

Version 1

Technical guidance for tax codes in EN 16931

European standard on Electronic Invoicing — EN 16931

Why this document?

This document aims to improve consistency in how codes are used for specific VAT cases in an electronic invoice.

The document does not provide explanations of the VAT Directive, nor recommend how VAT tax is applied but once the party that is issuing the invoice has decided on how to apply VAT, this guidance clarifies how that should be coded into an electronic invoice in a consistent way that is compliant with the EN 16931 invoice standard.

EN 16931 is a multipart document¹ and the following parts are mentioned in this document:

- Part 1 is the Semantic data model of the core elements of an electronic invoice a European Standard, identified by EN 16931-1.
- Part 3 is a set of Technical Specifications on Syntax Bindings, where:
 - o subpart 3-2 is Syntax binding for ISO/IEC 19845 (UBL 2.1) invoice and credit note, identified by CEN/TS 16931-3-2, and
 - o subpart 3-3 is Syntax binding for UN/CEFACT XML Industry Invoice D16B, identified by CEN/TS 16931-3-3.

What will you find in this document?

This document is to be seen as a guidance tool that can be used to clarify the how to enter VAT information in an electronic invoice. It provides both a mixture of practical help as well as help in understanding the meaning of certain issues contained in the standard.

Characteristics of this document

This document is a collaborative work: although it is distributed by DG GROW for presentation on its website, it is the result of discussions with stakeholders through the Technical Advisory Group on Electronic Invoicing led by Georg Birgisson as an expert on eInvoicing for the European Commission.

It is informative and is only practical and informal guidance that describes how uses cases for VAT should be entered into an electronic invoice. It does not represent the views of the Commission nor is the Commission bound by any of the views expressed therein.

The document is not comprehensive: only certain VAT issues have been included for which it was thought desirable to provide explanations for.

It is a work in progress: this document is not a final product. Over time, it is expected that this document will be updated by the Technical Advisory Group and that at a later time it may be adopted into the European standard on electronic invoicing.

¹ For further information see <https://ec.europa.eu/digital-building-blocks/wikis/display/DIGITAL/Obtaining+a+copy+of+the+European+standard+on+eInvoicing>

Contents

1	GENERAL CASE FOR EXEMPTIONS.....	4
2	INTRACOMMUNITY SUPPLY – BETWEEN EU MEMBER STATES	5
3	REVERSE CHARGE – WITHIN AN EU MEMBER STATE	6
4	EXPORTS FROM EU TO COUNTRIES OUTSIDE THE EU AND TO EEA COUNTRIES.....	7
5	VAT IN FINANCIAL SERVICES.....	8
6	MARGIN VAT FOR TRAVEL SERVICES.....	9

Overview

The following table gives an overview of the values that should be used for each business term in each use case.

Business term	Business term ID by Invoice section				VAT use cases with values for each business term					
	Document level VAT breakdown	Invoice Line	Document level allowances	Document level charges	General case	Intracommunity supply – Between EU member states	Reverse charge – Within an EU member state	Exports from EU to countries outside the EU and to EEA countries	VAT in financial services	Margin VAT for travel services
VAT category code	BT-118	BT-151	BT-95	BT-102	E	K	AE	G	E	E
VAT scheme code					VAT	VAT	VAT	VAT	VAT	VAT
VAT rate	BT-119	BT-152	BT-96	BT-103	0.00	0.00	0.00	0.00	0.00	0.00
VAT exemption reason code	BT-121	*	*	*	VATEX-EU-XXX	VATEX-EU-IC	VATEX-EU-AE	VATEX-EU-G	VATEX-EU-135-1	VATEX-EU-306

* Exemption reason is only stated for document level totals and applies to the whole invoice.

