



Group VAT Management – Business Central

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1. Preface

The group VAT settlement procedure is a particular tax settlement mechanism that corporate groups can access. The "group" identify the corporate group and not the "VAT group" subordinated to another regulation.

Introduced with "VAT decree" in 1972 and modified in 2017, the procedure provides that periodic settlements and year-end adjustments are made by the parent company. The parent company determines the VAT due through an internal compensation system for VAT credits and payables emerging from the periodic settlements and annual declarations of the group companies.

The procedure can be accessed on option, which can be exercised in the presence of the conditions required by law.

The implementation on Business Central starts with the creation of a fictitious company, which will only have the function of collecting the individual settlements of the companies belonging to the group, , and of carrying out the group settlement and VAT communication.

Below we refer to:

- Slave companies: to identify the subsidiaries and the parent company/group leader;
- Master company: fictitious company that collects the VAT group settlements;

To correctly manage the process, it is required that all companies of the group (slave and parent company) and the Master company have the same VAT settlement period (monthly or quarterly).

2. Group VAT management

2.1 Preliminary setups

To properly manage the functionality of the module it is necessary to carry out **"Preliminary setups"**.

2.1.1. Company setup VAT group

The companies belonging to the corporate group must be registered on Business Central, these are the companies have decided to join the group VAT settlement.

To carry out this setup type into the search engine **"VAT group company setup"**, as shown in the figure:



TELL ME WHAT YOU WANT TO DO

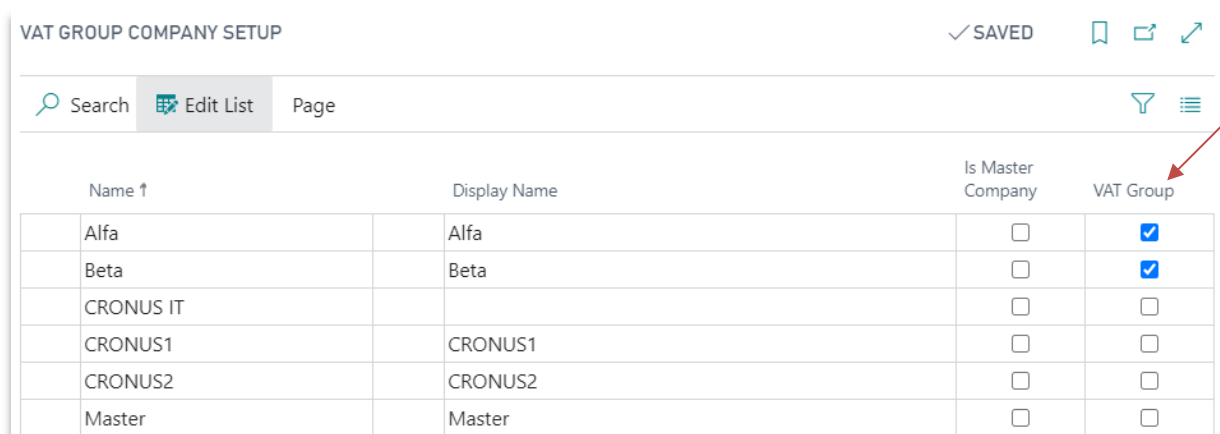
vat group company setup

Go to Pages and Tasks

> VAT Group Company Setup Lists

1 – VAT group company setup.

It will be possible to censor the companies belonging to the group by setting the **"VAT Group"** field to **"Yes"**:



VAT GROUP COMPANY SETUP

✓ SAVED

Search Edit List Page




Name ↑	Display Name	Is Master Company	VAT Group
Alfa	Alfa	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Beta	Beta	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CRONUS IT		<input type="checkbox"/>	<input type="checkbox"/>
CRONUS1	CRONUS1	<input type="checkbox"/>	<input type="checkbox"/>
CRONUS2	CRONUS2	<input type="checkbox"/>	<input type="checkbox"/>
Master	Master	<input type="checkbox"/>	<input type="checkbox"/>





2 – VAT group company setup.

Once the group companies have been set up, it is necessary to set the Master company.

The Master company is a fictitious company that will be used for the sole purpose of bringing together the settlements of the slave companies.

