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1. Introduction

The purpose of this document is to present a model of the tax related information contained within the messages exchanged between the participants involved in a business transaction, the primary purpose of which is not tax-related, but which may be subject to the imposition of an indirect tax. This model is intended to serve as a reference for any effort to analyze the related messages (documents) of an implementation to verify that the indirect tax implications are adequately addressed, and as input to any effort to define message-oriented specifications involving indirect taxation.

The model is the result of extensive business analysis conducted by the participants of the OASIS Tax XML Indirect Tax work group, comprising indirect taxation experts from both industry and government tax authorities, and has been validated against the varied requirements of the European Union VAT regulations, the United States state sales tax regulations, and the Canadian GST/HST regulations.

An indirect tax is broadly defined as a tax levied on goods or services rather than on persons or organizations. The tax is not paid directly, but is passed on by an increase in the value of the transaction. For instance, you do not pay a tariff directly - when you buy imported merchandise, the price includes any tariff taxes paid. The tax increases the total amount paid for a good or service so that you are actually paying the tax indirectly.

Transactional messages contain information used to determine the tax compliance liabilities. These liabilities are based on who participates in the transaction, what goods or services are involved in the transaction; where the aspects of the transaction take place; when the transaction occurs; and what type of transaction is involved. The tax compliance liabilities are not necessarily determined solely from the message data itself; however the data needs to be sufficient to be interpreted for tax determination.

For example, a transaction message may include one or more addresses to be used to identify how aspects of the transaction are to be processed, such as where to send the goods or services ordered. From a tax point of view, what’s important is to identify in which tax jurisdictions these aspects of the transaction take place and the rules of which jurisdiction(s) will apply to the tax treatment of the transaction.

The reference model defines the required tax information and the tax-relevant business information together with the associations between them.

1.1. Scope

The scope of the reference model is limited to indirect tax, explicitly excluding indirect tax reporting as well, of course, as direct tax. Furthermore, it is necessary to restrict the initial scope of the Indirect Tax work group to allow for a staged approach to the construction of the model. The first stage of the group’s work is restricted to indirect taxes applied to transactions that take place between supplier and customer, or their representatives (typical e-commerce or supply chain transactions). Indirect taxes involving intermediaries or third parties (over and above the principal participants) such as excise duties, excise taxes and customs duties are excluded. Coverage of customs and excise taxes and duties will form part of a subsequent iteration of the model.
The model is intended to be international in scope. However, the tax knowledge that supported the development of the model was based on the experiences of the committees members which are primarily directed toward the European Union VAT regulations, the United States state sales tax regulations, and the Canadian GST/HST regulations. Other jurisdictions may have additional information requirements or variations on the intention and use of the information presented in the model.

1.2. Definition

The term Indirect Tax may be used as a short form for indirect tax procedures and components. By indirect tax we then mean taxation procedures and components applied to any business or financial transaction whose primary purpose is not tax-related. This definition covers such examples as procedures and components directly connected with sales tax, VAT, GST/HST, excise duties and taxes, customs duties and use taxes. However, it excludes interactions between the transacting parties and tax administrations relating to the reporting or remittance of taxes or duties collected or reclaimed - remittance or reporting is primarily a tax-oriented function and therefore falls outside our transaction-oriented definition. This distinction reflects the document-centric view of the TC as a whole – direct tax and indirect tax reporting involve interactions primarily about tax and require document-level templates or guidelines incorporating components of other types, whereas indirect tax standards will involve tax-oriented procedures and components that are incorporated into transaction document templates or guidelines. This distinction also rules out any registration interactions, as well as ancillary interactions involving such things as exemption certificates (Whereas references to exemption certificates in business documents are within the scope of the definition).

1.3. Conventions

The primary notations used to describe the reference model are Unified Modeling Language (UML) class diagrams and a form of UML process diagrams. The class attribute names follow the UN/CEFACT Name and Design Rules for element names in a conceptual UML model.

- Element, attribute and type names MUST be composed of words in the English language, using the primary English spellings provided in the Oxford English Dictionary

  Upper camel case (UCC) MUST be used for naming of elements and types.

  Note: UpperCamelCase is a naming convention in which a name is formed of multiple words that are joined together as a single word with the first letter of each of the multiple words – including the first word for upper camel case - capitalized within the new word that forms the name.

- Element, attribute and type names MUST be in singular form unless the concept itself is plural.

- Element, attribute and type names MUST be drawn from the following character set: a-z and A-Z.
Element, attribute and type names constructed from dictionary entry names MUST NOT include periods, spaces, or other separators; or characters not allowed by W3C XML 1.0 for XML names.

Element, attribute and type names MUST NOT use acronyms, abbreviations, or other word truncations, except those included in the UN/CEFACT controlled vocabulary or listed in Appendix C [of the UN/CEFACT XML Naming and Design Rules].

Note: Currently the approved acronyms and abbreviations in Appendix C include:

- **ID** – Identifier
- **URI** – Uniform Resource Identifier

Acronyms MUST appear in all upper case for all element declarations and type definitions.

The terms *supplier* and *customer* are used consistently throughout this document to represent the two parties to a transaction. Other terms may be used in other documentation or in implementations – in particular, *producer & consumer*, *vendor & purchaser* and *seller & buyer* are synonymous and may be used interchangeably.
Process models identify the processes that need to be performed by the participants involved in a transaction to accomplish their purpose. The models will describe the message types communicated between participants in the course of the identified processes. The focus of this model is the information that is exchanged between the participants in a transaction of goods and/or services. Several processes and tasks may be necessary for the completion of the transaction as well as several information exchanges.

The primary concerns are:

- the processes, and where necessary sub-processes, that involve the determination and handling of the taxes incurred as a consequence of the transaction; and
- the information that supports these processes.

### 2.1. Sales Process

The standard sales process involves the customer requesting goods and/or services from a supplier who in turn will fulfill that request as well as request payment. The result of the exchange will generally include some form of tax liability that will need to be determined and complied with by the parties involved.

In the Sales Process Model in Fig. 1 there are several instances of a sub process to Determine Tax. Depending on the circumstances of the transaction, either a Sales Tax or Use Tax may apply. In the case of a Sales Tax, the supplier will have the responsibility to determine the proper tax, while the customer may additionally determine the tax liability as a verification of what is stated by the supplier. In the case of a Use Tax, the responsibility for the tax is reversed.

