



Global 3000 Service Pack Note

Tax - Supplies of Broadcasting, Telecommunications and E-services

Author	DCP	
Project	ZM60_000418.docx	
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INTRODUCTION

This service pack updates the calculation of tax for supplies of broadcasting, telecommunications and e-services so that the place of taxation is determined by the location of the customer rather than the supplier.

Note: Throughout this document the abbreviation BTE is used in place of 'broadcasting, telecommunications and e-services'.

In VAT Notes 4 of 2013, HM Revenue and Customs (HMRC) advised that changes will be made to the VAT place of supply of services rules involving business to consumer supplies of broadcasting, telecommunications and e-services (BTE) from 1 January 2015.

The changes affect businesses that supply BTE to **consumers** (private individuals). This means that the place of taxation of these supplies will become determined by the location of the consumer who receives the service, not the location of the supplier of the service (as it is currently). **The changes do not affect businesses that supply BTE to other businesses.**

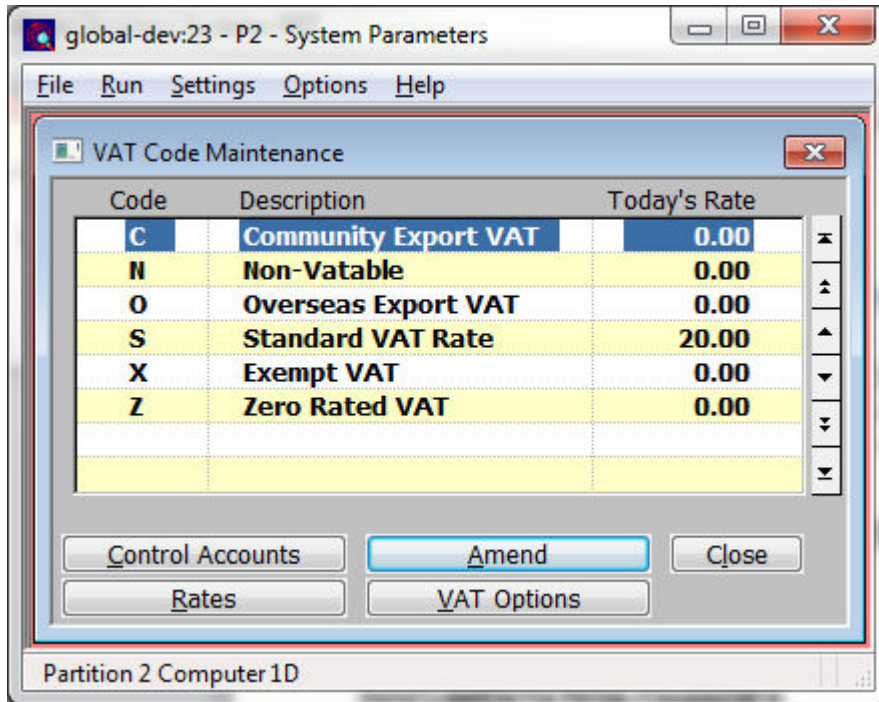
The changes include:

- A country code to which a tax rate for a given tax code is valid has been introduced. This allows each tax code to have a number of different rates valid for different dates at each country.
- A new option has been added to the customer type within customer maintenance, this allows the user to specify that the customer account is a consumer (i.e. a private individual) rather than a business customer.
- A new option has been added within transaction entry. The new setting which applies to invoices and credit notes is used to indicate that the invoice/credit note is for a BTE supply.
- A new option has been added within product maintenance. The new setting (located within the Sales Details section) is used to indicate that supplies of the product qualify as BTE.
- SOP Quotations, Orders, Invoices and Credit Notes have been updated to include a new option. The new setting is used to indicate that the transaction is for a BTE supply and restricts lines to products that qualify as BTE supplies.
- The tax rate used for supplies of BTE to consumers (i.e. private individuals) during the entry of invoices and credit notes within Debtors Ledger and the production of invoices within SOP is determined by the transaction date, tax code and the country from the customers invoice address.
- Supplies of BTE are excluded from the EC Sales List and do not contribute to the 'value of supplies to EC countries' on the VAT Reconciliation report.
- The tax class is set to 'DS' (digital supplies) for supplies of BTE. A revised format VAT reconciliation report (which will be released in a future service pack) will list these in a separate section.