To register a company as a Master it will be sufficient to set the field **"Is Master company"** to **"Yes"**:

VAT GROUP COMPANY SETUP ✓ SAVED   

 Search  Edit List Page  

Name ↑	Display Name	Is Master Company	VAT Group
Alfa	Alfa	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Beta	Beta	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CRONUS IT		<input type="checkbox"/>	<input type="checkbox"/>
CRONUS1	CRONUS1	<input type="checkbox"/>	<input type="checkbox"/>
CRONUS2	CRONUS2	<input type="checkbox"/>	<input type="checkbox"/>
→ Master	⋮ Master	<input checked="" type="checkbox"/>	<input type="checkbox"/>

3 – VAT group company setup.


It will not be possible to census a company both as a Master and as a group company and it will also not be possible to census multiple Master companies within the same group.

2.1.2. General ledger setup

In **"General ledger setup"** page various setups must be completed.

The first setup concerns the settlement period which can be set quarterly or monthly; by default the value is set to **"Month"**.

Fiscal Reporting

VAT Rounding Type ···	Nearest ▾	Last Printed G/L Book... ·	0
Settlement Round. Fa... ·	0,01	Official Debit Amount ··	0,00
Minimum VAT Payable ··	0,00	Official Credit Amount ··	0,00
Last Settlement Date ···		VAT Settlement Period ··	Month ▾
Last Gen. Jour. Printin... ·		VAT Settlement Com. ... ·	▾
Last General Journal ... ·	0		

4 – General ledger setup – Fiscal reporting.

For a correct management of the module, as previously anticipated, the **"VAT settlement period"** must be the same in all group companies (slave / group leader) and in the Master company.

Subsequently it must be recorded the information relating to the parent company, to carry out this setup access to **"VAT group"** session:

VAT Group

Parent VAT Account

Parent VAT Identifier ...

Parent

5 – General ledger setup – VAT group.

Below the details of the fields:

- **"Parent VAT account"**: field that identifies the account on which the balance of the tax account will be turned over (automatically) upon liquidation;
- **"Parent"**: field that identifies the name of the parent company;
- **"Parent VAT identifier"**: field that identifies the VAT number of the parent company.

The above setup must also be set in the parent company by entering the information of the parent company, in the event of non-enhancement of the fields, at the launch of the VAT settlement, the system will return a blocking error.

2.2 VAT group functionality

In the following paragraphs, the module's functions will be described, in order to clarify the procedural flow, a diagram of the steps that must be carried out by single companies is reported:

		Step 1	Step 2	Step 3	Step 4*
		VAT settlement	Acquisition from Master	VAT group settlement	Periodic VAT settlement communication
Companies	Master		✓	✓	✓
	Parent	✓			✓
	Slave 1	✓			✓
	Slave 2	✓			✓
	Slave 3	✓			✓