**Note:** Canada’s GST/HST system contains 4 types of “special returns” (self-assessments of tax): self-assessed HST (GST489), self assessed FNGST (GST531), tax on acquisition of real property (GST60), and tax on imported taxable supplies (GST59). Unlike the EU system, in which the self-billing comes into play in the vendor/purchaser transaction, and like the U.S. use tax, the special returns in Canada are a transaction between the purchaser and the tax authority.

In the Canadian GST/HST environment, it is the responsibility of the purchaser/consumer to self-assess GST/HST or FNGST and file the appropriate return with the tax authority – in the transaction between vendor and purchaser, the vendor is only responsible for assessing all taxes due according to that jurisdiction.

**Note:** In a U.S. Sales Tax environment, every state having a sales tax will also have a use tax that levies a tax on “the storage, use or consumption of tangible personal property not subject to sales tax or otherwise exempt from tax” that is brought into that state, or acquired in the state as nontaxable.

The consumers use tax is primarily a tax whose reporting responsibility falls on the customer as a self-imposed tax. The supplier may collect the use tax (seller’s use tax), but the liability is ultimately that of the customer.
To be certain that a tax liability has been satisfied, a customer will pay the tax directly to the state rather than add the tax to the invoice from or remittance to the supplier. The supplier may not have a method for remitting unsolicited use tax to the state for which it was paid and will have no responsibility to do so. Payment of a tax to an unlicensed supplier does not eliminate a legitimate use tax liability.

Figure 1 – Sales Process Model
2.2. Self Billing Process

In the Self Billing process (a.k.a. Evaluated Receipts Settlement) the customer determines
the tax amount to be deducted in respect of the supply received and uses a “Self Billed
Tax Invoice” to advise the supplier.

These transactions are often the result of electronic processes whereby the customer
submits an order to the supplier who ships goods upon acceptance of the order. The
customer then processes payment of the amount based on the order terms. The supplier
issues no invoice.

The customer must remit indirect tax with the payment based on the tax requirements of
the competent jurisdiction(s). The customer’s system will calculate the indirect tax as if
the supplier had issued an invoice.

In a VAT environment, the fundamental difference between the Evaluated Receipts
Settlement/Self Billing and the more “normal” business models is that in ERS/Self
Billing, the customer is responsible for the issue of the tax invoice. This means that the
customer determines how much input tax he will deduct in respect of the supply
received and uses a “Self Billed Tax invoice” to advise the supplier how much output
tax the supplier is required to account for in respect of the supply.

There are risks associated with self billing such as the chance that the supplier will treat
the self billed invoice as a purchase invoice and add the VAT on it to the input tax which
he recovers from the tax authority – leading to a double tax loss. As an example of a
means to counteract this, the United Kingdom requires that the customer endorse a
paper Self Billed Invoice to the effect that “THE VAT SHOWN IS YOUR OUTPUT TAX
PAYABLE TO <the U.K. tax authority>”. In an electronic invoicing environment, the
UK recognizes that the inclusion of a text string in an electronic invoice message would
not be effective and either system or procedural controls have to be implemented to
prevent a self billed tax invoice message being treated as a purchase invoice by the
supplier.

The other major risk in respect of self billing in a VAT environment is that the supplier
will issue his own tax invoice for a supply for which the customer also issues a self billed
tax invoice. Although the supplier is unlikely to account for the output tax twice, it is
considered much more likely that the customer would reclaim from the tax authority
both the input tax shown on the supplier’s tax invoice and the input tax shown on the
self billed tax invoice.
Figure 2 – Self-Billing Process Model
3. Indirect Tax Documents (Messages)

The messages that are communicated between the participants in a transaction contain the information required to support the processes to achieve an intended result. In the process models, a number of specific messages have been identified: Quotation Request, Quotation, Order, Order Response, Invoice, Self Billed Tax Invoice, Credit Note, Debit Note, Despatch Advice, Receipt Advice, Remittance Advice and Self Billed Credit Note. Not all message types will necessarily be utilized for a given transaction.

These messages all revolve around the information that describes a sales transaction between the participants. Each message type is specific to the process it is intended to facilitate, although many of the messages involved in the sales process contain similar information that only varies in those elements related to the stage of the overall process.

From a tax point of view, the information in the messages is to facilitate those processes that involve complete, accurate and timely compliance with any tax implications of the sale.

Tax consequences may arise at various points in the transaction. The accuracy of the determination is dependent on the completeness of the transaction details provided.

The key elements of the information provided to determine the appropriate tax consequences are those that sufficiently identify:

- Participant
- Item (Goods or Services)
- Location
- Time
- Transaction Type

Note: Of the document types listed below, only the Invoice has tax implications in the Canadian GST/HST environment.

3.1. Quotation Request

A Quotation Request is a request by a potential customer to the supplier to quote the terms and conditions under which the supplier is willing to supply specific goods or services.

3.2. Quotation

A Quotation is sent by the supplier to the customer to inform the customer of the terms and conditions under which the supplier is willing or able to supply goods or services.

A Quotation is also used as the response document from the supplier when the customer has purchased directly from the supplier’s web site (also known as ‘punch out’).
3.3. **Order**

An Order is sent by the customer to inform the supplier that the customer wishes to purchase goods or services for a specified cost, along with instructions for delivery and special tax considerations. It is a promise to buy. Variants may support cancellation or revision of the Order either in content (Items ordered or quantity of Items) and/or in terms of fulfillment (changed delivery details, required by date etc.).

3.4. **Order Response**

An Order Response is sent by the supplier to inform the customer of the intention to supply goods or perform services in response to an Order. It acknowledges that the Order has been received and that it will be fulfilled in total, in part or not at all. The Order and Order Response create a dialog between supplier and customer to negotiate an agreement as the basis upon which the supply will take place.

3.5. **Despatch Advice**

A Despatch Advice is sent by the supplier to inform the customer that goods have been despatched or delivered or that a service has been performed. The supplier may use this document to notify the customer of shipping details via a third party carrier and to notify partial or complete delivery of an order.

3.6. **Receipt Advice**

A Receipt Advice is sent by the customer to the supplier acknowledging receipt in full or in part and describing discovered variances e.g. un-notified under-delivery, over-delivery, wrong Items delivered, damaged goods etc.

3.7. **Debit Note**

A Debit Note is sent from the customer to the supplier. The purpose of the Debit Note is to provide a means to record the reduction in the value that the customer owes to the supplier (and the reason for the reduction). A Debit Note obviates the need for the supplier to create a Credit Note.

*Note:* In an EU VAT environment, the Debit Note must contain all the details required on a tax invoice as well as a reference to the invoice in connection with which the Debit Note was issued if the Debit Note is to be treated as a tax document and is to obviate the requirement for the supplier to issue a credit note.

