

DENMARK DOMESTIC REVERSE CHARGE

NEW AUTHORITY GUIDE

THOMSON REUTERS TAX RESEARCH
JULY 2017 CONTENT UPDATE #1

Introduction

The authority of Denmark Domestic Reverse Charge has been added to ONESOURCE Determination, including rates, catch-all rules and cross-border logic. It is created in accordance with the Danish VAT Act to account for Domestic Reverse Charge on the sale of some of the specific products listed in Article 46 of the referred legislation.

PART I – UPDATES TO DETERMINATION

Zone

The authority of Denmark Domestic Reverse Charge has been attached to the country-level zone of Denmark.

ZONE NAME	PARENT ZONE	ZONE LEVEL	3-CHAR CODE	DEFAULT PRODUCT GROUP
Denmark	European Union	Country	DNK	Harmonized

Registration Mask

The following registration mask was added.

REGISTRATION MASK
^(DK)?\d{8}\$ ^EU

Authority Options

NAME	CONDITION	VALUE	START DATE
AT - Ancillary Transport Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
CL - Customer location Reverse Charge	Not Applicable	Not Applicable	01/01/1901
CR - Registration required	Domestic Transactions	Registration required	01/01/1901
DS - Default Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
ER - Establishment required	None	Yes	01/01/1901

NAME	CONDITION	VALUE	START DATE
ES - Electronic Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
Filling Group Goods	None	Yes	01/01/1901
GS - Goods Reverse Charge	Domestic Transactions	Registration required	01/01/1901
Intra-Company tax free sale - Goods	None	Yes	01/01/1901
PP - Physical Performance Reverse Charge	Not Applicable	Not Applicable	01/01/1901
PRL - Parent Registration Lookup	None	Yes	01/01/1901
SI - Supplied and Installed Reverse Charge	Not Applicable	Not Applicable	01/01/1901
Triangulation Simplification	None	Not Registered in Ship To	01/01/1901

NAME	CONDITION	VALUE	START DATE
TS - Transport Service Reverse Charge	Not Applicable	Not Applicable	01/01/1901
Turn Off authority	None	Yes	01/01/1901
UE - Used and Enjoyed	Not Applicable	None	01/01/1901
WG - Work on Goods Reverse Charge	Not Applicable	Not Applicable	01/01/1901

The Domestic Reverse Charge authority has been created to support the sale of some of the specific products listed in Article 46 of the Danish VAT Act. This authority has not been created to support any services that might be covered by the domestic reverse charge rules. Therefore, in order to trigger the right tax result, these operations need to be passed under the transaction type of "goods".

The reverse charge for this type of authority is triggered by the authority option "ER - Establishment Required". Therefore, in order to trigger the Domestic Reverse Charge authority it is necessary to set the establishment of the buyer in the ship from location to "yes".

Rate Updates

The following rates have been added in the authority of Denmark Domestic Reverse Charge.

RATE CODE	RATE DESCRIPTION	RATE	START DATE
NL	Not Liable	0%	01/01/2017
SR	Standard Rate	25%	01/01/2017

RATE CODE	RATE DESCRIPTION	RATE	START DATE
ZR	Zero Rate	0%	01/01/2017

Catch-all Rules

The following catch-all rules have been added in the authority of Denmark Domestic Reverse Charge.

RULE ORDER	RATE CODE	TAX TYPE	TAX TREATMENT	START DATE
5000	None	Acquisition	No Tax	01/01/2017
5001	None	Import	No Tax	01/01/2017
5002	None	Zero Rate Export	No Tax	01/01/2017
5003	None	Zero Rate	No Tax	01/01/2017
5004	None	European Community Dispatch	No Tax	01/01/2017
5005	None	Triangulation	No Tax	01/01/2017
5006	None	EC Sales List Services	No Tax	01/01/2017
5007	None	Taxable Export	No Tax	01/01/2017
5008	None	Distance Sale	No Tax	01/01/2017
5009	None	Intra-EU Reverse Charge	No Tax	01/01/2017
5010	None	Intra-Company	No Tax	01/01/2017
5011	None	VAT Groups	No Tax	01/01/2017

RULE ORDER	RATE CODE	TAX TYPE	TAX TREATMENT	START DATE
10000	None	Any	No Tax	01/01/2017

Also, a new no tax rule with an authority rule qualifier has been added in the authority of Denmark to prevent the system returning two tax blocks when the rules contained in the authority of Denmark Domestic Reverse Charge are applied.

