SSA® Baan ERP

Implementation of Council Directive 2001/115/EC

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Table of contents

1. Introduction

1.1 Purpose

This document describes how the requirements of the European Union (EU) Council Directive 2001/115/EC, as described in the following section, have been implemented and published in the various SSA® Baan ERP applications.

1.2 Background information

The European Community (EC) has published a Council Directive with a view to simplifying, modernizing, and harmonizing the conditions laid down for invoicing with respect to value added tax (VAT). Satisfying the guidelines of this Council Directive requires a number of changes in the ERP applications.

Some of the reasons why the EU has adopted this new Directive are:

- The current conditions laid down for invoicing and listed under Article 22(3), in the version given in Article 28h of the Sixth Council directive 77/388/EEC of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes – Common system of value added taxes: uniform basis of assessment, are relatively few in number, thus leaving it to the Member States to define the most important such conditions. At the same time, the conditions are no longer appropriate given the development of new invoicing technologies and methods.
- The Commission report on the second phase of the SLIM exercise (Simpler Legislation for the Internal Market) recommended that a study be carried out to determine what details should be required for VAT purposes when drawing up an invoice and what the legal and technical requirements are as regards electronic invoicing.
- It is therefore necessary, in order to ensure that the internal market functions properly, to draw up a list, harmonized at Community level, of the particulars **that must appear on invoices for the purpose of value added tax** and to establish a number of common arrangements governing the use of **electronic invoicing** and **the electronic storage of invoices**, as well as for **self-billing** and **the outsourcing of invoicing operations**.

For full details please refer to the *Council Directive 2001/115/EC of 20 December 2001 amending Directive 77/388/EEC with a view to simplifying, modernizing and harmonizing the conditions laid down for invoicing in respect of value added tax*

For full details, refer to
http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_015/l_01520020117en00240028.pdf

1.3 Definitions, acronyms, and abbreviations

Term	Description
EU	European Union
FR	Fiscal Representative
Intra-community transactions	Transactions between two Member States of the European Union
Tax Exception	Some items or item-groups or locations are exempt from tax.
Tax Exemption	Some enterprises are exempt from tax. Invoices to a customer with a valid tax exemption must not include tax.
Margin Scheme	VAT is usually due on the full value of the goods you sell. The Margin Scheme enables you to calculate VAT on the difference (or margin) between your buying price and your selling price. If no profit is made because the purchase price exceeds the selling price, no VAT is payable.

1.4 Document reading guide

Chapter 2, "Concept overview," quotes the requirements as stated in the EU Directive. Chapter 3, "Functional implementation," describes in detail the functional implementation of the various requirements.

2. Concept overview

2.1 Requirements

Satisfying the guidelines of this Council Directive requires a number of changes in the SSA® Baan ERP applications. The directive mainly requires a more detailed sales invoice. The following details are required for VAT purposes on invoices:

- The date of issue
- A sequential number, based on one or more series, which uniquely identifies the invoice
- The VAT identification number under which the taxable person supplied the goods or services
- Where the customer is liable to pay tax on goods supplied or services rendered, or has been supplied with goods as referred to in Article 28c(A), the VAT identification number under which the goods were supplied or the services rendered to them
- The full name and address of the taxable person and of this person's customer
- The quantity and nature of the goods supplied or the extent and nature of the services rendered
- The date on which the supply of goods or of services was made or completed, or the date on which the payment on account was made, insofar as that date can be determined and differs from the date of issue of the invoice
- The taxable amount per rate or exemption, the unit price exclusive of tax and discounts, or rebates if these rebates are not included in the unit price
- The VAT rate applied
- The VAT amount payable, except where a specific arrangement is applied for which this directive excludes such a detail
- A reference to the appropriate provision of this directive, where an exemption is involved or where the customer is liable to pay the tax, to the corresponding national provisions or to any indication that the supply is exempt or subject to the reverse charge procedure
- Where the intra-Community supply of a new means of transport is involved, VAT will be due in the Member State of destination if the means of transport falls within the definition of New Means of Transport and is sold to a customer who intends to take the shipment to a third Member State.
- Where the margin scheme is applied, reference to Article 26 or 26a, to the corresponding national provisions, or to any other indication that the margin scheme has been applied
- Where the person liable to pay the tax is a tax representative within the meaning of Article 21(2), the VAT identification number of that tax representative, together with his full name and address

