

3-7 Obligation to file consumption tax return and necessary report

1. For sole business proprietors whose taxable sales exceed 10,000,000 yen for 2018
 - If your taxable sales for 2018 exceed 10,000,000 yen, **you will be categorized as a taxable person for the purpose of consumption tax in 2020**. If you newly become a taxable person, please submit “Notification of Taxable Enterprise Status for Consumption Tax (for base period) [消費税課税事業者届出書 (基準期間用)]” to the Tax Office with jurisdiction over the location of your address etc. without delay.
 - In general, the amount of consumption tax due is calculated by deducting the consumption tax imposed on taxable purchases from the consumption tax imposed on taxable sales. However, individuals whose taxable sales in the second preceding year before the taxable period amounts less than 50,000,000 yen can select the “simplified tax system [簡易課税制度]” by which the amount of tax is calculated based on the consumption tax imposed on taxable sales without calculating their actual consumption on taxable purchase. In case of selecting “simplified tax system [簡易課税制度]”, the amount of consumption tax due is calculated by to consider the amount calculated by multiplying the amount of consumption tax on taxable sales by certain “deemed purchase rates [みなし仕入率]” to be the amount of consumption tax imposed on taxable purchases.
 - Sole business proprietors who will select filing returns using the simplified tax system from 2020 must submit “Report on the Selection of the Simplified Tax System for Consumption Tax [消費税簡易課税制度選択届出書]” to the Tax Office with jurisdiction over the location of your address by December 31, 2019.
 - *1 Even if the sole business proprietor’s taxable sales for 2017 (the base period for 2019) do not exceed 10,000,000 yen, but the taxable sales for the specified period (the period from January 1, 2018 through June 30, 2018) exceed 10,000,000 yen, the sole business proprietor will be categorized as a taxable person for the purpose of consumption tax in 2019.
Meanwhile, you can use the total amount of salaries etc. paid instead of taxable sales to determine if you are categorized as a taxable person or otherwise.
If you become a taxable person by this method, please file “Notification of Taxable Enterprise Status for Consumption Tax (for specified period) [消費税課税事業者届出書 (特定期間用)]” to the Tax Office with jurisdiction over the location of your address without delay.
 - *2 Taxable sales mean the sales from transactions subject to the imposition of consumption tax (including transactions conducted concomitantly with business activities, such as the sale of a building for business purposes). Sales from most of the transactions fall under taxable sales; however, income concerning transactions exempt from consumption tax is excluded, such as income from the sale of land and housing rent. Taxable sales also include manuscript fees, royalties, performance fees, lecturer’s fees, remuneration for lecturers, and income from a side job using the Internet.
 - *3 Please note that a taxpayer under the general taxation system (those not under the simplified taxation system) may not deduct consumption tax paid at the time of purchases and the payment of expenses without both a ledger and an invoice stating taxable purchases etc.
2. For sole business proprietors whose taxable sales exceed 10,000,000 yen for 2016
 - If your taxable sales for 2016 exceed 10,000,000 yen, you will be categorized as a taxable person for the purpose of consumption tax in 2018.
In such a case, you are required to file your consumption tax return and make tax payment by Monday, April 1, 2019.
 - *1 Even if taxable sales are 10,000,000 yen or less for 2016, those whose taxable sales exceed 10,000,000 yen for the specified period (from January 1, through June 30, 2017) will be categorized as taxable person for the purpose of consumption tax in 2018.
Meanwhile, you can use the total amount of salaries, etc. paid instead of taxable sales to determine if you are categorized as a taxable enterprise or otherwise.
 - *2 Sole business proprietors that made a purchase of specified high value asset on, may not be eligible for system of tax exemption sales thresholds for enterprises and simplified tax system for the year subsequent to the year of the date on which the purchase was made. For details, including provisional measures, please access the NTA website “Notice on the consumption tax law revision (April,2016) (November, 2016 revision) [消費税改正のお知らせ(平成28年4月)(平成28年11月改訂)]”.
 - * Please see “Outline for consumption tax [消費税のあらまし]” for general matters and procedures, “Consumption and Local Consumption Taxes Final Return Guide [消費税及び地方消費税の確定申告の手引き]” for necessary procedures for filing tax returns and paying taxes. The various manuals and report book places it in our website (www.nta.go.jp).