

Criteria for determining where services are provided (inside or outside country)

(When you file Japanese Sales Tax, you need to know this point.)

First Criteria ; Whether you can clearly figure out where the service is provided.

If the place is in Japan, sales tax should be included.

Case 1 ; Face-to-face consulting.

The place is always in Japan.
(or always in foreign country).



The place is clear.

If the place is Japan, sales tax should be included in the fee.

Judgement is completed!

Case 2 ; Gathering info. and analyzing are done in foreign country while completing document and reporting are done in Japan.

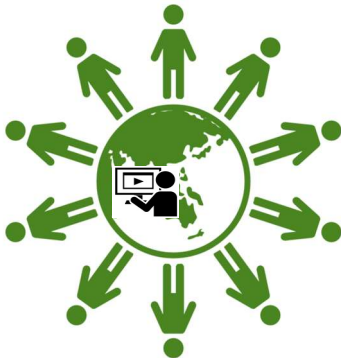


The place is clear.

However, the fee for this service is paid in a lump sum, as “provided worldwide”. And no contract which clarify the place of service.

Proceed to Second Criteria

Case 3 ; Digital content provided via online



This can be offered from anywhere.
You cannot figure out the place.

Proceed to Second Criteria

Note ; This case doesn't include just reporting something via online.

Second Criteria ; Whether the service is provided only via online or not. (※)

If it's fully online type service, the fee includes sales tax when the recipient is in Japan.

If it's not, the fee includes Japanese sales tax when the provider is in Japan.

(※) This is called “電気通信利用役務の提供”.

Case 2 ; Gathering info. and analyzing are done in foreign country while completing document and reporting are done in Japan.



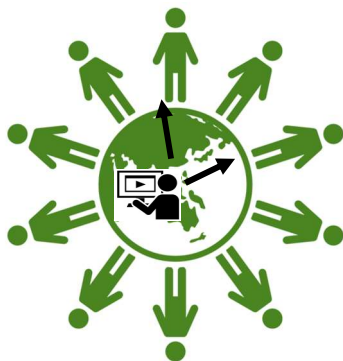
This type of service has been common, and can be done without online.

It's not the fully online type service.

So, **when the provider's office is in Japan, sales tax should be included in the fee.**

Judgement is completed!

Case 3 - 1 ; Digital content provided via online, and **it's easy to identify where is the recipient.**



It's the fully online type service.

So, **when the recipient is in Japan, sales tax should be included in the fee.**

Judgement is completed!

Case 3 - 2 ; Digital content provided via online, and **it's difficult to identify where is the recipient.**



It's the fully online type service.

In this case, the provider must identify(※) where is the recipient, objectively and reasonably.

And when the recipient is regarded in Japan, sales tax should be included.

Judgement is completed!

(※) identify by application form, the name of credit card company, and the like.