3.8. **Credit Note**

A Credit Note is sent from the supplier to the customer. The purpose of the Credit Note is to provide a means to record the reduction in the value that the customer owes to the supplier (and the reason for the reduction).
3.9. **Invoice**

An Invoice is sent from the supplier to the customer to request payment for goods delivered or services performed.

*Note:* In an EU VAT environment, an Invoice sent from a supplier to a customer would be accepted as a tax invoice provided it includes all the minimum requirements to be included in a tax invoice laid down in the EU invoicing directive and supporting [EU Member State] National legislation.

3.10. **Self Billed [Tax] Invoice**

A Self Billed [Tax] Invoice is sent by the customer to the supplier, obviating the need for an Invoice as described above.

3.11. **Remittance Advice**

A Remittance Advice is sent from the customer to the supplier notifying payment. It provides the supplier with a reference for payments made i.e. to which Invoice(s) payments relate and which Credit and Debit Note(s) are accounted for.

3.12. **Self Billed Credit Note**

In an ERS / Self Billed environment, the customer is in a position to prepare the Credit Note, in the same way as he is in a position to prepare the Invoice. A Self Billed Credit note effectively fulfils the same function, as would a Debit Note.
4. Indirect Tax Class Models

The messages that are communicated between the transaction participants have an associated set of information items that can be described in a class model. For the purpose of this reference model, information items that may be provided by the messages to facilitate the sales process but are not specific to tax compliance may not be covered.

4.1. Overview

Figure 3 – Sales Transaction Class Model
The overview model provides a non-detailed view of the classes of data that are to be described. The class model is broken down into smaller subject areas for detailed description.

4.2. Document (Message) Information

A document is the vehicle for the exchange of information between the parties engaged in a business process.

The information contained in the document includes elements that describe the overall business exchange, elements that describe the details of the items (goods and/or services) involved in the transaction, and the tax implications of each of those item details.

At the level of the overall transaction, this movement or exchange can be described as a business arrangement between two participants where they assume the roles of supplier and customer. Parties involved in the details of the transaction may assume additional roles.

Figure 4 – Document Information Class Model
Document – A document in this context is simply a well-defined, formatted set of information that is exchanged between parties for a defined purpose.

- **ID** – An identifier assigned to the document by the originator e.g. Invoice Number
- **Type** – An identifier of the type of document represented such as Order, Invoice, Credit Note, Debit Note, etc.
- **Issue Date** – The date assigned to the document by the originator

**Document Note** – A textual note that may be attached to a document providing specific information. For tax purposes, notes may be a requirement in some jurisdictions to provide additional information regarding the tax applied such as how the tax was determined or a justification for an exemption applied to the tax basis.

- **Note** – The text of the note attached to a document.

**Document Reference** – A relationship or reference from one document to another such as an Order Reference for an Invoice or an Invoice Reference for a Credit Note.

**Invoice** – An Invoice is a type of document sent from the supplier to the customer to request payment for goods delivered or services performed.

- **Invoice Amount Excluding Tax** – The total price for all transaction lines in the invoice excluding the tax amount incurred.
- **Invoice Amount Including Tax** – The total price for all transaction lines in the invoice including the tax amount incurred.

**Invoice Tax Total** – A total amount of tax on an Invoice by Tax type.

- **Total Tax Amount** – The total amount of all taxes of a specific tax type for all transaction lines in the invoice.

**Note:** The EU invoicing directive specifies that the gross value of the invoice excluding tax and the total tax on the invoice should be transmitted as part of the invoice message; it does not allow these values to be calculated, by the customer, based on line values – if the customer’s calculation gave a different result to the supplier’s calculation this would destroy the integrity of the tax and result in differences between the amount of tax accounted for by the supplier and the tax recovered by the customer.

**Note:** In the Canadian GST/HST environment, minimum information requirements to be included in an Invoice are dependent on the total value of the invoice, as follows:

<table>
<thead>
<tr>
<th>Information required</th>
<th>Total sale under $30</th>
<th>Total sale $30 to $149.99</th>
<th>Total sale $150 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your business or trading name, or your intermediary’s name</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Invoice date or, if you do not issue an invoice, the date the GST/HST is paid or payable</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Total amount paid or payable</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Information required</td>
<td>Total sale under $30</td>
<td>Total sale $30 to $149.99</td>
<td>Total sale $150 or more</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------</td>
<td>-----------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Show the total amount of GST/HST charged or indicate that the amount paid or payable for each taxable supply (except 0%) includes GST/HST and the applicable rate of 7% or 15%</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>When you sell or supply items taxable at 7% and 15%, show which items are taxed at 7% and which are taxed at 15%</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Your Business Number or your intermediary’s Business Number</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>The buyer’s name or trading name or the name of their authorized agent or representative</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A brief description of the goods or services</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Terms of payment</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Intermediatey means a GST/HST registrant with whom you have an agreement to help you supply your goods and services.*

### 4.3. Transaction Information

A transaction is an event involving a movement, exchange or assessment that has monetary value and that may incur a tax liability.

### 4.3.1. Line Item

A transaction is further specified by the line items associated with the event. A line item is a component of a transaction that involves the details for one of the items (goods or services) involved.
Depending on the jurisdiction and nature of the transaction, there will be a requirement to specify some or all of the following details:

- **Transaction Type** – An identifier of the type of transaction that occurred such as a sale, rental, asset movement, inventory removal, etc.
- **Tax Point Date** – The date on which the determination of the tax liability is based.
- **Item Quantity** – the number of units of the item involved in the line item detail
- **Unit of Measure Code** – the unit of measure in which the item is described
- **Unit Price Amount** – the price established for the transaction of the item in the line item detail.
- **Price Excluding Tax Amount** – the price established for the line item excluding any associated tax amounts.
- **Price Including Tax Amount** – the price established for the line item including the associated tax amounts
- **Undiscounted Price Amount** – the price established for the line item prior to any discount amounts being applied.
- **Delivery Terms Code** – the terms established for the delivery of the item in the line item detail.
• **Landed Cost Amount** - Total expense of receiving goods at place of retail sale, including retail purchase price, transportation costs, duties, value added taxes, excise tax and other taxes.

• **Description** – A textual description of the circumstances involved in the line item including the goods or services provided.

  *Note:* In an EU VAT environment, the description on the line should be sufficient to identify the goods or services supplied, although for a supply of goods it is allowable to use a code to identify products provided the code can be readily checked against a full description at both the supplier’s and the customer’s premises.