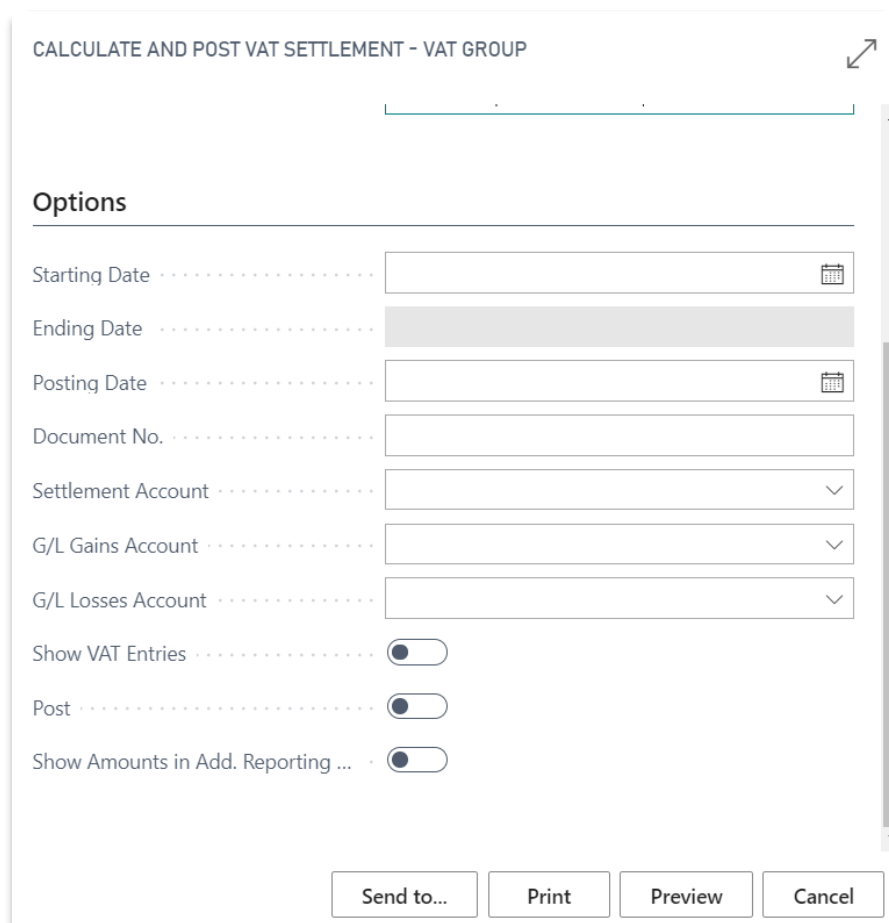
In detail:

- **Step 1** (VAT settlement) → VAT settlement made by the slave companies (also the parent company);
- **Step 2** (Acquisition from Master) → "Transfer settlement VAT entries" function that transfers the VAT settlement balances of the slave companies to the Master company;
- **Step 3** (VAT group settlement) → VAT settlement carried out by the Master containing the aggregate data of all the slave companies;
- **Step 4 *** (Periodic VAT settlement communication) → creation of XML file to be sent to the "Internal revenue service". Unlike the other steps, where as previously seen it is possible to choose the liquidation period (Month or Quarter), XML VAT Settlement communication always takes place on a quarterly basis.

2.2.1. Calculate and post VAT settlement (slave)


First of all the slave companies will have to make their VAT settlements.

To access the function, type the "**Calculate and post VAT settlement**" function in the search engine:




CALCULATE AND POST VAT SETTLEMENT - VAT GROUP


Options


Starting Date 


Ending Date

Posting Date 

Document No.

Settlement Account 

G/L Gains Account 

G/L Losses Account 

Show VAT Entries ☒

Post ☒

Show Amounts in Add. Reporting ... ☒

6 – Calculate and post VAT settlement report.

The parameters present at the launch of the functionality are the same as the standard one, therefore for further details consult the dedicated Microsoft documentation.

Setting the **"Post"** field to **"Yes"**, the system will proceed to settle the VAT movements for the period identified by the **"Starting date"** and **"Ending date"** fields.

NB: in case of previous period has not yet been transferred to the Master company, the system will return a blocking error.

The VAT settlement from slave, in addition to the settlement / declaration movement, generates a further write-back from the "Treasury account" to the "Parent VAT account" set in the **"General ledger setup"** ([General ledger setup](#)):

General Ledger Entries					Search	Edit List	Process	Entry	Page	More
Document No.	G/L Account No.	Description	Debit Amount	Credit Amount						
VATSETTL10_S	5781	Storno VAT Settlement		6.485,08						
VATSETTL10_S	5780	Storno VAT Settlement	6.485,08							
VATSETTL10	5780	VAT Settlement		6.485,08						
VATSETTL10	5610	Sales VAT settlement ...	4.182,18							
VATSETTL10	5610	Sales VAT settlement ...	2.302,90							

7 – General ledger entries.

