

COUNTRY BRIEFING · JAPAN

The invoice became the credit

Japan has no e-invoicing mandate — yet since October 2023 the right to deduct consumption tax depends on a qualified invoice, and every electronic document must be kept electronically. The transitional rules changed on 1 October 2026, and a food-rate cut is before the Diet. This briefing explains where you stand, and what it means for SAP.

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For

CFOs, tax and finance leads

Scope

Qualified invoices, JCT, e-storage, Peppol

Status at

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Prepared by

30 Advisory

01 Where Japan stands today

No mandate — but the invoice decides the credit

Japan took a different route from Europe. It did not mandate a format or a platform. It made the **content of the invoice** the condition for input credit, and it required electronic documents to be **kept electronically**. Peppol is available, and voluntary.

Oct2023 Qualified Invoice System in force — no qualified invoice, no full credit	70% Credit on purchases from non-registered suppliers since 1 October 2026 — not 50%	JPY 100m New yearly cap per non-registered supplier for that credit	10 · 8 Consumption tax rates today; a temporary 1% food rate is proposed	
Oct2023 Qualified Invoice System in force	Jan2024 Electronic data must be kept electronically	Oct2026 Credit 70%; JPY 100m cap per supplier	Jan2027 Peppol data protected from penalty increase	Apr2027 Food rate 1% — proposed

What changed on 1 October 2026

RULE	BEFORE	FROM 1 OCTOBER 2026
Credit on purchases from non-registered suppliers	80%	70% to September 2028 — the 50% step announced in 2023 was replaced
Cap per non-registered supplier	JPY 1 billion a year	JPY 100 million a year
End of the transition	September 2029	September 2031, in steps of 70%, 50% and 30%
20% special measure for small registrants	Available	Ending; a 30% measure for sole proprietors in 2027–28

MUCH PUBLISHED GUIDANCE IS NOW OUT OF DATE

Many guides and system configurations still say the credit drops to **50%** on 1 October 2026. The 2026 tax reform, enacted in March 2026, set **70%** instead, and added a lower cap per supplier. Check what your tax codes and purchase processes actually apply from this month.

Three obligations, one invoice

- ◀ The **Qualified Invoice System** decides whether the buyer can deduct consumption tax.
- ◀ The **Electronic Bookkeeping Act** decides how electronic invoices must be stored.
- ◀ **Peppol (JP PINT)** offers a standard way to exchange them — voluntary, but increasingly rewarded.

Japan compared with Europe

	JAPAN	TYPICAL EU MANDATE
Control point	The buyer's right to credit	The issue of the invoice
Format	Any — paper, PDF or data	Structured data, often a set syntax
Authority sees invoices	Only at audit	In real time or by reporting
Peppol	Voluntary, government-backed	Mandatory in some countries

02 The qualified invoice

Six items, one rounding rule

A **qualified invoice** can only be issued by a business registered as a qualified invoice issuer. The buyer needs it — and its own books — to deduct consumption tax in full. It can be on paper or electronic.

#	REQUIRED CONTENT	WHAT IT MEANS IN PRACTICE
1	Issuer's name and registration number	"T" followed by 13 digits; for a company, its corporate number
2	Transaction date	Monthly summary invoices may show the period
3	Description of the goods or services	Items at the reduced rate must be marked
4	Total per tax rate, and the rate	Amounts grouped by 10% and 8%
5	Consumption tax per rate	Calculated on the total for each rate
6	Buyer's name	Not needed on simplified invoices

THE ROUNDING RULE

Fractions of a yen are rounded **once per tax rate, per invoice** — not line by line. The issuer can choose to round up, down or to the nearest yen. An ERP that calculates tax per line and adds it up produces a different number, and an invoice that does not qualify.

Rounding, illustrated

LINES AT 10%	NET	TAX PER LINE, ROUNDED DOWN
Item A	1,235	123
Item B	2,345	234
Item C	3,456	345
Sum of line taxes	7,036	702 — not compliant
Tax on the total, rounded once	7,036	703 — compliant

A one-yen difference — multiplied across thousands of invoices, and enough for a customer's system to flag the invoice.

Variations

DOCUMENT	RULE
Simplified qualified invoice	Retail, restaurants, taxis: the buyer's name may be left out, and either the tax or the rate shown
Qualified return invoice	Needed for refunds, rebates and discounts; not required below JPY 10,000
Self-billed invoices	The buyer may prepare the qualified invoice, with the supplier's confirmation

Registration

- Registration is **voluntary**, but buyers lose credit when suppliers are not registered
- A registered business must file consumption tax returns, even below the JPY 10 million threshold
- Registration numbers can be checked on the National Tax Agency's public site
- Suppliers' status must be recorded and kept current in the vendor master

03 Transitional measures after October 2026

A longer, gentler slope — and a new cap

To soften the change for small suppliers, buyers may still deduct part of the tax on purchases from non-registered businesses. The 2026 tax reform, passed on 31 March 2026, **slowed the slope** and **lowered the cap**.

