt business and are not allowed to file a final return even in the case when you made capital investment during 2025 and a tax refund is expected if you file the final return. For details, please refer to the "Overview of consumption tax," (in Japanese) etc. posted on the website of the National Tax Agency.

\* In case you become a taxable person midway of a year after the registration as a business issuer of qualified invoice, you will be required to submit a tax return for the taxable transactions executed during the period as a taxable person (for instance, if you become a taxable person from April 1, 2025, the target period will be from April 1, 2025, to December 31, 2025).

Note that for the determination of 10 million yen during a specified period, total amount of salary and other expenses may be used instead of taxable sales, except for sole proprietors who are nonresidents on the first day of the taxable period.

In this case, please see the special corner for the invoice system on the website of the National Tax Agency, for the calculation method of consumption tax and how to fill in a tax return.

## About the qualified invoice-based method(the invoice system)

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.

Business operators that wish to issue a qualified invoice must submit an "Application for Registration as a Qualified Invoice Issuer" to the District Director of the Tax Office and be 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)".

## 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. Descriptions and storage of account books, invoices, etc., please refer to Page 6.

## Important terms

### Base period

Benchmark period for determining whether or not the Sole proprietors is a Taxable person or a Tax-exempt business and if the simplified tax system can be applied.

The base period for Sole proprietors is the second proceeding year before the taxable period.

### Taxable period

Base of time used for calculating the amount of consumption and local consumption taxes payable. In principle, the taxable period for Sole proprietors is from January 1st to December 31st.

### Taxable sales

Sum of the amount of sales relating to transactions subject to consumption tax (excluding consumption and local consumption taxes) and the amount of Tax-exempt sales such as those relating to export transactions. Those with returns, discounts or rebates should be deducted from the sum of these amounts (excluding consumption and local consumption taxes). In the case of Tax-exempt business in 2023, the consumption tax is not included in the sales. In this case, the sales (except for Non-taxable sales) would be the taxable sales amount for 2023. (Do not exclude for tax)

### Qualified invoices

Qualified invoices is a means for a seller to communicate to a buyer the exact applicable tax rate and the amount of consumption tax, and refers to an invoice, delivery note, or other similar document that lists certain items. Please refer to P 7 for information on and examples of qualified invoices.

## 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

# Amount of consumption and local consumption taxes payable

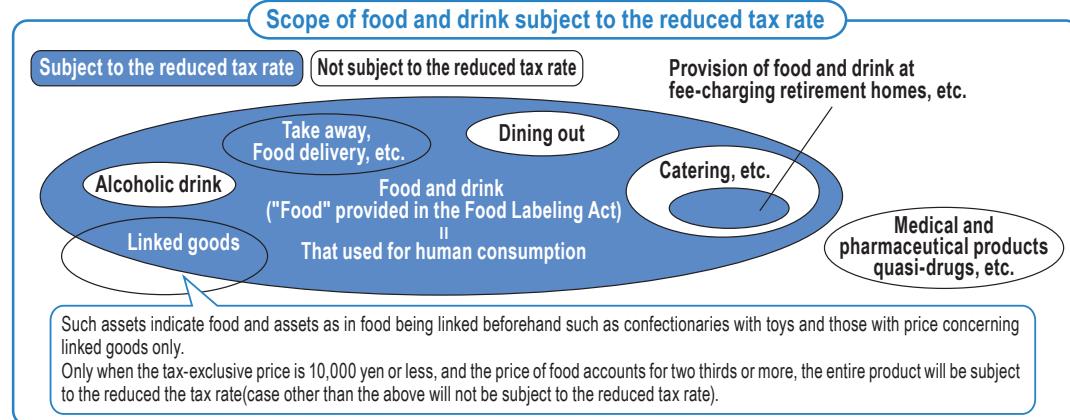
## Consumption Tax rate

Classification	Standard tax rate	Reduced tax rate
Consumption Tax rate	7.8%	6.24%
Local Consumption Tax rate	2.2% (22/78 of the amount of Consumption Tax)	1.76% (22/78 of the amount of Consumption Tax)
Total	10.0%	8.0%

## Reduced tax rate system for consumption tax

### Items subject to the reduced tax rate

- ① Food and drink excluding alcoholic drink and dining out
- ② Newspapers issued more than twice a week or more (restricted to those by subscriptions)



## Ordinary payable consumption taxes calculation method

$$\text{Consumption taxes on taxable sales during the taxable period} - \text{Consumption taxes on taxable purchases during the taxable period} = \text{Payable consumption taxes}$$

## Tax amount calculation method

### Amount of sales tax

**[Accumulation calculation]**  
Total of the amounts of consumption tax, etc. described on qualified invoices  $\times 78/100$ , to calculate the amount of consumption tax. (This method can be used only by business issuer of qualified invoice.)