1 GENERAL CASE FOR EXEMPTIONS

Use case ID	1	Created	2024-07-01	Last update	2024-07-01
Case description:					
<p>There are situations where sales are exempted from VAT. These are cases where VAT is not levied in the Invoice. Sales may be exempt from VAT due to various reasons in accordance to EU directives and/or national legislation. When sales are exempt from VAT for various general reasons the following information shall be given. This use case is for the general case and specific VATEX code is not used. The following use cases in this guide will suggest specific VATEX codes as applicable for that case.</p>					
Basis for comment					
<ul style="list-style-type: none"> EN 16931-1 section 6.4.3.4.3 					
General guidance					
<p>The tax category for the item is given as E (exempted) and the percentage rate set to 0%. It is then necessary to give a reason for the exemption. This is done by providing a reference to the article of the VAT Directive that justifies the exemption. In general, this can be any code from the VATEX code list. The decision on what code is suitable is the responsibility of the seller and shall be in accordance with the appropriate legislation. Once the seller has decided on what article of the VAT directive (VATEX code) applies the details are entered into the electronic invoice as follows.</p> <p>The VATEX code used in this guidance is VATEX-EU-*** which is not an actual code from the VATEX code list but is used here as variable for any code from that list.</p>					
Guidance for Universal Business Language (UBL)					
<p>In an UBL message the cac:TaxCategory class is used to provide details on how each item, allowance or charge is taxed with VAT. For exemption reasons in general the class is filled in as follows.</p> <pre> <cac:TaxCategory> <cbc:ID>E</cbc:ID> <cbc:Percent>0.00</cbc:Percent> <cbc:TaxExemptionReasonCode>VATEX-EU-***</cbc:TaxExemptionReasonCode> <cac:TaxScheme> <cbc:ID>VAT</cbc:ID> </cac:TaxScheme> </cac:TaxCategory> </pre>					
Guidance for Cross Industry Invoice (CII)					
<p>In an CII message the ram:ApplicableTradeTax class is used to provide details on how each item, allowance or charge is taxed with VAT. For exemption reasons in general the class is filled in as follows.</p> <pre> <ram:ApplicableTradeTax> <ram:TypeCode>VAT</ram:TypeCode> <ram:CategoryCode>E</ram:CategoryCode> <ram:RateApplicablePercent>0.00</ram:RateApplicablePercent> <ram:ExemptionReasonCode>VATEX-EU-***</ram:ExemptionReasonCode> </ram:ApplicableTradeTax> </pre>					

2 INTRACOMMUNITY SUPPLY – BETWEEN EU MEMBER STATES

Use case ID	2	Created	2024-07-01	Last update	2024-07-01
Case description					
An invoice is issued where VAT is not levied due to Intra-Community supply.					
Basis for guidance					
<ul style="list-style-type: none"> • EN 16931-1 section 6.4.3.4.5. • For UBL, TS 16931-3-2 section 4.3. • For CII, TS 16931-3-3 section 4.4. 					
General guidance					
<p>When issuing an electronic invoice for Intra-Community supply (IC) the following rules apply:</p> <ul style="list-style-type: none"> - In the same invoice, all or none of the lines, allowances and charges shall be taxed as IC <ul style="list-style-type: none"> o Rule BR-IC-1 - The Sellers or Tax representative as well as the Buyers VAT registration ID shall be given. <ul style="list-style-type: none"> o Rules BR-IC-2, BR-IC-3, BR-IC-4 - All VAT rates and amounts shall be zero. <ul style="list-style-type: none"> o Rules BR-IC-5, BR-IC-6, BR-IC-7, BR-IC-9 - VAT exemption reason code shall be VATEX-EU-IC <ul style="list-style-type: none"> o Rule BR-IC-10 - Delivery date and country of delivery shall be provided. <ul style="list-style-type: none"> o BR-IC-11, BR-IC-12 - The Tax category code for Intra-Community supply is K. 					
Guidance for Universal Business Language (UBL)					
<p>In an UBL message the cac:TaxCategory class is used to provide details on how each item, allowance or charge is taxed with VAT. For Intra-Community supply the class is filled in as follows.</p> <pre> <cac:TaxCategory> <cbc:ID>K</cbc:ID> <cbc:Percent>0.00</cbc:Percent> <cbc:TaxExemptionReasonCode>VATEX-EU-IC</cbc:TaxExemptionReasonCode> <cac:TaxScheme> <cbc:ID>VAT</cbc:ID> </cac:TaxScheme> </cac:TaxCategory> </pre>					
Guidance for Cross Industry Invoice (CII)					
<p>In an CII message the ram:ApplicableTradeTax class is used to provide details on how each item, allowance or charge is taxed with VAT. For Intra-Community supply the class is filled in as follows.</p> <pre> <ram:ApplicableTradeTax> <ram:TypeCode>VAT</ram:TypeCode> <ram:CategoryCode>K</ram:CategoryCode> <ram:RateApplicablePercent>0.00</ram:RateApplicablePercent> <ram:ExemptionReasonCode>VATEX-EU-IC</ram:ExemptionReasonCode> </ram:ApplicableTradeTax> </pre>					