Please note: Global 3000 has **not** been updated to include a report equivalent to the HM Revenue and Customs (HMRC) VAT Mini One Stop Shop (VAT MOSS) Return. It should be noted that BTE supplies will be listed in a separate section on the forthcoming updated VAT Reconciliation report but are not further separated by country.

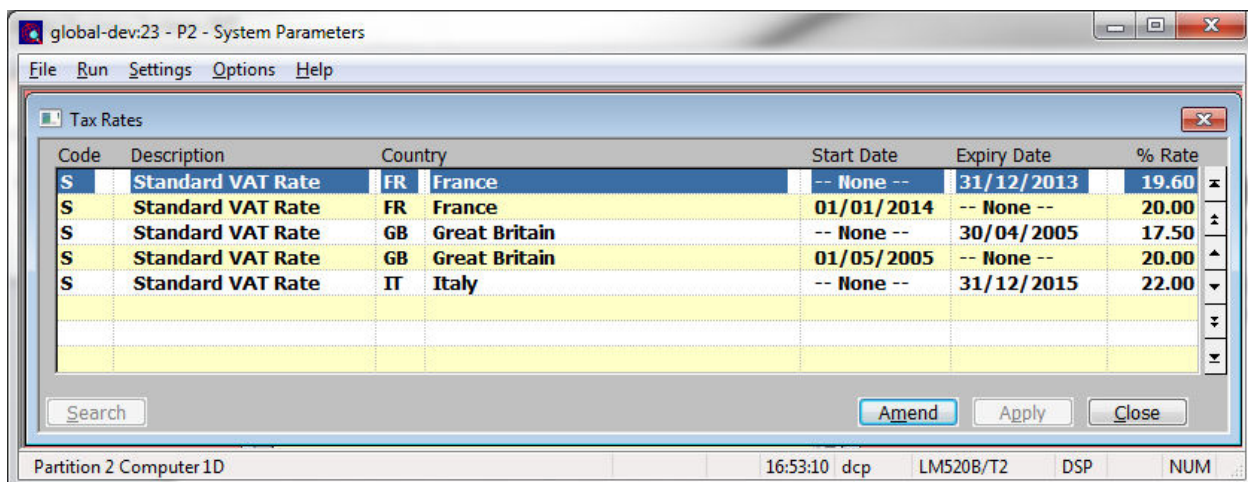
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Tax Code Maintenance Window



Note The rate shown is for the currently selected company.

