Immediate Supply of Information (ISI) system: Questions and Answers

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The implications

As is generally known, from 1 July 2017, large companies and any other companies which file monthly VAT returns will be required to provide their invoicing records and record books for issued and received invoices to the tax authorities in real time.

This new obligation, which will imply that companies will need to adapt their accounting and invoicing systems accordingly, will multiply the information which the tax authorities will have access to.

Does the new legislation apply to me?

The new system is obligatory for all enterprises or professional workers whose VAT assessment period is the calendar month, i.e., large companies (whose turnover for the prior year will have exceeded €6,010,121.04), taxpayers registered in the monthly refund register (known as the “REDEME”) and taxpayers forming part of a VAT group (known as the “REGE”).

The new system is voluntary for those other taxpayers who opt to apply it in November of the year prior to that in which it should take effect by means of a registration return. If the new system is applied from 1 July 2017 onwards, this tax register declaration should be filed next June 2017.

When do I have to start using the new system?

As stated, the obligation to supply information will take effect on 1 July 2017 for the period starting on that date. Notwithstanding, the persons or companies which are required to apply the new system should also provide the invoicing records for the period 1 January and 30 June 2017 by 1 January 2018.

The option to apply the new system will be extended to include subsequent years if it is not waived and the ISI obligations should be complied with at least during the year in which the option is availed of.
What information needs to be supplied?

The obligation established in the new Section 62.6 of the VAT regulation generally refers to the information contained in: (i) **issued invoices** VAT ledger; (ii) **received invoices** VAT ledger; (iii) **investment goods** VAT ledger; and (iv) **certain intra-Community operations** VAT ledger.

How often do I have to report information?

In general, information should be reported electronically within a maximum of **four calendar days** excluding Saturdays, Sundays and bank holidays.

For information on **issued invoices**, the period starts from the moment when the invoice is issued. For invoices issued by the recipient or by a third party, this period is increased to **eight calendar days**. In any event, irrespective of this time limit, to avoid delays resulting from a failure to comply with invoicing obligations, the information should be supplied by the 16th of the month following that in which the VAT has been accrued on the operation to be recorded.

For information on **received invoices**, the period starts from the date on which they are recorded for accounting purposes and, in any event and irrespective of this time limit, by the 16th of the month following the tax assessment period in which the corresponding transactions have been included.

For imports, the four-day period will start from the date on which the customs clearance document is recorded for accounting purposes.

For certain intra-Community transactions (supplies or receipts of goods for work or reports and transfers of goods), the four-day period will start from the date of issue or transportation or, if the case, receipt of the goods of the transaction.

As an exceptional and transitory measure, the four-day period is extended to **eight days in 2017**.

How can I upload information on to the tax authorities’ website?

The invoicing records should be provided electronically via the tax authorities’ website, by either an immediate supply made on a **continuous basis through a “web service” based on the exchange of XML messages**, or, for those taxpayers which carry out few transactions, by means of a **“web form”**, to be completed directly in accordance **with the record fields approved by a ministerial order**. For those persons or companies which do not have appropriate invoicing systems, this web form also enables files which are adapted to the official design of record fields to be uploaded.
What information do I need to supply exactly?

**Issued invoices VAT Ledgers**

For issued invoices VAT Ledgers, in addition to the information currently required under the VAT regulations, the following information should be provided:

a) Type of invoice issued (simplified or full invoice).

b) Statement, if the case, that it is a rectification in the record book.

c) Description of the transaction.

d) If it is a corrective invoice, it should be identified as such, referring to the invoice which is corrected or, if the case, the items corrected.

e) For invoices which are issued as a replacement for or in exchange of simplified invoices previously issued, the invoice which is replaced or exchanged or, if the case, the specifications which are replaced or exchanged.

f) The information regarding the treatment of the transaction for VAT purposes already established in the invoicing regulations (exemptions, reverse charge mechanism, travel agency regime, invoicing by recipient, etc.) and the specific information of the REGE.

g) Period for payment of the registered transaction.

h) Statement, in case, that the transaction is not subject to VAT.

i) Reference to the authorisation granted in those cases when the invoice has been issued as a result of a specific authorisation.

