



THE IMMEDIATE SUPPLY OF INFORMATION SYSTEM (S.I.I.)



Summary

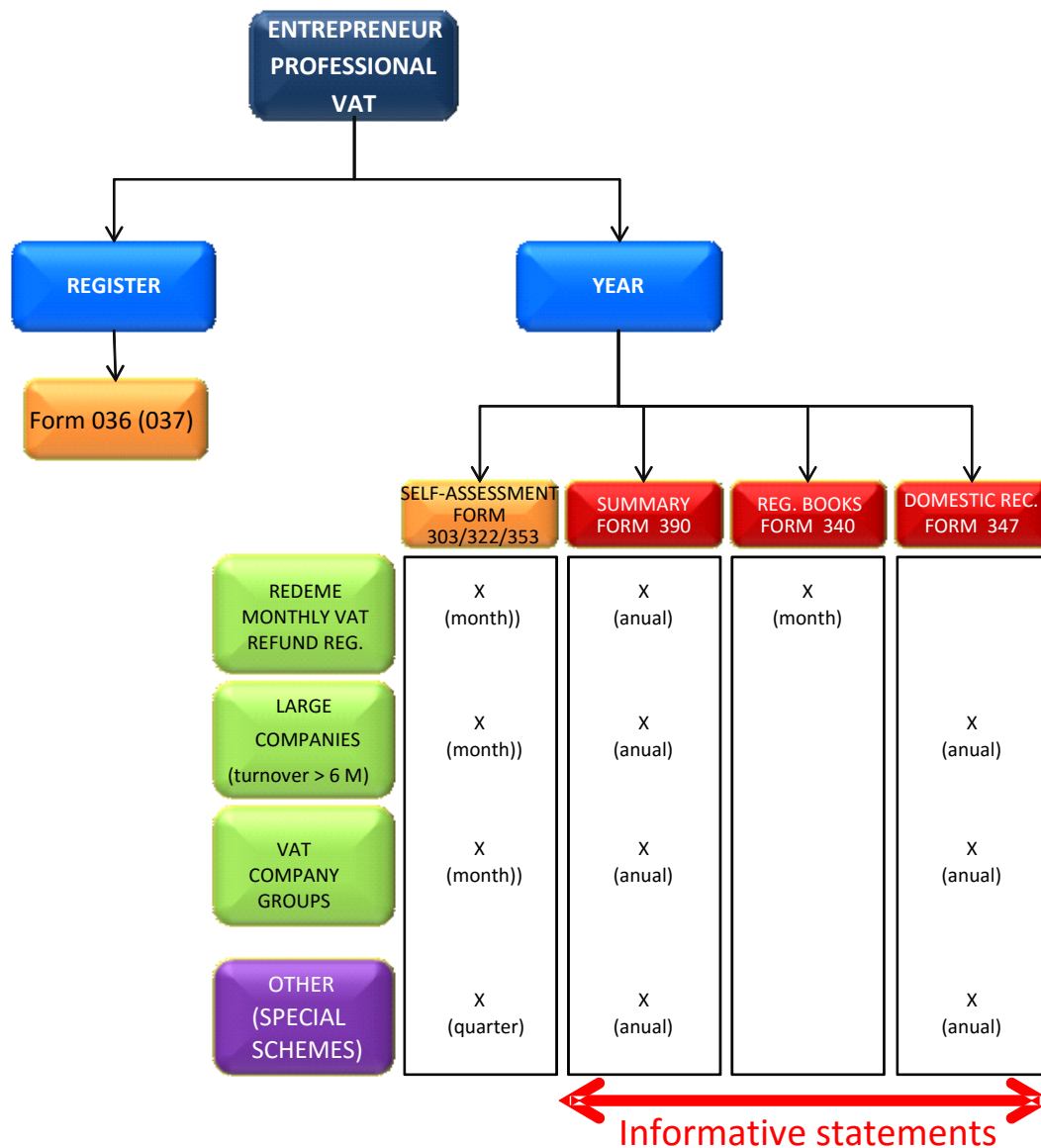
QUESTIONS

	PAGE
1. How is VAT managed nowadays?	3
2. What is Immediate Supply of Information (SII)?	5
3. Why is Immediate Supply of Information (SII) implemented?	5
4. ¿Does SII affect all VAT taxable persons?	5
5. How SII Works. Basic operating scheme.	6
6. ¿Should the invoices be sent to the AEAT?	6
7. ¿When should invoice records be sent to the AEAT?	7
8. Should the same information that is currently included in the VAT Register Books be sent?	8
9. What are the benefits to the taxpayer of the new SII?	11
10. When will the new SII be applied?	12
11. What happens to the information for the first half of 2017?	12

1. How is VAT managed nowadays?

VAT is managed on the basis of information provided by taxable persons and other information obtained by the Spanish Tax Agency (AEAT).

As regards the main information and self-assessment obligations in VAT (exceptions are those relating to special schemes, apart from VAT company groups special scheme because of their impact on the SII as we shall see), the following table shows obligations relating to the register of the taxpayer and those related to the exercise of his business or professional activity.



Below are graphically shown each self-assessments and informative returns that must be submitted by taxable persons depending on the tax regime in which they are. Informative



statements have been shaded in green and orange since, as we will see later, the new SII implies its disappearance for the taxpayers covered by the new system.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN
REDEME													
		303	303	303	303	303	303	303	303	303	303	303	303
			340	340	340	340	340	340	340	340	340	340	340
													390
LARGE COMPANY													
		303	303	303	303	303	303	303	303	303	303	303	303
			347										
													390
VAT COMPANY GROUPS													
		322	322	322	322	322	322	322	322	322	322	322	322
		353	353	353	353	353	353	353	353	353	353	353	353
													390
													347
OTHER (GENERAL VAT SYSTEM)													
				303			303			303			303
													390
													347

Apart from the above obligations, taxable persons must keep the following VAT register books:

- Register Book of issued invoices.
- Register Book of received invoices.
- Register Book of specific Intra-Community operations.
- Register Book of investment goods



