

1. Business income

- (1) Income from agriculture, forestry, aquaculture, manufacturing, wholesaling, retailing and banking businesses as well as income from on-going businesses, in which a consideration is received, constitute business income.
- (2) The amount of business income is the amount after subtracting necessary expenses from total earnings.
- (3) Necessary expenses are costs of sales; selling, general administrative expenses and other expenses necessary for gaining the above earnings.
- (4) There is a special provision where necessary deductible expenses with respect to business income and miscellaneous income for home workers, traveling salespersons, money collectors, electricity meter-readers or people conducting on-going personal services for a specific group of people ("home workers, etc.") who are specified in the Home Work Act are allowed up to 550,000 yen (the amount of earnings shall be the ceiling and, if there is also employment income, the amount shall be the balance after subtracting deduction for employment income.)

2. Miscellaneous income

- (1) Income such as manuscript fee, royalty on a book, speaking fee, performance fee, interest on loan receivable and pension based on a life insurance contract, etc., that does not fall under any category of other incomes, as well as public pensions, etc. such as retired pension (excluding lump-sum pension), national pension, welfare pension and mutual pension constitute miscellaneous income.
- (2) Amount of miscellaneous income is the total amount of following (a) and (b).
 - (a) Miscellaneous income concerning public pensions, etc.: Amount after subtracting deduction for public pensions, etc., from the amount of earnings.
The following is deduction for public pensions, etc. from the amount of earnings of public pension, etc.
 - (i) Deduction for public pensions, etc. for persons at the age of 65 or older.

Amount of earnings from public pensions, etc. (A)	Total amount of income from incomes other than miscellaneous income concerning public pensions, etc.		
	10,000,000 yen or less	Over 10,000,000 yen 20,000,000 yen or less	Over 20,000,000 yen
3,300,000 yen or less	1,100,000 yen	1,000,000 yen	900,000 yen
Over 3,300,000 yen but not more than 4,100,000 yen	$(A) \times 25\% + 275,000$ yen	$(A) \times 25\% + 175,000$ yen	$(A) \times 25\% + 75,000$ yen
Over 4,100,000 yen but not more than 7,700,000 yen	$(A) \times 15\% + 685,000$ yen	$(A) \times 15\% + 585,000$ yen	$(A) \times 15\% + 485,000$ yen
Over 7,700,000 yen but not more than 10,000,000 yen	$(A) \times 5\% + 1,455,000$ yen	$(A) \times 5\% + 1,355,000$ yen	$(A) \times 5\% + 1,255,000$ yen
Over 10,000,000 yen	1,955,000 yen	1,855,000 yen	1,755,000 yen

- (ii) Deduction for public pensions, etc. for persons under the age of 65

Amount of earnings from public pensions, etc. (A)	Total amount of income from incomes other than miscellaneous income concerning public pensions, etc.		
	10,000,000 yen or less	Over 10,000,000 yen 20,000,000 yen or less	Over 20,000,000 yen
1,300,000 yen or less	600,000 yen	500,000 yen	400,000 yen
Over 1,300,000 yen but not more than 4,100,000 yen	$(A) \times 25\% + 275,000$ yen	$(A) \times 25\% + 175,000$ yen	$(A) \times 25\% + 75,000$ yen
Over 4,100,000 yen but not more than 7,700,000 yen	$(A) \times 15\% + 685,000$ yen	$(A) \times 15\% + 585,000$ yen	$(A) \times 15\% + 485,000$ yen
Over 7,700,000 yen but not more than 10,000,000 yen	$(A) \times 5\% + 1,455,000$ yen	$(A) \times 5\% + 1,355,000$ yen	$(A) \times 5\% + 1,255,000$ yen
Over 10,000,000 yen	1,955,000 yen	1,855,000 yen	1,755,000 yen

- (b) Miscellaneous income other than public pensions, etc. Amount after subtracting necessary expenses from total earnings.
- (3) In regard to a special provision regarding necessary expenses for home workers, etc., the same provision described at (4) of Business income in I shall apply.

3. Dividend income

- (1) Income with respect to surplus received by a shareholder or investor from a corporation, dividends of profits, distribution of surplus, distribution of money from an investment corporation, as well as income concerning distribution of profits from an investment trust (other than a public bond investment trust and a publicly offered public bond investment trust) and a specified trust issuing a beneficiary certificate constitute dividend income.
- (2) Amount of dividend income is the amount after subtracting interest on liabilities required to acquire the principal (Out of interest on liabilities borrowed to acquire stocks or the like, the interest concerning capital gains, etc., on the stocks or the like are excluded) from the amount of earnings.
- (3) The following dividend incomes are not included in the amount of earnings.
 - (i) Distribution of profits from a privately placed public bond investment trust and a special purpose trust (limited to bond type beneficial interest) that is subject to withholding tax at source
 - (ii) (a) Dividends from listed stocks, etc., for which not filing a final tax return is selected (including distribution of profit of a special stock investment trust), (b) distribution of profit of a publicly offered bond investment trust (excluding a special stock investment trust and public bond investment trust), (c) dividend, etc. of investment units of a specified investment corporation, (d) distribution of profit of a publicly offered investment trust (excluding a bond investment trust, specified stock investment trust and an investment trust that manages publicly offered public bond, etc.), (e) distribution of profit of a specified trust publicly issuing beneficiary certificates, (f) dividend of surplus of bond type beneficial interest of a special purpose trust (applicable to publicly offered ones alone) and (g) dividends, etc. other than the above, whose amount per distribution per title is below the amount, calculated by multiplying 100,000 yen by the number of months in the dividend calculation period (a maximum of 12 months) and dividing the product by 12.

