Online Validation Service
VIES Validation

Globalization Services, SAP
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EU VAT Quick Fixes
SAP overview
EU VAT Quick Fixes - Overview

Business Background/Impact
The four “VAT Quick Fixes” in relation to EU cross-border trade addressed in the reform of EU VAT rules by the European Commission, which take effect from 1 January 2020. They concern the following areas:

▪ Call-off stock rules
▪ Mandatory VAT identification number to apply the zero VAT rate to intra-EU supplies
▪ Evidence of intra-EU supplies
▪ Chain transactions rules

Reference

▪ COUNCIL DIRECTIVE (EU) 2018/1910 of 4 December 2018 amending Directive 2006/112/EC as regards the harmonisation and simplification of certain rules in the value added tax system for the taxation of trade between Member States

SAP Solutions

▪ Call-off stock rules
  New process for intra-community call-off stocks (a.k.a. consignment stocks) in the EU effective as of January 1st, 2020

▪ Mandatory VAT identification number to apply the zero VAT rate to intra-EU supplies
  Validation of VAT registration number of EU business partners

Recommendations

▪ Evidence of intra-EU supplies
  We recommend you to carefully review your current process around collecting and archiving Evidence of intra-EU supplies. SAP standard features may be considered to manage the requirement manually.
  − The standard attachment feature
  − The standard Proof of Delivery functionality is useful to manage status of the delivery confirmation sent by Ship to party upon the receipt of goods.

▪ Chain transactions rules
  We recommend you to carefully evaluate the impact of the future rules on your intra-Community supply chains and how the VAT treatment of your supply chains can benefit from the simplified treatment.
  − SAP is aware of the scenario, but today there is no dedicated standard solution available.
SAP Localization Hub Online Validation Service

Key Benefits

**Automation**
- Automatic validation of tax relevant data of your business partners
- No manual effort, No human error

**Accuracy**
- Accurate tax relevant data of business partners
- Error free business transaction for reporting out of the SAP Advanced Compliance Reporting (ACR)

**Integration**
- Native integration with SAP Business partner master data, business transactions, ACR reporting
VIES Validation

Overview
SAP Online Validation Service – Central Notes

**Online Validation Service** is the solution for automated online validation of business partner information from SAP.

- Framework Note: **2940778** – Central framework information
- Central Note: **2855240** - EU Validation of VAT registration number of EU business partners

**Attachments**

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<tr>
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<tr>
<td>SAP Note 2855240_Annex_Functions per Product Overview.xlsx</td>
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SAP Online Validation Service - phase 1

Solution Note released in December/February: 2866929-EU
Validation of VAT registration number of EU business partners

- Integration with Business Partner (transaction BP). Immediate validation of EU VAT registration number (Tax Category = country code + '0') from within transaction BP.
- A dedicated report (transaction OVF_MASS_CHECK) to validate the EU VAT registration numbers for multiple business partners, vendors, customers. The report can also be scheduled for background validation.
- A report (transaction OVF_HISTORY) to present the history of validation results.

LCNaaS: status available
- S/4HANA On-premise and ECC
- S/4HANA Cloud
SAP Online Validation Service – phase 2

LCNaaS: status **available**

**S/4HANA On-premise and ECC**

**S/4HANA Cloud**

In phase 2, additional functionality available:

- Download of stored full response from the online service
- Process integration point at business partner maintenance for VAT number validation

**SAP Notes:**

**2866929** - EU Validation of VAT registration number of EU business partners

**2882802** - EU Validation of VAT registration number of EU business partners: **Corrections in the report History of online checks**
SAP Online Validation Service – phase 3

SAP Announcement of Legal Change:

S/4HANA On-premise and ECC

S/4HANA Cloud

2948684 (soon to be available)
- VIES validation for EU

In phase 3, additional extensibility is planned to support VAT number validation in the following cases, which refer to the logistics process:

- Process integration point for sales order maintenance (creation/change)
- Process integration point for billing
VIES Validation
Outlook
SAP Online Validation Service – the future

Further feature enhancements in discussion

- Additional integration point (e.g. Master Data Governance)
- Possibility to switch-off the validation for a set of partners
- Enabling the validation solution as a SAP Cloud Platform (SCP) based service
SAP Localization Hub Online Validation Service (Cloud)

Solution Landscape

**SAP S/4HANA Cloud**

- Batch validation for BP Master Data and validation History
- Validation specific integration points with business transactions

**SAP Cloud Platform Integration**

Communication
- SAP delivers country specific Integration Flow (iFlow)
- Validation result buffered

**Tax Authorities**

- Local Verifying Service
  - VAT Information Exchange System
  - National Tax Administration
  - others

**Extension by Partners**

- Backend integration points and country specific iFlow (BAdi: OVF_ENH_EXTENSIBILITY)
- Enable online validation for other regulations beyond VIES and Poland White list
SAP Online Validation Service - demo

Solution Note released in December/February: **2866929**-EU Validation of VAT registration number of EU business partners
Thank you.

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