**Allocated Prepayment** – A pre-payment amount that has been allocated against a particular line item.

• **Paid Amount** – The amount of a payment that is applied against the line item

• **Received Date** – The date that the payment was received by the supplier

4.3.2. **Price Adjustment**

Prices may include one or more discounts or surcharges that adjust the final price to the customer.

The Price Adjustment describes the details for the difference between the price and the undiscounted price as may be required for tax reporting. An adjustment may apply to the individual line item or to the overall transaction or both. Multiple adjustments may also apply to either. The adjustment may be specified as either a percentage to be applied against the price or a set amount.

![Price Adjustment Class Model](image)

Figure 6 – Price Adjustment Class Model
• **Type** – the type of adjustment applied such as a discount or surcharge.
• **Reason** – the reason that the adjustment is applied.
• **Rate** – the percentage of the price that is to determine the adjustment.
• **Amount** – the amount of the adjustment.

### 4.3.3. Line Item Tax

For each line item the circumstances of the event may give rise to a tax liability in one or more of the jurisdictions that encompass the locations that play a particular role. Multiple taxes may be incurred for a single line item.

![Line Item Tax Class Model

- **Basis Amount** – The base amount on which tax is to be calculated
- **Basis Adjustment Amount** – An adjustment to the basis amount taken prior to tax calculation
- **Nontaxable Amount** – The amount of the basis that is determined to be non-taxable.
- **Zero-Rated Amount** – The amount of the basis that is determined to be zero-rated.
- **Exempt Amount** – The amount of the basis that is determined to be exempt from taxes.
- **Exemption Reason** – The reason that the exemption applies to a particular tax.
- **Taxable Amount** – The net amount of the basis after adjustments, exclusions and exemptions against which the tax rate will be applied.
- **Tax Amount** – The amount of tax calculated against the taxable amount.

*Note:* It is a requirement of certain tax authorities that the tax amount be expressed in the currency of the jurisdiction in which the tax is applied. In the case that this currency is different from the primary currency of the document, the tax amount will need to be additionally carried in that currency. In such a case it may also be necessary to provide the exchange rate and date for the amounts shown. The exchange rate information is attached to the Document (see 4.2 Document (Message) Information) in which the tax amount is stated since exchange rates will commonly apply to all converted amounts in a document.
The currency of the monetary amount itself is assumed to be an attribute of the amount.

*Note:* In the Canadian GST/HST environment, tax is not calculated on individual line items. Tax is calculated at the invoice level, although different tax rates may apply to different line items.

### 4.4. Participant Information

The information relative to a participant in a transaction that involves elements that describe the identity of the individual or organization involved in the transaction and the role that the party plays. From a tax perspective, the participant information may identify a categorization of a party that has non-standard tax implications and will identify the participant to the tax authorities for appropriate tax reporting.

A party may assume one or more roles in the various activities they participate in relative to a transaction:

- **Supplier** – A participant in a transaction that has agreed to receive monetary consideration for the provision of the goods or services to a customer.
  
  Alternate terms include: Producer, Seller, Vendor, and Sales Point

- **Customer** – A participant in a transaction that is the requisitioner of the goods or services for a monetary consideration from a supplier.
  
  Alternate terms include: Consumer, Buyer, Purchaser, Originator, and Order Point

- **Despatcher** – A participant in a transaction that is providing for the delivery of goods from their point of origin and the performance of services.
  
  Alternate terms include: Shipper, Despatch Point

- **Recipient** – A participant in a transaction that is receiving the delivery of goods or services.
  
  Alternate terms include: Ship To Party

- **Intermediary** – A participant in a transaction that acts as an agent, broker, transmitter, carrier, direct shipper, or other role that facilitates the activity of the principal actors.
  
  *Note:* In the Canadian GST/HST environment, this Participant may have relevance in Canada’s special returns, particularly acquisition of real property (GST60)

- **Tax Authority** – An indirect participant that acts as the party due the tax determined as a result of the transaction.

#### 4.4.1. Party

A party is an individual, group or organization having a role in a business function or activity. A party may assume one or more roles in the various activities they participate in such as supplier, customer, agent, tax authority, etc.
• **Name** – The full name of the Party.

  *Note:* Standards for the representation of Party name are outside the scope of this reference model. For the purposes of the model it is sufficient to recognize the requirement for a name without defining further detail.

• **Type** – The type of party represented such as an individual (Person), Corporation, Tax Authority, Sole Proprietorship, Partnership, etc.

**Government Agency** – A Government Agency is a type of Party that acts as an organization that has the authority to administer rules and regulations within the jurisdiction(s) in their domain. As a Party, the Government Agency would inherit any appropriate attributes and relationships such as an address.

A Tax Authority is a role that may be assumed by a Government Agency in the context of tax compliance and reporting.

**Party Site** – A Party Site represents a Location that is associated with a Party.

A Party Site (a combination of a specific party with a specific location) may assume one or more roles in the various activities they are involved in relative to a transaction:

**Supplier** – A party and location in a transaction that is the origin of the administrative details that may include the issue of an invoice, the place that the order was taken, the place of principal negotiation, etc.

**Customer** – A party and location in a transaction that is the destination of the invoice and other administrative details.

**Despatcher** – A party and location in a transaction that is the origin of the goods or services provided.

  Alternate terms include: Despatch Point

**Recipient** – A party and location in a transaction that is the destination of the goods or services provided.

  Alternate terms include: Delivery Point, Goods Inwards
476  Registration Identifier

477  A registration identifier is an identifier assigned to a registering party by an
478  authorized party. Specifically for taxes, a party is registered as a taxpayer with a
479  tax administration that has authority within a tax jurisdiction. Since a single
480  taxpayer may have multiple registrations, e.g. one for each Tax Authority with
481  which there is a tax relationship, the information is contained in a separate class
482  to contain each such instance.
483
484  • ID – An identifier of a unique party (person or organization) allocated by an
485  authority (Tax Authority) as a registered party or person (taxpayer).
486
487  • Type – The type of registration that the party holds. The types of registration
488  that may need to be represented could be numerous and may include
489  identifiers such as a Driver’s License Number or Passport Number. For Tax
490  registrations, a brief list of registration types could include:
491  − Tax File Number - Australia
492  − Business Number – Canada (organization and individual)
493  − Social Security Number – United States (individual)
494  − Tax Identification Number – United States (organization)
495  − Tax Identification Number – Europe
496  − VAT Registration Number - Europe