Tax Rates Maintenance Window

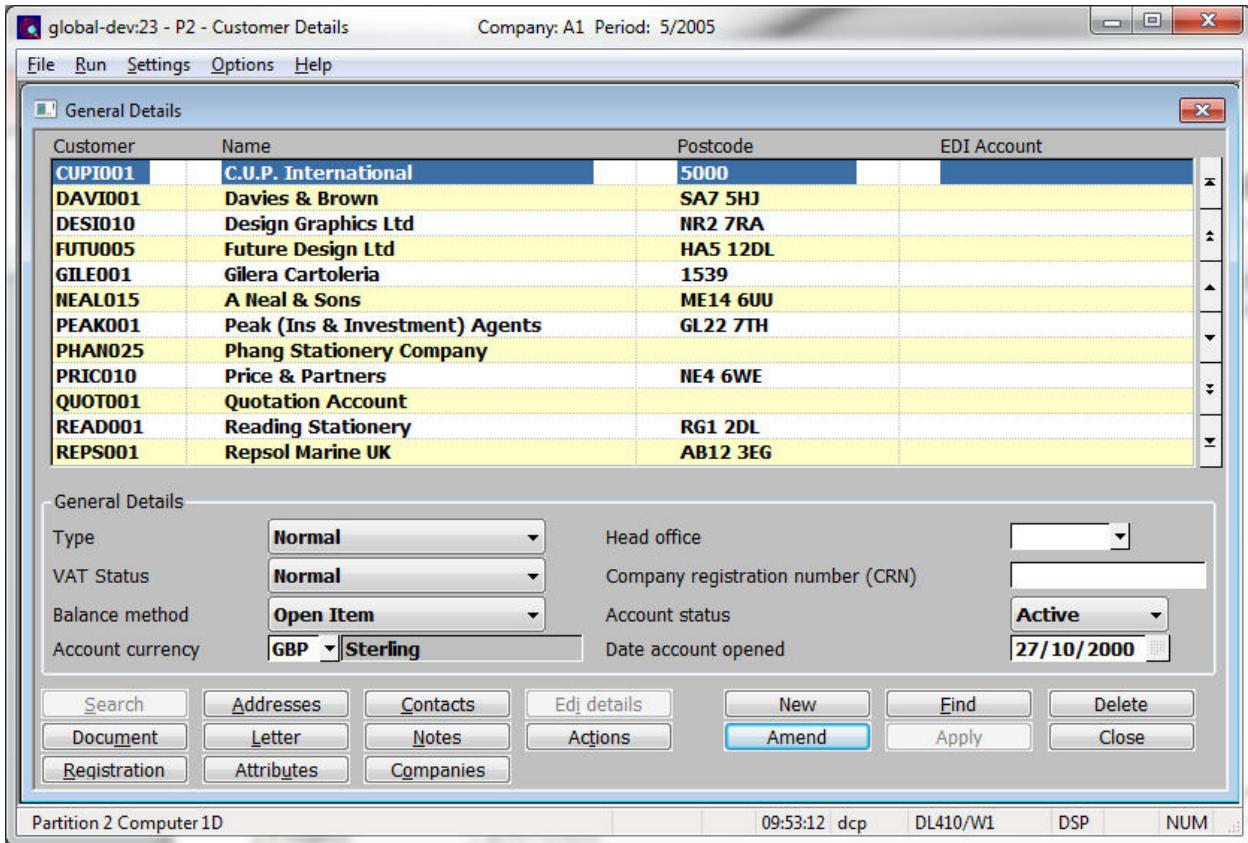


Country The country code to which the rate applies. A search is available.

Name (*Display only*) The name of the country.

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Customer Maintenance Window



Type This allows you to define the account type. In conjunction with the 'Head Office' prompt it allows relationships to be established between customers. The account type can be one of the following:

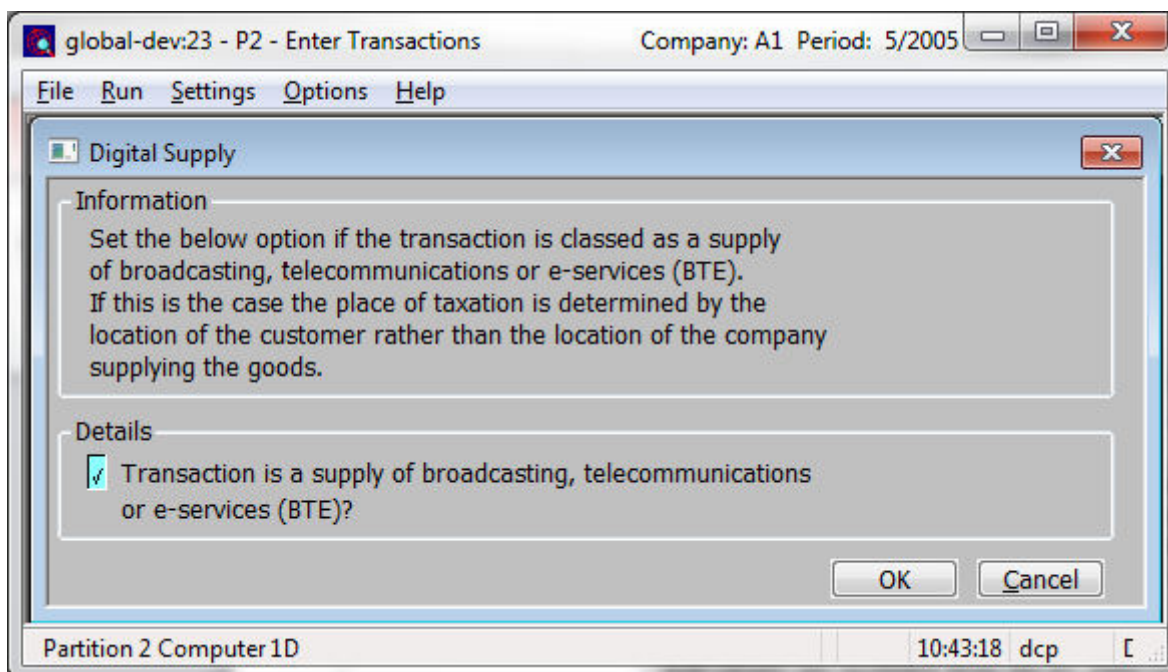
- **N – Normal** business account. This is the default.
- **C – Consumer account.** This indicates that the customer is a private individual rather than a business.
- **H – Head Office** account.
- **B – Branch account.** Transactions entered for a branch account are posted to its associated head office account.
- **G – Group account.** This type of account (also known as 'buying group' accounts) can have several members associated for reporting purposes.
- **M – Member.** This type of account is a member of a group. No special processing occurs when transactions are posted to these accounts.
- **Q - Quotation** account. This type of account is used in Sales Order Processing for the entry of quotations in telesales processing. If the quotation is accepted, it can be converted into a sales order. The operator then has the option in Sales Order Entry of either selecting an existing account for the sales order or generating a new account.

