VAT Books - New “Immediate Supply of Information” system foreseen to come into force in 2017

1 October 2015

In accordance with the draft Royal Decree which modifies, among others, the VAT Regulations in order to introduce the new system "Immediate Supply of Information-SII", which in principle will come into force in 2017, certain taxpayers will have to provide electronically to the Tax Authorities the data information about the invoices they issue and receive within a very tight timeframe.

What is this new system about?

- Under this system, a new procedure of supply of electronic information related to the VAT Books is implemented, by means of which the data concerning the transactions carried out by the taxpayers will be almost immediately made available to the Tax Authorities.

Who has to fulfill this obligation?

- It will be compulsory for large size entities, entities belonging to a VAT group and taxpayers registered in the VAT Monthly Refund Special Regime (REDEME), i.e. all taxpayers which file monthly VAT Returns.

- It will be voluntary for any other taxpayer who exercises this option through a census form, in the month of November prior to the calendar year in which the taxpayer wants to apply this regime.

Which information will have to be provided?
- The information corresponding to the VAT Books of Received and Issued Invoices, along with certain additional information which at present is not included in such books, as, for example, the description of the transactions, the VAT period to which the invoice corresponds or specific data relevant for VAT purposes (application of exemptions, reverse charge mechanism, etc.).

- Where appropriate, also the information corresponding to the Books of investment goods and the Books of certain intra-Community transactions, taking into account certain specialities.

- The method to rectify prior registry entries is also foreseen in this system.

**When must the information be provided?**

- In general terms, the information about the invoices issued and received will have to be supplied within **four days** (excluding Saturdays, Sundays and national holidays) as of the moment the invoice is issued/received, or its accounting record takes place.

- In cases of third-party billing or customer self-billing, the deadline is extended to **eight days** (excluding Saturdays, Sundays and national holidays).

- Furthermore, this project also includes **certain distinctive features** in connection with some transactions such as exports and imports, or data relating to the books of investment goods.

**What other consequences does this system have on the taxpayers?**

- The formal obligations are simplified, since these taxpayers will not have to file the annual summary of operations carried out with third parties (**347 form**) nor the monthly
informative return for those in the special refund regime (340 form).

- The deadline for filing the VAT returns will be extended from the 20th until the 30th of each month (or the last day of February).

- The Tax Authorities will provide to these taxpayers all the information gathered through this system, thus providing a tool in order to help them to prepare their VAT returns.

At this point in time this is a mere draft Royal Decree, which has not yet been approved, and therefore it will be necessary to wait for the final version, which can include modifications with regards to this draft. We will keep you informed about the definitive content of the final Royal Decree.

In any case, it emphasizes the great importance of a correct data management by taxpayers, specially considering the large volume of information that will have to be supplied within very tight deadlines.

For any question that may arise in this regard, please do not hesitate to contact the Indirect Tax Practice of KPMG Abogados, S.L. (Data Analytics Section).

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