497

498  4.5. Location Information

499  The location information in a transaction describes the identity of the locations where
500  aspects of the events surrounding the transaction occur. From a tax perspective, the
501  requirement for location information is to identify the jurisdictions within the
502  boundaries of which the location is situated.
503
504  Commonly, a location in a transaction is identified by a postal address. However, other
505  means of identifying a location are available and may be supplied in addition or instead
506  of a postal address such as a coordinate system (e.g. latitude and longitude) or other
507  identifiers (e.g. Global Location Numbers [GLNs]). Alternate means of identifying a
508  location may be necessary in instances where a postal address is not available at a
509  location (such as an off-shore oil rig).
510
511  Standards for the representation of addresses as well as various coordinate systems and
512  other identifiers are outside the scope of this reference model. For the purposes of the
513  model it is sufficient to recognize the requirement for an address without defining
514  further detail.
4.5.1. Jurisdiction

A jurisdiction is a geopolitical area or areas for which a legal authority is responsible. A jurisdiction could be a country, state, county, city, district, or other geopolitical entity. The sub type, country, is specified to highlight its significance in certain tax related relationships.

- **Name** – A name that identifies a jurisdiction
4.6. Goods and Services Information

**Item** – A product or service that may be the object of a transaction between parties.
- **Description** – A description that identifies the nature of an item
- **ID** – A number or code that identifies an item
- **Base Price Amount** – The standard price for an item before discounts.

**Item Tax Category** – A categorization or classification of items that may be used to identify items from the perspective of determining tax liability.
For example, items categorized as clothing may be subject to a standard tax rate in a particular jurisdiction, however a sub category of clothing, such as children’s clothing may be nontaxable or zero-rated, while another sub category such as luxury clothing, for example furs, could have a surcharge or higher tax rate.
- **Name** – A name that describes an item category

4.7. Tax Exemption Information

**Figure 11 – Goods and Services Information Class Model**

**Figure 12 – Tax Exemption Information Class Model**
4.7.1. Exemption Certificate

A certificate that when provided by the customer and accepted in “good faith” by the supplier allows for the elimination of tax on a transaction or series of transactions. The supplier would retain any compliance requirement such as reporting the exempted transactions.

- **Type** – The type of certificate represented such as an Exemption or Direct Pay Permit.
- **ID** – An identifier assigned to the certificate by the certificate issuer.

4.8. Tax Information

Tax information describes a tax that is applied to the transaction line item details. A tax is applicable within a specific jurisdiction and may optionally be applicable for a specific item tax category. The tax to be applied may be structured in various ways such as a simple rate, a flat amount, an amount per number of units, or a rate within a tiered range of values.

![Tax Information Class Model](image)

**Figure 13 – Tax Information Class Model**

**Tax** – A tax that may be imposed in a jurisdiction.
- **Name** – A name that describes a tax.
- **Tax Code** – A reference to the tax code that specifies the conditions of the tax.