**[Deduction calculation] [General Rule]**  
For each taxable base amount (calculated from the total amount of tax-included prices for the transfer, etc. of taxable assets, as grouped for each tax rate), multiply it by  $7.8/100$  (in case a reduced tax rate is applied,  $6.24/100$ ) to calculate the value.

### «Tax amount on purchases»

**[Accumulation calculation] \***  
Total of the amounts of consumption tax, etc. described on qualified invoices  $\times 78/100$ , to calculate the amount of consumption tax.

**[Deduction calculation]**  
For the total amount of purchase values (taxable purchases, as grouped for each tax rate), multiply it by  $7.8/100$  (in case a reduced tax rate is applied,  $6.24/108$ ) to calculate the value.

\* Whenever taxable purchases occur, if the amount obtained from the payment for the taxable purchases  $\times 10/110$  (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  $\times 78/100$  is allowed as a method of accumulation calculation for the tax amount on purchases (ledger-based accumulation calculation).

## Payable local consumption taxes calculation method

$$\text{Payable consumption taxes} \times \text{Rate of local consumption tax} \left( \frac{22}{78} \right) = \text{Payable local consumption taxes}$$

### Important terms

#### Taxable sales

Please refer to "What are taxable sales?" (P5).

#### Taxable purchases

Please refer to "What are taxable purchases?" (P6).

### Calculation of payable consumption taxes

The payable consumption taxes are consumption taxes on taxable sales minus the consumption taxes on taxable purchases.

As a rule, a refund is received when the consumption taxes on taxable purchases exceeds the consumption taxes on taxable sales.

### Difference between Consumption/Local Consumption Taxes and Income Tax

#### Consumption and local consumption tax calculation

The payable consumption taxes must be calculated based on taxable sales and taxable purchases for the taxpayer's entire business without regard to income category. The payable amount of local consumption tax must be calculated based on the payable consumption taxes.

#### Income tax calculation

If a Sole proprietor earns two or more categories of income from among businesses, real estate, and forestry income, the income tax levied based on the income calculated for each category.

# What are taxable sales?

Taxable sales refer to transactions that satisfy all 4 of the following conditions.

1. Effectuated in Japan
2. Effectuated by a business for business purposes
3. Effectuated for a compensation
4. Effectuated by the transfer or lease of assets or by the provision of services

Consumption and local consumption taxes are levied on taxable sales.

For example, machinery rental fees and proceeds from the sale of machinery, buildings and other business assets are also included in taxable sales in addition to such things as proceeds, from the sale of products, goods, contract work and services.

## Note The following transactions are not applicable to taxable sales.

In considering the inherent nature of taxation, there are certain items that should not be taxed such as interest income, proceeds from the sale or leasing of land (including leaseholds) or proceeds from the sale of commodity vouchers (merchandise coupons, beer coupons). Also, there are certain business activities considered unsuitable for taxation from a public policy perspective such as the income of doctors derived from social insurance medical fees. These are excluded from taxable sales and labeled as "non-taxable transactions".

Also, because such things as insurance benefits and consumption tax refunds are not income received from the transfer or lease of assets or from the provision of services, they are not subject to consumption tax and labeled "untaxable transactions".

The following are examples of taxable sales in consumption tax within the income derived from business, real estate and capital gains.

## ■ Taxable portion of business income

Most business income is classified as taxable sales.

However, the revenue from social insurance medical fees earned by doctors, the revenue earned by obstetricians or midwives for deliveries and proceeds from the sale of commodity vouchers such as merchandise or beer coupons are excluded from taxation and therefore not classified as taxable sales.

Assets from inventory consumed by Sole proprietors for personal use is treated as taxable sales based on the prevailing market values for those items. However, a value that is above the purchase price and 50% or more of the prevailing market value (70% for income tax purposes) can be assigned for those items with respect to taxable sales.

## ■ Taxable portion of real estate income

Real estate income such as from property rental fees, key money, surcharges and renewal charge (excluding income from the land rent (including leaseholds) and house rent) is classified as taxable sales.

As a rule, land rent is not taxable, however, fees for rental periods of less than 1 month and parking space rental fees are taxable.

The same is true for home rental fees, which are not taxable unless the rental period is less than 1 month.

When selling buildings for rent, the receipt of the purchase price is included in "Taxable portion of capital gains," as given below, even if you incur capital losses from the sale of the buildings.

