

2-4 STEP 2 Amount of earnings etc. / Amount of income

According to the types of income, the amount of income is calculated by subtracting deductions from earnings such as necessary expenses, etc. from the amount of earnings in one year.

Business Income	⇒ page 18	Dividend income	⇒ page 20	Capital gains	⇒ page 23
Real estate income	⇒ page 19	Employment income	⇒ page 21	Occasional income	⇒ page 24
Interest income	⇒ page 20	Miscellaneous income	⇒ page 22		

*This section explains about the income subject to the aggregate taxation (see page 10).

1 Business income (from sales, etc. and agriculture)

Page 1 ㉞㉟㊱㊲

The business income from sales etc. includes wholesale and retail commerce, restaurants, manufacturing, construction, finance, transport, maintenance, services and any concern whose income derived from business activities.

It also includes the income of doctors, lawyers, writers, actors, professional baseball players, traveling salespersons, carpenters and those involved in fishery or similar enterprises.

Business income from agriculture is defined as deriving from agricultural production, fruit growing, sericulture, rearing of poultry and livestock, and dairy farming.

*Please note that business income may be liable to enterprise tax (see page 54) .

◇ How to calculate income

Total earnings – Necessary expenses

The income amount is calculated in the “Financial statement for blue return [青色申告決算書]” for blue return taxpayers, and the “Statement of earnings and expenses [収支内訳書]” for other than blue return taxpayers.

Those who satisfy both of the requirements below a) and b) are eligible for special treatment in calculating necessary expenses relating to amount of business income or miscellaneous income. For details, see the document “For those working at home and others eligible for special treatment in calculating business income[家内労働者等の事業所得等の所得計算の特例の適用を受けられる方へ].”

- Home workers, traveling salespersons, money collectors, electricity meter-readers or people conducting on-going personal services for a specific group of people.
- Those whose total amount of (i) earnings from employment etc. and (ii) necessary expenditures related to business income and miscellaneous income is less than 650,000 yen.

◇ How to complete the form

➤ Page 1

- Post each amount filled in the “Financial statement for blue return [青色申告決算書]” or the “Statement of earnings and expenses [収支内訳書]” to the following blocks;
 - ㉞ (amount of earnings from sales, etc.) or ㉟ (amount of earnings from agriculture) and ㊱ (amount of business income from sales, etc.) or ㊲ (amount of business income from agriculture).
- Post the amount of wages (deductions) for family employees filled in the “Financial statement for blue return” or the “Statement of earnings and expenses” to the block ㉞, and the amount of the special allowance for filing a blue return to the block ㉟.

➤ Page 2

- Fill in the “statement of income (withholding income tax and special income tax for reconstruction) [○ 所得の内訳(所得税及び復興特別所得税の源泉徴収税額)]”, if applicable.
- Write the following information in the blocks headed “Items concerning family business employees [○ 事業専従者に関する事項],”: name of family business employee(s), the individual number (My-Number), relationship, date of birth, number of months employed and frequency of work (those filing a white return only), nature of business (those filing a white return only), amount of wages (deduction) for family employee(s).

The real estate income includes income derived from leasing of land, building, property rights on real estate, ships, aircraft, etc.

The key money, contract renewal fees and transfer fees of title when leasing real estates are also classified as the real estate income.

※ Please note that income from real estate may be liable to enterprise tax(see page 54).

◇ How to calculate income

Total earnings – Necessary expenses

The income amount is calculated in the “Financial statement for blue return [青色申告決算書]” for blue return taxpayers, and the “Statement of earnings and expenses [収支内訳書]” for other than blue return taxpayers.

◇ How to complete the form

➤ Page 1

- Post each amount filled in the “Financial statement for blue return [青色申告決算書]” or the “Statement of earnings and expenses [収支内訳書]” to the following blocks;
 - ㊦ (amount of earnings) and ㊧ (amount of income).
- Post the amount of wages (deductions) for family employees filled in the “Financial statement for blue return” or the “Statement of earnings and expenses” to the block ㊨, and the amount of the special allowance for filing a blue return in field ㊩.