2.1.1 Additional requirement

The amounts that appear on the invoice can be expressed in any currency, provided that the amount of tax to be paid is also expressed in the national currency of the Member State where the supply of goods or service takes place.

2.2 Scope

The EU Council Directive was used as the basis for changing the various SSA® Baan ERP versions. Possible country-specific deviations from this Council Directive have not been taken into account.

Changes have been implemented in SSA® Baan IVc4, SSA® Baan ERP 5.0b, SSA® Baan ERP 5.0c, and SSA® Baan ERP 5.2a. Derived products (localizations/extensions) supported by SSA Global Baan were also immediately included. The Baan Transportation package in SSA® Baan IVc4 has not been enhanced nor will the package be enhanced in the near future.

Earlier SSA® Baan ERP versions, such as Triton 2.2, Triton 3.1, SSA® Baan IVa, and SSA® Baan IVb, are outside the scope and have not been enhanced.

Some of the requirements were already satisfied by the ERP applications, while for others the ERP application had to be changed. The implementation of the changes differs between the various ERP versions for a number of issues. Some requirements are partially implemented or not implemented at all. For information on the motivation and details, refer to Chapter 3, “Functional implementation.”

2.3 Delivery

For every ERP version, various separate solutions were created to publish the implemented changes. In the Baan Support System a central solution for every ERP version has been created that links all the separate solutions together. The following table provides an overview of the available central solution numbers:

Version	Solution
SSA® BaanIVc4	140099
SSA® Baan ERP 5.0b	140098
SSA® Baan ERP 5.0c	140097
SSA® Baan ERP 5.2a	140100
Overall	140102

2.4 Installation

The layout of the Tax Codes by Country (tcmcs036) table has been changed for all versions. After you install the solutions for these versions, you must reconfigure this table. In general, the size of this table will be limited, so the required reconfiguration time will also be limited.

For SSA® Baan ERP 5.0b, SSA® Baan ERP 5.0c, and SSA® Baan ERP 5.2a, the layout of the Invoice Tax Amounts by Tax Authority (cisli209) table has also been changed. Several new fields have been added to this table.

After you install the solutions for these versions, you must reconfigure this table. Depending on the size of this table in your environment, reconfiguring this table can take a considerable amount of time. For further details, refer to the solution descriptions of the involved solutions. After you install the solutions and reconfigure the table, SSA® Global Baan recommends that you run the Update Invoice Tax Amounts By Tax Authority" (cicor2209m000) session for all the companies you use. Subsequently, run the correction program to populate the new table fields for existing invoices in your environment. Running the correction program is not mandatory, but strongly recommended. Not running the correction program can negatively impact the performance of the session for printing invoices.

The changes in all versions are built and implemented in such a way that re-customizing invoices is unnecessary if you have customized your invoices. The existing dataflow to the invoice report has not been changed, but instead only new elements have been added.

3. Functional implementation

3.1 Functional implementation details

This chapter provides a detailed functional description of what has been implemented, what has not been implemented, and how requirements have been implemented.

In SSA® Baan IVc4, the following invoices are available:

- Sales invoice
- Project invoice
- Service invoice
- Manual finance invoice
- Commissions and rebates (CMS) invoice

In versions other than SSA® Baan IVc4, all invoicing functionality has been centralized in the Central Invoicing package. The only exception is the commissions and rebates (CMS) invoice, which is also still separate.

In case of a different implementation within and/or across the various ERP versions, this fact is clearly indicated.