## ■ Taxable portion of capital gains

Within the revenue from capital gains, any revenue derived from the sale of buildings, machinery, vehicles or other items used in business is classified as taxable sales.

In the same, when transferring the fixed assets used in business with some burdens as an onerous gift and contributing those assets in kind to corporations, the proceeds derived from those transactions are treated as taxable sales.

For example, proceeds from the sale of a vehicle used for deliveries (including funds received from trading in a used vehicle for the purchase of a new one; in case of a trade-in, the value of the trade) are considered as taxable sales. For such cases, the moment of the taxable sale is the entire amount of the sale, not the amount resulting from subtracting acquisition and transfer fees from the sale value.

However, proceeds from the sale of land (including leaseholds) are excluded from taxation and therefore not classified as taxable sales.

## What are non-taxable transactions?

The following are classified as non-taxable transactions.

Transactions not considered taxable

- The transfer or lease of land
- The transfer of securities or instruments of payment
- Providing services remunerated in the form of interest on savings or bank deposits or in the form of insurance premiums
- The transfer of postage stamps, revenue stamps, certificate stamps as well as merchandise coupons
- Providing services involving specified work done by governmental entities or involving international postal money orders

Transactions based on social policy considerations

- Social insurance medical fees
- Providing services covered by nursing care insurance or the transfer of assets as part of social welfare services
- Transfers of asset or provision of services related to midwifery
- Providing services remunerated by burial or cremation fees
- The sale or lease of articles used by the disabled
- School tuitions
- The transfer of educational books
- The leasing of dwellings

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## What a tax exemption for exports, etc ?

The following are classified as tax exemption for exports, etc.

- ① Sales or leasing of assets effected as exports from Japan.
- ② Sales and leasing to nonresidents of mining rights, copyrights etc.
- ③ The provision of services to nonresidents, except for
  - (a)Transportation of assets situated in Japan;
  - (b)Services related to food drinking in Japan;
- ④ Transfer of Tax-exempt assets at a tax-free shop.

On Page 46, criteria table for consumption tax application is shown, whereby each transaction could be basically judged whether it is taxable or not for consumption tax. Please use it in your operations.

## What are taxable purchases ?

This refers to the transfer or lease of assets from another party to a business or to the services received by that business for business purposes. For example, taxable purchases include not only the procurement of products and goods for inventory but also the purchase of buildings, machinery or consumables for business purposes, repair expenses and fuel costs for delivery vehicles. However, interest and discount fees, insurance premiums and the purchase or lease of land are non-taxable transactions and therefore not classified as taxable purchases. The payment of salaries and wages not subject to tax is also excluded from taxable purchases.

Purchasing goods for inventory and receiving services from consumers or operators of businesses not subject to consumption tax are also considered taxable purchases.

When purchasing depreciable assets, the entire amount expended is taxable for the year of purchase (for income tax purposes, only the amount of the depreciation allowance for the applicable year is a necessary expense).

**Note**

Payments of salaries and wages, including those paid to family employees, are not treated as taxable purchases, but employee travel allowance (the amount usually required for commuting) are taxable purchases.

## Descriptions and storage of account books, invoices, etc.

Since the tax rates for consumption tax and local consumption tax are multiple rates of the standard tax rate (10%) and the reduced tax rate (8%), business operators must record transactions according to the different tax rates (separate accounting) in order to file consumption tax and local consumption tax returns, etc.

Under the invoice system, in order to deduct the amount of consumption tax on taxable purchases, etc. (purchase tax credit), it is necessary to record the facts of taxable purchases, etc., and store account books corresponding to separate accounting, as well as invoices such as qualified invoices, etc. issued by the business issuer of qualified invoice\*. If neither of these are stored, the amount of consumption tax related to the taxable purchases, etc. that are not stored will not be eligible for deduction.

In addition, even if you make taxable purchases from persons other than the business issuer of qualified invoice (such as tax-exempt businesses and consumers), there is a transitional measure that allows you to deduct a certain percentage of the amount equivalent to purchase tax for taxable purchases made between October 1, 2023 and September 30, 2029 by storing account books containing certain items and invoices, etc. containing the same items as those on the separate invoices. Please refer below for more information on this transitional measure.

If you have chosen the simplified tax system or are eligible for the special accommodation of 20%, the amount of consumption tax to be paid is calculated from taxable sales, so storage of account books, invoices, etc. is not a requirement for purchase tax credit.