**Tax Rate Structure** – The mechanism to determine the tax due.
- **Type** – An identifier of the type of structure used to determine tax such as a single tax rate, fixed tax amount, a quantity based tax amount or a tiered tax structure.
<table>
<thead>
<tr>
<th>Term</th>
<th>Similar Terms</th>
<th>Jurisdictions</th>
<th>Definitions (various sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Basis</td>
<td></td>
<td></td>
<td>Method of calculating amounts subject to income tax and VAT. In respect of VAT, tax would be computed as a percentage levy on the excess of sales over purchases. [from Tax_Terms_English 2004-03-12 (OECD)]</td>
</tr>
<tr>
<td>Acquisition</td>
<td>EU</td>
<td></td>
<td>An “import” from one European Union state to another is known as an acquisition, reflecting the fact that there are no national barriers within the Community. Instead of having to pay import VAT to achieve clearance of the goods at the point of entry into the Member State, the acquirer will account for VAT (acquisition tax) due on the acquisition of the goods as part of his normal VAT accounting (via his usual VAT return). The acquisition tax will therefore usually be paid and reclaimed on the same VAT return (some EU Member States require a one month delay between accounting for the acquisition tax and reclaiming it). This accounting process is known as the “postponed accounting” system. [from TaxXML_Vocabulary (&quot;Tax XML BASC Vocabulary&quot;) ]</td>
</tr>
<tr>
<td>Acquisition Date</td>
<td>EU</td>
<td></td>
<td>The date on which an asset is purchased or obtained. The date on which ownership is transferred into the name of the purchaser. [from TaxXML_Vocabulary (&quot;Tax XML BASC Vocabulary&quot;) ]</td>
</tr>
<tr>
<td>Ad Valorem Tax</td>
<td></td>
<td></td>
<td>A tax on goods or property expressed as a percentage of the sales price or assessed value. E.g. VAT, Sales tax [from Tax_Terms_English 2004-03-12 (OECD)]</td>
</tr>
<tr>
<td>Advance Pricing Arrangement (APA)</td>
<td></td>
<td></td>
<td>An arrangement that determines, in advance of controlled transactions, an appropriate set of criteria (e.g. method, comparables and appropriate adjustments thereto, critical assumptions as to future events) for the determination of the transfer pricing for those transactions over a fixed period of time. [from Tax_Terms_English 2004-03-12 (OECD)]</td>
</tr>
<tr>
<td>Term</td>
<td>Similar Terms</td>
<td>Jurisdictions</td>
<td>Definitions (various sources)</td>
</tr>
<tr>
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</tr>
</tbody>
</table>
| Buyer                 | Customer      |               | A role that a party assumes in a transaction where that party is the purchaser of products and/or services from another party (seller) and either  
|                       | Consumer      |               | 1. Consumes the product  
|                       | Acquirer      |               | 2. Uses the product as input material for manufacturing  
|                       |               |               | 3. Resells the product  
|                       |               |               | [from TaxXML_Vocabulary ("Tax XML BASC Vocabulary")]
| Commodity Tax         |               |               | Tax based on a selective number of commodities. It corresponds in nature to excise duties on the sale of commodities, usually imposed at the importation of goods or sale by domestic manufacturers.  
|                       |               |               | [from IBFD International Tax Glossary]
| Consumers Use Tax     |               |               | A tax liability that is imposed on the storage, use, consumption and sometimes distribution of property or services. Consumer use taxes typically arise when the seller that provides the goods or services is not registered to bill and collect the tax in a taxing jurisdiction. Use tax is complimentary to sales tax and is accrued (self-imposed) by a business. Consumers use tax applies to the following:  
|                       |               |               | 1) Purchases from out-of-state vendors, which are not responsible for sales tax, for use within the state;  
|                       |               |               | 2) Items removed from inventory for a business’s own use;  
|                       |               |               | 3) When property is brought into one jurisdiction from another (asset movement); and  
|                       |               |               | 4) When a service is performed in one jurisdiction but the benefit received is in another jurisdiction.  
|                       |               |               | [from TaxXML_Vocabulary ("Tax XML BASC Vocabulary")]
| Consumption Tax       |               |               | Tax generally intended to fall on the ultimate consumption of goods and services. E.g. VAT, Sales Tax  
|                       |               |               | [from Tax_Terms_English 2004-03-12 (OECD)]
| Cost                  |               |               | Purchase price paid for goods or services or the value of the exchange for which goods or services are given.  
|                       |               |               | [derived from Tax_Terms_English 2004-03-12 (OECD)]
| Credit Note           |               |               | See 3.8 Credit Note.  
|                       |               |               | [from OASIS Tax XML TC]
<table>
<thead>
<tr>
<th>Term</th>
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</thead>
<tbody>
<tr>
<td>Debit Note</td>
<td></td>
<td></td>
<td>See 3.7 Debit Note.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>[from OASIS Tax XML TC]</td>
</tr>
<tr>
<td>Delivery</td>
<td></td>
<td></td>
<td>Transfer of goods or an interest in goods from one person to another.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>[from Tax_Terms_English 2004-03-12 (OECD)]</td>
</tr>
<tr>
<td>Despatch</td>
<td>EU</td>
<td></td>
<td>An “export” from one European Union Member State to another is known as a despatch. Although despatches can be zero rated, there are additional conditions which must be met before the despatch can be zero rated: the supplier has to show his customer’s EU VAT registration number on the sale invoice, and the goods must be used by the acquirer for his business purposes. Where goods are despatched to other EU Member States and the supplier does not have his customer’s VAT number (for example, because the customer is a non-taxable person) he must charge VAT even though the goods have left the supplier’s country. This type of transaction is known as “distance selling” and, to avoid an imbalance in intra-EU trade, if a supplier’s distance sales to a country exceed a specified value in euros, the supplier must register for VAT in that country. It should be noted that a despatch in one EU Member State would give rise to an acquisition in the recipient EU Member State. [from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)]</td>
</tr>
<tr>
<td>Despatch Advice</td>
<td></td>
<td></td>
<td>See 3.5 Despatch Advice.</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>[from OASIS Tax XML TC]</td>
</tr>
<tr>
<td>Direct Cost</td>
<td></td>
<td></td>
<td>Cost identified with a particular transaction, such as raw materials, components and goods, wages and other processing expenses.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>[from Tax_Terms_English 2004-03-12 (OECD)]</td>
</tr>
<tr>
<td>Direct Pay Permit</td>
<td>US</td>
<td></td>
<td>Customers holding Direct Pay permits do not pay any sales tax to their suppliers. Rather, the permit holders assume the full responsibility for determining which of their purchases are taxable and which are exempt, and remit any tax that may be due directly to the jurisdiction. Upon receiving a valid direct payment certificate, a supplier is relieved of all responsibility for collecting tax from the permit holder. [from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)]</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Term</th>
<th>Similar Terms</th>
<th>Jurisdictions</th>
<th>Definitions (various sources)</th>
</tr>
</thead>
</table>
| Discount                    |               |               | For VAT and other sales tax purposes, discounts (e.g. reduced prices, allowances made at the settlement of accounts by way of deduction from the amount payable (e.g. for paying promptly or in cash), allowances made to bankers or others for advancing money upon bills before they become due, etc.) usually reduce the taxable base, thus resulting in a decrease of the tax amount due.  
[derived from IBFD International Tax Glossary]                                                                                      |
| Environmental Tax           |               |               | Tax imposed for environmental reasons, e.g. to provide an incentive to reduce certain emissions to an optimal level or taxes on environmentally harmful products.  
[from Tax_Terms_English 2004-03-12 (OECD)]                                                                                          |
| Evaluated Receipt Settlement|               |               | Sometimes Evaluated Receipts Settlement is used as a synonym for Self Billing. In other contexts, Evaluated Receipts Settlement is described as “automatically” settling (i.e. paying) goods receipts from suppliers. In these circumstances the supplier issues a “shipping notification” or “delivery note” to the customer, which notifies the customer of what he can expect to receive. When the goods receipt occurs, if it matches to the customer’s purchase order and the supplier’s “shipping notification” or “delivery note”, the payment will be made automatically without any document being generated which acts as an invoice. Exception handling procedures have to be implemented for instances where the goods receipt does not match.  
In a VAT or Goods & Services Tax environment the absence of any document which acts as an invoice would render this “automated” Evaluated Receipts Settlement process non compliant with tax requirements. |
| Exempt goods/service        |               |               | A good or service that is exempt from GST/HST and against which the vendor cannot claim ITCs.  
[from CRA RC4022 General Information for GST/HST Registrants guide]                                                                       |
| Exempt With Credit          | EU            |               | In some Member States within the European Union (EU) there is an allowance for certain goods or services to be “free” of VAT, but for tax on expenses to be recoverable. In the UK this is achieved by designating a tax rate of 0% applicable to certain items. These “zero-rated” supplies are considered taxable supplies, but no VAT is actually charged to the customer. These supplies include books and newspapers, children’s clothes, food, transport services and exports. Some other Member States designate such zero-rated supplies as “exempt with credit”.  
[from TaxXML_Vocabulary ("Tax XML BASC Vocabulary")]|
<table>
<thead>
<tr>
<th>Term</th>
<th>Definitions (various sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exemption</td>
<td>A sale of tangible personal property or service, which would normally be taxable, but based on how the TPP or service is used, and/or who uses or sells the TPP or service, is not subject to tax. Or a special kind of tax rule which defines a situation in which no tax is required. [from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)]</td>
</tr>
<tr>
<td>Exemption Certificate</td>
<td>A document that when properly completed by the customer and accepted in “good faith” by the supplier allows for the elimination of tax on a transaction or series of transactions. May include commencement and expiration dates. [from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)]</td>
</tr>
<tr>
<td>Extended Price</td>
<td>The amount that is arrived at by multiplying the price of an item by the quantity of items. For example, an item sells for $10 and a buyer purchases 10 of these items, the extended price is $100 ($10 X 10). This amount is the basis for the calculation of taxes. [from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)]</td>
</tr>
<tr>
<td>First Nations Goods and Services Tax (FNGST)</td>
<td>CA A version of the GST/HST calculated on the full range of products upon a First Nations reserve that has entered into the appropriate agreement with the Department of Finance and enacted the required by-laws upon the reserve. [from CRA RC4072 First Nations Tax guide]</td>
</tr>
<tr>
<td>First Nations Tax (FNT)</td>
<td>CA A tax on the sale of listed products (tobacco, fuel, and alcohol) on some First Nations reserves. The First Nation must enter into an agreement with the Department of Finance and enact the necessary by-laws on the reserve. [from CRA RC4072 First Nations Tax guide]</td>
</tr>
<tr>
<td>Goods And Services Tax</td>
<td>VAT style multi-stage sales tax levied on purchasers (and lessees). Suppliers (and lessors) are generally responsible for collection. [from Tax_Terms_English 2004-03-12 (OECD)]</td>
</tr>
<tr>
<td>Harmonized Sales Tax (HST)</td>
<td>CA Three participating provinces, Nova Scotia, Newfoundland and Labrador, and New Brunswick, harmonised their provincial sales tax with GST to create the harmonised sales tax (HST). HST has the same basic operating rules as GST and applies at a single rate of 15% on the same base of goods that are taxable at 7% under the GST. [from CRA RC4022 General Information for GST/HST Registrants guide]</td>
</tr>
<tr>
<td>Term</td>
<td>Similar Terms</td>
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</tr>
<tr>
<td><strong>Hidden Tax</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Indirect Tax</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Input Tax</strong></td>
<td>Input Credit</td>
</tr>
<tr>
<td><strong>Input Tax Credit (ITC)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Inventory Removal</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Invoice</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Invoice Basis</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Landed Cost</strong></td>
<td></td>
</tr>
<tr>
<td>Term</td>
<td>Similar Terms</td>
</tr>
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</tr>
</tbody>
</table>
| Nontaxable            |               |               | A type of deduction. Applies to the sale of tangible personal property or service that is not taxed because the item sold is not included in the class of taxable items defined in the taxing jurisdiction’s statute.  
[from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)] |
| Option To Be Taxed    | EU            |               | In the VAT context, a VAT exempt entrepreneur sometimes can claim to be subject to VAT, the advantage being that to be entitled to his input tax against his output tax.  
[from Tax_Terms_English 2004-03-12 (OECD)] |
| Order                 |               |               | See 3.3 Order.  
[from OASIS Tax XML TC] |
| Order Acceptance      | Location      |               | The location where a supplier approves a sales transaction or accepts a contract. This location may be used to determine the appropriate taxing jurisdiction.  
[from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)] |
| Order Response        |               |               | See 3.4 Order Response.  
[from OASIS Tax XML TC] |
| Order Taken Location  |               |               | The location where the order or contract is received, worked on or taken by a salesperson. This location may be used to determine the appropriate taxing jurisdiction.  
[from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)] |
| Output Tax            | EU            |               | Term used in connection with VAT to denote the tax payable on the sales of goods or services by those who are subject to the tax and in contrast to the input tax for which a credit will be available.  
[from Tax_Terms_English 2004-03-12 (OECD)] |
| Place Of Supply       | Situs         | EU            | It provides an indication of where VAT is due and who is liable to account for VAT. The rule for determining place of supply is different for goods and for services. And there are situs exceptions for both goods and for services.  
General Rules for Place of Supply:  
- VAT is charged in the country where the goods are physically located when allocated to the customer. VAT is charged in the country where the service is consumed.  
[derived from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)] |
### Pro Rata Rule

