



## Tax Alert - Spanish VAT

### The new Anticipated Electronic VAT Reporting System (SII – Suministro Inmediato de Información)

On December 2nd, 2016, the Council of Ministers approved Royal Decree 596/2016 which encompasses a set of measures to prevent and correct tax fraud in VAT, by putting into place the new Anticipated Electronic VAT Reporting System (*SII – Suministro Inmediato de Información*).

The new VAT management system brought by the SII, based on keeping the VAT Registry Books via the Tax Administration's online platform, is expected to provide billing registries on an almost real-time basis. Below we provide a brief summary of the basic ideas of this new VAT management system brought by the SII.

- **Entry into force:**

The new Anticipated Electronic VAT Reporting System (SII) shall enter into force on July 1<sup>st</sup>, 2017.

Moreover, it shall be noted that taxpayers which apply this new system will be also required to submit the billing registries related to the first half of 2017 (covering the period between January 1<sup>st</sup> and June 30<sup>th</sup>). The deadline to file this last piece of data will be extended to January 1<sup>st</sup>, 2018.

- **Who should apply the new Anticipated Electronic VAT Reporting System?**

Taxpayers which have to file monthly returns will be mandatorily included in the SII, that is:

- a) Taxpayers who signed-up for the Monthly VAT Refund Registry (REDEME).
- b) Large enterprises (those with annual turnover over Euro 6 million).
- c) Businesses under VAT grouping.

In addition, any other business or professional, not meeting this criteria may, on a voluntary basis, choose to apply this system.

- **What is the new Anticipated Electronic VAT Reporting System?**

This new Anticipated Electronic VAT Reporting System (SII) entails the electronic supply, through the Spanish Tax Authorities on-line platform, of billing registries which are part of the VAT Registry Books (Registry Books of issued invoices, received invoices and some intra-community transactions).

For that purpose, billing details shall be electronically submitted to the Tax Administration so, in practice, the information contained in those Registry VAT Books are practically populated on a real-time basis.

- **What are the deadlines for the electronic submission of billing registries?**

The VAT ledgers will be submitted through the Spanish Tax Authorities on-line platform. Thus, taxpayers will generally be required to send certain data regarding invoices issued and received within a 4 day timeframe as of the moment they issue or receive them.

Nevertheless, as a temporary measure for the period comprised between July 1st, and December 31st, 2017, the deadline will be extended from 4 to 8 days.

In terms of the above timeframe, weekends and national public holidays would be excluded.

- **VAT Ledgers content requirements**

In general terms, the content requirements of the billing registries will be increased for the taxpayers which apply this new system. New additional information, such as a brief description of the transactions, type of invoice, etc., shall be filed with the tax authorities.

- **Which are the deadlines for submitting the VAT returns for the taxpayers which apply the new Anticipated Electronic VAT Reporting System?**

Taxpayers which have to apply – or chose to apply – this system will be required to file their corresponding VAT returns (forms 303) during the first 30 calendar days of the following month corresponding to the transactions they refer to.

Therefore, under this new system, the deadline to file these VAT returns (forms 303) will be extended in ten additional days.

- **Exemptions for taxpayers which apply the new Anticipated Electronic VAT Reporting System**

Under this new system, VAT reporting obligations will be simplified. For instance, taxpayers which apply this new Electronic VAT Reporting System will not have to submit the annual VAT summary return (form 390), the annual informative return containing transactions with third parties (form 347) nor the VAT return containing the VAT Books under the special VAT monthly refund regime – REDEME – (form 340).

### **Deloitte's approach in relation to this new VAT Reporting System.**

It shall be noted that this new report system implies, not only the adaptation of the IT system but also a significant adjustment in the financial and tax management of the companies.

