Appendix 4
Explanation of Terms

1 Establishments

An "establishment" is defined as a single physical location where an economic activity is conducted and as a general rule, the following prerequisites are satisfied:

- Economic activity is conducted, under a single business principal, occupying a certain place or plot of land.
- Production or supply of goods and services is conducted continuously with personnel and facilities provided for this purpose.

2 Enterprises, etc.

An “enterprise” is defined as a corporation (excluding foreign companies) conducting business activities or an establishment of individual proprietorship (if the enterprise is managed under individual proprietorship and the same manager manages multiple establishments, the establishments become collectively a single enterprise).

“Enterprise, etc.” refers to those entities, including a part of public enterprises, etc. operated by an enterprise, the national government or a local government.

3 Sales

Refers to sales for supply of services and sales of article (including indirect tax, consumption tax, etc.) in the establishment or enterprise, etc. The sales are defined as total income from all operations of the establishment or enterprise, etc. including costs such as purchase amount and salaries.

[Those included in sales]

- Consignment sale --- Sales commission income
- Consignment sale --- Actual sales amount sold by a consignee
- Real estate agents/intermediary service providers --- Agent fee income, intermediary commission income, etc.
- Brokerage service provider --- Brokerage commission income (e.g. commission for cleaning or for photo development, printing or enlargement)
- Own consumption/donations --- When consuming goods or products on one's own or donating them, the amount obtained by converting them into money
- Medical and other health services/care services --- Insurance premiums received for medical insurance/nursing care insurance, and self-pay of the user
- “Corporations excluding companies” and “Organization other than corporations” --- Income gained by business activities

[Those not included in sales]

- Nonbusiness interest and dividend income, such as those accrued from deposits and securities
- Nonbusiness income gained from the sale of securities or properties such as land and buildings
- Borrowing and balance brought forward
- Expenses provided from headquarters and head offices for operating branch offices
- Income to continue a business or activity
  (operating grants, donations, contributions, subsidies, membership fees, contributions of members, etc.)

[Time of posting sales]

- For sales, those at the time of providing services, etc. are posted, rather than at the time of receiving payments.
  Examples:
  - For installment sale, sales are posted at the time of providing services, etc.
  - In case of supplementary tutorial schools, etc. tuitions for three months are received in a lump sum, they are divided and posted equally at each month of the period (three months) of giving classes.
  - For a long-term project for software development, etc., they are posted depending on the status of progress.
- Sales are posted for one month from the beginning to the end of the month.

4 Persons Working at the Location of Establishment

Persons working at the location of establishment include all persons who are engaged in the business of the establishment or enterprise, etc. on the business day nearest the end of the month (including salaried directors, regular employees, part time workers, temporary staff, contract employees, and those who work as dispatched or temporarily transferred employees from other enterprises, but excluding dispatched or temporarily transferred employees to other enterprises).

5 Industry of Business Activity

Refers to an industry classification by unit of business activities conducted by an establishment and enterprise, etc. In enterprises, they are classified by each individual business activity. In establishment, they are deemed to conduct only a single business activity, and classified by major business activities of their own.

6 Industry of Establishment and Enterprises, etc.

Refers to an industry classification by unit of establishment and enterprises, etc., where establishments are classified according to business activities of the establishment, and enterprises, etc. are classified according to the entire major business activities including establishments under control of the enterprises, etc.