➤ Page 2

- Fill in the “Statement of income (withholding income tax and special income tax for reconstruction) [○ 所得の内訳(所得税及び復興特別所得税の源泉徴収税額)]”, if applicable.
- Write the following information in the blocks headed “Items concerning family business employees [○ 事業専従者に関する事項],”: name of family business employee(s), the individual number (My-Number), relationship, date of birth, number of months employed and frequency of work (those filing a white return only), nature of business (those filing a white return only), amount of wages (deduction) for family employee(s).

◎ Interest on liabilities incurred to acquire land

If you have a deficit in your real estate income and have included the “amount of interest on liabilities incurred to acquire land” in calculating necessary expenses, fill in the following amount in accordance with the following classification. In this case, indicate “㊦” at the beginning of the amount filled in here: the block ㊧ on the Page 1.

1. In the case the amount of interest on liabilities incurred to acquire land exceeds the amount of deficit in your real estate income: “0.”
2. In the case the amount of interest on liabilities incurred to acquire land does not exceed the amount of deficit in your real estate income: **the amount of deficit except for the amount of interest on liabilities.**

As for the amount of interest on liabilities incurred to acquire land, see “How to fill out the statement of earnings and expenditure (for the real estate income) [収支内訳書(不動産所得用)の書き方],” or “How to fill out the financial statement for blue return (for the real estate income) [青色申告決算書(不動産所得用)の書き方].”

Income such as interest paid abroad on deposits etc., which is not subject to the Japanese withholding, or interest on corporate bonds issued by a family company that is paid out to shareholders etc. that served as the basis of the categorization as a family company falls into the interest income subject to the aggregate taxation.

*1 Interest on deposits or savings, bonds other than specified bonds (see page 57), and privately offered bond investment trusts, etc. are subject to the separate taxation at source (see page 10), so these items cannot be filed.

*2 Interest etc. subject to the aggregate taxation is not eligible for the separate self-assessment taxation.

◇ How to calculate income

$$\boxed{\text{Total earnings}} = \boxed{\text{Amount of interest income}}$$

The amount of interest income is the same as that of earnings.

◇ How to complete the form

➤ Page 1

- Write the amount of earnings (income) from interest in the following blocks; ㊦ and ④.

The dividend income includes income of dividends of surplus received from corporations and distribution of profit from investment trusts (excluding bond investment trusts and publicly offered bond investment trusts).

For the dividend income related to dividends etc. from listed stocks, etc. (excluding those for major shareholders, etc.), you can choose to apply whether the aggregate taxation or the separate self-assessment taxation (see page 56). When you choose to apply the separate self-assessment taxation, fill out the Page 3 (separate taxation form) etc. in addition to the Page 1 and 2.

For details, access our website “The method (example) for filing income from transfer of shares, etc. [株式等の譲渡所得等の申告のしかた（記載例）]”.

◇ The columns for calculations

Amount of earnings from dividends, etc. (including tax)	(Total) yen	A
Interest on liabilities*	 yen	B
Amount of dividend income (A-B)	(“0” when in deficit) yen	C

*Interest on liabilities is limited to the interest on money borrowed in order to buy shares or make investments. However, it does not include interest related to income from transfer of securities.

◇ How to complete the form

➤ Page 1

- Post the amount of earnings entered in box A to the block ㊦ and the amount of dividend income entered in box C to the block ⑤.

➤ Page 2

- Write the appropriate items in the following blocks;
 - “Statement of income (withholding income tax and special income tax for reconstruction) [○ 所得の内訳(所得税及び復興特別所得税の源泉徴収税額)]”
 - “Items concerning miscellaneous income (excluding public pensions, etc.), dividend income, capital gains subject to the aggregate taxation, and occasional income [○ 雑所得(公的年金等以外)、総合課税の配当所得・譲渡所得、一時所得に関する事項]”
 - “Items about inhabitant taxes and enterprise taxes [○ 住民税・事業税に関する事項]” (see page 51)

*See page 56 for taxation methods of the interest income and the dividend income.