2. What is Immediate Supply of Information (SII)?

This is a change from the current VAT management system that has been operating for 30 years, since a new system of keeping the VAT Register Books is initiated through the almost immediate supply of the billing records to the AEAT Electronic Tax Office.

In this way, the new SII allows to approach the moment of the invoices registration or accounting to the effective moment at which the underlying economic transaction is performed.

3. Why is Immediate Supply of Information (SII) implemented?

Because the current technological situation allows its implementation at this time, in order to improve tax control and taxpayer assistance.

4. ¿Does SII affect all VAT taxable persons?

For the time being the new SII will be mandatory to taxable persons who are currently required to self-assess VAT monthly (about 63,000 taxpayers):

- Registered in the REDEME (Monthly VAT Refund register)
- Large companies (turnover exceed of 6.010.121,04 €)
- Company groups for VAT purposes

The new SII will also apply to taxable persons who voluntarily decide to be included (option is made in form 036 submitted in the month of November prior to the year in which it will take effect or at the time of submitting the census declaration informing on the start-up of the activity, if appropriate) .

However, for the year 2017 the option can be exercised in June 2017.



5. How SII Works. Basic operating scheme.

Taxpayers covered by the SII are required to keep the following Registration Books through electronic delivery of billing records to the AEAT Electronic Office:

- Register Book of issued invoices.
- Register Book of received invoices.
- Register Book of investment goods.
- Register Book of specific Intra-Community operations.

For that, they must send the details of their invoicing to the Tax Agency; with that information will be elaborated the Register Books.

Delivery of information will be on-line, specifically through Web Services based on messages exchange XML.

The structure of this shipment will have a common header with the information of the holder of each Register Book, as well as the information of the year and period in which such transactions are recorded. This header will be accompanied by a section with the contents of the invoices.

This information will be provided in accordance with the registration fields approved by the Minister of Finance and Public Function by Ministerial Order.