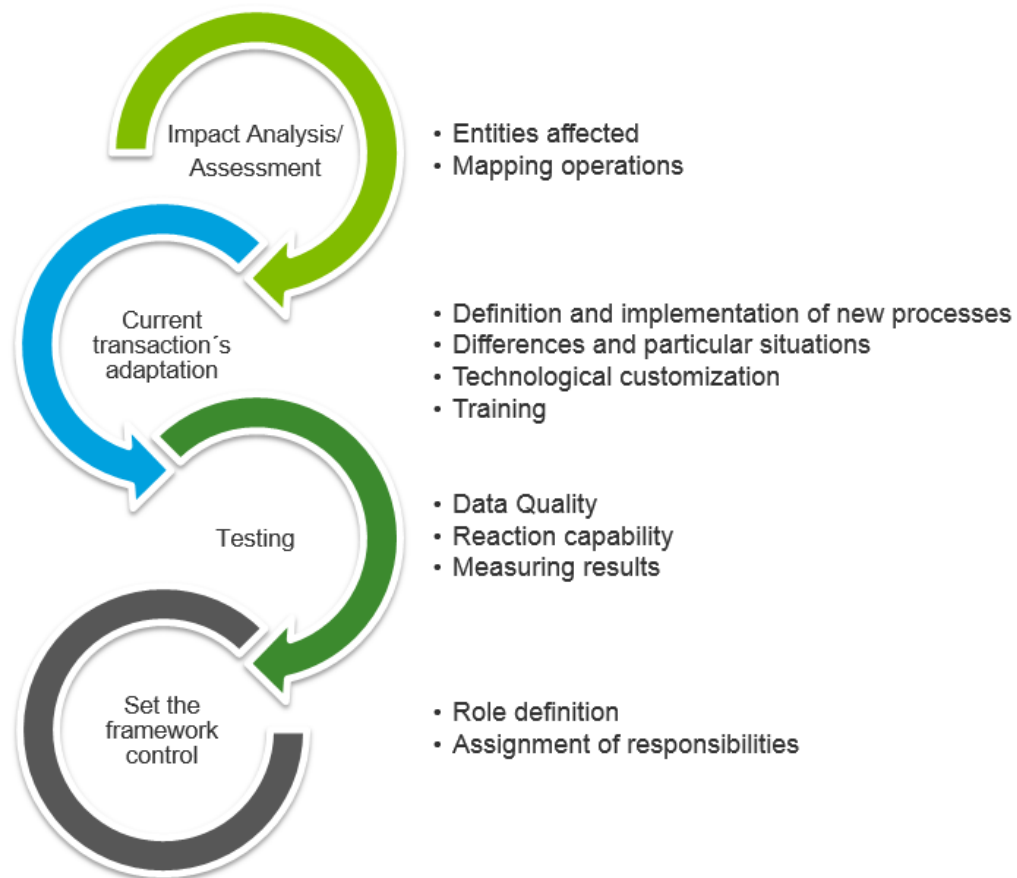
As previously explained, the new supply of information should be performed on an almost real-time basis, so that it is completely necessary to be sure that the transactions to be reported to the Tax Authorities have been properly treated from a VAT perspective.

In this regard, it must be taken into account that the Spanish Tax Authorities will perform a match process between the information reported by the suppliers and by the customers. Thus, in case the transactions do not pass the "match process", a deeper analysis (e.g. VAT audits, requirements) will be issued by the Tax Authorities.

Moreover, we would like to point out that the information gathered by the Spanish Tax Authorities through this system will be relevant, besides for VAT, for corporate and for transfer pricing purposes, too.

According to the above and taking into account the relevance of this novelty, our Spanish Indirect tax department has developed, in collaboration with other departments (e.g. Risk Consultancy department), a project with the aim to securing the proper compliance with this new reporting system.

The referred project comprises the following tasks:



So, under Deloitte's approach, it would be accomplished (i) the review of the VAT treatment of the business activity carried out and (ii) the implementation of some controls in the day-to-day management of the business.

For more information or to discuss this issue further, please contact:

Isabel López-Bustamante (*Partner*)  
[ilopezbustamante@deloitte.es](mailto:ilopezbustamante@deloitte.es)

Juan Ortín (*Partner*)  
[jortin@deloitte.es](mailto:jortin@deloitte.es)

Marcos Río (*Principal Associate*)  
[mrrio@deloitte.es](mailto:mrrio@deloitte.es)

María José García Vega (*Senior Associate*)  
[mgarciavega@deloitte.es](mailto:mgarciavega@deloitte.es)

\*\*\*\*\*

We hope that this information will be useful and, as usual, we remain at your disposal to clarify or extend any question arising from the content of this note. For this purpose you can contact your usual contact person at Deloitte, or send an email to the following address: [deloittelegal@deloitte.es](mailto:deloittelegal@deloitte.es)

We take the opportunity to send you a cordial greeting.

Sincerely,

**Deloitte Legal**



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

© 2016 Deloitte Asesores Tributarios, S.L.U.

[www.deloitte.es](http://www.deloitte.es) | [Privacy policy](#) |