Characteristic of the companies belonging to the VAT group, is to report on the printing of the VAT registers and the liquidation, the following wording: "the balance is transferred to the parent company (name of parent company) VAT number (VAT number)" with reference to the Company name and VAT number of the Parent Company:

The balance is transferred to the parent company Beta VAT number 300000000.	
Total VAT to pay (if positive)	0,00
Next Period Output VAT	0,00
Next Period Input VAT	0,00

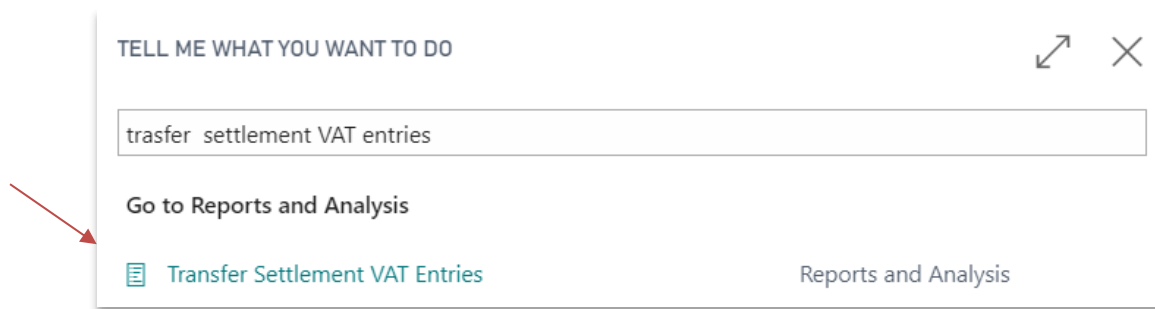
8 – VAT settlement print.

When the liquidations of the various slave companies are closed, it will be possible to proceed with the transfer of the VAT movements to Master and with the group VAT settlement.

2.2.2. Transfer settlement VAT entries

Before proceeding with the group liquidation, the **"Transfer settlement VAT entries"** function must be used by the Master company, which allows to transfer the settlement balances from all the slave companies.


To access the functionality type **"Transfer settlement VAT entries"** in the search engine of the Master company:



TELL ME WHAT YOU WANT TO DO

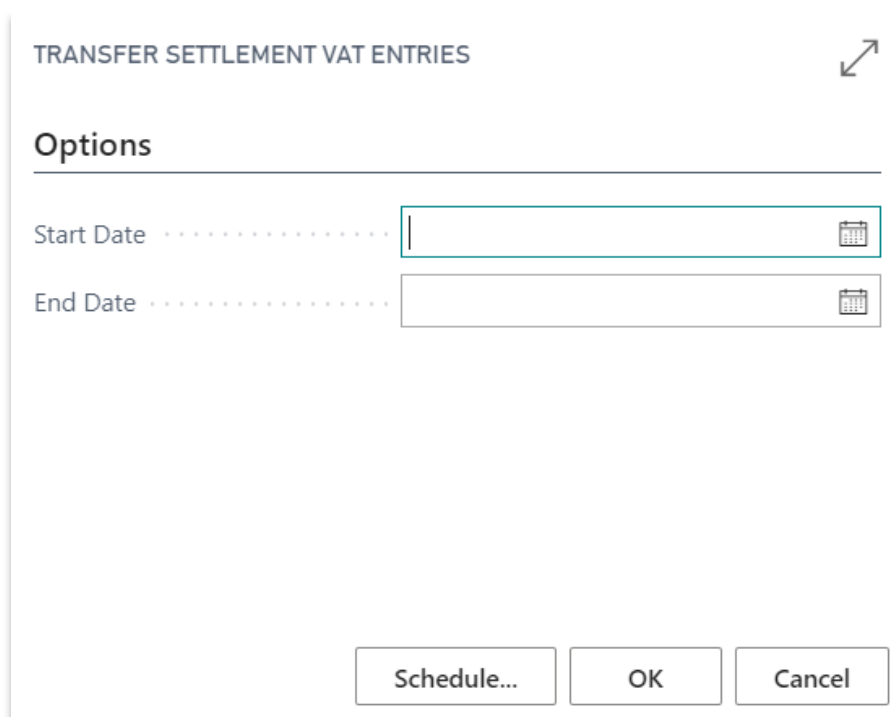
trasfer settlement VAT entries

Go to Reports and Analysis

 Transfer Settlement VAT Entries Reports and Analysis


9 – Transfer settlement VAT entries.


Below the launch screen of the report:



TRANSFER SETTLEMENT VAT ENTRIES

Options

Start Date 

End Date 

10 – Trasfer settlement VAT entries.