6. ¿Should the invoices be sent to the Tax Agency?

No. This is usually one of the issues that creates more confusion in those who are analyzing the new SII for the first time.

What should be sent are the fields of the billing records specified in the Ministerial Order, relating to the information mentioned in the VAT Regulation, amended by Royal Decree 596/2016 of December 2016.



7. . ¿When should invoice records be sent to the Tax Agency?

Exceptionally in 2017 billing records for the period from January 1 to June 30, 2017 must be submitted in the second half of 2017 (from July 1 to December 31).

From 1 July 2017:

A) Issued invoices

Within four calendar days from the time an invoice is issued, except in the case of invoices issued by the recipient or by a third party, in which case the period shall be eight calendar days. In both cases the invoicing details must be sent before the 16th of the month following that in which the VAT has been accrued on the operation to be recorded.

Temporarily this period will be 8 days for invoices issued between July 1 and December 31, 2017.

B) Received invoices

Within four calendar days from the moment this received invoice is registered and in any case before the 16th day of the month following the tax assessment period in which the transactions have been included.

In case of import operations, the four calendar days shall be computed from the time the accounting record of the document showing the quota settled by customs and in any case before the 16th day of the month following the end of the period covered by the declaration in which they were included.

Temporarily, this period will be 8 days for invoices received and the VAT amount settled by customs whose accounting records are made between July 1 and December 31, 2017.

C) Intra-Community Operations

Within a period of four calendar days, from the start of the dispatch or transport, or as the case may be, from the time of reception of goods.

Temporarily this period will be of 8 days if the beginning of the dispatch or transport or the reception time of the goods takes place between July 1 and December 31, 2017.



D) Information on investment goods

Within the submission deadline of the last settlement period of the year (until January 30).

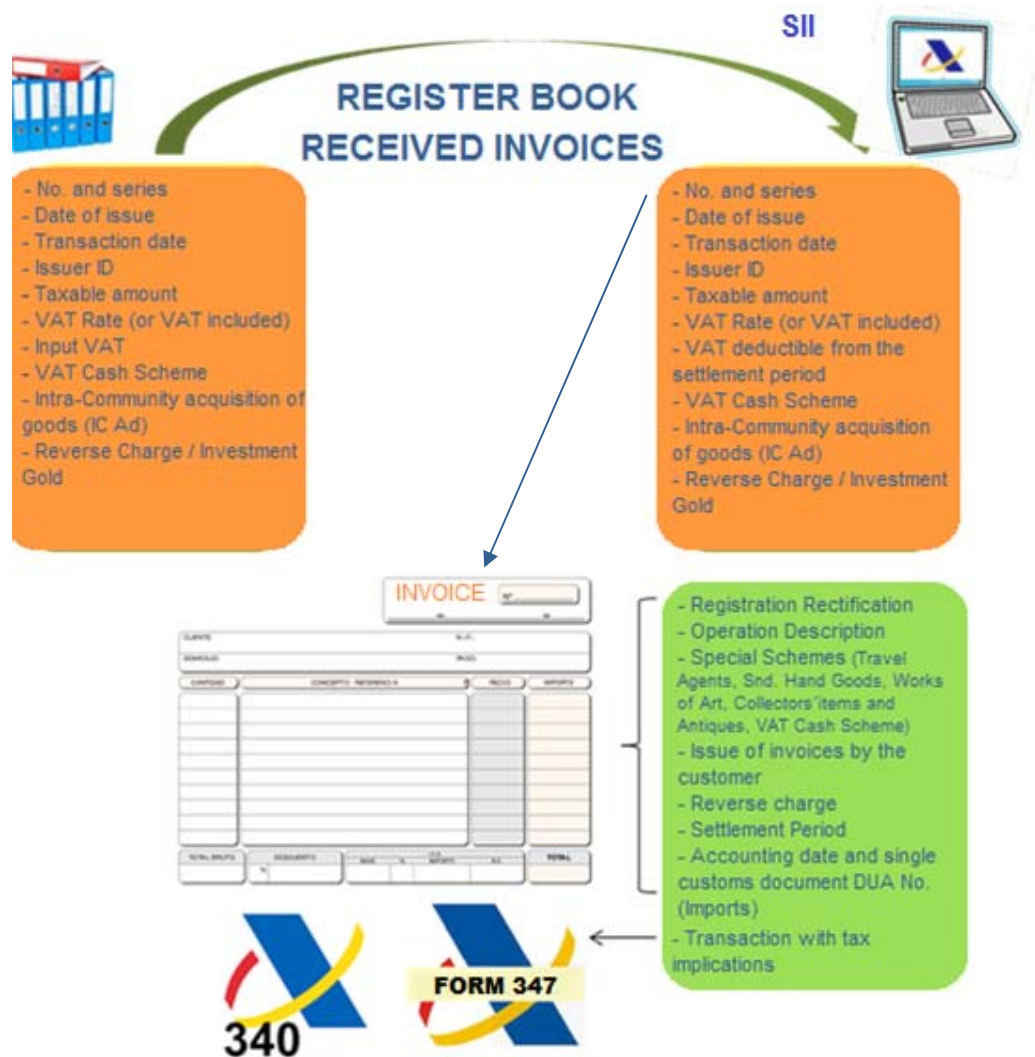
It must be taken into account that in the calculation of the period of four or eight calendar days referred to in the previous sections, Saturdays, Sundays and national holidays will be excluded.