3 REVERSE CHARGE – WITHIN AN EU MEMBER STATE

Use case ID	3	Created	2024-07-01	Last update	2024-07-01
Case description					
A domestic invoice is issued where the settlement of VAT is deferred to the buyer based on national Reverse Charge legislation.					
Basis for guidance					
<ul style="list-style-type: none"> • EN 16931-1 section 6.4.3.4.4. • For UBL, TS 16931-3-2 section 4.3 • For CII, TS 16931-3-3 section 4.4. 					
General guidance					
<p>When issuing an electronic invoice under a Reverse Charge scheme the following rules apply:</p> <ul style="list-style-type: none"> - In the same invoice, all or none of the lines, allowances and charges shall be taxed as AE. <ul style="list-style-type: none"> o Rule BR-AE-1 - The Sellers or Tax representative as well as the Buyers VAT registration ID shall be given. <ul style="list-style-type: none"> o Rules BR- AE-2, BR-AE-3, BR-AE-4 - All VAT rates and amounts shall be zero. <ul style="list-style-type: none"> o Rules BR-AE-5, BR-AE-6, BR-AE-7, BR-AE-9 - VAT exemption reason code shall be VATEX-EU-AE <ul style="list-style-type: none"> o Rule BR-AE-10 - The Tax category code for reverse charge is AE. 					
Guidance for Universal Business Language (UBL)					
<p>In an UBL message the cac:TaxCategory class is used to provide details on how each item, allowance or charge is taxed with VAT. For reverse charge invoices the class is filled in as follows.</p> <pre> <cac:TaxCategory> <cbc:ID>AE</cbc:ID> <cbc:Percent>0.00</cbc:Percent> <cbc:TaxExemptionReasonCode>VATEX-EU-AE</cbc:TaxExemptionReasonCode> <cac:TaxScheme> <cbc:ID>VAT</cbc:ID> </cac:TaxScheme> </cac:TaxCategory> </pre>					
Guidance for Cross Industry Invoice (CII)					
<p>In an CII message the ram:ApplicableTradeTax class is used to provide details on how each item, allowance or charge is taxed with VAT. For reverse charge invoices the class is filled in as follows.</p> <pre> <ram:ApplicableTradeTax> <ram:TypeCode>VAT</ram:TypeCode> <ram:CategoryCode>AE</ram:CategoryCode> <ram:RateApplicablePercent>0.00</ram:RateApplicablePercent> <ram:ExemptionReasonCode>VATEX-EU-AE</ram:ExemptionReasonCode> </ram:ApplicableTradeTax> </pre>					

4 EXPORTS FROM EU TO COUNTRIES OUTSIDE THE EU AND TO EEA COUNTRIES

Use case ID	4	Created	2024-07-01	Last update	2024-07-01
Case description:					
Goods and services are exported to buyers in a non-EU country including the EEA countries of Norway, Iceland, and Lichtenstein as well as Switzerland.					
Basis for comment					
<ul style="list-style-type: none"> EN 16931-1 section 6.4.3.4.6. For UBL, TS 16931-3-2 section 4.3. For CII, TS 16931-3-3 section 4.4. 					
General guidance					
<p>When issuing an electronic invoice for Exports the following rules apply:</p> <ul style="list-style-type: none"> In the same invoice, all or none of the lines, allowances and charges shall be taxed as G <ul style="list-style-type: none"> Rule BR-G-1 The Sellers or Tax representative registration ID shall be given but Buyers VAT is not required. <ul style="list-style-type: none"> Rules BR-G-2, BR-G-3, BR-G-4 All VAT rates and amounts shall be zero. <ul style="list-style-type: none"> Rules BR-G-5, BR-G-6, BR-G-7, BR-G-9 VAT exemption reason code shall be VATEX-EU-G <ul style="list-style-type: none"> Rule BR-G-10 The Tax category code for Exports is G. 					
Guidance for Universal Business Language (UBL)					
<p>In an UBL message the cac:TaxCategory class is used to provide details on how each item, allowance or charge is taxed with VAT. For exports the class is filled in as follows.</p> <pre> <cac:TaxCategory> <cbc:ID>G</cbc:ID> <cbc:Percent>0.00</cbc:Percent> <cbc:TaxExemptionReasonCode>VATEX-EU-G</cbc:TaxExemptionReasonCode> <cac:TaxScheme> <cbc:ID>VAT</cbc:ID> </cac:TaxScheme> </cac:TaxCategory> </pre>					
Guidance for Cross Industry Invoice (CII)					
<p>In an CII message the ram:ApplicableTradeTax class is used to provide details on how each item, allowance or charge is taxed with VAT. For exports the class is filled in as follows.</p> <pre> <ram:ApplicableTradeTax> <ram:TypeCode>VAT</ram:TypeCode> <ram:CategoryCode>G</ram:CategoryCode> <ram:RateApplicablePercent>0.00</ram:RateApplicablePercent> <ram:ExemptionReasonCode>VATEX-EU-G</ram:ExemptionReasonCode> </ram:ApplicableTradeTax> </pre>					