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Note Consumer accounts operate exactly the same as normal business accounts unless the goods supplied are classed as broadcasting, telecommunications or e-services (BTE). Each time an invoice or credit note is entered for a consumer account the user is asked to confirm whether or not the transaction is for a BTE supply. If it is the place of taxation is determined by the location of customer (i.e. the country from the customers invoice address) rather than the location of the business supplying the services. Supplies of BTE to consumers (private individuals) are excluded from the EC Sales List and do not contribute to the 'value of supplies to EC countries' on the VAT Reconciliation report. The tax class is set to 'DS' (digital supplies) for supplies of BTE. The VAT Reconciliation report lists these in a separate section.

Warning We recommend that 'Consumer' type accounts are reserved for use with customers to whom BTE supplies are made. This will prevent the "Digital Supply Window" within transaction entry being shown unnecessarily whenever an invoice or credit note is entered.

DL Transaction Entry – Digital Supply Window



This window appears when you confirm your response to the trading terms prompt whilst entering an invoice or credit note and the customer is type 'consumer'.

Purpose This window enables you to identify the transaction as being a supply of broadcasting, telecommunications or e-service (BTE).

The prompt is:

Transaction is a supply of broadcasting, telecommunications or e-services (BTE) Set this if the transaction is for goods that are classed as a supply of broadcasting, telecommunications or e-services (BTE). If this is the case the the place of taxation is determined by the location of the customer (i.e. the country from the customers invoice address) rather than the location of the business supplying the services.

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Note Supplies of BTE to consumers (private individuals) are excluded from the EC Sales List and do not contribute to the 'value of supplies to EC countries' on the VAT Reconciliation report. The tax class is set to 'DS' (digital supplies) for supplies of BTE. The VAT Reconciliation report lists these in a separate section.

