



Japan e-Invoicing Changes
Simplified Invoicing and Settlement (SIS)

Version 1.0
June 2023





Disclaimer:

This material has been prepared for information purposes only. It should neither be regarded as comprehensive nor sufficient for making decisions on tax liabilities, nor should it be used in place of professional advice.

Participants to the Simplified Invoicing and Settlement (SIS) shall duly assess their own obligations regarding electronic invoicing, digital signature and archiving, arising in Japan or other jurisdictions at any time.

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Version History:

Version	Date	Changes
1.0	15-Jun-2023	Version 1.0 published.



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1. Introduction

Japan will introduce a new qualified invoice regime for Japanese Consumption Tax (JCT) with effect from 1st October 2023. The new system will align the JCT regime more closely with European-style VAT regimes, and to claim input tax credit, the purchaser will be required to retain 'qualified invoices' issued by 'qualified invoice issuers' (QII).

The new system will require sellers to include their QII number in invoices for a purchaser receiving such invoices to be able to take an input credit for the JCT in that invoice.

While SIS already handles these requirements, this document has been issued to guide SIS users.

2. Overview of changes

1. How to show the Japan Consumption Tax (JCT) / QII number on the SIS invoice (Miscellaneous Billing Category).
2. Calculation method of JCT.
 - Currently JCT is calculated on each transaction
 - The new regulation requires to calculate in the following sequence as the rounding has to happen at the final invoice level and not at individual line level.
 - I. Sum the taxable amount
 - II. Apply tax rate to the sum of taxable amount
3. Invoices raised in a currency other than Japanese Yen (JPY).

3. How to manage these changes in SIS

1. Show Japan Consumption Tax (JCT) / QII number on SIS invoice (Miscellaneous Billing Category).

- a) Ensure that you have captured your JCT / QII number in SIS member profile for the necessary Location ID's under the 'TAX/VAT Registration #' Field. This will allow the number to appear under the invoices.

To access the SIS Member profile screen on IS-WEB go to:

[Home >>Profile and User Management >> Manage Member Profile](#)

The screenshot shows the 'Main Location Details' section of the SIS Member profile screen. The 'Tax/VAT Registration #' field is highlighted with a blue box and contains the value 'T1234567890123'. A blue arrow points from a box labeled 'JCT/QII number' to this field. Other fields include 'Company Registration ID:', 'Address Line1:', 'City Name:', 'Address Line2:', 'Postal Code:', 'Add. Tax/VAT Registration #:', 'Address Line3:', 'Country Name:' (with a dropdown menu), and 'Subdivision Name:'.



- b) A new SIS invoice layout (language template) 'j1-Japan Qualified Invoice' has been released in SIS Release 1.18 on 22nd June 2023. For invoices generated with this layout the text will show as 'QII number #' instead of the 'Tax/VAT Registration #'.

Details on how to use a language template are in [Annexure 1](#) at the end of this document.

City	Tokyo
State/Region	
Zip/Postal Code	1xx-xxxx
Country	JAPAN
QII number #	T1234567890123
Company Registration #	

If the template is not selected, the invoice will continue to be generated with the field name as 'Tax/VAT Registration #'.

City	Tokyo
State/Region	
Zip/Postal Code	1xx-xxxx
Country	JAPAN
Tax/VAT Registration #	T1234567890123
Company Registration #	



2. Calculation method of JCT

The new regulation requires to calculate in the following sequence.

- a. Sum the taxable amount
- b. Apply tax rate to the sum of taxable amount

If there are multiple rows the calculation of the tax could have rounding issues if applied at a line-item level. Hence the recommendation is to apply the tax at the invoice level. This way the rounding at the line item can be avoided and show the total amount at Invoice level. Refer to example below where no tax is captured at the line-item level, but the total tax captured at invoice level.

* Invoice Number: QII2051310 * Invoice Date: 28-Apr-23 * Charge Category: Ground Handling

* Billing Member's Location ID: Main-Tokyo-JP Billed Member's Location ID: Main-Tokyo-JP Contact of Billing Member:

* Billing Year/Month/Period: 2023-Apr-3 * Currency of Billing: JPY-Yen Tax Amount: 6636.200

Total Amount in Billing: 72996.200

CH Agreement Indicat

Total Tax Amount Loc: 0.000

Rejection Invoice:

Note Description:

Sr. No.	Tax Text	Tax Base Amount	Tax Percent	Tax Calculated Amount	Tax Category	Tax Name
1		66362.000	10.000	6636.200		CONSUMPTION

Note: Even if there are different tax percentages within an invoice you can capture it at invoice level. In the next example you have one item of 10% and the other for 8%. The tax is captured at header level which shows two separate lines.

