

Reference on VAT invoice (2/3/17)

References to a particular VAT scheme are a key element of the tax invoice. This article takes a closer look at this area.

Statutory requirements

Article 218 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (the "VAT directive") provides that a document or statement in paper or electronic form that meets the conditions laid down by the directive and gives all the details required to appear on a tax invoice will be recognised as a tax invoice. Similar criteria are laid down by the VAT Act: a document in paper or electronic form that gives specified details will be considered a tax invoice. So references on a tax invoice are as important as its other details because failure to make a reference might confuse the other party about clauses of VAT legislation invoked.

The SRS has stated that the administrative burden on taxpayers and member states' tax authorities in cross-border transactions is eased if tax invoices refer to clauses of the VAT directive and not to clauses of the national legislation of each member state.

Section 125(1) of the VAT Act specifies details that must appear on a tax invoice. Among other things, section 125(1)(14-23) lists a number of aspects to be considered when issuing a tax invoice for a supply of goods or services and for other separate transactions that require appropriate references to be made on a tax invoice.

For instance, the VAT Act states that a tax invoice for zero-rated or exempt supplies of goods or services must refer to the section of the VAT Act that provides for the zero-rating or exemption, or to the relevant article of the VAT directive, or must make any other reference to the statutory grounds for the zero-rating or exemption. Also, where the customer is responsible for paying VAT, the invoice should state "Reverse charge." A similar reference should be made where one of the special VAT payment schemes is applied.

The table summarises possible references on a tax invoice:

Transaction	VAT	Reference
Supply of services to taxable person registered in another member state if place of supply is determined under section 19(1) of VAT Act	Exempt	"Reverse charge"
Intra-Community supply of goods to taxable person registered in another member state	0%	Article 138(1) of VAT Directive (2006/112/EC)
Supply of services to taxable person registered in third country if place of supply is determined under section 19(1) of VAT Act	Exempt	"Reverse charge" or Article 44 of VAT Directive (2006/112/EC)

Export of goods	0%	Article 146(1)(a) of VAT Directive (2006/112/EC)
Supply of new vehicle	0%	Article 138(2)(a) of VAT Directive (2006/112/EC)
Supply of construction services	Special VAT scheme	"Reverse charge"
Supply of scrap metal and timber	Special VAT scheme	"Reverse charge"
Supply of smartphones, tablets, laptops and integrated circuit devices	Special VAT scheme	"Reverse charge"
Supply of grains and industrial crops (including oil seeds), including mixtures of these commodities that in unchanged form are not normally intended for end consumption	Special VAT scheme	"Reverse charge"
Supply of unwrought precious metals, precious metal alloys and metals clad with precious metal	Special VAT scheme	"Reverse charge"
Invoice issued by customer		"Self-billing"
Supply of goods or services with cash accounting	21%	"Cash accounting"
Supply of tourism services	21%	"Margin scheme - travel agents"
Supply of second-hand goods	21%	"Margin scheme - second-hand goods"
Supply of works of art	21%	"Margin scheme - works of art"
Supply of collector's items and antiques	21%	"Margin scheme - collector's items and antiques"