The employment income includes wages, salaries, bonuses, allowances and any other payments of this nature.

◇ The columns for calculations

Amount of earnings from employment, etc. (including tax)	(Total)	yen	A
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Amount A	Amount of employment income	
Up to 650,999 yen	0 yen	
651,000 yen to 1,618,999 yen	$A - 650,000$ yen	_____ yen
1,619,000 yen to 1,619,999 yen	969,000 yen	
1,620,000 yen to 1,621,999 yen	970,000 yen	
1,622,000 yen to 1,623,999 yen	972,000 yen	
1,624,000 yen to 1,627,999 yen	974,000 yen	
1,628,000 yen to 1,799,999 yen	$A \div 4$ (round down fractions less than 1,000 yen)	$B \times 2.4$ _____ yen
1,800,000 yen to 3,599,999 yen	B	$B \times 2.8 - 180,000$ yen _____ yen
3,600,000 yen to 6,599,999 yen	_____,000 yen	$B \times 3.2 - 540,000$ yen _____ yen
6,600,000 yen to 9,999,999 yen	$A \times 0.9 - 1,200,000$ yen _____ yen	
10,000,000 yen or more	$A - 2,200,000$ yen _____ yen	

* Round down the fractions less than 1 yen.

◇ How to complete the form

➤ Page 1

- Post the amount of earnings entered in box A to the block ㉞ and the Amount of employment income to the block ⑥.

*When those whose all earnings have been subject to the year-end adjustment, post “the amount paid” indicated on “the withholding tax statement of employment income” received from their employers to the block ㉞ and “the amount after deduction for employment income” to the block ⑥.

*In the block shown in “classification [区分]”, only those who apply the deduction for specially designated expenditure from employment income can make an entry. For details, please access our website “Detailed statement about deduction for specially designated expenditure for employment income earners [給与所得者の特定支出に関する明細書]”.

➤ Page 2

- Fill in the “Statement of income (withholding income tax and special income tax for reconstruction) [O 所得の内訳(所得税及び復興特別所得税の源泉徴収税額)]”.

* If employment income earners make specially designated expenditure ((1) commuting expense, (2) moving expense (related to a change of workplace) (3) training expense, (4) expense for obtaining qualifications (cost spent for a person to get a qualification), (5) traveling expense for coming home (related to working apart from their family) and (6) expenses necessary for work) in the year and the total of the specially designated expenditure of the year exceeds a certain amount, the persons are eligible for deduction for specially designated expenditure. For details, please see "Deduction for Specially Designated Expenditure for Employment Income Earners[給与所得者の特定支出控除について] ."

The miscellaneous income includes the National Pension, the Employee Pension, defined-benefit corporate pensions, defined-contribution corporate pensions, other public pensions and certain foreign pensions, manuscript fees, lecture fees, royalties, TV appearance fees, interest on lending, annuities under life insurance contracts, mutual-aid annuities and any other income which does not fall into the other categories of income.

The increased pension and ordinary pension for those injured during war service, survivor's pension paid based on the employment of the deceased, benefit payments deriving from the Mentally and Physically Handicapped Dependents Mutual Relief System, a portion of annuities based on the right to receive annuities under life insurance policies etc. obtained as a result of an inheritance, which is subject to the inheritance tax and the gift tax, etc. are not liable to taxation of income tax etc.

◇ The columns for calculations

Miscellaneous income from public pensions etc. and other miscellaneous income are calculated separately.

㊦ Computation of miscellaneous income from public pensions etc.

Amount of earnings from miscellaneous income from public pensions, etc. (including tax)	(Total)	A
	yen	

㊧ Computation of other miscellaneous income

Amount of earnings from other miscellaneous income (including tax)	(Total)	C
	yen	
Necessary expenses	yen	D
Subtracted figure (C - D)	yen	E

Individuals born on or after January 2, 1955 (Individuals aged less than 65) should make their calculations using the following table.

