

SPAIN DOMESTIC REVERSE CHARGE

NEW AUTHORITY GUIDE

THOMSON REUTERS TAX RESEARCH
OCTOBER 2017 CONTENT UPDATE #1

Introduction

The authority of Spain 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 Spanish VAT Act to account for Domestic Reverse Charge on the sale of some of the specific products listed in Article 84 paragraph 2 of the Spanish VAT Act.

The reverse charge for the specific products 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".

PART I – UPDATES TO DETERMINATION

Zone

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

ZONE NAME	PARENT ZONE	ZONE LEVEL	3-CHAR CODE	DEFAULT PRODUCT GROUP
Spain	European Union	Country	ESP	Harmonized

Registration Mask

The following registration mask was added.

REGISTRATION MASK
^(ES)?[A-Z0-9]\d{7}[A-Z0-9]\$ ^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	Not Applicable	Not Applicable	01/01/1901
CR - Registration Required	Domestic Transaction	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
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 Transaction	Registration Required	01/01/1901
Intra-Company tax free sale - Goods	None	Yes	01/01/1901

NAME	CONDITION	VALUE	START DATE
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
Turn Off Authority	None	Yes	01/01/1901
Triangulation Simplification	None	Not Established in Ship To	01/01/1901
TS - Transport Services Reverse Charge	Not Applicable	Not Applicable	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

Rate Updates

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

RATE CODE	RATE DESCRIPTION	RATE	START DATE
LR	Super Reduced Rate	4%	01/01/2017
NL	Not Liable	0%	01/01/2017
RR	Reduced Rate	10%	01/01/2017
SR	Standard Rate	21%	01/01/2017
ZR	Zero Rate	0%	01/01/2017

Catch-all Rules

The following catch-all rules have been added in the authority of Spain 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
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 Spain to prevent the system returning two tax blocks when the rules contained in the authority of Spain Domestic Reverse Charge are applied.

The rule added to the authority of Spain 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.

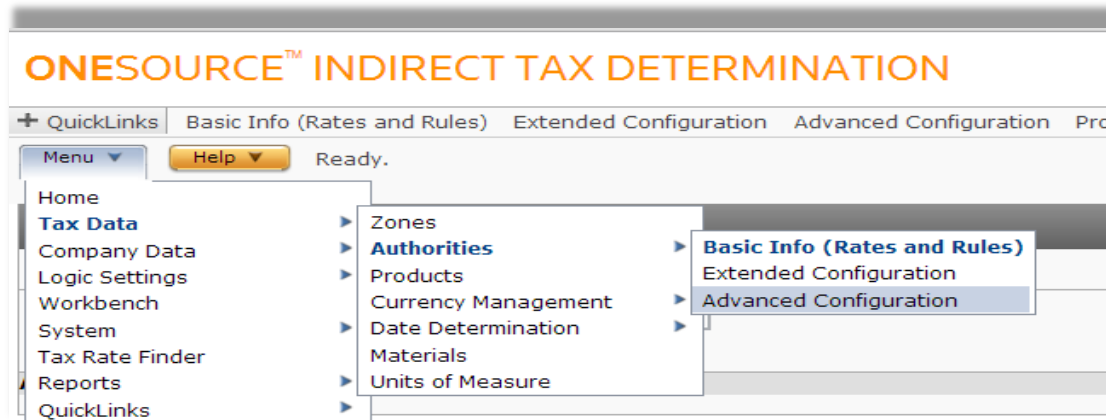
CONDITION EXPRESSION	OPERATOR	VALUE	START DATE
Spain Domestic Reverse Charge	NOT_APPLIED_TAX_TYPE	S	01/01/2017

PART II – USING THE AUTHORITIES

Turning On the authority

The Spain Domestic Reverse Charge authority is turned off by default. To turn it on, access the Advanced Configuration section.

The following image shows the navigation to open the Advanced Configuration section.



Search for the respective 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 01/01/1901 as shown in the following image.



PART III – TAX RESULT EXAMPLES

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

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Goods
Ship From	Spain
Ship To	Spain
Seller Registration	ESA1234567A
Buyer Registration	ESA1234568A
Buyer Establishment in Ship From	Yes

The image shows the details of the reverse charge.

Scenario 2017 October - Spain DRC goods domestic transaction:

View Results: <input type="button" value="1"/>		Gross Amount: 50000.00	Eff%: 0%				
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt TT
Country: SPAIN	Spain Domestic Reverse Charge	Domestic Reverse Charge 2012.851712 -- Telephones for cellular (Art. 84 par.2 VATA)	RC	O		21%	10500.00
Country: SPAIN	Spain Domestic Reverse Charge	Domestic Reverse Charge 2012.851712 -- Telephones for cellular (Art. 84 par.2 VATA)	RC	I		21%	10500.00
							0.00 EUR
<input type="button" value="Authority Messages:"/>							
Authority	RuleOrder	Message					
Spain Domestic Reverse Charge	6595.5635	EUBG16: Inversión del sujeto pasivo - Artículo 84 (2) de la Ley del Impuesto sobre el Valor Añadido					
Spain Domestic Reverse Charge	6595.5635	EUBG25: Inversión del sujeto pasivo - Artículo 84 (2) de la Ley del Impuesto sobre el Valor Añadido					

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

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Goods
Ship From	Chile
Ship To	Spain
Seller Registration	15.580.543-9
Buyer Registration	ESA1234567A

The image shows the details of the reverse charge.

Scenario 2017 October - Spain DRC goods import:

View Results: 1	Gross Amount: 50000.00		Eff%: 0%					
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	
Country: SPAIN	Spain	VAT	IM	O		21%	10500.00	
Country: SPAIN	Spain	VAT	IM	I		21%	10500.00	
							0.00 EUR	
Authority Messages:								
Authority	RuleOrder	Message						
Spain	10000	EUBG9: Import VAT in Ship To Location.						
Spain	10000	EUBG10: Recovery of import input VAT in Ship To location.						

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

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Goods
Ship From	Spain
Ship To	Spain
Seller Registration	ESA1234567A
Buyer Registration	ESA1234568A
Buyer Establishment in Ship From	Yes

The image shows the details of the reverse charge.

Scenario 2017 October - Spain DRC goods domestic transaction:

View Results: <input type="button" value="1"/> Gross Amount: 50000.00 Eff%: 0%						
Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt
Country: SPAIN	Spain Domestic Reverse Charge	Domestic Reverse Charge 2012.851712 -- Telephones for cellular (Art. 84 par.2 VATA)	NL	O	0%	0.00
						0.00 EUR
<input type="checkbox"/> Authority Messages:						
Authority	RuleOrder	Message				
Spain Domestic Reverse Charge	6595.5636	EUSG14: Inversión del sujeto pasivo - Artículo 84 (2) de la Ley del Impuesto sobre el Valor Añadido				

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

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Goods
Ship From	Spain
Ship To	Chile
Seller Registration	ESA1234567A
Buyer Registration	15.580.543-9

The image shows the results of the reverse charge.

Scenario 2017 October - Spain DRC goods export:

View Results: 1 ▾		Gross Amount: 50000.00		Eff%: 0%			
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: SPAIN	Spain	Zero Rated Export	ZE	O		0%	0.00
							0.00 EUR
<div><input type="checkbox"/> Authority Messages:</div>							
Authority	RuleOrder	Message					
Spain	5000.0002	EUSG6: Exencion de IVA - Art. 21 (1) Ley 37/1992					

CONCLUSION

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