No changes are made for EDI. Most requirements can be supported with the EDI software in all versions, with the following exceptions:

- Tax amount in local currency: This requirement is not yet available in SSA® Baan IVc4, however, the requirement is available in later versions.
- Exemption texts are currently not supported.

At the moment of implementing the requirements, no clarity was available on the extent to which these two aspects are relevant with respect to the legal requirements.

New conversion setups will not be provided. If a field must be supported, such as the customer's VAT ID, users must add this field to their outgoing conversion setup, if not yet present.

3.1.1 Date of issue

All versions

An invoice date was already linked to every invoice in the various ERP applications, and is existing functionality. No changes have been implemented to meet this requirement.

3.1.2 Unique invoice number

All versions

A unique invoice number was already linked to every invoice within the various ERP applications, and is existing functionality. No changes have been implemented to meet this requirement.

3.1.3 VAT ID supplier

SSA® Baan IVc4

Previously, the supplier’s VAT ID was conditionally printed on the various invoices. The supplier’s VAT ID was only printed in case of intra-community transactions. This practice has now been changed: the supplier’s VAT ID is now printed on all invoices unconditionally.

Other versions

Previously, the supplier’s VAT ID was always printed on invoices unconditionally. This practice is existing functionality. No changes have been implemented to meet this requirement.

3.1.4 VAT ID customer

SSA® Baan IVc4

Previously, the customer’s VAT ID was conditionally printed on the various invoices. The customer’s VAT ID was only printed in case of intra-community transactions. This practice has now been changed: the customer’s VAT ID is now printed invoice on all invoices unconditionally.

Other versions

Previously the VAT ID of the customer was always and unconditionally printed on invoices. This is existing functionality. No changes have been implemented to meet this requirement.

3.1.5 Addresses of supplier and customer

SSA® Baan IVc4

The customer address is printed on all SSA® Baan IVc4 invoices, which is existing functionality. The supplier address is not yet printed on the SSA® Baan IVc4 invoices. This practice will not be changed because the assumption is made that every customer uses pre-printed invoice forms that will contain the supplier’s address in pre-printed format.

Other versions

Both the supplier and customer address are printed on the invoice, which is existing functionality. No changes have been implemented to meet this requirement.

3.1.6 Quantity and nature of goods

All versions

The quantity, quantity unit, item code, and item description are printed on all invoices. This practice is existing functionality. No changes have been implemented to meet this requirement.

One exception is the Commissions/Rebate Invoices (tdcms2402m000) session in all ERP versions. No specified quantity and nature of goods is available for the lines of these invoices. For this reason, no changes have been made for this requirement in the commission/rebate invoices.

3.1.7 Delivery date

All versions

Previously, the delivery date of goods was not printed on invoices. The invoices have been changed to print the delivery date of the delivered goods. The following rules are now applied:

- All versions: For the Commissions/Rebate Invoices (tdcms2402m000) session, no specified delivery date is available for the lines of these invoices, therefore, no delivery date is printed.
- SSA® Baan IVc4: If only one invoice line is used for multiple deliveries, the delivery date of the last delivery will be printed.
- SSA® Baan IVc4: For the manual sales invoice in SSA® Baan Finance, (session tfacr4410m000) no specified delivery date is available for lines of these invoices. For this reason, no delivery date is printed.
- SSA® Baan IVc4: For Project invoices, the project end date of a project is used as delivery date for the invoice lines, under the condition that the project end date does not fall past the invoice date.
- SSA® Baan IVc4: For Baan Service Order invoices, no delivery date is available. Invoices will contain the start and end date of an order.

3.1.8 Taxable amount

All versions

Previously, the taxable amount per tax rate was not printed on invoices. All invoices have been changed to print the taxable amounts per tax rate. The taxable amount is expressed in the invoice currency.

3.1.9 Tax rates

SSA® Baan IVc4

The tax rate was already printed for every invoice line on the manual finance invoice. For this invoice, the functionality is already available. No changes have been implemented to meet this requirement for this invoice.