Amount A	Miscellaneous income from public pensions, etc.	B
Up to 700,000 yen	0 yen	
700,001 yen to 1,299,999 yen	A - 700,000 yen = _____ yen	
1,300,000 yen to 4,099,999 yen	A × 0.75 - 375,000 yen = _____ yen	
4,100,000 yen to 7,699,999 yen	A × 0.85 - 785,000 yen = _____ yen	
7,700,000 yen or more	A × 0.95 - 1,555,000 yen = _____ yen	

* Round down the fractions less than 1 yen.

Individuals born on or before January 1, 1955 (Individuals aged 65 or over) should make their calculations using the following table.

Amount A	Miscellaneous income from public pensions, etc.	B
Up to 1,200,000 yen	0 yen	
1,200,001 yen to 3,299,999 yen	A - 1,200,000 yen = _____ yen	
3,300,000 yen to 4,099,999 yen	A × 0.75 - 375,000 yen = _____ yen	
4,100,000 yen to 7,699,999 yen	A × 0.85 - 785,000 yen = _____ yen	
7,700,000 yen or more	A × 0.95 - 1,555,000 yen = _____ yen	

* Round down the fractions less than 1 yen.

㊨ Miscellaneous income

Amount of miscellaneous income (B + E)	("0" when in deficit)	F
	yen	

◇ How to complete the form

➤ Page 1

- Post the amount of earnings entered in box A to the block ㊦ and that of earnings entered in box C to the block ㊧.
- Post the amount of miscellaneous income entered in the box F to the block ㊨.

➤ Page 2

- Fill in the "Statement of income (withholding income tax and special income tax for reconstruction) [所得の内訳(所得税及び復興特別所得税の源泉徴収税額)]" and "Items concerning miscellaneous income (excluding public pensions, etc.), dividend income, capital gains subject to the aggregate taxation, and occasional income [雑所得(公的年金等以外)、総合課税の配当所得・譲渡所得、一時所得に関する事項]".

㊩ Non requirement of filing tax returns concerning pension recipients

You are not required to file a return for income tax etc. if (a) your amount of earnings from public pensions is 4,000,000 yen or less, (b) all the pensions you received are subject to the Japanese withholding (excluding ones that are covered by the provision in Article 203-6 of the Income Tax Act (Note) (public pensions, etc. not subject to the Japanese withholding), and (c) your amount of income (excluding miscellaneous income from public pensions, etc.) is 200,000 yen or less.

* Even if you are not required to file a return for income tax etc., you are required to file a return for income tax etc. in order to receive refunds of income tax etc. (see page 12).

* For the inhabitant tax, see page 65.

Note: Article 203-7 shall apply on and after January 1, 2020

The capital gains subject to the aggregate taxation include income derived from transfer of golf club memberships, gold bullion, ships, machinery, patent rights, fishing rights, paintings, curios and other objects of art, and precious metals, etc.

Short-term capital gain is income derived from transfer of assets held for not more than five years; long-term capital gain is income derived from transfer of assets held for more than five years.

Please note that capital gains from transfer of land, leasehold rights, or capital gains from transfer of shares are subject to separate self-assessment taxation (see page 10). In this case, fill out the Page 3 (separate taxation form) etc. in addition to Page 1 and 2.

◇ The columns for calculations

◎ short-term capital gain

Earnings from short-term capital gains (selling price)	yen	A
Purchase price of short-term capital assets etc.*1	yen	B
Subtracted figure*2 (A - B)	yen	C
Special deduction amount (C or 500,000 yen, whichever is less)	yen	D
Amount of short-term capital gains (C - D)	yen	E

◎ long-term capital gain

Earnings from long-term capital gains (selling price)	yen	F
Purchase price of long-term capital assets etc.*1	yen	G
Subtracted figure*2 (F - G)	yen	H
Special deduction amount (H or (500,000 yen - D), whichever is less)	yen	I
Amount of long-term capital gains (H - I)	yen	J

*1 This is the total amount of the purchase price of capital assets (excluding the amount already added to the business expenses, etc.) minus equivalent depreciation costs, and the direct costs of transferring the assets.