PURCHASES MADE	CREDIT ALLOWED	NOTE
1 Oct 2023 – 30 Sep 2026	80%	Original first step
1 Oct 2026 – 30 Sep 2028	70%	Was to be 50% under the 2023 rules
1 Oct 2028 – 30 Sep 2030	50%	New step
1 Oct 2030 – 30 Sep 2031	30%	New step
From 1 Oct 2031	0%	Transition ends

From 1 October 2026 the transitional credit does not apply to purchases from one non-registered supplier above **JPY 100 million a year**, tax included — down from JPY 1 billion.

An illustration

A purchase of JPY 1,100,000 including 10% tax from a non-registered supplier carries JPY 100,000 of tax. Until September the buyer could deduct JPY 80,000; **from October, JPY 70,000**. Across a large supplier base, that difference reaches the cost of goods every month.

Relief for small businesses

MEASURE	WHO AND UNTIL WHEN
20% special measure	Registrants that would otherwise be exempt pay 20% of output tax — for periods to September 2026; sole proprietors to their 2026 return
30% special measure (new)	Sole proprietors only, for 2027 and 2028 — claimed on the return; companies cannot use it
Small-amount relief	Purchases under JPY 10,000 need only the ledger entry — for businesses with base-period sales up to JPY 100 million, until September 2029

Purchases, by supplier status

SUPPLIER	CREDIT FROM 1 OCTOBER 2026
Registered, with a qualified invoice	Full credit
Not registered	70%, within JPY 100 million a year per supplier
Not registered, above the cap	No credit on the excess
Purchase under JPY 10,000, eligible buyer	Full credit on the ledger entry alone, until September 2029

WHAT TO CHECK THIS MONTH

Tax codes for non-registered purchases now need 70%, and later 50% and 30%; **supplier spend** must be monitored against the JPY 100 million cap; and every **vendor's registration status** must be current — a supplier that registers moves from 70% to full credit.

04 The Electronic Bookkeeping Act

If it arrived electronically, keep it electronically

Since 1 January 2024, documents exchanged electronically — invoices, orders, receipts sent by email, portal or EDI — **must be kept in electronic form**. Printing them and deleting the file is no longer allowed.

REQUIREMENT	HOW IT CAN BE MET
Integrity	A timestamp; a system that logs or prevents changes and deletions; or internal rules against improper correction (the tax agency publishes a template)
Viewability	A display, printer and operating manuals available at an audit
Search	By transaction date, amount and counterparty
Search waiver	Sales up to JPY 50 million, or files organised by date and counterparty — if data can be downloaded on request

What counts as electronic transaction data

HOW THE DOCUMENT ARRIVED	MUST BE KEPT ELECTRONICALLY?
PDF by email	Yes — the email attachment is the record
Downloaded from a supplier portal	Yes
EDI or Peppol message	Yes — the data itself
Paper, then scanned	Optional — scanning has its own rules if chosen

The grace measure

Businesses that cannot meet the requirements for a **reasonable cause** — staff shortages, system delays — may keep the data without them, as long as they can produce the files and printouts at an audit. No application is needed, but the cause must be real.

Penalties and incentives

PENALTY

- Heavy additional tax for concealment is increased by 10 points where electronic data is involved

FROM 1 JANUARY 2027

- Peppol data linked to the books without tampering is excluded from that increase
- Sole proprietors' blue-return deduction rises to JPY 750,000

WHERE THE ACT MEETS SAP

Invoices received by email or through portals often live **outside SAP** — in mailboxes and shared drives. The act makes those files tax records. Linking them to the accounting document, with integrity and search, is usually the real project.

Common gaps

- ◀ PDF invoices saved in personal mailboxes, not in a controlled store.
- ◀ No search by amount and counterparty across the archive.
- ◀ Internal correction rules adopted on paper, but never followed.

05 Peppol and e-invoicing

Voluntary, standardised, increasingly rewarded

Japan has **no e-invoicing mandate** — not for business, government or consumers. The Digital Agency, Japan's Peppol Authority since 2021, maintains a Japanese Peppol specification so that qualified invoices can be exchanged as data.

SPECIFICATION	USE
Peppol BIS Standard Invoice JP PINT (v1.1.3, June 2026)	Qualified invoices between registered businesses
JP BIS Self-Billing Invoice	Invoices prepared by the buyer
JP BIS Invoice for non-registered businesses	Invoices from suppliers outside the system

Why companies adopt it without a mandate

- Invoices arrive as data, with the rounding and rates already structured
- Registration numbers can be checked automatically
- Storage requirements are easier to meet than with PDFs
- From 2027, linked Peppol data avoids the 10-point penalty increase

Peppol or PDF?

