A reduced tax rate system for consumption tax will be implemented simultaneously with the consumption tax rate hike to be scheduled on October 1, 2019.

**Consumption tax rate**

1. **Standard tax rate** 10% (Consumption tax rate 7.8%, Local consumption tax rate 2.2%)
2. **Reduced tax rate** 8% (Consumption tax rate 6.24%, Local consumption tax rate 1.76%)

**Items subject to the reduced tax**

1. Food and drink excluding alcoholic drink and dining out
2. Newspapers issued more than twice a week (those based on subscriptions)

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### Scope of food and drink subject to the reduced tax rate

#### Subject to the reduced tax rate

- Take away, Food delivery, etc.
- Catering, etc.
- Food and drink ("Food" provided in the Food Labeling Act)
- Linked goods (that used for human consumption)
- Medical and pharmaceutical products, quasi-drugs, etc.

#### Not subject to the reduced tax rate

- Alcoholic drink
- Dining out
- Provision of food and drink at fee-charging retirement homes, etc.

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#### Entry in ledgers, descriptions on invoices and the storing of these documents

The method of tax credit for consumption tax on purchases after the implementation of the reduced tax rate system will be the method of storing eligible invoices that requires the storing of ledgers and eligible invoices beginning October 2023. During the period from October 2019 to September 2023, the method to be adopted will be the method of storing invoices with classified descriptions that requires the storing of ledgers and invoices, etc. (invoices with classified descriptions) in which classifications by tax rate is stated in addition to the regular items.

Under the method of storing invoices with classified descriptions, the following items will be added to those currently stated in ledgers and invoices:

- **Ledgers**
  - In the case where a taxable purchase being the transfer of assets, etc. that is subject to the reduced tax rate from other persons, this is to be stated.

- **Invoices**
  - In the case where the transfer of taxable assets, etc. being the transfer of assets, etc. that is subject to the reduced tax rate, this is to be stated.
  - Value for the transfer of taxable assets, etc. aggregated by tax rate

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### Schedule of the method of tax credit for consumption tax on purchases

<table>
<thead>
<tr>
<th>Date</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 2019</td>
<td>The current method</td>
</tr>
<tr>
<td>October 1, 2023</td>
<td>The method of storing invoices with classified descriptions</td>
</tr>
<tr>
<td>October 1, 2023</td>
<td>The method of storing eligible invoices</td>
</tr>
</tbody>
</table>

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### Tax amount calculation

While the tax amount needs to be calculated by classifying taxable sales and taxable purchases, etc. by tax rate, the method for calculating consumption tax whereby the consumption tax amount concerning taxable purchases, etc. is subtracted from the consumption tax amount concerning taxable sales will remain the same as the current method.

Special exceptions to the tax amount calculation will be provided for a certain period for small and medium enterprises that have difficulties with the classification of taxable sales and taxable purchases, etc. by tax rate.