**ISO 20022**

**Invoice Tax Report**

Approved by the Trade Services SEG on 4 October 2016

**Message Definition Report** **- Part 1**

Edition October 2016

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**Preliminary note:**

The Message Definition Report (MDR) is made of three parts:

* **MDR - Part 1** describes the contextual background required to understand the functionality of the proposed message set. Part 1 is produced by the submitting organisation that developed or maintained the message set in line with a MDR Part1 template provided by the ISO 20022 Registration Authority (RA) on [www.iso20022.org](http://www.iso20022.org)
* **MDR – Part 2** is the detailed description of each message definition of the message set. Part 2 is produced by the RA using the model developed by the submitting organisation.
* **MDR – Part 3** is an extract of the ISO 20022 Business Model describing the business concepts used in the message set. Part 3 is an Excel document produced by the RA.

# Introduction

## Terms and definitions

The following terms are reserved words defined in ISO 20022 – Part1. When used in this document, they will follow the UpperCamelCase notation.

|  |  |
| --- | --- |
| Term | Definition |
| BusinessRole | functional role played by a business actor in a particular BusinessProcess or BusinessTransaction |
| Participant | involvement of a BusinessRole in a BusinessTransaction |
| BusinessProcess | unrealized definition of the business activities undertaken by BusinessRoles within a BusinessArea whereby each BusinessProcess fulfils one type of business activity and whereby a BusinessProcess may include and extend other BusinessProcesses |
| BusinessTransaction | particular solution that meets the communication requirements and the interaction requirements of a particular BusinessProcess and BusinessArea |
| MessageDefinition | formal description of the structure of a MessageInstance |

## Glossary

**Acronyms**

|  |  |
| --- | --- |
| Acronym | Definition |
| TSU | Trade Services Utility |
| FFI | Federation of Finnish Financial Services |
| Tieto | Tieto Corporation |
| POS | Point of sale |
| VAT | Value added tax |

**Abbreviations**

|  |  |
| --- | --- |
| Abbreviation | Definition |
|  |  |
|  |  |
|  |  |

## Document Scope and Objectives

This document is the first part of the ISO 20022 Message Definition Report (MDR) that describes the BusinessTransactions and underlying message set. For the sake of completeness, the document may also describe BusinessActivities that are not in the scope of the project.

This document sets:

* The BusinessProcess scope (business processes addressed or impacted by the project)
* The BusinessRoles involved in these BusinessProcesses

The main objectives of this document are:

* To explain what BusinessProcesses and BusinessActivities these candidate MessageDefinitions have addressed
* To give a high level description of BusinessProcesses and the associated BusinessRoles
* To document the BusinessTransactions and their Participants (sequence diagrams)
* To list the candidate MessageDefinitions

## References

| Document | Version | Date | Author |
| --- | --- | --- | --- |
| BUSINESS JUSTIFICATION Invoice Tax Report |  | 2012 | FFI, Tieto |
| ISO 20022 Financial Invoice | 1 |  | UN/CEFACT TBG 5 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

# Scope and Functionality

## Background

This Message Definition Report covers a set of 2 Invoice Tax Report MessageDefinitions developed by Tieto and the Federation of Finnish Financial Services (FFI) in close collaboration with the Finnish Tax Administration and approved by the ISO 20022 Trade Services Standards Evaluation Group (SEG). These messages are specifically designed to support Value Added Tax reporting from corporates to Tax Administration.

## Scope

For Value Added Tax (VAT) collection purposes, corporates and other tax responsible stakeholders shall report to their responsible Tax Authorities information required to control paid VAT. In European Union, VAT is governed by the EU Commission Directive and local legislation. The VAT process is tightly connected with the invoices and invoicing. Rapidly deployed e-invoicing makes it possible to develop new and efficient means for required data collection for authorities to control and govern VAT process.

The ISO 20022 Invoice Tax Report message can be used from corporates to tax authority to report VAT and other invoiced tax.

The Invoice Tax Report Status Advice message can be used to indicate that the tax authority has received the report.

## Groups of candidate MessageDefinitions and Functionality

**Note that these MessageDefinitions can be used with or without the ISO 20022 Business Application Header (head.001). The schema and more information about the Business Application Header (BAH) can be found on the** [**www.iso20022.org**](http://www.iso20022.org/bah.page) **web site.**

**1. Invoice Tax Report**

Creditor or Creditor service provider (Bank or e-invoice operator) send the Invoice Tax Report (auth.034) to tax authority.

Invoice Tax Report includes e.g. Seller and Buyer VAT identifications, VAT information (e.g. VAT %) and amount.