*2 If you are running a deficit on this figure, or if your income from business or real estate is in deficit, please contact the nearest Tax Office.

◇ How to complete the form

➤ Page 1

- Post the “amount of short-term capital gains” entered in the box ㊦ to the block ㊦, and the “amount of long-term capital gains” entered in the box ㊧ to the block ㊧.

* In this block, post the amount of income, not that of earnings.

How to fill in the block ㊨ depends on whether you have occasional income or not.

Those who have no occasional income:

- Calculate as follows and post the amount of ㊨ to the block ㊨.

㊧ × 0.5	yen	K
㊥ + K	yen	L

Those who have occasional income:

- Proceed to the next page.

➤ Page 2

- Fill in the “Items concerning miscellaneous income (excluding public pensions, etc.), dividend income, capital gains subject to the aggregate taxation, and occasional income [○ 雑所得(公的年金等以外)、総合課税の配当所得・譲渡所得、一時所得に関する事項]”.

The occasional income includes lump-sum payments and maturities from life or casualty insurance policies, prize money, lottery winnings, and winnings from horse or cycle races and other occasional income without consideration.

◇ The columns for calculations ①

Amount of earnings from occasional income (including tax)	(Total) yen	M
Amount spent to gain earnings	yen	N
Subtracted figure*1 (M - N)	("0" when in deficit) yen	O
Special deduction amount (<input type="checkbox"/> or 500,000 yen, whichever is less)	yen	P
Amount of occasional income (<input type="checkbox"/> - P)	yen	Q

*1 If you have incurred deficit in business income, real estate income or capital gains subject to the aggregate taxation, please contact the nearest Tax Office.

◇ The columns for calculations ②

Amount of short-term capital gains (Block <input type="checkbox"/> in the capital gains subject to the aggregate taxation)	yen	R
Amount of long-term capital gains (Block <input type="checkbox"/> in the capital gains subject to the aggregate taxation)	yen	S
$(Q + S) \times 0.5$	yen	T
$R + T$	yen	U

◇ How to complete the form

➤ Page 1

- Post the "amount of occasional income" entered in the box to the block ㊦,
- * In this block, post the amount of income, not that of earnings.
- Post the amount entered in the box to the block ㊧.

➤ Page 2

- Fill in the "Statement of income (withholding income tax and special income tax for reconstruction) [○ 所得の内訳(所得税及び復興特別所得税の源泉徴収税額)]" and "Items concerning miscellaneous income (excluding public pensions, etc.), dividend income, capital gains subject to the aggregate taxation, and occasional income [○ 雑所得(公的年金等以外)、総合課税の配当所得・譲渡所得、一時所得に関する事項]".

◇ How to complete the form

➤ Page 1

- Write the total amount of the amounts you have written in blocks ① to ⑧ in the block ⑨.
- * If you have filled in the block ㉔ on Page 1(see page 49), write the total amount of the amounts you have written in blocks ① to ⑧ less the amount written in the block ㉔.

Aggregation of profit and loss

If you have deficits in the business income, the real estate income, the timber income or the capital gains subject to the aggregate taxation, you may deduct the deficit from other categories of income that are not in deficit. This is called the “aggregation of profit and loss”.

Please pay attention to the following points when aggregating profit and loss,:

- If you do not have the capital gains subject to the aggregate taxation or the occasional income, but you do have a deficit in any of the boxes from ① to ③ on the Page 1, you must add up the figures for each type of income as they are.
- In the cases that differ from note (i) above, the calculations will become complicated. Please contact the nearest Tax Office instead. In the case that you have incurred losses in several kinds of income, you may use “**Calculation form for aggregation of profit and loss** [損益の通算の計算書]”.
- As a rule you can't deduct the deficit of the transferring golf club memberships, etc. from other categories of income.