Under most VAT systems, input tax is deductible to the extent that it relates to the making of taxable supplies. VAT registered persons are required to attribute input tax as far as possible to taxable and exempt supplies. Any input tax which cannot be directly attributed must be pro rata’d based on a proportion representative of the balance of taxable and exempt supplies made by the VAT registered person. The fraction of the non-attributable input tax that reflects the proportion of taxable supplies is deductible as input tax, while the fraction of the non-attributable input tax that represents the proportion of exempt supplies is not deductible as input tax.

### Punch Out

The “punch-out” technique provides a mechanism to extend the catalogue content available to a requisitioner. When the requisitioner selects items provided by a ‘punch-out’ supplier, the requisitioner is automatically redirected to the supplier’s web site where he/she can browse the supplier’s catalogue. After selecting the required items on the supplier’s site, the requisitioner is returned to his/her “own” system to complete the requisition.

For approved requisitions, an order is automatically generated and sent to the supplier’s web site so that the order can be processed and the goods despatched.

The great advantage of this method is that it avoids the maintenance overhead of suppliers sending electronic details of their catalogue to the buying organisation, which then loads it onto its buy-side system. This is particularly relevant where the catalogue content changes frequently, or where the supplier offers configuration options on their products (e.g. computer hardware suppliers that provide on-line configuration for PCs).

<table>
<thead>
<tr>
<th>Term</th>
<th>Similar Terms</th>
<th>Jurisdictions</th>
<th>Definitions (various sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Rata Rule</td>
<td>Partial Exemption</td>
<td>EU</td>
<td>Under most VAT systems, input tax is deductible to the extent that it relates to the making of taxable supplies. VAT registered persons are required to attribute input tax as far as possible to taxable and exempt supplies. Any input tax which cannot be directly attributed must be pro rata’d based on a proportion representative of the balance of taxable and exempt supplies made by the VAT registered person. The fraction of the non-attributable input tax that reflects the proportion of taxable supplies is deductible as input tax, while the fraction of the non-attributable input tax that represents the proportion of exempt supplies is not deductible as input tax.</td>
</tr>
</tbody>
</table>

### Quotation

See 3.2 Quotation.

[from OASIS Tax XML TC]

### Quotation Request

See 3.2 Quotation Request.

[from OASIS Tax XML TC]

### Receipt Advice

See 3.6 Receipt Advice.

[from OASIS Tax XML TC]

### Remittance Advice

See 3.11 Remittance Advice.