**Received invoices VAT Ledgers**

For received invoices VAT Ledgers, in addition to the information currently required under the VAT regulations, the following information should be provided:

a) Number and, if the case, series number stated in the invoice.

b) Statement, if the case, that it is a rectification in the record book.

c) Description of the transaction.

d) Specific matters which should be stated in an invoice in accordance with invoicing regulations and the specific matters of the REGE or if it is an intra-Community acquisition of goods.

e) Deductible tax quota for the tax period in which the tax liability is recorded in the accounting books.

f) Period for payment of the transaction of the invoice.

g) For imports, the date on which the transaction is recorded and the number of the corresponding customs document.
Record books of investment goods and record books of certain intra-Community transactions

For investment goods VAT Ledger, the information stated in the record books only needs to be sent once by the end of the statutory filing period for the last tax return of the calendar year.

For certain intra-Community transactions VAT Ledger (supplies or receipts of goods for work or reports and transfers of goods), detailed information should be supplied for all transactions which should be recorded within the same deadline as previously stated for issued and received invoices VAT Ledgers.

Notwithstanding, the list of information to be supplied for transactions carried out in 2017, is not yet definitive, as the Royal Decree 596/2016 regulating this matter also refers to the possibility that a ministerial order may establish that further information regarding tax matters is required.

Do I have to record all of my invoices one by one or can I group them together in any way?

Issued invoices in which the recipient does not have to be identified in accordance with invoicing regulations, which are accrued during the calendar month, may be grouped in one single summary record which will state the global information and the first and last numbers of the invoices.

For invoices received on the same date which do not exceed €6,000 jointly and €500 individually, one single summary record may be made which will also state the global information and the first and last numbers of the invoices given by the recipient.

What advantages does the new system have?

The period for filing tax returns, for those using the new system, is extended to the first 30 calendar days of the month following that of the corresponding monthly tax period, or until the last day of February for the tax return for January.

Enterprises and professional workers which are required to keep their record books on the tax authorities’ website will not have to comply with the obligation to file tax returns no. 340 and 347. The preamble of Royal Decree 596/2016 regulating this matter also refers to the annual VAT summary return no. 390 although these provisions will need to be developed by ministerial order.

To help with the preparation of tax returns, the tax authorities will provide the taxpayers which use this new system with the information obtained via the system regarding other operators which have carried out transactions, so that they may make the relevant verifications and cross check information.

Will I be fined if I do not comply with the new obligations?

Under Section 200.1.g) of the prevailing Spanish General Tax Act, any delay in complying with the obligation to keep VAT records on the tax authorities’ website by supplying invoicing records in the terms established in Royal Decree 596/2016 constitutes a tax infringement which will be penalised with a proportional pecuniary fine of 0.5% of the amount of the invoice which should be recorded, with a minimum and maximum quarterly amount of €300 and €6,000, respectively.
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Notwithstanding, it is important to analyse any other matters in relation to incorrect compliance of the statutory regulations established for the new system, in particular those which may give rise to delays or which may affect any other means of recovering input VAT.

**How can I keep up to date with this?**

With our combination of tax expertise and technological tools, at PwC we have a solution focused on: (i) assess the current situation of our clients and the gap currently existing in the new legislation, from both a compliance point of view and from the point of view of systems and processes; (ii) assist you with adapting your systems to the legislation which is currently in force and which will come into force on 1 July 2017; and (iii) enhance the information supplied by regularly analysing the information provided.

If you wish to obtain further information on any of the matters stated in this document, consult our indirect tax specialists.

Alberto Monreal, email: alberto.monreal@es.pwc.com
Alfonso Viejo, email: alfonso.viejo@es.pwc.com