### Cases where the purchase tax credit is allowed by only storing account books

For transactions where it is difficult to receive a qualified invoice, etc., there is a special exception that allows purchase tax credit by only storing account books containing certain items. For more information on this special exception, please see the "Q&A on the Qualified Invoice Storage Method, etc. Under the Consumption Tax Purchase Tax Credit System for Consumption Taxes" (Invoice Q&A) on the National Tax Agency website.

Measures to reduce the administrative burden on businesses below a certain size (special exception for small amount)

Businesses with taxable sales of in the taxable sales during the base period is one hundred million (100,000,000) yen or less or the taxable sales during the specified period is fifty million (50,000,000) yen or less can apply for the purchase tax credit for taxable purchases of less than ten thousand (10,000) yen including tax from October 1, 2023 to September 30, 2029 by only storing account books that state certain items (special exception for small amount). In this case, it is not necessary to state the fact that the special exception for small amount is applied in the account books.

In addition, whether an item falls under the category of "less than ten thousand (10,000) yen including tax" is determined based on the amount related to taxable purchases for a single transaction (including tax), and is not determined based on the amount of each good related to taxable purchases.

## Transitional measure regarding tax credits for taxable purchases from persons other than the business issuer of qualified invoice

The amount of consumption tax on taxable purchases made from persons other than invoice issuers, such as tax-exempt businesses and consumers, cannot be deducted. However, there is a transitional measure that allows you to deduct a certain percentage of the amount equivalent to purchase tax for taxable purchases made between October 1, 2023 and September 30, 2029 if storing invoices, etc. containing the same items as those on the separate invoices, and indicating in the account books that the intention to seek the application of the provisions of this transitional measure (taxable purchases that are subject to the special exception of 80% deduction or 50% deduction) is stated.

If the "accumulation calculation" is applied to the amount of purchase tax, the amount of purchase tax on taxable purchases to which the transitional measure are applied must also be calculated using the "accumulation calculation".

Specifically, for each taxable purchase to which the transitional measure is applied, the amount calculated by multiplying the amount of consideration paid for the taxable purchase by 7.8/110 (6.24/108 if the purchase is subject to the reduced tax rate), and then multiplied by a certain percentage of the amount equivalent to the amount of purchase tax, will be considered as the amount of purchase tax (if that amount has a fraction of less than one (1) yen, that fraction shall be rounded down or up any fraction of less than one yen in such amount shall be rounded up or down.)

In addition, it is acceptable to separate and manage taxable purchases that are subject to this transitional measure, and to perform the above calculation for each such separated taxable purchase in the middle or at the end of the taxable period.

### The periods during which this transitional measure can be applied are as follows:

Period	Ratio
From October 1, 2023 to September 30, 2026	80% of the amount equivalent to purchase tax
From October 1, 2026 to September 30, 2029	50% of the amount equivalent to purchase tax

## ■ Described items on account books, invoices, etc.

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.

Ledgers	Described items on a qualified invoice		Described items on separate invoice
	Qualified invoice	Simplified qualified invoice	
① Name of the taxable purchase supplier ② Date, month and year ③ Transaction description (Indicating that the reduced tax rate items subject) ④ Price	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	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	① Name of the taxable purchase supplier ② Date, month and year ③ Transaction description (Indicating that the reduced tax rate items subject) ④ The tax-included total amounts of items by tax rate ⑤ Name of the invoice recipient* Ledgers Invoice, etc. *Business entities that trade with a large number of unspecified people, such as retail and restaurant business, may omit the descriptions of ⑤ in invoice that they issue. When invoice that are issued by suppliers have no descriptions that read "Items subject to the reduced tax rate" (of ③) or "④ The tax-included total amounts of items by tax rate," the business entities that received such invoice themselves may add descriptions concerning those matters alone, based on the fact of the relevant transaction.

\*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.

## 《Examples described of ledgers and invoices, etc.》

### ■ Examples described of ledgers

総勘定元帳（仕入れ）		○○商店	
月日	摘要	借方	貸方
11 2	（株）△△ 雑貨	22,000	
11 2	（株）△△ 食料品	21,000	
11 3	（株）□□ 雑貨	19,800	
⋮	⋮	⋮	

※は軽減税率対象品目 ★はインボイス発行事業者以外からの仕入れ（80%控除）

Indicating that the reduced tax rate items subject

- Marks, such as ※ and ★, shall be described on items subject to the reduced tax rate.
- It is required to demonstrate clearly that the marks indicate items subject to the reduced tax rate.

Set up a column for tax rate classification and describe "8%" or the tax rate code. These methods are acceptable too.

