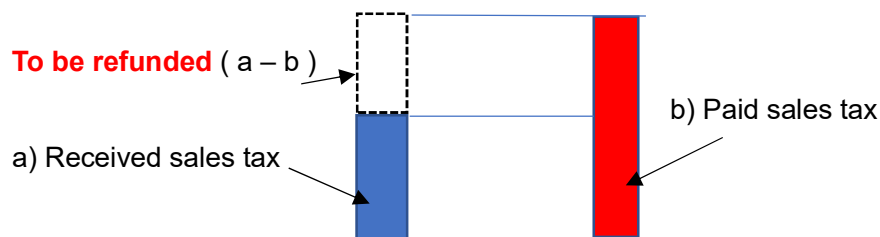
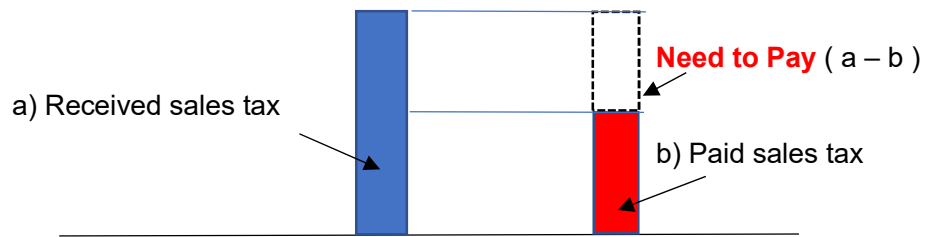


Calculation Rule of Tax Payment (Basic)

Choice 1; Calculate based on the ACTUAL amount of gross sales and expenditures.

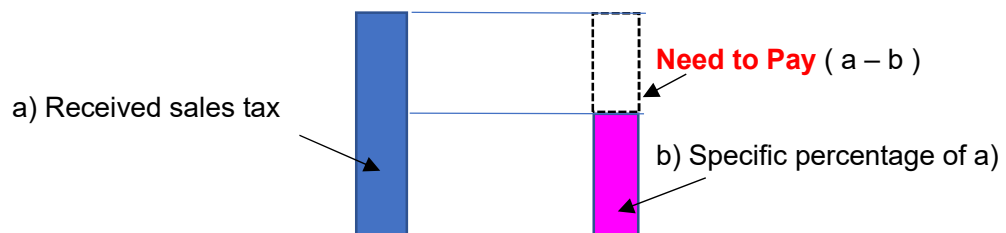


Note 1; This is the basic calculation rule and it's applied to every sales tax payer.

(Explanation about “who is the sales tax payer” is at the next page.)

Note 2; “Sales Tax” is called “消費税(Consumption Tax)” which is similar to VAT.

Choice 2; Calculate based only on the actual amount of gross sales.



Note 1; This calculation way is applied only when you meet all the following conditions.

- You submitted a certain application form before the fiscal year start.
- Gross sales amount of two years ago was less than 50 million yen.
- You haven't submitted the form “[消費税課税事業者選択届出書](#)”.

Note 2; When you choose this calculation way, you need to continue it for at least 2 fiscal years.

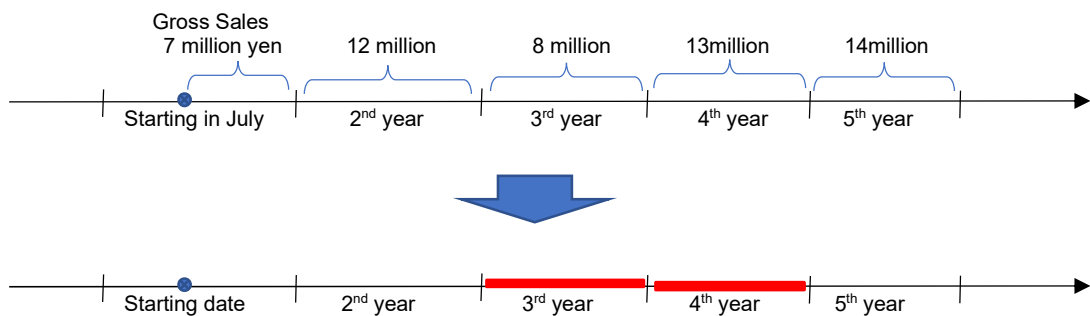
Note 3; That “specific percentage” depends on what category your business is.

Who is the Sales Tax payer ?

Basically, when annual gross sales amount is over 10 million yen, two years later you will be a sales tax payer.

This basic rule is quite simple, but there are many things you need to care about.
Let me pick up the most important one below;

Case 1; When you establish a **company** which first fiscal year is less than 12 months.



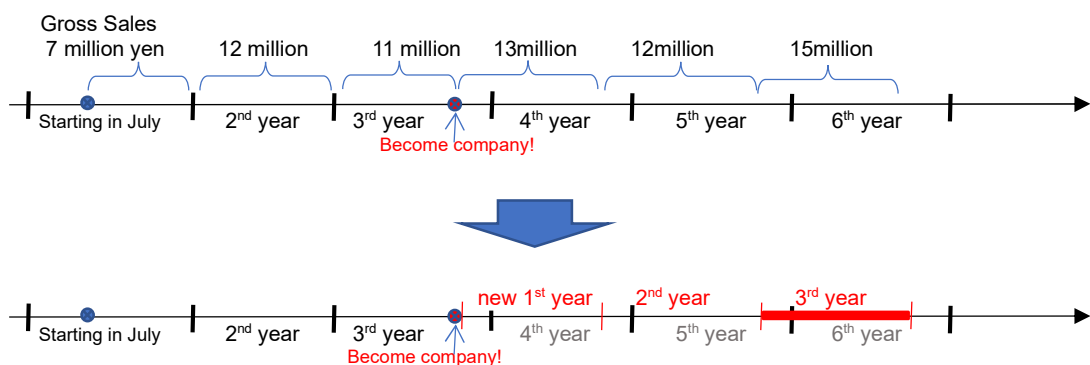
You need to file sales tax form in 3rd and 4th year.

Because you established a company, so the first year's sales is regarded like this;

$$7 \text{ million yen in 6 months} \rightarrow 7,000,000 \text{ yen} \div 6 \text{ months} = 1,166,666 \text{ yen}$$
$$1,166,666 \text{ yen} \times 12 \text{ months} = 13,999,992 \text{ yen}$$

Please note that this rule is NOT applied for individuals, only for companies.

Case 2; You start business as an **individual** (sole proprietor), **after that, establish a company.**



In that case, you need to file sales tax from 3rd year of company.

Changing the business type individual to company means “new 1st year start”.