

1-4 Types of Income & Taxation Methods

Type	Overview	Taxation methods
Business income (Sales etc., Agriculture)	Income derived from independent enterprises such as commerce, industry, fishery, agriculture, self-employed profession, etc.	Aggregate Taxation
	Income derived from transfer of shares or futures trading etc., conducted in a business scale	Separate Self-assessment Taxation
Real estate income	Income derived from leasing of land, buildings, ships, aircraft, etc.	Aggregate Taxation
Interest income	Income of interest paid abroad on deposits and savings, etc.	Aggregate Taxation
	Income of interest paid in Japan on deposits and savings, etc.	Separate Taxation at Source
	Income of interest on specified bonds, etc. (★)	Separate Self-assessment Taxation
Dividend income	Income of dividends of surplus received from corporations and distribution of profit from publicly offered stocks securities investment trusts, etc. excluding incomes for which you choose to apply the separate self-assessment taxation. (★)	Aggregate Taxation
	Income of dividends on listed stocks and distribution of profits from stock securities investment trusts sold by public offering, for which you choose to apply the separate self-assessment taxation. (★)	Separate Self-assessment Taxation
	Income of distribution of profits from corporate bond-like beneficiary rights in privately offered special purpose trusts, etc.	Separate Taxation at Source
Employment income	Income of salaries, wages, bonuses, allowances, etc.	Aggregate Taxation
Miscellaneous income	Public pensions Income of the National Pension, the Employee Pension, defined-benefit corporate pensions, defined-contribution corporate pensions, other public pensions and certain foreign pensions, etc.	
	Others Other income including manuscript fees, lecture fees, and annuities under life insurance contracts, etc. which do not fall into other types of income.	
Capital gains	Income derived from transfer of golf club memberships, gold bullion, machinery, etc.	Aggregate Taxation
	Income derived from transfer of land, buildings, leasehold rights and shares, etc. *The income derived from transfer of shares fallen into the business income or miscellaneous income is excluded.	Separate Self-assessment Taxation
Occasional income	Income of lump-sum payments from life insurance policies, prize money, lottery winnings, etc.	Aggregate Taxation
	Income derived from certain single-premium endowment or casualty insurance policies where the term of insurance or mutual relief is 5 years or less, etc.	Separate Taxation at Source
Timber income	Income derived from transfer of logged forests (timber), which have been owned for a period exceeding five years, etc.	Separate Self-assessment Taxation
Retirement income	Income of retirement allowances, lump-sum pensions, lump-sum payments of old-age benefits as defined by the Defined Benefits Corporate Pension Law and the Defined-Contribution Pension Law, etc.	

(★) There is a system that do not require a final return regarding these incomes (see page 56).

Note:

Aggregate Taxation:	A system whereby tax is calculated in combination with other types of income by a final return.
Separate Self-assessment Taxation:	A system whereby tax is calculated separately from other types of income by a final return.
Separate Taxation at Source:	A system whereby, a certain amount is withheld as tax when income is received; and this completes the payment of taxes, irrespective of other types of income. (A final return cannot be filed.) In addition to the income mentioned in the above table, income derived from gold investment (savings) accounts is also liable to separate taxation at source.