

INSTRUCTIONS FOR FILLING IN THE APPENDIX (FORM KMD INF) TO THE VALUE ADDED TAX RETURN

Information to be presented in the Appendix to the value added tax return

Pursuant to § 27 (1²) of the Value-Added Tax Act (hereinafter the VATA), appendix to the value added tax return presents the data of invoices issued to and received from legal persons, self-employed persons and authorities of the state, a rural municipality or a city, where the transferor of goods or provider of service has stated supply taxable at the value added tax rate of 20% or 9% on the invoices, except the data of invoices issued pursuant to the special procedure provided for in § 40 of the VATA, if the amount stated on the invoice or the total amount of all invoices without value added tax is at least EUR 1,000 per single transaction partner in the taxation period.

A person may present in the appendix to the value added tax return the data of invoices provided for in § 27 (1²) of the VATA where those data amount to a total of less than EUR 1,000 excluding value added tax (§ 27 (1³) of the VATA).

Failing to state the transaction partner's register code or personal ID code in the form is not considered a failure to file a value added tax return as defined in § 90 (2) of the Taxation Act if the tax administrator can identify the person on the basis of the information presented.

If, during the taxation period, a taxable person does not issue or receive any invoices required to be presented in Form KMD INF, the relevant box for absence of invoices to be declared must be checked in Part A or B of the Form.

If the number of invoices to be declared is higher than the number of lines in the Form, additional page to the Form must be used.

Accounting the limit per transaction partner

The limit of EUR 1,000 per transaction partner (hereinafter the limit) shall be accounted separately for invoices issued and invoices received. The limit is accounted on the basis of the total amount of invoices, including if the invoice contains not only supply taxable at the rate of 20% or 9% but also supply taxable at the rate of 0%, non-taxable supply or actions and transactions not considered supply (for example contract penalties and delay penalties). Invoices not containing supply taxable at the rate of 20% or 9% or issued solely under the special procedure for taxation of travel services with value added tax are not accounted into the limit.

An invoice is accounted into the limit only once and only in the taxation period when it is first required to be presented in the Form's Part A or B.

The limit is also accounted separately for the total amount of invoices issued for transfer of goods or provision of services and for the total amount of credit invoices. If the total amount of invoices issued/received for transfer of goods or provision of services in the taxation period without credit invoices is at least EUR 1,000 for a single transaction partner, all invoices issued to / received from that transaction partner in that taxation period, including credit invoices, must be declared in Part A or B of the Form, respectively.

If the total amount of credit invoices issued/received in the taxation period is at least EUR 1,000 for a single transaction partner, all invoices issued to / received from that transaction partner in that taxation period, including credit invoices, must be declared in Part A or B of the Form, respectively.

In a value added tax group, the limit is accounted separately for all members of the group.

Invoice data shall not be presented in the value added tax return if:

- 1) the invoice is issued to a natural person (except a self-employed person) or to a non-resident that has not been assigned a register code in the register of taxable persons provided for in § 17 of the Taxation Act;
- 2) the invoice does not contain supply taxable at the rate of 20% or 9% (for example, an invoice issued only for tax-exempt supply, supply taxable at the rate of 0% and/or actions and transactions not considered supply);
- 3) the invoice is issued solely under the special procedure for taxation of travel services with value added tax (§ 40 of the VATA);
- 4) the invoice is issued for actions or transactions subject to the obligation of professional secrecy. The service recipient may present the data of invoices subject to the obligation of professional secrecy.

Invoice data shall also not be presented in Part B of Form KMD INF if the value added tax stated in the invoice is not to be deducted as input value added tax.

Part A of Form KMD INF

Part A of Form KMD INF presents the **data of invoices issued**. The invoice data shall be presented in the Form for the taxation period when the invoice's supply was partly or fully incurred pursuant to the supply incurring time defined in § 11 of the VATA. If taxable supply concerning an issued invoice will also be incurred in some subsequent taxation period, the invoice's data shall also be presented in the Form for the subsequent periods when the taxable supply of the transaction presented in the invoice is subject to declaration in Form KMD.

Invoices to be declared pursuant to the special procedure of cash-accounting for value added tax shall be presented in the Form in the taxation period in which the supply in respect of the specific invoice has been partly or fully generated in accordance with the time of supply provided for in subsections 3 and 4 of § 44 of the VATA. If the taxable supply in respect of the invoice issued also arises in a subsequent period of taxation, the information on the invoice shall also be recorded in the form in the following periods of taxation, in which the taxable supply of the transaction recorded on the invoice is to be declared in the form KMD.

