

INSTRUCTIONS Oct.1.2023~



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.

To ensure the application of tax credits on purchases under the qualified invoice-based method, in principle, retention of the following is required: a ledger that contains certain descriptions; and qualified invoice, etc. that were issued by "business issuer of qualified invoice".

Described items on a qualified invoice

Qualified Invoice

Invoice		
⑥ A Co., Ltd.	② Jun.1.20XX	
	Amount excluding tax	Consumption tax
③ Beef ※	¥10,000	¥800
Chopsticks	¥3,000	¥300
⋮	⋮	⋮
④ 10%	¥25,000	⑤ ¥2,500
8%	¥13,000	¥1,040
③ ※ reduced tax rates		
① B Co., Ltd.		
T1234567890123		

- 1 Name 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 Total amount spent on purchases separately by tax rates (Excluding or including tax) and applicable tax rate
- 5 Consumption tax amount categorized by tax rates (in Japanese yen)
- 6 Name of the business operator to whom the invoice is issued

Regarding the transactions of retail business, restaurant business, taxi operating business, etc. where goods or services are sold to many and unspecified people, simplified qualified invoices may be issued instead of qualified invoices.

- 1 Name 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 Total amount spent on purchases separately by tax rates (Excluding or including tax)
- 5 Consumption tax amount categorized by tax rates (in Japanese yen) or applicable tax rate
* Both can be described.

Simplified Qualified Invoice

RECEIPT		
① Supermarket A 03-XXXX-XXXX T2345678901234		
② Jun.1.20XX		
③ Yogurt ※	1	¥108
Cup Noodles ※	1	¥216
Beer	1	¥550
Total		¥874
⑤ 8%		④ ¥324
10%		¥550
Cash		¥1000
Change		¥126
③ ※ reduced tax rates		



How to issue qualified invoice

To issue qualified invoices, you must 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.

1 The special corner for the invoice system
<https://www.nta.go.jp/taxes/shiraberu/zeimokubetsu/shohi/keigenzeiritsu/invoice.htm>

2 "Application procedures"
https://www.nta.go.jp/taxes/shiraberu/zeimokubetsu/shohi/keigenzeiritsu/invoice_shinsei.htm

** Only available in Japanese*

NOTE

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)".

<https://www.invoice-kohyo.nta.go.jp/>

** Only available in Japanese*

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.



Attention points as a buyer 1/2

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.

However, the following transitional measure is in place during the period of Oct. 1.2023 ~ Sep.30.2029: even for the taxable purchases from anybody other than business issuer of qualified invoice, certain portion of the tax amount equivalent on purchases can be deducted as the tax amount on purchases.

Certain % of the tax amount equivalent on purchase

Oct.1.2023 ~ Sep.30.2026 ... 80%

Oct.1.2026 ~ Sep.30.2029 ... 50%

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Attention points as a buyer 2/2

To ensure the application of the transitional measure (80% deduction, 50% deduction) for obtaining tax credits on purchases, the following are required: retain the invoices, etc. that contain the same descriptions as the invoices with classified descriptions to be received from anybody other than the business issuer of qualified invoice; and retain the ledger that shows a description that the transitional measure will be applied (stating that the purchases were the taxable purchases subject to the special application of a 80% deduction or 50% deduction).

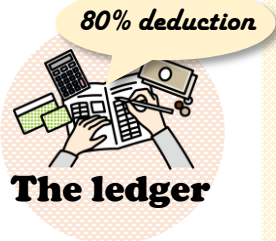
**The transitional measure
(80% deduction, 50% deduction)**

**NEED TO
RETAIN**



**The invoice
(Not Qualified)**

&



The ledger



Tax amount calculation method

"Accumulation calculation" or "Deduction calculation" can be chosen for calculating amount of sales tax and tax amount on purchases on Oct.1.2023, or after.



1 "Accumulation calculation" is a method accumulating the amounts of consumption tax, etc. that are described on qualified invoices.



2 "Deduction calculation" is a method deducting a portion from the aggregate amount of transactions for each applicable tax rate.

Amount of sales tax

"Accumulation calculation"

Total of the amounts of consumption tax, etc. described on qualified invoices x 78/100, to calculate the amount of consumption tax. (This method can be used only by business issuer of qualified invoice.)

"Deduction calculation"

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.

ONLY

**CHOOS-
ABLE**

Tax amount on purchases

"Accumulation calculation"※

Total of the amounts of consumption tax, etc. described on qualified invoices x 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 7.8/110 (in case a reduced tax rate is applied, 6.24/108) to calculate the value.

※ Whenever taxable purchases are made, if the amount obtained from the payment for the taxable purchases x 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 rounded off) is described (recorded) in a ledger as a suspense payment for consumption tax, etc., total of such amounts x 78/100 is allowed as a method of accumulation calculation for the tax amount on purchases (ledger-based accumulation calculation).

Special accommodation of 20%

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 special deduction tax amount as the amount of tax credits on purchases (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).

The amount of consumption tax on the total amount of the taxable base

80% Deduction

20%

Pay only 20%

In case a tax-exempt business (including those tax-exempt businesses 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, the special accommodation of 20% can be applied to each of the taxation periods of the business issuer of qualified invoice that include Oct.1.2023 and up to Sep.30.2026.

※ Note that, in case the simplified tax system was chosen or in case the special accommodation of 20% is applied, the amount of tax payable will be calculated from taxable sales. Therefore, in such cases, retention of a qualified invoice, etc., is not a requirement of the tax credit for consumption tax on purchases.

Special provisions for small-amount cases

Regarding the business operators with 100 million yen or less in taxable sales amount for the reference period or with 50 million yen or less in taxable sales amount for a specified period, tax credits on purchases can be applied to them for their taxable purchases of less than 10,000 yen inclusive of taxes during the period of Oct.1.2023 ~ Sep.30.2029, only by retaining the ledger that contains certain items (special provisions for small-amount cases). In this case, it is not required to include a description in the ledger that special provisions for small-amount cases will be applied. Whether it is "less than 10,000 yen inclusive of taxes" or not is judged by the total amount (including taxes) of taxable purchases (1 transaction).



100 million yen or less in taxable sales amount for the reference period



The invoice

&



**The ledger
Only**



less than 10,000 yen inclusive of taxes