VAT INVOICING REQUIREMENTS

INTRODUCTION
The invoice is one of the most important documents in business transactions between companies. What must be stated on an invoice is largely determined by the Value Added Tax legislation: VAT Directive 2006/122 for the Member States of the European Union and the VAT laws in those countries.

Given that VAT is a relatively formal tax, it is very important to fully comply with those rules: failure to comply with the invoicing requirements can result in penalties or in restriction of customers’ right to deduct VAT as input tax.

The invoicing requirements businesses have to be aware of are listed below.

REQUIREMENTS FOR THE INVOICE
The VAT rules require that an invoice must contain the following information:
- the date on which the invoice is issued;
- a sequential number;
- the VAT identification number of the supplier;
- the VAT identification number of the customer in situations where the VAT is levied on the customer and in the case of intra-Community supplies¹ (see below);
- the name and address of both your own company and that of the customer;
- the quantity and nature of the supplied goods or the scope and nature of the supplied service;
- the date on which the supply of the goods or service took place or was completed, or the date on which ‘payments on account’ (advance payments) were made for supplies of goods or services;
- the amount that is charged;
- the applicable VAT rate;
- the amount of VAT payable (in Euros);
- where the customer buying the goods or service issues the invoice instead of the supplier, the reference: Self-billing;
- where the supply is a supply from Dutch soil to a client in another Member State of the European Union – the so-called intra-Community supply –, some indication of this (see below);
- where a tax representative has been appointed, the name, address and VAT identification number of that tax representative.

DOMESTIC SUPPLIES
When a business sells goods, after importation, to a locally based company, some Member States of the EU require that a reverse charge will be applied. If that is the case, the supplier is obliged to state the following reference on the invoice: VAT Reverse charge. We advise to investigate beforehand if a reverse charge indeed is applicable.
INVOICE FOR CROSS-BORDER SUPPLY OF GOODS
For cross-border supplies of goods within the European Union, the invoice must show, by means of “some indication”, that it relates to an intra-Community supply. The business is free to choose how it does this. We advise you to use the following reference: Intra-Community supply (Art. 138, VAT Directive 2006/112). The customer’s VAT identification number must of course also be stated on the invoice.

INVOICE FOR CROSS-BORDER SERVICES
When a business, based inside or outside the European Union is rendering services to clients (companies) in Member States of the EU, in most cases the VAT will be levied from the client (reverse charge). When the supplying company is based outside the EU, there are no additional obligations to the invoice. If, however, the supplying company is based in one of the EU Member States, reference to the reverse charge must be made to the invoice. In principle this must be done in the language where the supplier is based. We however believe that a reference in the English language will also be sufficient. The reference we advise is: VAT reverse charge.

EXPORT
In VAT terms export takes place when a business ships goods from a place in one of the EU countries to a country outside the EU. There are no additional VAT requirements for an export invoice. We however recommend using the following sentence on the invoice: VAT zero rated; delivery outside the EU, Article 146 VAT Directive 2006/112.

HARDCOPY OR ELECTRONIC
The invoice can be sent on paper or in electronic form. An invoice can only be sent in electronic form if this is accepted by the customer. When invoices are sent in electronic form, the business must guarantee the authenticity of the origin, the integrity of the content and the legibility of the invoice, e.g. by using the method of the advanced electronic signature or with EDI. The business is free to decide the method or technology that it uses for this.

SIMPLIFIED INVOICE
From 1 January 2013 the issuing of a simplified invoice is permitted in two situations, namely, if the invoice amount is not greater than € 100 (incl. VAT), or if the invoice is a supplementary document or notice that applies changes to, and specifically and unambiguously refers to, the original invoice. In every case, a simplified invoice must state the issue date, the name and address of the business, the nature of the transaction, the tax amount, and possibly a reference to the original invoice.

FOREIGN RULES APPLICABLE
In most cases, from 1 January 2013, EU businesses can apply the invoicing rules of their own country. There are three exceptions to this: If the business issues the invoice using the VAT calculation of another EU Member State, if the customer from a different EU Member State issues the invoice, or if the transaction is carried out by a permanent establishment of a business in another EU Member State, then the relevant foreign invoicing rules apply.

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1 An intra-Community supply is a cross-border supply of goods that takes place within the European Union. The member countries of the European Union are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom
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