



European Committee for Standardization
Comité Européen de Normalisation
Europäisches Komitee für Normung

CEN/ISSS WS/BIIGL09

Tax

GUIDELINE

Business Domain: Post award procurement

Business Process: Procurement

Document Identification: CEN/ISSS WS/Guideline 09

Version: 1.0

Release: 2009-11-05

Date of approval: 2009-11-05

TABLE OF CONTENTS

1	Introduction	3
1.1	Purpose	3
1.2	Summary	3
2	Tax classes and elements	4
2.1	Party Tax Scheme	4
2.2	Tax Scheme	4
2.3	Tax Category	4
3	Calculating tax	5
3.1	Tax Subtotal	5
3.2	Tax Total	5
4	Tax details at line level	6

1 Introduction

The CEN/ISSS Workshop on business interoperability interfaces for public procurement in Europe (CEN/ISSS WS/BII) is established in order to

- Identify and document the required business interoperability interfaces related to pan-European electronic transactions in public procurement expressed as a set of technical specifications, developed by taking due account of current and emerging UN/CEFACT standards in order to ensure global interoperability;
- Co-ordinate and provide support to pilot projects implementing the technical specifications in order to remove technical barriers preventing interoperability.

To facilitate implementation of electronic commerce in a standardized way, thereby enabling the development of standardized software solutions as well as efficient connections between business partners without case by case specification of the data interchange, the workshop agreed to document the required business interoperability interfaces as profile descriptions. The end goal is to reduce the cost of implementing electronic commerce to a level that is economical for small and medium size companies and institutions.

The main focus of the profile description and the associated transaction data models is to address generally expressed business requirements applicable throughout the European market. Although the profile description and associated transaction data model are designed to meet generally expressed requirements, it is still the responsibility of the users to ensure that the actual business transactions exchanges meets all the legal, fiscal and commercial requirements relevant to their business.

This guideline is one of a series of documents providing detailed guidance on the purpose and use of some key elements of the transaction data models developed by CEN/ISSS WS/BII.

All cardinalities shown in this document represent elements and associations at from the full data models; see 'Profile Architecture' for further information.

1.1 Purpose

The purpose of this guideline is to specify the use of classes and elements used to specify tax information.

1.2 Summary

- 'Tax' refers to VAT (and other taxes) payable to the fiscal authorities
- Tax Scheme specifies, at the highest level, the type of tax payable e.g. VAT, GST, Excise
- Tax Category specifies a category of tax within a Tax Scheme.
- Tax Category also contains the ratio (Percent) or per unit amount (used to calculate the tax amount for the Tax Category (within in the TaxScheme) e.g. 25% for Standard-rated VAT or 10 EUR per unit.

2 Tax classes and elements

Tax information is described in the following classes:

1. Party Tax Scheme (Party, document, and line level)
2. Tax Scheme (document and line level)
3. Tax Category (document and line level)
4. Tax Total (document and line level)
5. Tax Subtotal (document and line level)
6. Jurisdiction Region Address (Tax Scheme)

As well as the above, the following elements are relevant for specifying tax currencies:

- Tax Currency Code (document and Tax Scheme)
- Tax Exchange Rate (document)

2.1 Party Tax Scheme

Taxes are settled between a tax registered organization and a country's fiscal authority e.g. in Denmark, the Danish Central Customs and Tax Administration (SKAT). A tax registered organization is assigned a registration identifier for each tax for which it is registered.

Organizations registered for more than one tax [scheme] i.e. with more than one registration identifier, must specify multiple Party Tax Schemes, one for each Tax Scheme for which the organization is registered.

In domestic trade scenarios, only the Supplier's registration identifier (or identifiers) must be specified on tax documents. However, foreign trade scenarios require additional Party Tax Scheme information for the Customer e.g. in case of 'reverse charge obligation' or 'purchase VAT' for intra-EU trade.

Note that, in BII, VAT registration identifiers are always prefixed by the ISO country code of the country in which the organization is registered for VAT.

2.2 Tax Scheme

Tax Scheme describes the overall 'type' of tax at the highest level.

A Tax Scheme may have many associated rates to apply in calculation, each described in its own associated Tax Category. It is also possible to specify a currency in which the tax should be settled using TaxScheme.CurrencyCode.

- TaxScheme.ID = 'VAT'
- TaxScheme.Name = 'Value added tax'

Specifies that the tax is VAT.

2.3 Tax Category

Tax Category describes a subdivision of a Tax Scheme.

It may be the case that a tax has different rates for the same TaxCategory.ID. Since rates for categories differ between countries it is recommended that the tax percentage is also given.

- TaxScheme.ID = 'VAT'
- TaxScheme.Name = 'Value added tax'
- TaxCategory.ID = 'S'
- TaxCategory.Percent = '5' or '12'

Each rate for the Tax Scheme / Category combination must be calculated in a separate Tax Subtotal.

Tax category ID should be based on UN/ECE code list 5305.

3 Calculating tax

3.1 Tax Subtotal

Any given tax is calculated in a TaxSubtotal by applying a specific formula. The formula can be either:

- A percentage of a TaxableAmount (TaxCategory.Percent), or
- A fixed amount where the tax is applied per unit of the Item on the Invoice Line (TaxCategory.BaseUnitMeasure and TaxCategory.PerUnitAmount)

If an invoice contains a number of taxes, the Calculation Sequence Numeric field in Tax Subtotal can be used to specify a calculation sequence for the total tax amount e.g.

- The Taxable Amount in a Tax Subtotal with Calculation Sequence Numeric '2' is the sum of Taxable Amount and Tax Amount from the Tax Subtotal with Calculation Sequence Numeric '1'
- The Taxable Amount in a Tax Subtotal with Calculation Sequence Numeric '3' is the sum of Taxable Amount and Tax Amount from the Tax Subtotal with Calculation Sequence Numeric '2'
- and so on.

If all taxes apply to the same taxable amount, Calculation Sequence Numeric will be '1' for all taxes.

3.2 Tax Total

Tax Total is used to specify the total tax amount for a given Tax Scheme. TaxTotal contains one or more instances of Tax Subtotal; a separate Tax Subtotal is required for each Tax Category / Percent combination within the Tax Scheme.

4 Tax details at line level

In BII Tax at Line level can be specified in the same way as at Document level using Tax Total, Tax Subtotal, Tax Category, and Tax Scheme.

Alternatively, the Classified Tax Category in the Item on the Invoice Line can be used if all that is required is the tax percentage rather than the tax amount.

Line level tax details are informative i.e. the actual calculation of taxes is performed at Document level.