ESTONIA DOMESTIC REVERSE CHARGE

NEW AUTHORITY GUIDE

THOMSON REUTERS TAX RESEARCH
SEPTEMBER 2020 CONTENT UPDATE #1

Introduction

The authority of Estonia Domestic Reverse Charge has been added to ONESOURCE Determination, including rates, catch-all rules and cross-border logic. It has been created in accordance with the Estonia VAT Act to account for Domestic Reverse Charge on the sale of some of the specific products listed in Article 41 of the referred legislation.

The reverse charge for the specific Goods will be driven by the establishment of the buyer in the Ship From location. 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".

As for the specific Services products, the Domestic Reverse Charge authority will require Physical Performance or Customer Location Services transaction type and will be triggered by the Tax Code of "DRC".

PART I – UPDATES TO DETERMINATION

Zone

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

ZONE NAME	PARENT ZONE	ZONE LEVEL	3-CHAR CODE	DEFAULT PRODUCT GROUP
ESTONIA	EUROPEAN UNION	Country	EST	Harmonized

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Registration Mask

The following registration mask was added:

REGISTRATION MASK
^EE\d{9}$|^EU

Authority Options

NAME	CONDITION	VALUE	START DATE
AT - Ancillary Transport Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
Chain transaction Transport	None	Either	01/01/1901
CL - Customer Location Reverse Charge	Both	Registration Required	01/01/1901
CR - Registration Required	Both	Registration Required	01/02/1901
DS - Default Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
ER - Establishment Required	None	Yes	01/01/1901
ES - Electronic Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
Filling Groups Goods	None	Yes	01/01/1901
Filling Groups Customer Location Service	None	Yes	01/01/1901
Filling Groups Physical Performance	None	Yes	01/01/1901
GS - Goods Reverse Charge	Domestic Transaction	Registration Required	01/01/1901

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NAME	CONDITION	VALUE	START DATE
Intra-Company tax free sale - Goods	None	Yes	01/01/1901
Intra-Company tax free sale - Customer Location Service	None	Yes	01/01/1901
Intra-Company tax free sale - Physical Performance	None	Yes	01/01/1901
PP - Physical Performance Reverse Charge	Domestic Transaction	Registration Required	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
Turn Off Authority	None	Yes	01/01/1901
Triangulation Simplification	None	Not Registered in Ship to	01/01/1901
TS - Transport Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
UE - Used and Enjoyed	Both	None	01/01/1901
WG - Work on Goods Reverse Charge	Not Applicable	Not Applicable	01/01/1901

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Authority Specific Messages

The following messages have been adjusted in the authority of Estonia Domestic Reverse Charge:

DPI	NEW MESSAGE
EUBG16	Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
EUBG25	Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
EUSG14	Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
EUBPP1	Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
EUBPP2	Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
EUSPP1	Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
EUBCL1	Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
EUBCL2	Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
EUSCL1	Siseriiklik pöördmaksustamine - Art. 41 (1) KMS

Rate Updates

The following rates have been added in the authority of Estonia Domestic Reverse Charge:

RATE CODE	RATE DESCRIPTION	RATE	START DATE
SR	Standard Rate	20%	01/01/2020
RR	Reduced Rate	9%	01/01/2020
NL	Not Liable	0%	01/01/2020
ZR	Zero Rate	0%	01/01/2020

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Catch-all Rules

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

RULE ORDER	RATE CODE	TAX TYPE	TAX TREATMENT	START DATE
5000	None	Acquisition	No Tax	01/01/2020
5001	None	Import	No Tax	01/01/2020
5002	None	Zero Rate Export	No Tax	01/01/2020
5003	None	Zero Rate	No Tax	01/01/2020
5004	None	European Community Dispatch	No Tax	01/01/2020
5005	None	Triangulation	No Tax	01/01/2020
5006	None	EC Sales List Services	No Tax	01/01/2020
5007	None	Taxable Export	No Tax	01/01/2020
5008	None	Distance Sale	No Tax	01/01/2020
5009	None	Intra-EU Reverse Charge	No Tax	01/01/2020
5010	None	Intra-Company	No Tax	01/01/2020
5011	None	VAT Groups	No Tax	01/01/2020
10000	None	Any	No Tax	01/01/2020

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

The rule added to the authority of Estonia is the following:

RULE ORDER	RATE CODE	TAX TYPE	TAX TREATMENT	START DATE
5000.0001	None	Any	No Tax	01/01/2020

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

CONDITION EXPRESSION	OPERATOR	VALUE	START DATE
Estonia Domestic Reverse Charge	NOT_APPLIED_TAX_TYPE	S	01/01/2020

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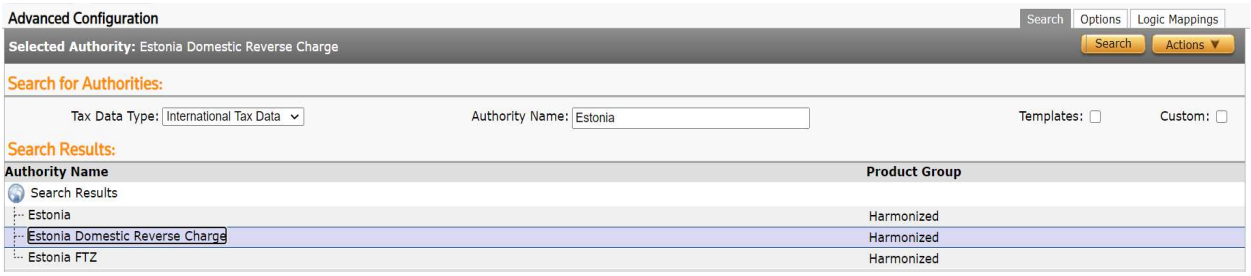
PART II – USING THE AUTHORITIES

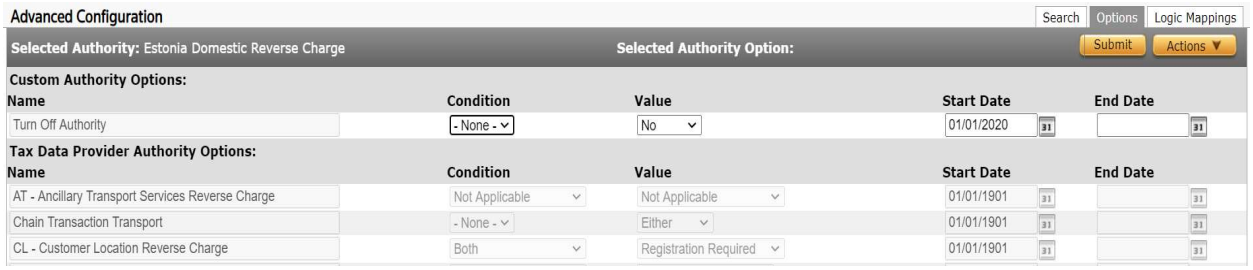
Turning On the authority

The Estonia Domestic Reverse Charge authority is turned off by default. To turn it on, select Tax Data, then Authorities, then Advanced Configuration.

On the Advanced Configuration screen, search for the authority and select it.



Select the Options tab, and then click the Actions button and select Add from the drop-down menu. Select the name of the option “Turn Off Authority” and set the condition to None, the value to No and the start date of 01/01/2020. The screen below is an example.



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PART III – TAX RESULT EXAMPLES

Test 1: Shipment of goods subject to Domestic Reverse Charge from Estonia to Estonia

WORKBENCH ELEMENTS	VALUES
Transaction Type	Goods
Ship From	Estonia
Ship To	Estonia
Seller Registration	EE123456789
Buyer Registration	EE123456788
Buyer Establishment in Ship From	Yes

Example of the Tax Calulcation Results screen for Company Role: Buyer shipment of goods.

Tax Calculation Results

Scenario 2020 September 1st Update - Estonia DRC (New authority):

View Results: 1 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: ESTONIA	Estonia Domestic Reverse Charge	Domestic Reverse Charge 2012.7204 Ferrous waste and scrap; remelting scrap ingot art.41(1).2.2 VAT)	RC	O		20%	20.00		
Country: ESTONIA	Estonia Domestic Reverse Charge	Domestic Reverse Charge 2012.7204 Ferrous waste and scrap; remelting scrap ingot art.41(1).2.2 VAT)	RC	I		20%	20.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Estonia Domestic Reverse Charge	6799.3974	EUBG16: Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
Estonia Domestic Reverse Charge	6799.3974	EUBG25: Siseriiklik pöördmaksustamine - Art. 41 (1) KMS

Example of the Tax Calculation Results Company Role: Seller shipment of goods.