[from OASIS Tax XML TC]
<table>
<thead>
<tr>
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<th>Similar Terms</th>
<th>Jurisdictions</th>
<th>Definitions (various sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales Tax</td>
<td></td>
<td></td>
<td>Single-stage tax on the sale of goods to ultimate customers, whether by retailers or other traders.</td>
</tr>
<tr>
<td>Reverse Charge</td>
<td>EU</td>
<td></td>
<td>In the European Union (EU), for the purchase of certain services from outside the country in which he is registered for VAT, the customer is required to make a VAT adjustment to both his output and input tax figures (based on the VAT rate applicable in the Member State in which he is registered for VAT).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The mechanism by which this is achieved is:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The customer accounts for output tax VAT at the appropriate rate as though he had sold the service to himself at the value which he paid for it.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The customer calculates VAT at the appropriate rate as though he had purchased the service from a supplier in the country in which he is registered for VAT at the value which he paid for it. The customer is only allowed to deduct as input tax that proportion of this VAT which he would have been able to deduct if he had purchased the service from a supplier in the country in which he is registered for VAT.</td>
</tr>
<tr>
<td>Sales Tax</td>
<td></td>
<td></td>
<td>Tax imposed as a percentage of the price of goods (and sometimes services). The tax is generally paid by the customer but the supplier is responsible for collecting and remitting the tax to the tax authorities.</td>
</tr>
<tr>
<td>Self-Assessment</td>
<td>CA</td>
<td></td>
<td>The purchaser calculates the GST/HST, or FNGST owing on a taxable good or land they purchased but upon which no tax was calculated and remits it to CRA along with the appropriate return form (GST59, GST/HST Return for Imported Taxable Supplies; GST60, GST/HST Return for Acquisition of Real Property; GST489, Return for Self-Assessment of the Provincial Portion of the Harmonized Sales Tax (HST); GST531, Return for Self-Assessment of the First Nations Goods and Services Tax (FNGST))</td>
</tr>
<tr>
<td>Self Billed Credit Note</td>
<td></td>
<td></td>
<td>See 3.12 Self Billed Credit Note.</td>
</tr>
<tr>
<td>Self Billed Invoice</td>
<td></td>
<td></td>
<td>See 3.10 Self Billed Tax Invoice.</td>
</tr>
<tr>
<td>Term</td>
<td>Similar Terms</td>
<td>Jurisdictions</td>
<td>Definitions (various sources)</td>
</tr>
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<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Self Billing</td>
<td>Payment on Receipt</td>
<td></td>
<td>This is a process whereby a customer “invoices” or “bills” himself, in the name and on behalf of his supplier and provides a supplier with a copy of the “self billed invoice”. Where a customer knows what was ordered from a specific supplier, what prices were agreed and what was actually delivered, there is no real business need for an invoice to be issued by the supplier, before paying what is due. The requirement for a self billed invoice is primarily that of taxes like VAT and Goods and Services Tax, to record that the correct amount of tax was deducted by the customer in respect of the supply and to inform the supplier of the amount of VAT which the customer has claimed from the tax authority and for which the supplier will be required to amount to the tax authority. Legal provisions for self billing vary from jurisdiction to jurisdiction. Some jurisdictions encourage self billing, others allow self billing only within certain restrictions and some jurisdictions refuse to allow self billing at all. Some jurisdictions do not allow self billing, but allow “pre notification” where the customer informs the supplier what the invoice should contain and the supplier prepares the invoice accordingly.</td>
</tr>
<tr>
<td>Situs</td>
<td></td>
<td></td>
<td>The locations for which a taxing jurisdiction has the right to tax transactions or more commonly, the location of a specific transaction.</td>
</tr>
<tr>
<td>Taxable Base</td>
<td>Tax Base</td>
<td></td>
<td>The thing or amount on which the tax rate is applied. The taxable base is represented as a bottom-line amount, taking into consideration all possible deductions, losses and personal allowances.</td>
</tr>
<tr>
<td>Taxable Event</td>
<td></td>
<td></td>
<td>Term used to define an occurrence which affects the liability of a person to tax.</td>
</tr>
<tr>
<td>Trade-In Allowance</td>
<td></td>
<td></td>
<td>The amount by which the supplier reduces the sale price of a property in return for the property of the customer. This does not affect the customer’s basis in the property purchased.</td>
</tr>
<tr>
<td>Term</td>
<td>Similar Terms</td>
<td>Jurisdictions</td>
<td>Definitions (various sources)</td>
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<td>------------------------------</td>
</tr>
<tr>
<td>Transaction Taxes</td>
<td></td>
<td></td>
<td>Tax that uses a specific type of transaction as its object, e.g. sales tax, immovable property transfer tax, etc. [from Tax_Terms_English 2004-03-12 (OECD)]</td>
</tr>
<tr>
<td>Transfer Tax</td>
<td></td>
<td></td>
<td>Tax levied on the transfer of goods and rights, e.g. purchase and/or sale of securities and immovable property. [from Tax_Terms_English 2004-03-12 (OECD)]</td>
</tr>
</tbody>
</table>
| Triangulation         | EU            |               | This is a scenario developed by the European Union (EU) to simplify the Value Added Tax (VAT) collection process when suppliers are in different member states. Conditions of Triangulation  
- Must only be three parties involved, two suppliers to one purchaser.  
- All parties must be registered for VAT in the EU.  
- All parties must be in separate EU member states, for example supplier (A) in Germany, supplier (B) in France, and customer (C) in Austria.  
Triangulation Flow  
- Supplier (A) ships goods directly to the customer (C). (Physical Flow)  
- Supplier (A) bills supplier (B) and then (B) bills (C) (Invoice Flow)  
- Supplier (A) zero rates the supply and C accounts for Acquisition VAT (Tax Flow) [from TaxXML_Vocabulary (“Tax XML BASC Vocabulary”)] |
<p>| Use Tax               |               |               | Tax on goods which are used within the taxing jurisdiction although the goods were purchased in another jurisdiction [from Tax_Terms_English 2004-03-12 (OECD)] |
| Value Added Tax       |               |               | Specific type of turnover tax levied at each stage in the production and distribution process. Although VAT ultimately bears on individual consumption of goods or services, liability for VAT is on the supplier of goods or services. VAT normally utilizes a system of tax credits to place the ultimate and real burden of the tax on the final consumer and to relieve the intermediaries of any final tax cost. [from Tax_Terms_English 2004-03-12 (OECD)] |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Similar Terms</th>
<th>Jurisdictions</th>
<th>Definitions (various sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero Rate</td>
<td></td>
<td>EU</td>
<td>The term is used in relation to VAT, where the rate of tax which is in principle levied but at a rate of 0% so that in effect no tax is payable, but will result in refunds of input tax credits. [from Tax_Terms_English 2004-03-12 (OECD)]</td>
</tr>
<tr>
<td>Zero-rated goods/service</td>
<td></td>
<td></td>
<td>A good or service that is taxed at the rate of 0% and against which the vendor may claim ITCs. [from CRA RC4022 General Information for GST/HST Registrants guide]</td>
</tr>
</tbody>
</table>