Up to 4 lines shall be declared per one invoice. **Separate lines shall present the following:**

- 1) supply taxable under the general procedure and under the special procedure provided for in § 41¹ of the VATA, with the value added tax rate of 20%;
- 2) supply taxable under the general procedure, with the value added tax rate of 9%;
- 3) supply taxable under the special procedure provided for in § 41 and § 42 of the VATA, with the value added tax rate of 20%;
- 4) supply taxable under the special procedure provided for in § 41 and § 42 of the VATA, with the value added tax rate of 9%.

The Form shall be filled in invoice-by-invoice. If an invoice's data is presented on several lines, all columns of each line must be filled in.

The numerical data of a credit invoice shall be presented with a minus sign in the Form.

Column 1 “#” shall state the sequence number of the relevant line of the Form.

Column 2 “Register code or personal ID code of transaction partner” shall state the register code assigned to the transaction partner, including a self-employed person, in Estonia. For non-residents, the column shall state the register code assigned to them in a register of taxable persons provided for in § 17 of the Taxation Act. The data of invoices of non-resident transaction partners without a register code assigned to them in Estonia are not declared in the Form. The personal ID code of notaries and bailiffs, practicing their profession under their own name and responsibility as a liberal profession, shall be stated.

Column 3 “Name of transaction partner” shall state the name of the person participating in the transaction.

Column 4 “Invoice number” shall state the invoice number marked on the invoice.

Column 5 “Invoice date (dd.mm.yyyy)” shall state the date of issuing the invoice, in the format of dd.mm.yyyy.

Column 6 “Invoice total without value added tax” shall state the total amount without value added tax of an invoice issued for goods and services taxable at the value added tax rate of 20% or 9%, including supply taxable at the rate of 0%, tax-exempt supply as well as actions and transactions not considered supply which are contained in the same invoice. This column shall present *inter alia* invoices issued under the special procedure provided for in §§ 41–42 of the VATA.

Column 7 „Tax rate” shall state the tax rate as follows:

- 1) 20% – supply taxable under the general procedure and under the special procedure provided for in § 41¹ of the VATA;
- 2) 9% – supply taxable under the general procedure at a lower tax rate;
- 3) special procedure, 20% – supply taxable under the special procedure provided for in § 41 and § 42 of the VATA;
- 4) special procedure, 9% – supply taxable under the special procedure provided for in § 41 and § 42 of the VATA at a lower tax rate.

Column 8 “Taxable value of goods or services stated on the invoice” shall be filled in by taxable persons using cash-accounting for value added tax. Separate lines shall state the following:

- 1) the taxable value of supply taxable under the general procedure and under the special procedure provided for in § 41¹ of the VATA at the tax rate of 20%;
- 2) the taxable value of supply taxable under the general procedure at the tax rate of 9%;
- 3) the taxable value of supply taxable under the special procedure provided for in § 41 and § 42 of the VATA at the tax rate of 20%;
- 4) the taxable value of supply taxable under the special procedure provided for in § 41 and § 42 of the VATA at the tax rate of 9%.

Column 9 “Taxable supply presented in fields 1 and 2 of Form KMD for the taxation period” shall state the part of the invoice amount which is declared in fields 1 and 2 of the taxation period's Form KMD as supply taxable at the tax rate of 20% or 9%.

Separate lines shall state the following:

- 1) the taxable value of supply taxable under the general procedure at the tax rate of 20%;
- 2) the taxable value of supply taxable under the general procedure at the tax rate of 9%;
- 3) the taxable value of supply taxable under the special procedure provided for in § 41 and § 42 of the VATA at the tax rate of 20%;
- 4) the taxable value of supply taxable under the special procedure provided for in § 41 and § 42 of the VATA at the tax rate of 9%.

The party transferring goods taxable under the special procedure provided for in § 41¹ of the VATA shall not fill in column 9.

Column 10 “Special code” shall state the special code as follows:

01 – supply taxable under the special procedure provided for in § 41 and § 42 of the VATA;

02 – supply taxable under the special procedure provided for in § 41¹ of the VATA, where not the party transferring the goods but the party acquiring the goods accounts the value added tax amount stated on the invoice issued for the transaction as the value added tax amount payable by the party acquiring the goods;

03 – if the invoice contains, *inter alia*, the supply taxable at the rate of 0%, tax-exempt supply as well as actions and transactions not considered supply or if the invoice contains the supply that is taxable at two different tax rates (20%, 9%), incl. negative supply.

If one invoice contains more than one special code, the column shall state several special codes.

Part B of Form KMD INF

Part B of Form KMD INF presents the **data of invoices received** by persons registered in Estonia as persons subject to value added tax. The invoice data shall be presented in the Form if the value added tax stated in the invoice is subject to partial or full deduction in field 5 of the Form KMD.