Below the details of the fields:

- **"Start date\End date"**: represent the start and end date of the reference period.

By clicking on the **"OK"** button, the balances of the individual group companies will be carried over to the Master company.

Any credits relating to the previous period will be reset and historicized in the **"Extra prior period input VAT"** field.

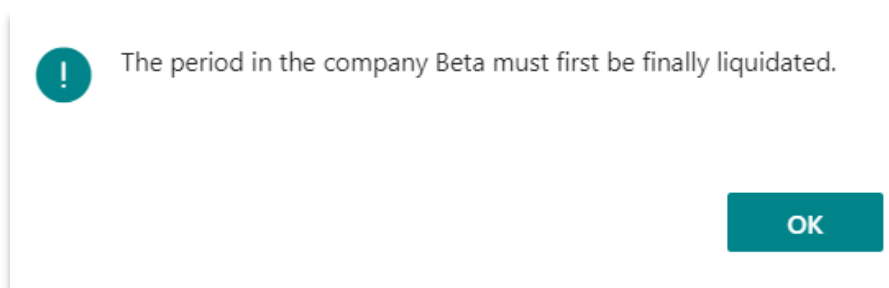
PERIODIC VAT SETTLEMENT LIST | WORK DATE: 01/04/2020

[Search](#)
[+ New](#)
[Edit List](#)
[Delete](#)
[Edit](#)
[View](#)
[Open in Excel](#)

VAT Period ↑	Paid Date	Description	Prior Year Input VAT	Prior Year Output VAT	VAT Peri... Clos...	Extra Prior Period Input VAT	Payments Auto UE
--------------	-----------	-------------	----------------------	-----------------------	---------------------	------------------------------	------------------

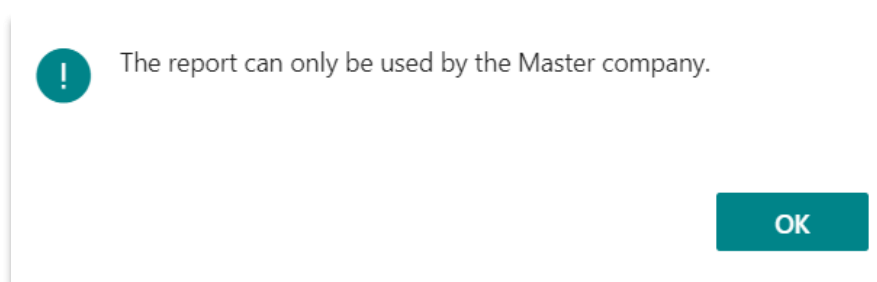
11 – Periodic VAT settlement list.

To launch the **"Transfer settlement VAT entries"** function, it is mandatory that all the companies registered as belonging to the corporate group have carried out the VAT settlement individually for the period to be transferred. Otherwise the system will return the following blocking error:



12 – Error transfer settlement VAT entries.

The **"Transfer settlement VAT entries"** function can only be launched by a Master company, in the event that an attempt is made to access the functionality as a slave, the system will return the following blocking error:



13 – Error transfer settlement VAT entries from slave.

Once the VAT transactions have been transferred, it is possible to view the VAT settlements of individual slave companies that have been transferred to Master.
To view the list of transferred transactions type **"Settlement VAT Group"** in the search engine.

TELL ME WHAT YOU WANT TO DO

Go to Pages and Tasks

[> Settlement VAT Group](#)

Lists

14 – Settlement VAT group.

Below the screen of settlement VAT group:

SETTLEMENT VAT GROUP							
<div> <div>Search</div> <div>+ New</div> <div>Edit List</div> <div>Delete</div> <div>Page</div> </div>							
VAT Period ↑	Company Name ↑	VAT Settlement	Prior Period Input VAT	Prior Period Output VAT	Advanced Amount	Description	Pi
2020/01	Alfa	1.800,00	0,00	0,00	0,00		
→ 2020/01	⋮ Beta	45.000,00	0,00	0,00	0,00		

15 – Settlement VAT group.

The **"Company name"** field indicates the detail of the individual slave company from which the balance was transferred.

