

## Legal News 168

### Tax

## VAT registration, declaration and payment guidance for a VAT collector

September 4, 2020 through Legal Resolution No. NAC-DGERCGC20-00000055, the IRS published the regulation of VAT registration, declaration and payment for non-resident taxpayer qualified as VAT collectors in the importation of digital services, whose summary follows:

The **VAT collectors** are non-Ecuadorian resident individuals or societies that match the next conditions:

1. They are registered in the IRS
2. They offer digital services that are imported by Ecuadorian residents and permanent establishments.

Non-resident suppliers of digital services that **voluntarily decides to register** with the IRS, will acquire a Tax ID number (RUC), and will act as VAT collectors. Mentioned registration will not trigger a permanent establishment.

To request the (RUC), an e-mail should be sent to the IRS detailing the intention to get a VAT registration and attaching the correspondent documents.

After the IRS approves the registration, an e-mail will be sent to the non-resident supplier of digital service allowing the password generation and activation to access to the IRS portal.

The following are the **obligations of a VAT collector**:

1. Declare and pay the VAT.
2. Deliver information when requested by the IRS.
3. To facilitate the verification and management of authorized officers to control and determine the VAT.

The **suppliers list** published every three months, until the 15<sup>th</sup> of every January, April, July and October, will differentiate between digital service suppliers are domiciled and not domiciled from the ones have gotten a registration with the IRS.



## VAT declaration and payment

VAT collectors must present **monthly VAT declarations**, until the 15<sup>th</sup> of the following month through the IRS website.

Once the tax revenue is uploaded, the VAT collector will pay the tax through bank transfer to the bank account No. 01331739 "CCU SRI-IVA-IMPORTACION SERVICIOS DIGITALES-FT" owned by the Central Bank of Ecuador in the name of the Internal Revenue Service.

Tax revenues correspondent to September, October and November of 2020 should be uploaded until December 15, 2020.

The **VAT tax base** correspond to the total amount paid by fiscal residents or permanent establishments in Ecuador

In the case of delivery, services or other digital services will cause a commission, the Vat will be applicable to such commission, independently from the price of the service or good acquired.

The values presented in the tax return will be written down in USA dollars.

The **late presentation of the VAT return** will cause a fine of 3% per every late month or fraction of it until the presentation of the tax revenue. The fine will be calculated on the payable VAT without exceeding 100% of the tax.

**No presentation of a tax return** by the VAT collector will be punish with the suspension of the Tax ID number. The sanctioned will be capable of re-open the Tax ID number once a year has passed,

**Unpaid VAT after deadline** will generate fines and interests additionally to the tax.