The fact that the transitional measure is applied

- The symbol such as "★" shall be placed on purchases from persons other than the business issuer of qualified invoice (80% deduction).
- Clarify that the symbol indicates purchases from persons other than the business issuer of qualified invoice (80% deduction).

### ■ Examples described of qualified invoices, etc.

**Qualified invoice**

請求書	○○商店	登録番号 T 012345...																								
（株）○○御中	11月分	131,200円																								
⑥	11月分	××年11月30日																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>日付</th> <th>品名</th> <th>金額</th> </tr> </thead> <tbody> <tr> <td>11/1</td> <td>魚 *</td> <td>5,000円</td> </tr> <tr> <td>11/1</td> <td>豚肉 *</td> <td>10,000円</td> </tr> <tr> <td>11/2</td> <td>タオルセット</td> <td>③ 2,000円</td> </tr> <tr> <td>⋮</td> <td>⋮</td> <td>⋮</td> </tr> <tr> <td>合計</td> <td>120,000円</td> <td>消費税 11,200円</td> </tr> <tr> <td>8 %対象</td> <td>40,000円</td> <td>消費税 3,200円</td> </tr> <tr> <td>10 %対象</td> <td>80,000円</td> <td>消費税 8,000円</td> </tr> </tbody> </table>			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	③ 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
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	③ 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																								
④	③	⑤																								
* 軽減税率対象																										

**Simplified qualified invoice**

スーパー○○	東京都...	登録番号 T 123456...
XX年11月30日	領収書	①
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
10 %対象		¥550
内 消費税額		¥24
内 消費税額		50
お預り		¥1,000
お釣		¥126

② ③ ④ ⑤ ⑥

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

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## ■ 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) becomes a business issuer of qualified invoice (Notes 1 and 2), 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.

(Example of a sole proprietor)

2023	2024	2025	2026	2027
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Registered on October 1, 2023



(Note 1) 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 2) 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.

## ■ Calculation method for the amount of tax

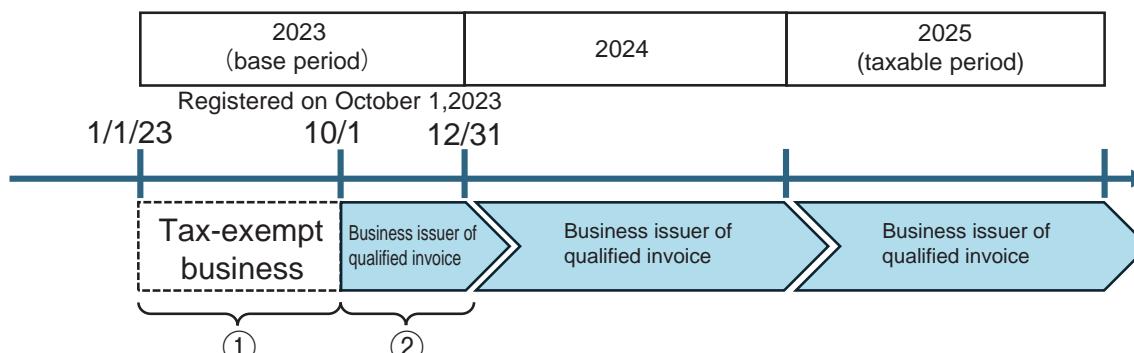
Amount of sales tax – Special deduction tax amount (Amount of sales tax × 80%)  
= the amount of consumption tax payable (= 20% of amount of sales tax)

(Example) if the annual sales amount is ¥7,000,000 (tax is ¥700,000)  
¥700,000 – ¥700,000 × 80% = ¥140,000

## ■ Calculation Method for Taxable Sales During the Base Period

For sole proprietors who became taxable entities as of October 1, 2023, upon becoming qualified invoice issuers, the taxable sales amount for the base period (2023) in their consumption tax returns for 2025 shall be calculated including the taxable sales amount for the period when they were tax-exempt business operators (January to September 2023).

Note that taxable sales amount during the period as a tax-exempt business operator is not subject to tax-exclusive treatment. These sales (excluding non-taxable sales, etc.) are directly included as taxable sales.



【Calculation Example】※ All applicable tax rates are 10%

① January to September 2023 Taxable sales ¥7,500,000

② October to December 2023 Taxable sales ¥3,300,000

→ ① ¥7,500,000 + ② ¥3,300,000 × 100/110 = ¥10,500,000

Calculate as it is

Tax excluded

Taxable Sales  
During the Base Period

③ Because taxable sales during the base period exceed 10 million yen, the 20% special measures cannot be applied.