The data of invoices received shall be presented in the Form for the taxation period when the supply stated in the invoice is declared in field 5 of the Form KMD. If the supply stated in the invoice is subject to partial or full deduction in field 5 of the Form KMD in subsequent taxation periods as well, the data of that invoice shall also be presented in the subsequent taxation periods when the invoice is subject to the right to deduct input value added tax in field 5 of the Form KMD.

Taxable persons applying the general value added tax accounting procedure shall include in the form the information concerning the acquisition of goods or the receipt of services from a taxable person applying the cash-based value added tax accounting scheme during the taxable period in which the taxable person applying the general scheme gives rise to the right to deduct input value added tax, that is, during the period in which the taxable person applying the special cash-based scheme generates turnover of the goods or services in accordance with § 44 of the VATA. The data of a partially paid invoice shall also be entered in the form in subsequent tax periods in which the right to deduct input tax arises in field 5 of the KMD in respect of that invoice. Unpaid invoices for which there is no right to deduct input value added tax are not included in the form.

Among **invoices to be declared pursuant to the special procedure of cash- accounting for value added tax**, the data of invoices fully or partly paid in the relevant taxation period shall be presented in the Form.

The Form shall be filled in invoice-by-invoice.

The numerical data of a credit invoice shall be presented with a minus sign in the Form.

Column 1 “#” shall state the sequence number of the relevant line of the Form.

Column 2 “Register code or personal ID code of transaction partner” shall state the register code assigned to the transaction partner, including a self-employed person, in Estonia. For non-residents, the column shall state the register code assigned to them in a register of taxable persons provided for in § 17 of the Taxation Act. The personal ID code of notaries and bailiffs, practicing their profession under their own name and responsibility as a liberal profession, shall be stated.

Column 3 “Name of transaction partner” shall state the name of the person participating in the transaction.

Column 4 “Invoice number” shall state the invoice number marked on the invoice.

Column 5 “Invoice date (dd.mm.yyyy)” shall state the date of issuing the invoice, in the format of dd.mm.yyyy.

Column 6 “Invoice total with value added tax” shall state the total amount with value added tax of an invoice received for goods and services taxable at the value added tax rate of 20% or 9%, including supply taxable at the rate of 0%, tax-exempt supply as well as actions and transactions not considered supply which are contained in the same invoice. This column shall present *inter alia* the total amount with value added tax of an invoice received upon acquiring goods taxable under the special procedure provided for in § 41¹ of the VATA.

Column 7 “Value added tax amount stated on the invoice” shall be filled in by taxable persons using cash-accounting for value added tax.

In case of partial deduction of input value added tax pursuant to § 32 or § 29 (4) of the VATA, the input value added tax amount stated in field 5 of the Form KMD may be presented in this column as an exception.

Column 8 “Input value added tax amount presented in field 5 of Form KMD for the taxation period” shall state the part of the value added tax amount stated on the invoice which is declared as input value added tax in field 5 of the Form KMD.

In case of partial deduction of input value added tax pursuant to § 32 or § 29 (4) of the VATA, the entire value added tax amount stated on the invoice may be presented in this column as an exception.

Column 9 “Special code” shall state the special code as follows:

11 – partial deduction of input value added tax pursuant to § 32 or § 29 (4) of the VATA;

12 – acquisition of goods taxable under the special procedure provided for in § 41¹ of the VATA, where not the party transferring the goods but the party acquiring the goods accounts the value added tax amount stated on the invoice issued for the transaction as the value added tax amount payable by the party acquiring the goods.

If one invoice is subject to both special codes, the column shall state both special codes.

Correcting the KMD INF Form

Submitting the correction electronically

If the data of some invoices were mistakenly not declared or if a line was filled in incompletely or erroneously in the Form before submitting it, the Form shall be supplemented with missing data, incorrect data shall be corrected and the Form shall be submitted anew.

Submitting corrections on paper

If the data of some invoices were mistakenly not declared or if a line was filled in incompletely or erroneously in the Form before submitting it on paper, a new Form shall be submitted for that taxation period, bearing the note “Parandus” [Correction].

When correcting the Form, the correct data shall be submitted for incorrectly presented invoice data only. To correct the data, the incorrectly presented invoice data shall be written to the form again in their initial form, substituting the invoice data amounts with zeroes. The correct data for all columns shall be presented on a new line.

If an invoice was mistakenly presented in the Form (it was not to be presented in the Form), the correction shall substitute the data of that invoice with zeroes in order to delete that invoice’s data.

The data of an invoice mistakenly omitted from the initially submitted Form shall be presented on a new line in the corrected Form.