* Invoice Number: QII2051311 * Invoice Date: 28-Apr-23 * Charge Category: Ground Handling

* Billing Member's Location ID: Main-Tokyo-JP Billed Member's Location ID: Main-Tokyo-JP Contact of Billing Member:

* Billing Year/Month/Period: 2023-Apr-3 * Currency of Billing: JPY-Yen Tax Amount: 5080.000

Total Amount in Bi: 57080.000

CH Agreement In

Total Tax Amount: 0.000

Rejection Invoice:

Sr. No.	Tax Text	Tax Base Amount	Tax Percent	Tax Calculated Amount	Tax Category	Tax Name
1	STANDARD	46000.000	10.000	4600.000		CONSUMPTION
2	Items subject to reduce tax rates	6000.000	8.000	480.000		CONSUMPTION

Tax Breakdown	Level	Label	Tax Text	Base Amount	Tax Rate	Tax Amount
	Invoice	CONSUMPTION	STANDARD	46,000	10.00%	4,600
	Invoice	CONSUMPTION	Items subject to reduce tax rates	6,000	8.00%	480



3. Invoices raised in a currency other than Japanese Yen (JPY).

Even if the currency is not JPY, the JCT amount should be shown in JPY. This can be shown by using the Total tax amount local fields available in SIS shown below.

Total Invoice Tax Amount		76.00
Total Invoice VAT Amount		0.00
Total Due in Currency of Billing		USD 836.00
Total Due in Currency of Clearance @ Exchange Rate 1.00000		USD 836.00

Tax Breakdown	Level	Label	Tax Text	Base Amount	Tax Rate	Tax Amount
Invoice	CONSUMPTION	STANDARD		760.00	10.00%	76.00

TAX/VAT in Local Currency (for information only)	Exchange Rate From Doc. Curr. To Local Curr.	Local Currency Code	Total Tax/VAT Amnt. in Local Curr.
	1 USD = 127.82000 JPY	JPY	9,714

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P.O. Number: * Billing Member's Location: Main-Tokyo-JP * Billing Member's Location ID: Main-Seoul-KR Contact of Billing Member: Contact of Billed Member:
 * Settlement Method: * Billing Year/Month/Period: 2023-05-31 * Currency of Billing: USD Tax Amount: 76.000 VAT Amount:
 Add/Deduct Charge: Total Amount in Billing Currency: 836.000 * Currency of Clearance: USD * Exchange Rate: 1.00000 Total Amount in Clearance Currency: 836.000
 Digital Signature: CH Agreement Indicator: CH Due Date: 2023-05-31 Invoice Owner: Ayako Ebata Invoice Template Language:
 Total Tax Amount Local Currency Code: JPY:Yen Total Tax Amount Local: 9714.320 Local Tax Exchange Rate: 127.82000

If sending information via the IS-XML, the data can be entered in fields 'TotalTaxAmountLocal @CurrencyCode' and 'LocalTaxExchangeRate'.

Notes:

- While you may enter the Total tax amount in local currency with decimals, the SIS PDF will round it as per the currency code. Example: Japanese Yen – 0 decimals.
- **Exchange rates:** It is recommended that the exchange rate used is mentioned on the invoice. The 'Header notes' field can be used for this.

Header Notes: The rate used for conversion from USD to JPY is the xxxx rate published by xxxxx

Line #	Date of Service	Charge Code	Loc. Code	Product Id	Description	Quantity	UOM	Unit Price	Base Amount	Additional Amount	Tax	VAT	Line Amount
1	2023-05-01 to 2023-05-31	Misc			Ground Handling charges	1	EA	760.00	760.00	0.00	0.00	0.00	760.00
									Line Item Sub Total	760.00	0.00	0.00	0.00
									Invoice Header Sub Total		0.00	76.00	0.00
									Total Invoice Base Amount				760.00
									Total Invoice Additional Amount				0.00
									Total Invoice Tax Amount				76.00
									Total Invoice VAT Amount				0.00
									Total Due in Currency of Billing				USD 836.00
									Total Due in Currency of Clearance @ Exchange Rate 1.00000				USD 836.00

Tax Breakdown	Level	Label	Tax Text	Base Amount	Tax Rate	Tax Amount
Invoice	CONSUMPTION	STANDARD		760.00	10.00%	76.00

TAX/VAT in Local Currency (for information only)	Exchange Rate From Doc. Curr. To Local Curr.	Local Currency Code	Total Tax/VAT Amnt. in Local Curr.
	1 USD = 127.82000 JPY	JPY	9,714

Original Invoice: Rejection Invoice: Correspondence Invoice:

Notes
 Note:

Note Description:
 The rate used for conversion from USD to JPY is the xxxx rate published by xxxxx



Should you have any further queries do contact SIS Operations via a case in the [IATA Customer portal](#).