2.2.3. Calculate and post VAT settlement (Master)

Once the **"Transfer settlement VAT entries"** function has been used, it will be possible to post and print the VAT settlement from the Master company which will calculate the overall group data, reporting the balance of the individual companies. To launch the group VAT settlement, access the Master company and search for the standard function **"Calculate and post VAT settlement"**. In this case, the system will directly open the group VAT settlement report.

VAT GROUP SETTLEMENT
↗

Print Settings

Selected printer: (Browser)

Options

Start Date

📅

End Date

Register

Filter: VAT Group Company Setup

+ Filter...

Send to...

Print

Preview

Cancel

16 – VAT Group Settlement.

Di seguito il dettaglio dei campi:

- **"Start date/End date"**: respectively represent the start and end date of the reference period, the end date is calculated at the end of the month or at the end of the quarter based on the type of settlement (monthly or quarterly);
- **"Register"**: if not evaluated, the launch will be a test, otherwise the period will be definitively liquidated.

The press has the following structure:

- VAT settlement of a subsidiary company;
- VAT settlement of the parent company;
- VAT settlement of the group.

As shown in the figure, the corporate information reported in the press section **"VAT settlement of the group"** will be the same as that of the parent company. (General Ledger Setup)

VAT settlement of the group

Period: 01/01/20..31/01/20









Group liquidation

Parent company: Beta VAT No.: 300000000

All amounts are in EUR

17 – VAT settlement of the group print.

To view the aggregate data of the group settlement, you can go to the **“Periodic VAT settlement list”** from the Master companies:

PERIODIC VAT SETTLEMENT LIST							✓ SAVED			
 Search	 New	 Edit List	 Delete	 Edit	 View	Page				
VAT Period ↑ ▼		VAT Settlement	Prior Period Input VAT	Prior Period Output VAT	Paid Amount	Advanced Amount	Bank Code			
→ 2020/01	:	46.800,00	0,00	0,00	0,00	0,00				

18 – Periodic VAT settlement list.

3. XML VAT settlement communication

On Business Central it is possible to generate the **"XML VAT settlement communication"** to be sent to the *"Internal revenue service"*.

Below is the explanation of the **"Preliminary Setups"** to generate the quarterly VAT communication file.

3.1 Preliminary setups

Before proceeding with the printing generation and the extrapolation of the XML tracing, the user must first follow a series of preliminary steps:

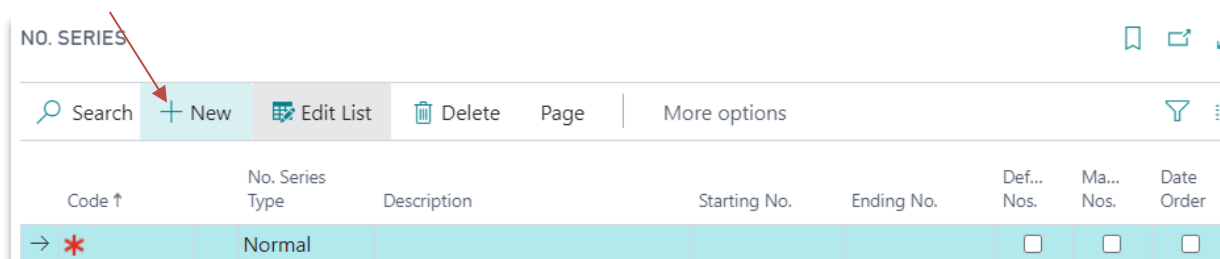
- No. Series setup;
- General ledger setup;
- VAT posting setup.

The following preliminary setups will be listed and detailed in the following paragraphs.

3.1.1. No. Series setup

First, a new serial number must be created in accordance with the rules established by the *"Internal revenue service"*. This numbering will uniquely identify the XML file extracted from Business Central, and must be a progressive numerical code with a maximum length of 5 characters (eg "00001").