Product Maintenance – Sales Details Window

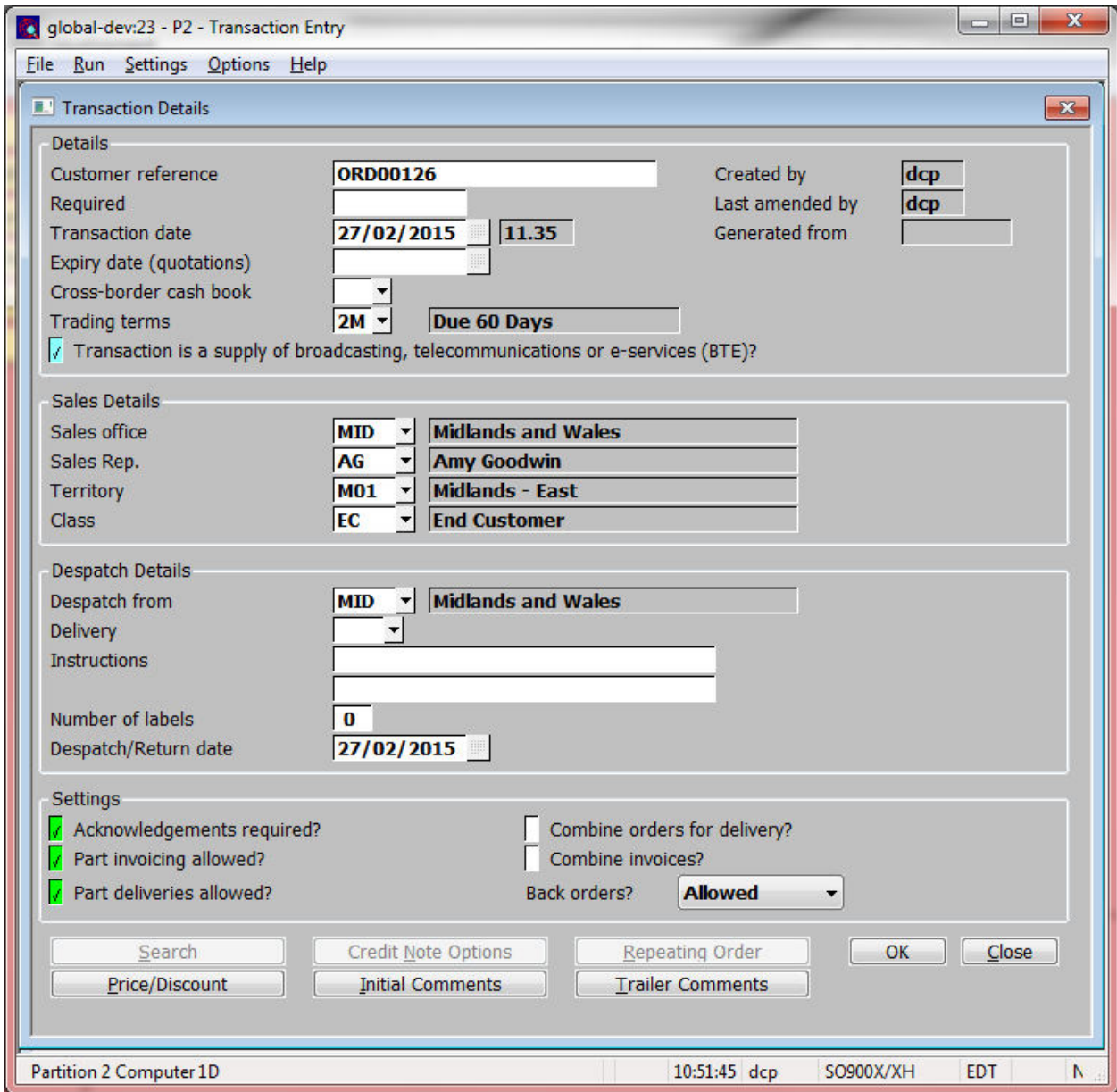
Sales are classed as supplies of broadcasting, telecommunications or e-services

Set this if the sales of this product are classed as a supply of broadcasting, telecommunications or e-services (BTE). If this is the case the the place of taxation is determined by the location of customer (i.e. the country from the customers invoice address) rather than the location of the business supplying the services.

Note Supplies of BTE to consumers (private individuals) are excluded from the EC Sales List and do not contribute to the 'value of supplies to EC countries' on the VAT Reconciliation report. The tax class is set to 'DS' (digital supplies) for supplies of BTE. The VAT Reconciliation report lists these in a separate section.

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SOP Transaction Desktop – Transaction Details Window



Transaction is a supply of broadcasting, telecommunications or e-services (BTE)

(Only available for quotations, orders, invoices or credit notes and if the customer type is consumer) Set this if the transaction is for goods that are classed as a supply of broadcasting, telecommunications or e-services (BTE). If this is the case the place of taxation is determined by the location of the customer (i.e. the country from the customers invoice address) rather than the location of the business supplying the services. When set lines are restricted to products configured as BTE supplies or comments.

Note

Supplies of BTE to consumers (private individuals) are excluded from the EC Sales List and do not contribute to the 'value of supplies to EC countries' on the VAT Reconciliation report. The tax class is set to 'DS' (digital supplies) for supplies of BTE. The VAT Reconciliation report lists these in a separate section.

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SOP Order Entry – Header Details Window

Transaction is a supply of broadcasting, telecommunications or e-services (BTE)

(Only available for quotations, orders, invoices or credit notes and if the customer type is consumer) Set this if the transaction is for goods that are classed as a supply of broadcasting, telecommunications or e-services (BTE). If this is the case the place of taxation is determined by the location of the customer (i.e. the country from the customers invoice address) rather than the location of the business supplying the services. When set lines are restricted to products configured as BTE supplies or comments.

Note Supplies of BTE to consumers (private individuals) are excluded from the EC Sales List and do not contribute to the 'value of supplies to EC countries' on the VAT Reconciliation report. The tax class is set to 'DS' (digital supplies) for supplies of BTE. The VAT Reconciliation report lists these in a separate section.

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