	PDF BY EMAIL	PEPPOL (JP PINT)
Qualified invoice	Yes, if the content is right	Yes, with content checked by structure
Posting in accounts payable	Keyed or scanned	Imported as data
Storage rules	Integrity and search to organise	Easier to meet; protected from 2027

Adoption

Some government bodies, including the Digital Agency and the National Tax Agency, receive invoices over Peppol. There is no official count of users; small-business adoption remains limited.

Other consumption tax points

TOPIC	POSITION
Rates	10% standard; 8% for food and non-alcoholic drinks (not eating in) and subscribed newspapers
Registration threshold	JPY 10 million of taxable sales
Digital platforms	Since April 2025, large designated platforms are liable for foreign suppliers' digital services to consumers
From April 2028	Low-value imports under JPY 10,000 become taxable; platform rules extend to goods

Getting started

- 1 Pick the flows**
High-volume suppliers or customers already on Peppol.
- 2 Choose the access point**
SAP's own service through DRC, or a certified partner.
- 3 Map and test**
JP PINT fields, rounding and registration numbers against SAP data.

06 The proposed food-rate cut

Three rates, two cut-overs — if the Diet agrees

In August 2026 the Cabinet adopted a policy to cut consumption tax on food, and in September a tax outline: **from 1 April 2027 to 31 March 2029**, food would be taxed at **1%** instead of 8%. The bills went to the Diet session that opened on 5 October 2026. **It is not yet law.**

ITEM	TODAY	PROPOSED, APR 2027 – MAR 2029
Food and non-alcoholic drinks	8%	1%
Takeaway food	8%	1%
Eating in, alcohol	10%	10%
Subscribed newspapers	8%	8%

The government reportedly chose 1% rather than 0% because system changes are quicker. Dates and scope may change in the Diet.

What it would mean for invoices and systems

- ◀ **Three rates at once** — 10%, 8% and 1% — each with its own total and tax on the qualified invoice.
- ◀ **Two cut-overs** — on 1 April 2027 and back on 1 April 2029 — with returns and credits keeping the rate of the original supply.
- ◀ **Purchases as well as sales:** food buyers' input tax changes too, including transitional credits on non-registered suppliers.
- ◀ **Prices, point-of-sale systems and output forms** all need the new rate in time for April.

Preparing without over-committing

NOW	ONCE THE LAW PASSES
Inventory affected products and flows	Create tax codes and condition records for 1%
Check invoice layouts for three rates	Test output, returns and credits across the cut-over
Plan the April 2027 cut-over window	Plan the April 2029 reversal at the same time

WHY THIS MATTERS BEYOND FOOD COMPANIES

Any business that buys food — canteens, hospitality, retail, events — will see 1% input tax on supplier invoices. **Invoice matching and tax-code determination in accounts payable** need the new rate as much as sales do.

Questions for your team

- ◀ Which of our products, purchases and outlets would move to 1%?
- ◀ Can our invoices and point-of-sale systems show three rates?
- ◀ Who owns the two cut-overs, and when do we freeze changes?

07 What it means for your SAP system

Rounding, registration, credit percentages and storage

REQUIREMENT	IN SAP	WATCH FOR
Registration number	Stored on the business partner — your own for output, suppliers' for credit	Suppliers not checked, or status not updated
Tax per rate, per invoice	Billing and invoice output configured to calculate on totals by rate, with the chosen rounding	Line-level tax added up
Invoice layout	Output forms showing the six required items	Monthly summaries missing a field
Return invoices	Credit memos and rebates issued as qualified return invoices	Rebates outside billing
Transitional credit	Tax codes for 70%, then 50% and 30%; non-deductible part posted to cost	Codes still at 80% — or set to 50%
Supplier cap	A report of yearly spend per non-registered supplier	The JPY 100 million cap passed unnoticed

Peppol and storage

- **SAP is a Digital Agency-certified Peppol service provider**, through SAP Document and Reporting Compliance and its Peppol exchange service
- No standard SAP product covers the bookkeeping act on its own — archiving, document management or certified partner tools usually do
- SAP Concur supports Japanese Peppol invoices for expenses and invoices
- Partners offer JP PINT add-ons for S/4HANA and SAP ERP 6.0

Decisions to take now

- ◀ **Which tax codes** carry the 70% credit, and how the 2028 and 2030 steps will be switched.
- ◀ **Who checks supplier registration**, and how often the vendor master is refreshed.
- ◀ **Where electronic invoices are stored**, linked to which SAP documents.
- ◀ **Whether to receive or send over Peppol**, and with which partners first.