To create the number access to **"No. Series"** and click on **"New"**, as shown in the figure:

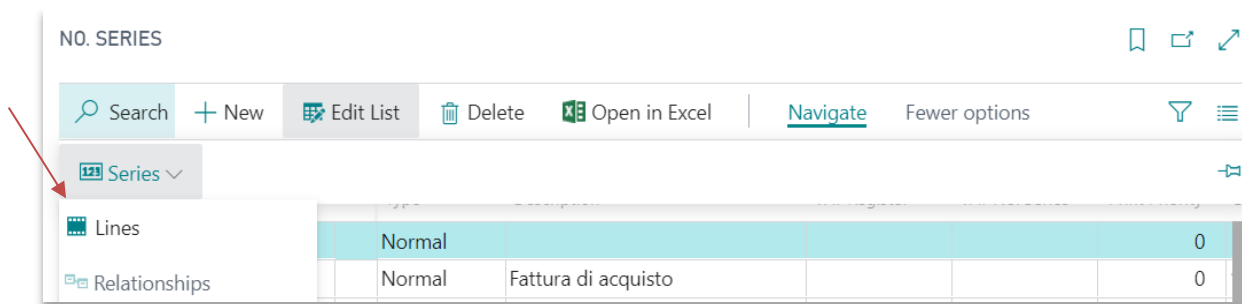


19 – No. Series setup.

Then set the fields as follows:

- **"Code"**: univocal serial number code ("LiqIVP");
- **"No. Series type"**: normal;
- **"Description"**: description of the numbering ("Com.Liq.IVP");
- **"Manual Nos"**: set it to **"Yes"**.

After positioning yourself on the line just created, use the **"Navigate"** → **"Series"** → **"Lines"** path:



Series	Normal	Fattura di acquisto	0
Normal			0
Normal	Fattura di acquisto		0

20 – No. Series setup - Lines .

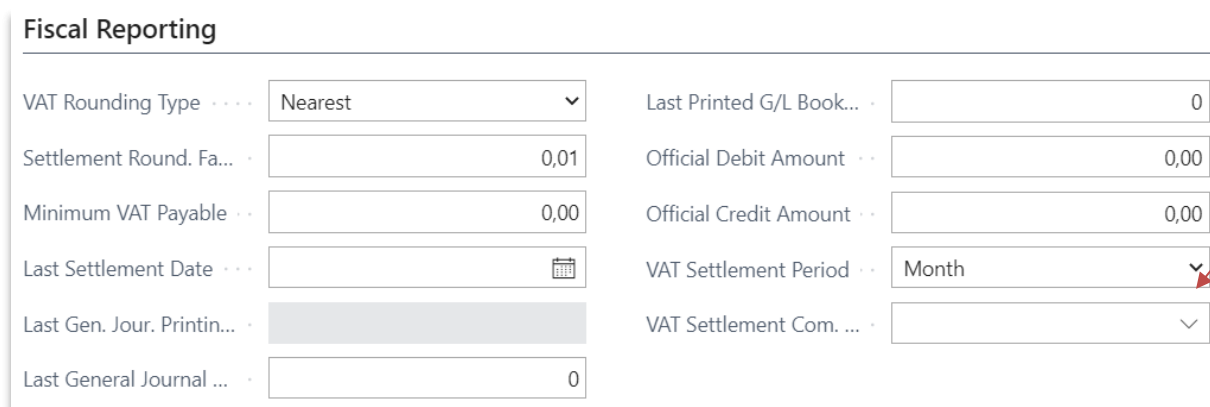
Subsequently it will be possible to specify the numbering of the "Series code" just created for which the fields must be completed as follows:

- **"Starting date"**: first day of the reference month;
- **"Starting No."** : univocal alphanumeric code of 5 characters ("00001").

3.1.2. General ledger setup

To generate the periodic VAT settlement communication it is necessary to associate the numbering seen in the previous paragraph to the export procedure.

To associate the number access to **"General ledger setup" → "Fiscal reporting"** and set the **"VAT settlement com. series no"** with the value of the number seen in the previous paragraph ("LiqIVP").






Fiscal Reporting	
VAT Rounding Type	Nearest
Settlement Round. Fa...	0,01
Minimum VAT Payable	0,00
Last Settlement Date	
Last Gen. Jour. Printin...	
Last General Journal ...	0
Last Printed G/L Book...	0
Official Debit Amount	0,00
Official Credit Amount	0,00
VAT Settlement Period	Month
VAT Settlement Com. ...	