The sales invoice, project invoice, and service invoice did not fully depict the tax rate. These invoices have been changed so that the tax rate is now printed.

Only one tax rate is applied to commission/rebate invoices. This tax rate was already printed in the footer of the invoice. Because only one tax rate can be applied to this type of invoices, the tax rate will not be repeated for each and every tax line

Other versions

Previously, the tax rate was already printed on invoice line level. No changes have been implemented to meet this requirement.

Only one tax rate is applied to commission/rebate invoices. This tax rate was already printed in the footer of the invoice. Because only one tax rate can be applied to this type of invoices, the tax rate will not be repeated for each and every tax line

3.1.10 Tax amount payable

All versions

Previously, the tax amount payable was only printed in the transaction currency. Changes have been implemented so that the tax amount is now also printed in the local currency.

3.1.11 Exemptions and Specifications

These enhancements consist of the following two separate subjects:

- Tax exemptions on customer level: A specific customer can be exempted for tax. The reason for exemption must be printed on invoices.
- Tax specifications as a consequence of intra-Community transactions: In case of intra-Community transactions, no tax has to be levied. Invoices must also specify this reason for exemption.

Tax exemptions on customer level

SSA® Baan IVc4
The implementation of the exemption functionality in SSA® Baan IVc4 is limited. If a customer is exempted for tax, the **Tax** check box must be cleared in the Maintain Customers (tccom1101m000) session. You can define the reason for exemption in the same session in the text that is linked to a customer. You must define tax exemption as so-called external text. For this reason, all tax exemption text lines must start with the greater than (>) sign. The text must be defined in the languages in which your users use the application. By default, the text manager will be started in this language. All invoices have been changed and will print tax exemption text, if present.

SSA® Baan ERP 5.0b, SSA® Baan ERP 5.0c, SSA® Baan ERP 5.2a
Previously, tax exemption functionality was already available within these ERP versions. However, the tax exemption functionality was closely linked to the parameter settings to enable specific North American functionality. Changes have been implemented to further decouple exemption functionality from the North American functionality. Exemption functionality is now also available for other customers.

European customers can model exemptions in the following way:

1. Define an arbitrary tax authority in the Tax Authorities (tcmcs1137m000) session.
2. Link this tax authority to the applicable tax codes by country in the Tax Codes by Country (tcmcs0536m000) session.
3. Define exemptions for the required customers by means of the Tax Exemptions (tcmcs1142m000) session. Fill the field ‘Exemption Number’ with the reason of exemption
4. No tax will be applied to invoices and the contents of the field ‘Exemption Number’ will be printed on invoices.

Tax specifications as a consequence of intra-community transactions

All versions
You can now link a text to tax codes by country in the Tax Codes by Country (tcmcs0136m000 for SSA® Baan IVc4/tcmcs0536m000 for other versions) sessions. You must define the text in the languages in which your users use the application. By default, the text manager will be started in this language. In this text, you can define the specification. Texts linked to tax codes by country will be printed in the tax summary of all invoices. The text will be printed only if no exemption is defined. If an exemption is defined, an exemption number is printed, and tax text will not be printed even if text is maintained.

3.1.12 Means of transport

All versions

The assumption was made that the vast majority of the SSA Global Baan customer base does not deal with this type of business. In addition, logic to determine if a means of transport is new is not available at all within the ERP applications. For this reason, SSA Global Baan will not implement this requirement.

3.1.13 Margin scheme

All versions

This requirement is applicable to the trade of used goods. The assumption was made that the vast majority of the SSA Global Baan customer base does not deal with this type of business. For this reason, SSA Global Baan will not implement this requirement.

3.1.14 Fiscal representative details

All versions

The assumption is that the vast majority of the SSA Global Baan customer base does not make use of a fiscal representative. You are not obliged to have a fiscal representative. Only if you make use of a fiscal representative, must this representative's details be printed on the invoice. For this reason, SSA Global Baan will not implement this requirement.