A typical project

- 1 Assess**
Tax codes, vendor registration data, invoice output and storage.
- 2 Fix**
Transitional codes and cap report; rounding and layout; supplier refresh.
- 3 Store**
Electronic invoices linked to SAP documents, with integrity and search.
- 4 Plan**
Food-rate cut-overs and the 2028 and 2030 credit steps on one calendar.

CONFIRM SAP CONTENT FOR YOUR RELEASE

SAP has delivered notes and guidance for the Qualified Invoice System, and partners have extended them. Check in SAP for Me **which notes apply to your release** — including any for the 2026 changes — before relying on standard behaviour.

08 A health check

Twelve questions, and what a poor answer costs

QUESTION	IF THE ANSWER IS UNCLEAR
1 Do tax codes apply 70% since 1 October?	Credit over- or under-claimed every month
2 Is spend per non-registered supplier tracked against JPY 100m?	Credit claimed above the cap
3 Is supplier registration status current?	Full credit on non-qualified invoices
4 Is tax rounded once per rate per invoice?	Our invoices do not qualify for customers
5 Do our invoices show all six items?	Customers lose credit, then complain
6 Are rebates issued as return invoices?	Customers' credit overstated
7 Are electronic invoices kept electronically?	Breach of the bookkeeping act
8 Can we search by date, amount and counterparty?	Audit requests we cannot answer
9 Are stored files linked to SAP documents?	Records that cannot be traced
10 Do we use, or plan to use, Peppol?	Missing the 2027 penalty protection
11 Are we ready for a 1% food rate?	A rushed cut-over in spring 2027
12 Who tracks Japanese tax reform each year?	Learning about changes from audits

Questions 1 to 3 are urgent this month: they decide how much tax you can deduct. Questions 4 to 6 protect your customers' credit.

The first thirty days

Week 1

- Tax codes for non-registered purchases
- Supplier cap report

Weeks 2–3

- Invoice layout and rounding
- Vendor registration refresh

Week 4

- Storage and search
- Food-rate plan

Three figures to ask for

FIGURE	WHAT A GOOD ANSWER LOOKS LIKE
Credit % applied to non-registered suppliers in October	70% — and the tax codes to prove it
Largest yearly spend with one non-registered supplier	Known, and below JPY 100 million — or capped
Electronic invoices not linked to SAP	A small, falling number

SCORING IT HONESTLY

Japanese compliance looks finished because the 2023 go-live went well. **The risk is in what changed since** — the 2026 credit rules, storage and, possibly, a third rate.

09 How 30 Advisory helps

An SAP finance and compliance practice

Japan's rules reward precision in finance processes more than technology projects. The gaps are in tax codes, vendor data and storage — and they move with every tax reform.

Japanese health check

Two to three weeks against section 08 — transitional credit, supplier cap, registration data, rounding, return invoices and storage.

Output: a prioritised gap list.

Remediation and Peppol

Tax codes and reports for the 2026 rules, output forms, storage linked to SAP, and Peppol through SAP DRC where it pays.

Output: credit claimed correctly, records defensible.

Run and tax reform

Each year's reform applied on plan — the 2028 and 2030 steps, and the food rate if enacted.

Output: a set-up that stays current.

What a health check produces

A credit position	Tax codes, supplier registration and the cap, with the monthly effect quantified
An output view	Invoice content, rounding and return invoices against the six required items
A storage view	Where electronic invoices live, and whether integrity and search are met

What makes this different

- ◀ **We start from the credit.** In Japan, that is where the money is.
- ◀ **We work in SAP finance.** Tax codes, vendor master and output — not only interfaces.
- ◀ **We plan for reform.** Japanese rules change every year; a design should expect it.
- ◀ **We say what we are not.** We are not your Japanese tax adviser. We work alongside the people who are.

What to bring to the first conversation

- Your Japanese entities and SAP release
- Your tax codes for purchases
- How supplier invoices arrive and are stored
- Whether you sell or buy food

A SENSIBLE FIRST STEP

Ask for two numbers: **input tax claimed on non-registered suppliers in October, at which percentage**, and **the largest yearly spend with a single non-registered supplier**. Together they show whether the 2026 changes have reached your books. 30advisory.com

Sources consulted 7 October 2026 — National Tax Agency guidance on the Qualified Invoice System, the Electronic Bookkeeping Act and the 2026 changes; Ministry of Finance on the 2026 tax reform; Digital Agency on Peppol and JP PINT; Yayoi, MoneyForward, Zeiken and other practitioner sources on the transitional measures; KPMG and BDO on platform taxation and 2028 changes; press and practitioner sources on the proposed food rate. SAP behaviour from SAP News Japan, SAP knowledge-base material and partner commentary.

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