21 – General ledger setup – Fiscal reporting.

3.1.3. VAT posting setup

To exclude some VAT categories in VAT settlement communication, you can use the fields:

- **"Exclude communication of VAT settlement purchases"**: for passive transactions;
- **"Exclude communication of VAT settlement sales"**: for active transactions.

VAT POSTING SETUP ✓ SAVED   



 Search  New  Edit List  Delete  Edit  View  Suggest Accounts 

VAT Bus. Posting Group ↑	Reversed VAT Bus. Post. Group	Reversed VAT Prod. Post. Group	VAT Transaction Nature	Incl... in VAT Co...	Exclude Communication of VAT Settlement	Exclude Communication of VAT Settlement Sales
→	:			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESPORTAZ				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESPORTAZ				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESPORTAZ				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>


22 – VAT posting setup.


3.2 XML VAT settlement communication

To generate the quarterly communication file type in the search engine **"XML VAT settlement communication"**:

TELL ME WHAT YOU WANT TO DO  

xml VAT settlement communication

 Go to Reports and Analysis

 XML VAT Settlement Communication Documents

23 – XML VAT settlement communication.

The launch mask is divided into the following sections:

- Option;
- Intermediary;
- Declarant other than taxpayer;
- General.

3.2.1. Option





Option	
REFERENCE PERIOD	
Starting Date	<input type="text"/> 
Ending Date	<input type="text"/>
Periodicity Settlement	Monthly 
Pro-rata Percentage	<input type="text"/> 0,00

Figura 24 – XML VAT settlement communication - Option.

Below the details of the fields:

- **"Starting date"**: mandatory field to be completed with the first day of the reference month;
- **"Ending date"**: field that is automatically enhanced based on the start date;
- **"Periodicity settlement"**: choose between "monthly" or "quarterly";
- **"Pro-rata percentage"**: field to be completed only if pro-rata management is used.

3.2.2. Intermediary

Intermediary	
Intermediary Fiscal Co... ·	<input type="text"/> Commitment To Prese... · 
Intermediary Commit... ·	<input type="text"/>  Intermediary Signature · <input type="text"/>

25 – XML VAT settlement communication - Intermediary.

Below the details of the fields:

- **"Intermediary fiscal code"**: to be valued with the fiscal code of the person making the declaration;
- **"Intermediary commitment date"**: field that identifies the date on which the intermediary undertakes to transmit the declaration;
- **"Commitment to presentation"**: field that identifies the subject who prepares the communication.
You can choose between two values:
 - **"1"** → the communication has been prepared by the taxpayer;
 - **"2"** → the communication has been prepared by who sent it.
- **"Intermediary signature"**: identifies the intermediary's signature.

3.2.3. Declarant other than taxpayer

Declarant Other Than Taxpayer

Fiscal Code
Company Fiscal Code ...

Charge Code

26 – XML VAT settlement communication – Declarant other than taxpayer.

Below the details of the fields:

- **"Fiscal code"**: identifies the fiscal code of the reporting agent;
- **"Company fiscal code"**: identifies the fiscal code of the reporting company;
- **"Charge code"**.

3.2.4. General

General

Subsupply ☒
Signature Statement ...

Exceptional Events

27 – XML VAT settlement communication - General.

Below the details of the fields:

- **"Subsupply"**: field reserved for cases in which the taxpayer has made use of the facilities provided for by art. 74, paragraph 5 (subcontracting contracts);
- **"Exceptional events"**: field reserved for color which, being legitimized, have benefited for the reference period from the tax breaks provided for by particular regulatory provisions issued following exceptional events.
Indicate:
 - **"1"** → for subjects who have suffered damage to movable or immovable property following extortion requests;
 - **"9"** → for all other exceptional events.
- **"Signature statement"** → mandatory field that identifies the subject who signs the declaration;

By accessing the **"XML VAT settlement communication"** function, you can download and save the generated file:

✓ SAVED

XML VAT Settlement Communication

 XML VAT Settle... Comunication

28 – XML file.