The rule added to the authority of Denmark is the following.

RULE ORDER	RATE CODE	TAX TYPE	TAX TREATMENT	START DATE
5000.0001	None	Any	No Tax	01/01/2017

The authority rule qualifier added to the above-mentioned rule is the following.

CONDITION EXPRESSION	OPERATOR	VALUE	START DATE
Denmark Domestic Reverse Charge	NOT_APPLIED_TAX_TYPE	S	01/01/2017

PART II – TAX RESULT EXAMPLES

Test 1: Shipment of goods subject to Domestic Reverse Charge from Denmark to Denmark – Purchase

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Goods
Ship From	Denmark
Ship To	Denmark
Seller Registration	DK12345678
Buyer Registration	DK12345679
Buyer Establishment in Ship From	Yes

Scenario 2017 March Update - Denmark DRC Buyer goods within country:

View Results: 2		Gross Amount: 1000.00	Eff%: 0%				
Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	
Country: DENMARK	Denmark Domestic Reverse Charge	Domestic Reverse Charge 2012.7404 Copper waste and scrap (Art. 46 VAT Act)	RC	O	25%	250.00	
Country: DENMARK	Denmark Domestic Reverse Charge	Domestic Reverse Charge 2012.7404 Copper waste and scrap (Art. 46 VAT Act)	RC	I	25%	250.00	
						0.00	El
<input type="checkbox"/> Authority Messages:							
Authority	RuleOrder	Message					
Denmark Domestic Reverse Charge	6799.3645	EUBG16: Omvendt betalingspligt, køber afregner momsen - § 46 momsloven					
Denmark Domestic Reverse Charge	6799.3645	EUBG25: Omvendt betalingspligt, køber afregner momsen - § 46 momsloven					

Test 2: Shipment of goods subject to Domestic Reverse Charge from Chile to Denmark – Purchase

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Goods
Ship From	Chile
Ship To	Denmark
Seller Registration	15.580.543-9
Buyer Registration	DK12345678

Scenario 2017 March Update - Denmark DRC Buyer goods import:

View Results: 2 ▼	Gross Amount: 1000.00	Eff%: 0%					
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: DENMARK	Denmark	VAT	IM	O		25%	250.00
Country: DENMARK	Denmark	VAT	IM	I		25%	250.00
							0.00 EUR

Authority Messages:

Authority	RuleOrder	Message
Denmark	10000	EUBG9: Import VAT in Ship To Location.
Denmark	10000	EUBG10: Recovery of import input VAT in Ship To location.

Test 3: Shipment of goods subject to Domestic Reverse Charge from Denmark to Denmark – Sale

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Goods
Ship From	Denmark
Ship To	Denmark
Seller Registration	DK12345678
Buyer Registration	DK12345679
Buyer Establishment in Ship From	Yes

Scenario 2017 March Update - Denmark DRC Seller goods within country:

View Results: <input type="button" value="2"/>	Gross Amount: 1000.00	Eff%: 0%					
Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	TT
Country: DENMARK	Denmark Domestic Reverse Charge	Domestic Reverse Charge 2012.7404 Copper waste and scrap (Art. 46 VAT Act)	NL	O	0%	0.00	
						0.00 EUR	
<input type="checkbox"/> Authority Messages:							
Authority	RuleOrder	Message					
Denmark Domestic Reverse Charge	6799.3646	EUSG14: Omvendt betalingspligt, køber afregner momsen - § 46 momsloven					

Test 4: Shipment of goods subject to Domestic Reverse Charge from Denmark to Chile – Export

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Goods
Ship From	Denmark
Ship To	Chile
Seller Registration	DK12345678
Buyer Registration	15.580.543-9

An example of the shipment of goods subject to domestic charge from Denmark to Chile.

Scenario 2017 March Update - Denmark DRC Seller goods export:

View Results: 1 ▼		Gross Amount: 10000.00	Eff%: 0%				
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: DENMARK	Denmark	Zero Rated Export	ZE	O		0%	0.00
							0.00 EUR
[-] Authority Messages:							
Authority	RuleOrder	Message					
Denmark	5000.0002	EUSG6: Afgiftfritagelse S34, 1 (5) Momslovens					

CONCLUSION

This guide explains changes made in ONSOURCE Indirect Tax Determination in connection with the authority of Denmark Domestic Reverse Charge. Please contact Customer Support with any additional questions.