Invoice Tax Report can be sent at the same time as the e-invoice or Invoice Tax Reports can be accumulated and send all at once to Tax Authority. Tax Authority fixes the time schedule when the Invoice Tax Reports must be sent e.g. monthly, quarterly or annually.

**2. Invoice Tax Report Status Advice message**

Tax authority can give Invoice Tax Report Status Advice message (auth.038) to indicate that they have received and accept the Invoice Tax Report.

# BusinessRoles and Participants

A BusinessRole represents an entity (or a class of entities) of the real world, physical or legal, a person, a group of persons, a corporation. Examples of BusinessRoles: “Financial Institution”, “ACH”, “CSD”.

A Participant is a functional role performed by a BusinessRole in a particular BusinessProcess or BusinessTransaction: for example the “user” of a system, “debtor”, “creditor”, “investor” etc.

The relationship between BusinessRoles and Participants is many-to-many. One BusinessRole (that is, a person) can be involved as different Participants at different moments in time or at the same time: "user", "debtor”, "creditor", "investor", etc. Different BusinessRoles can be involved as the same Participant.



| **Participants and BusinessRoles definitions** | |
| --- | --- |
| **Description** | **Definition** |
| Participants | |
| Tax reporting agent (Role) | Party that informs the Tax Authority about the VAT information |
| Tax Authority (Role) | Authority that needs to receive VAT information for control purposes |
|  |  |
|  |  |
|  |  |
| BusinessRoles | |
| Seller | Seller issues the invoice and report related VAT |
| Buyer | Buyer receives the invoice. In certain transactions the Buyer may be the Taxable Party instead of the Seller. |
| Taxable Party | The Taxable Party declares and pays VAT on behalf of Seller or Buyer. Seller may also be Taxable Party. |
| E-invoice operator | Seller can use e-invoice operator to send the invoices and or report VAT.    E-invoice operator can send the Invoice Tax Report to Tax Authority on behalf of Seller. |
| TAX collector | Collects the VAT amount and information |

|  |  |  |
| --- | --- | --- |
| **BusinessRoles/Participants Matrix Table** | | |
| Participants  BusinessRoles | Tax reporting agent | Tax Authority |
| Seller | X |  |
| Buyer | X |  |
| Taxable Party | X |  |
| E-invoice operator | X |  |
| Tax collector |  | X |

# BusinessProcess Description

## BusinessProcess Diagram

This diagram pictures the high level BusinessProcesses covered by this project. The aim of the below is to describe the high-level scope of the project, not to be exhaustive.



Tax Report process:

* Definition: The seller (Tax reporting agent) issues the invoice or has sold services or goods in cash or with card payment and that transaction or invoice includes tax information, the Seller generates the Invoice Tax Report and sends it to the Tax Authority.
* Trigger: The sale has tax information which needs to be reported to Tax Authority.
* Pre-conditions: the invoice or the sale has tax information.
* Post-conditions: When Tax Authority has received the Tax Report
* Role: Tax reporting agent.

# Description of BusinessActivities

This section presents the different BusinessActivities within each BusinessProcess. BusinessActivities of a process are described in swim lane diagrams and are referred in this document as activity diagrams.

The development of an activity diagram is part of the ISO 20022 modelling process and allows capturing the requirements.

The activity diagram provides a zoom-in on the BusinessActivities taking place during each of the BusinessProcesses described in Section 4. It also shows the BusinessActivities that are triggered when another BusinessActivity has a negative result.

What is the activity diagram about?

* It is a diagram representing the ‘common lifecycle’ of a BusinessProcess
* A start point ⚫ shows where the lifecycle of the BusinessProcess commences and the end points show End point where the lifecycle may possibly end
* A lozenge means that a choice between several actions can be made
* A bar means that several actions are initiated in parallel
* The flow of activities between the involved Participants (parties)
* BusinessActivities may result in different actions, that is, information is conveyed from one party to another party.

Both in-scope and out-of-scope activities are included, with a different level of details. There are no information requirements for out-of-scope activities, except that they should be clearly identified in the diagram.

Activity diagrams are always accompanied with a text describing the BusinessActivities and their interactions.