Tax Calculation Results

Scenario 2020 September 1st Update - Estonia DRC (New authority):

View Results: 1 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: ESTONIA	Estonia Domestic Reverse Charge	Domestic Reverse Charge 2012.7204 Ferrous waste and scrap; remelting scrap ingot art.41(1).2.2 VAT)	NL	O		0%	0.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Estonia Domestic Reverse Charge	6799.3975	EUSG14: Siseriiklik pöördmaksustamine - Art. 41 (1) KMS

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Test 2: Supply of customer location services subject to Domestic Reverse Charge from Estonia to Estonia

WORKBENCH ELEMENTS	VALUES
Transaction Type	Customer Location Services
Seller Primary	Estonia
Buyer Primary	Estonia
Seller Registration	EE123456789
Buyer Registration	EE123456788
Tax Code	DRC

Example of the Tax Calculation Results for the Company Role: Buyer supply of customer location services.

Tax Calculation Results

Scenario 2020 September 1st Update - Estonia DRC (New authority):

View Results: 3 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: ESTONIA	Estonia Domestic Reverse Charge	Domestic Reverse Charge Sale, Rental, And Leasing Of Land (art. 41(1).2.1 VAT)	RC	O		20%	20.00		
Country: ESTONIA	Estonia Domestic Reverse Charge	Domestic Reverse Charge Sale, Rental, And Leasing Of Land (art. 41(1).2.1 VAT)	RC	I		20%	20.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Estonia Domestic Reverse Charge	6899.8511	EUBCL1: Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
Estonia Domestic Reverse Charge	6899.8511	EUBCL2: Siseriiklik pöördmaksustamine - Art. 41 (1) KMS

Example of the Tax Calculation Results for the Company Role: Seller supply of customer location services.

Tax Calculation Results

Scenario 2020 September 1st Update - Estonia DRC (New authority):

View Results: 1 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: ESTONIA	Estonia Domestic Reverse Charge	Domestic Reverse Charge 2012.7204 Ferrous waste and scrap; remelting scrap ingot art.41(1).2.2 VAT)	NL	O		0%	0.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Estonia Domestic Reverse Charge	6799.3975	EUSG14: Siseriiklik pöördmaksustamine - Art. 41 (1) KMS

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Test 3: Supply of physical performance services subject to Domestic Reverse Charge in Estonia

WORKBENCH ELEMENTS	VALUES
Transaction Type	Physical Performance
Supply	Estonia
Seller Registration	EE123456789
Buyer Registration	EE123456788
Tax Code	DRC

Example of the Tax Calculation Results for the Company Role: Buyer for the supply of physical performance services.

Tax Calculation Results

Scenario 2020 September 1st Update - Estonia DRC (New authority):

View Results: 2 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: ESTONIA	Estonia Domestic Reverse Charge	Domestic Reverse Charge Sale, Rental, And Leasing Of Land (art. 41(1).2.1 VAT)	RC	O		20%	20.00		
Country: ESTONIA	Estonia Domestic Reverse Charge	Domestic Reverse Charge Sale, Rental, And Leasing Of Land (art. 41(1).2.1 VAT)	RC	I		20%	20.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Estonia Domestic Reverse Charge	6899.8511	EUBPP1: Siseriiklik pöördmaksustamine - Art. 41 (1) KMS
Estonia Domestic Reverse Charge	6899.8511	EUBPP2: Siseriiklik pöördmaksustamine - Art. 41 (1) KMS

Example of the Tax Calculation Results for the Company Role: Seller for the supply of physical performance services.

Tax Calculation Results

Scenario 2020 September 1st Update - Estonia DRC (New authority):

View Results: 2 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: ESTONIA	Estonia Domestic Reverse Charge	Domestic Reverse Charge Sale, Rental, And Leasing Of Land (art. 41(1).2.1 VAT)	NL	O		0%	0.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Estonia Domestic Reverse Charge	6899.8512	EUSPP1: Siseriiklik pöördmaksustamine - Art. 41 (1) KMS

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CONCLUSION

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

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