4. Real estate income

- (1) Foregift or initial payment received when making a real estate loan, renewal fee and registration fee also constitute real estate income. However, some foregift or initial payment received only once when establishing a lease or the like may be treated as capital gains or business income.
- (2) The amount of real estate income is the amount after subtracting necessary expenses from total earnings.
- (3) Necessary expenses include repair expenses with respect to real estate rent out, casualty insurance premiums, taxes and dues, depreciation, interest on loans payable, etc.

5. Retirement income

- (1) In addition to income such as retirement allowance, lump-sum pension or other salaries received only once at the time of retirement, some lump-sum payments based on the social insurance system, etc. constitute retirement income.
- (2) The amount of retirement income is calculated as follows according to the category of retirement allowance, etc. to be paid during 2024.

«Taxable retirement income amount»

Category of retirement allowance, etc.	Taxable retirement income amount
General retirement allowance, etc.	$\left[\begin{array}{l} \text{Amount of revenue from general} \\ \text{retirement allowance, etc.} \end{array} - \begin{array}{l} \text{Amount of deduction for} \\ \text{retirement income} \end{array} \right] \times 1/2$
Short-term retirement allowance, etc.	① If Amount of revenue from short-term retirement allowance, etc. — Amount of deduction for retirement income \leq 3,000,000 yen, $\left[\begin{array}{l} \text{Amount of revenue from short-term} \\ \text{retirement allowance, etc.} \end{array} - \begin{array}{l} \text{Amount of deduction for} \\ \text{retirement income} \end{array} \right] \times 1/2$
	② If Amount of revenue from short-term retirement allowance, etc. — Amount of deduction for retirement income $>$ 3,000,000 yen, $1,500,000 \text{ yen} + \left[\begin{array}{l} \text{Amount of revenue} \\ \text{from short-term} \\ \text{retirement} \\ \text{allowance, etc.} \end{array} - \left[\begin{array}{l} 3,000,000 \\ \text{yen} \end{array} + \begin{array}{l} \text{Amount of} \\ \text{deduction} \\ \text{for retirement} \\ \text{income} \end{array} \right] \right]$
Specified officer retirement allowance, etc.	$\begin{array}{l} \text{Amount of revenue from specified} \\ \text{officer retirement allowance, etc.} \end{array} - \begin{array}{l} \text{Amount of deduction for} \\ \text{retirement income} \end{array}$

(Note)

1. A general retirement allowance, etc. refer to allowances that do not fall under any of the retirement allowances, etc. which are Short-term retirement allowance, etc. or Specified officer retirement allowance, etc.
2. A short-term retirement allowance, etc. are retirement allowances that a person receives in accordance with the length of short-term service (where the length of service is 5 years or less when calculated by the period of service as one who is not an officer, etc. This length of service is calculated by including a period of service as an officer, etc. if there is such a period) other than specified officer retirement allowance, etc.
3. A specified officer retirement allowance, etc. refer to a retirement allowance, etc. received by a person whose length of service as an officer, etc. (hereinafter referred to as "length of service as officers, etc.") is 5 years or less, according to his/her length of service as officers, etc.

«Deduction for retirement income»

Years of service (A)	Deduction for retirement income
20 years or less	400,000 yen \times (A) (800,000 yen in case of less than 800,000 yen)
Over 20 years	8,000,000 yen + 700,000 yen \times [(A) - 20 years]

(Note)

If a retirements is directly attributable to becoming a person with disabilities, 1,000,000 yen is added to the amount calculated by the above.

6. Incomes other than 1. to 5.

Other incomes include the following:

- (1) Capital gains... gains on transfer of assets, such as land, building, machinery, golf club membership, gold bullion, calligraphic works, paintings, and antiques)
- (2) Timber income ... income from tree trimming or transfer of forest (holding period of over five years)
- (3) Occasional income... income from prize money, winner prize money, payouts of horse races and bicycle races (excluding income arising from continuing acts for profit), lump-sum payment based on a life insurance contract or the like, maturity repayment based on a casualty insurance contract or the like, reward for finding lost property, etc.)
- (4) Interest income subject to the aggregate taxation or the separate taxation
 (Note) Interest, etc. that are subject to withholding tax at source are not included in the earnings amount.
 Interest, etc. for which not filing a final tax return is selected are not included in the amount of earnings out of interest, etc. of specified public bonds, etc. that are subject to the separate taxation.
- (5) Income from dividend related to listed stocks for which the separate taxation is selected
 (Note) Dividend, etc. for which not filing a final tax return is selected are not included in the amount of earnings.
- (6) Capital gains, etc., concerning general stocks, etc., to which the separate taxation is applied, or capitals gains, etc., concerning listed stocks, etc.
 (Note) Income, etc., from transfer of listed stocks or the like through the account designated for paying withholding taxes, for which not filing a final tax return is selected, are not included in the amount of earnings.
- (7) Miscellaneous income, etc., concerning futures transactions