## BusinessProcess – Seller issues the Tax Report



| **Descriptions of the BusinessActivities** | |
| --- | --- |
|  | **Initiator** |
| **Issue Invoice Tax Report:** The seller issues the Invoice Tax Report based on invoice data. | **Seller** |
| **Issue Invoice Tax Report Status Advice message:** The tax authority issues an Invoice Tax Report Status Advice message to indicate that he has received the Invoice Tax Report and he can or cannot handle it. | **Tax authority** |
| **Process Tax Authority’s Response:** The seller checks the tax authority’s response and correct the Tax Report if necessary and send the correct report to the tax authority. | **Seller** |

## BusinessProcess – E-invoice operator issues the Invoice Tax Report



| **Descriptions of the BusinessActivities** | |
| --- | --- |
|  | **Initiator** |
| **Issue invoice data:** The seller sends invoice data to e-invoice operator | **Seller** |
| **Issue Invoice Tax Report:** The e-invoice operator issues the Invoice Tax Report based on Invoice data. | **E-invoice operator** |
| **Issue Invoice Tax Report Status Advice message:** The tax authority issues Invoice Tax Report Status Advice message to indicate that he has received the Invoice Tax Report and he can or cannot handle it. | **Tax Authority** |
| **Process Tax Authority’s Response:** The e-invoice operator checks the Tax Authority’s response and corrects the Tax Report if necessary and sends the correct report to Tax Authority. | **E-invoice operator** |

## BusinessProcess – Seller’s POS system issues the Invoice Tax Report end of business day



| **Descriptions of the BusinessActivities** | |
| --- | --- |
|  | **Initiator** |
| **Issue Invoice Tax Report:** The seller issues the Invoice Tax Report based on one day sales on Point of Sale System (POS). The Report includes the total VAT amount which based on all card and cash payments. | **Seller** |
| **Issue Invoice Tax Report Status Advice message:** The tax authority issues Invoice Tax Report Status Advice message to indicate that he has received the Invoice Tax Report and he can or cannot handle it. | **Tax Authority** |
| **Process Tax Authority’s Response:** The seller checks the Tax Authority’s response and correct the Tax Report if necessary and send the correct report to the tax authority. | **Seller** |

## BusinessProcess – Seller issues the correction on the Tax Report



| **Descriptions of the BusinessActivities** | |
| --- | --- |
|  | **Initiator** |
| **Issue correction Invoice Tax Report:** The seller issues the corrected Invoice and send Tax Report based on corrected invoice data. | **Seller** |
| **Issue Invoice Tax Report Status Advice message:** The tax authority issues an Invoice Tax Report Status Advice message to indicate that he has received the Invoice Tax Report and he can or cannot handle it. | **Tax authority** |
| **Process Tax Authority’s Response:** The seller checks the tax authority’s response and correct the Tax Report if necessary and send the correct report to the tax authority. | **Seller** |

## BusinessProcess – E-invoice operator issues the correction Invoice Tax Report



| **Descriptions of the BusinessActivities** | |
| --- | --- |
|  | **Initiator** |
| **Issue invoice data:** The seller sends invoice data to e-invoice operator | **Seller** |
| **Issue Invoice Tax Report:** The e-invoice operator issues the Invoice Tax Report based on Invoice data. | **E-invoice operator** |
| **Issue Invoice Tax Report Status Advice message:** The tax authority issues an Invoice Tax Report Status Advice message to indicate that he has received the Invoice Tax Report and he can or cannot handle it. | **Tax authority** |
| **Process Tax Authority’s Response:** The e-invoice operator checks the tax authority’s response and asks the seller to correct the invoice data. | **E-invoice operator** |
| **Issue correction Invoice Data:** The seller issues the corrected invoice data. | **Seller** |
| **Issue Invoice Tax Report:** The e-invoice operator issues the Invoice Tax Report based on corrected Invoice data. | **E-invoice operator** |
| **Issue Invoice Tax Report Status Advice message:** The tax authority issues an Invoice Tax Report Status Advice message to indicate that he has received the Invoice Tax Report and he can or cannot handle it. | **Tax authority** |
| **Process Tax Authority’s Response:** The e-invoice operator checks the Tax Authority’s response and corrects the Tax Report if necessary and sends the correct report to Tax Authority. | **E-invoice operator** |

# BusinessTransactions

This section describes the message flows based on the activity diagrams documented above. It shows the typical exchanges of information in the context of a BusinessTransaction.

## Invoice Tax Report BusinessTransaction



Description of the BusinessTransaction

Seller sends invoice and issues the Invoice Tax Report based on invoice data.

The Tax Authority sends the Invoice Tax Report Status Advice message to indicate that it has received the Invoice Tax Report and he can handle it.



Description of the BusinessTransaction

Seller sends invoice data to the e-invoice operator. The e-invoice operator issues the Invoice Tax Report based on invoice data.