8. Should the same information that is currently included in the VAT register books be sent?

No, it should be sent certain information that is currently in two different places (VAT register books and invoices) to the AEAT Electronic Office and, in this way, the taxpayer will not be obliged to keep current VAT register books, as can be seen in the following scheme. Likewise, certain tax-relevant information, that up to now was included in forms 340 and 347 (articles 33 to 36 of the RGAT), will be provided:



On the other hand, the information regarding the Register Book of received invoices that must be communicated to the Tax Agency through the new SII (contained in both the current Register Books and the fields of the invoices themselves) is as follows:



The exemption of the obligation to file the form 340 applies from the period corresponding to July 2017, since it is from that date when the new SII is applicable.



9. What are the benefits to the taxpayer of the new SII?

Advantages for the taxpayer of the new SII:

- High quality information will be available in a period of time short enough as to speed up the VAT management system.
- Collection of "Fiscal Data", since the taxpayer will have at the AEAT Electronic Office a "Declared" and a "Contrasted" Register Book with the compared information from third parties belonging to the group of this system.

Taxpayers may check this information before the end of the deadline for submitting their monthly VAT return.

The taxpayer will have the possibility to fix the mistakes made in the register details sent without having to be required by the AEAT.

- Decreasing of information requirements by the AEAT, since many of the current requirements are intended to request the registration books, invoices or data contained in them to verify certain operations.
- Modernizes and standardizes the way of keeping the traditional VAT Registration Books.
- Decreasing formal obligations removing the submission of forms 347, 340 and 390.
- Decreasing of deadlines for making refunds, as the Tax Agency has the information in near real time and a greater detail of operations.
- For taxpayers included in the new system the deadlines of submission and payment of their periodic VAT return will be extended in 10 days.

Formal obligations arising from the new SII are shown graphically below:



	2016												2017												2018											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
REDEME	303												303												303											
	340												390												340											
LARGE COMPANY	303												303												303											
	347												390												347											
VAT COMPANY GROUPS	322												322												322											
	353												390												353											
OTHER (SPECIAL SCHEMES)	303												303												303											
	347												390												347											

10. When will the new SII be applied?

In the first half of 2017 a voluntary phase is expected to begin in which a group of companies will participate in a pilot test.

Since July 1, 2017 the mandatory application of this system will begin both for those taxpayers compulsorily included and for those who decide to be included on a voluntary basis.

11. What happens to the information for the first half of 2017?

That information must be sent to the AEAT Electronic Office between July 1 and December 31, 2017.