5 VAT IN FINANCIAL SERVICES

Use case ID	5	Created	2024-07-01	Last update	2024-07-01
Case description:					
Financial services that are exempted from VAT based on article 135 of the VAT directive.					
Basis for comment					
<ul style="list-style-type: none"> EN 16931-1 section 6.4.3.4.3 COUNCIL DIRECTIVE 2006/112/EC on [VAT], article 135-1 					
General guidance					
<p>Exemption of financial services are a specific case of exemptions as defined in the EN 16931. In the case when the item being invoices is exempt based on article 135 of the VAT Directive it should be entered as followed into the electronic invoice. Tax category code shall be E, indicating that the item is being exempted and consequently the rate shall be 0%. The exemption reason is given in coded form using VATEX-EU-135-1.</p>					
Guidance for Universal Business Language (UBL)					
<p>In an UBL message the cac:TaxCategory class is used to provide details on how each item, allowance or charge is taxed with VAT. For VAT exemptions for financial services the class is filled in as follows.</p> <pre> <cac:TaxCategory> <cbc:ID>E</cbc:ID> <cbc:Percent>0.00</cbc:Percent> <cbc:TaxExemptionReasonCode>VATEX-EU-135-1</cbc:TaxExemptionReasonCode> <cac:TaxScheme> <cbc:ID>VAT</cbc:ID> </cac:TaxScheme> </cac:TaxCategory> </pre>					
Guidance for Cross Industry Invoice (CII)					
<p>In an CII message the ram:ApplicableTradeTax class is used to provide details on how each item, allowance or charge is taxed with VAT. For VAT exemptions for financial services the class is filled in as follows.</p> <pre> <ram:ApplicableTradeTax> <ram:TypeCode>VAT</ram:TypeCode> <ram:CategoryCode>E</ram:CategoryCode> <ram:RateApplicablePercent>0.00</ram:RateApplicablePercent> <ram:ExemptionReasonCode>VATEX-EU-135-1</ram:ExemptionReasonCode> </ram:ApplicableTradeTax> </pre>					

6 MARGIN VAT FOR TRAVEL SERVICES

Use case ID	6	Created	2024-07-01	Last update	2024-07-01
Case description:					
Companies within the travel industry use the special scheme for margin calculation of VAT for travel services within the EU.					
Basis for comment					
<ul style="list-style-type: none"> EN 16931-1 section 6.4.3.4.3 COUNCIL DIRECTIVE 2006/112/EC on [VAT], articles 306-310, 226(13). Chapter 3 					
General guidance					
<p>Travel services margin schemes are handled in the EN 16931 as a specific case of exemptions as defined in the standard. Application of margin scheme for travel services is in general terms provided for by article 306 of the VAT Directive. In the case where travel services are for travels outside of the EU the VATEX-EU-309 can be applied but for travel services within the EU the general article should be referenced as VATEX-EU-306 to indicate that VAT is not shown separately in the invoice based on the margin scheme for travel services. Tax category code shall be E, indicating that the item is being exempted for travels outside of the EU and consequently the rate shall be 0%, and that no VAT may be shown separately in the invoice for travel services within the EU.</p>					
Guidance for Universal Business Language (UBL)					
<p>In an UBL message the cac:TaxCategory class is used to provide details on how each item, allowance or charge is taxed with VAT. For margin scheme VAT exemptions for travel services the class is filled in as follows.</p> <pre> <cac:TaxCategory> <cbc:ID>E</cbc:ID> <cbc:Percent>0.00</cbc:Percent> <cbc:TaxExemptionReasonCode>VATEX-EU-306</cbc:TaxExemptionReasonCode> <cac:TaxScheme> <cbc:ID>VAT</cbc:ID> </cac:TaxScheme> </cac:TaxCategory> </pre>					
Guidance for Cross Industry Invoice (CII)					
<p>In an CII message the ram:ApplicableTradeTax class is used to provide details on how each item, allowance or charge is taxed with VAT. For margin scheme VAT exemptions for travel services the class is filled in as follows.</p> <pre> <ram:ApplicableTradeTax> <ram:TypeCode>VAT</ram:TypeCode> <ram:CategoryCode>E</ram:CategoryCode> <ram:RateApplicablePercent>0.00</ram:RateApplicablePercent> <ram:ExemptionReasonCode>VATEX-EU-306</ram:ExemptionReasonCode> </ram:ApplicableTradeTax> </pre>					