The Tax Authority sends the Invoice Tax Report Status Advice message to indicate that it has received the Invoice Tax Report and he can handle it.



Description of the BusinessTransaction

Seller sends invoice data to the e-invoice operator. The e-invoice operator issues the Invoice Tax Report based on invoice data.

The Tax Authority sends the Invoice Tax Report Status Advice message to indicate that it has received the Invoice Tax Report and he cannot handle it. The Seller corrects the report and sends the Tax Report again.

The Tax Authority sends the Invoice Tax Report Status Advice message to indicate that it has received the Invoice Tax Report and it can handle it.

 Description of the BusinessTransaction

Seller sends invoice data to the e-invoice operator. The e-invoice operator issues the Invoice Tax Report based on invoice data.

The Tax Authority sends the Invoice Tax Report Status Advice message to indicate that it has received the Invoice Tax Report and he cannot handle it. The e-invoice operator informs the seller that the invoice data is not correct. The seller corrects the invoice data and send corrected invoice data to the e-invoice operator.

The e-invoice operator Issues the Invoice Tax Report based on corrected invoice data and sends the Tax Report again.

The Tax Authority sends the Invoice Tax Report Status Advice message to indicate that it has received the Invoice Tax Report and it can handle it.

# Examples

## Invoice Tax Report - auth.034.001.01

Description

This example describes the Invoice Tax Report based on one invoice. The seller has issued invoice and created an Invoice Tax Report.

Example

Issue name

TestSeller and VAT id 1234567-8

**VAT amount**

Invoice amount279.00

Base amount 225.00

VAT Amount 54.00

VAT rate 24 %

Tax Report identification 001

Message Instance

<Document>

<InvcTaxRpt>

<InvcTaxRptHdr>

<MsgId>

<Id>001</Id>

<CreDtTm>2015-07-10T08:19:00</CreDtTm>

</MsgId>

<NbOfTaxRpts>1</NbOfTaxRpts>

</InvcTaxRptHdr>

<TaxRpt>

<TaxRptHdr>

<Id>123</Id>

<IssdDt>2015-07-10</IssdDt>

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<TaxRptPurp>CINV</TaxRptPurp>

<LangCd>EN</LangCd>

</TaxRptHdr>

<Sellr>

<PtyId>

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<TwnNm>TEST</TwnNm>

<Ctry>FI</Ctry>

</PstlAdr>

<Id>

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<Id>1234567-8</Id>

<SchmeNm>

<Cd>COID</Cd>

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<CtctDtls>

<Nm>Test Seller</Nm>

<EmailAdr>test@test.com</EmailAdr>

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</LglOrg>

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<Ctry>FI</Ctry>

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</Othr>

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</CdOrPrtry>

<Issr>ISO</Issr>

</Tp>

<Ref>RF1212345678</Ref>

</PmtRef>

<DueDt>2015-07-24</DueDt>

<DuePyblAmt Ccy="EUR">279.00</DuePyblAmt>

<DlvryDt>2015-07-10</DlvryDt>

<TaxTtlAmt Ccy="EUR">54.00</TaxTtlAmt>

<SubTtlClctdTax>

<TpCd>VAT</TpCd>

<ClctdRate>24</ClctdRate>

<BsisAmt Ccy="EUR">225.00</BsisAmt>

<ClctdAmt Ccy="EUR">54.00</ClctdAmt>

</SubTtlClctdTax>

</TradSttlm>

</TaxRpt>

</InvcTaxRpt>

</Document>

## Invoice Tax Report Status Advice message auth.038.001.01

Description

This example describes the Invoice Tax Report Status Advice message based on the Tax Report. The Tax Authority has received the Tax Report and it accepts the file and handles it further.

Example

Tax Report identification A123

Invoice Tax Report Status Advice message Request Code positive

Message Instance

<Document>

<InvcTaxRptStsAdvc>

<StsRptHdr>

<MsgId>

<Id>A123</Id>

<CreDtTm>2016-07-10T09:00:00</CreDtTm>

</MsgId>

<OrgnlMsgId>

<Id>R001</Id>

<CreDtTm>2016-07-10T07:55:00</CreDtTm>

</OrgnlMsgId>

<RptSts>ACPT</RptSts>

</StsRptHdr>

<TxSts>

<TaxRptId>INV1001</TaxRptId>

<Sts>ACPT</Sts>

</TxSts>

</InvcTaxRptStsAdvc>

</Document>

# Revision Record

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Revision** | **Date** | **Author** | **Description** | **Sections affected** |
| 1.0 | October 2016 | ISO 20022 RA | Editing before publication | All |

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