More information about the changes can be found at the Japan National Tax Agency's [website](#).

Annexure 1

[Language templates in SIS](#): This is an option in SIS where the user can define at an invoice level whether they would like to display the text labels on an invoice in another language example in Spanish or French. This has been further expanded to also display different text on an invoice for example by selecting/putting pf- Proforma invoice, the invoice will have the heading as 'Proforma Invoice'.

For Japan a new template 'j1 - Japan Qualified Invoice' is being introduced. If this template is selected then the invoice will display the label 'QII number #' instead of 'Tax/VAT Registration #'.

City	Tokyo
State/Region	
Zip/Postal Code	1xx-xxxx
Country	JAPAN
QII number #	T1234567890123
Company Registration #	

How to use a language template in SIS?

IS-WEB: While capturing an invoice in IS-WEB select 'Invoice Template Language'

Create Miscellaneous Invoice

Invoice Header

* Billed Member:	* Invoice Number:	* Invoice Date:	* Charge Category:
<input type="text"/>	<input type="text"/>	01-May-23	Please Select
P.O. Number:	* Billing Member's Location ID:	Billed Member's Location ID:	Contact of Billing Member:
<input type="text"/>	Main-Tokyo-JP	<input type="text"/>	<input type="text"/>
* Settlement Method:	* Billing Year/Month/Period:	* Currency of Billing:	Tax Amount:
Please Select	2023-Apr-4	Please Select	<input type="text"/>
Add/Deduct Charge:	Total Amount in Billing Currency:	* Currency of Clearance:	* Exchange Rate:
<input type="text"/>	0.000	USD	0.00000
Digital Signature:	CH Agreement Indicator:	CH Due Date:	Invoice Template Language:
N: No	<input type="text"/>	DD-MMM-YY	<input type="text"/>



The following list opens. Select the 'Japan Qualified Invoice'. This will ensure that the invoice gets generated with the label as 'QII number'.

Home >> Miscellaneous >> Receivables >> Create Invoice

Create Miscellaneous Invoice

Invoice Header

* Billed Member:

* Invoice Number:

* Invoice Date: 01-May-23

P.O. Number:

* Billing Member's Location ID: Main-Tokyo-JP

Billed Member's Location ID:

* Settlement Method: Please Select

* Billing Year/Month/Period: 2023-Apr-4

* Currency of Billing: Please Select

Add/Deduct Charge:

* Currency of Clearance: USD

Digital Signature: N. No

CH Agreement Indicator:

CH Due Date: DD-MMM-YY

Total Amount in Billing Currency: 0.000

Total Tax Amount Local Currency Code: Please Select

Total Tax Amount Local: 0.000

Local Tax Exchange Rate: 0.00000

Original Invoice:

Rejection Invoice:

Correspondence Invoice:

- India Goods
- Debit memo
- India Services
- English
- Spanish
- French
- Miscellaneous Tax Invoice
- Miscellaneous Proforma Invoice
- Misc with GST labels - Malaysia
- India Revised Invoice - Services
- SIN
- India Proforma Template
- Saudi Arabia
- GST Template
- US sales taxes
- Japan Qualified Invoice**

IS-XML: When sending an invoice in IS-XML, In the 'InvoiceTemplateLanguage' node send 'j1' which will ensure that the Japan Qualified invoice template will be selected.

IS-XML standard:

0	Inv 2	3	4	5	6	7	[level] Language	Occurrence	Type	Size	Billing Category P/C/M/U/G	Dictionary Defined D/P/N	Attribute Dictionary Defined D/P/N	Values
							InvoiceTemplateLanguage	0-1	AN	2	M	N		Accepted values: en: English fr: French es: Spanish pt: Miscellaneous Proforma Invoice au: Miscellaneous Tax Invoice i1: India Goods i2: India Revised Invoice - Goods i3: India Services i4: India Revised Invoice - Services i5: India Proforma Template i6: India Proforma Templates my: Misc with GST labels - Malaysia st: SIN d1: Debit memo j1: Japan Qualified Invoice
<p>Notes: IS XML Standard M&U Charge Category-ChargeCode M&U Mandatory-Recommend...</p>														

IS-XML example:

```

<Attachment>
  <AttachmentIndicatorOriginal>Y</AttachmentIndicatorOriginal>
</Attachment>
<InvoiceTemplateLanguage>j1</InvoiceTemplateLanguage>
</InvoiceHeader>
  
```