



Tax Newsletter

Timely news and information on national tax issues

Learn about the new requirements of the Report of Suppliers, Clients, Creditors and Debtors F-987 (version 3).

In conformity with Article 125 of the Tax Code (CT) all taxpayers that have income equal or greater than 2,753 minimum salaries monthly, equivalent to US\$825,900, in every biannual period should file the “*Report of Suppliers, Clients, Creditors and Debtors (F-987)*” before the Tax Administration, whose form for the first six months of the 2020 year, has had an update in its version number 3, hereinafter “*Report F-987v3*”, and would be directly online through the web site:

<https://portaldgii.mh.gob.sv/ssc/home> (online services portal of the General Office of Internal Revenue – DGII).

What are the operations that should be reported in the Report F-987v3?

According to the first and third sections of the Article 125 TC, the operations that should be informed in the Report F-987v3 are the following:

- a) Identification of the suppliers of goods and services for operations performed, indicating the concept, monthly value accumulated by supplier and VAT tax credit of the operation, if applicable;
- b) Identification of the individuals or entities to whom the goods or rights have been transferred or services have been provided for performed operations, by indicating the concept, accumulated value and tax debit generated, if necessary;
- c) Identification of the individuals or entities from whom income was received on behalf of third parties without

representation, concept and amount of this income, and the corresponding identification of these third parties;

d) Identification of the creditors under any title and condition, indicating the amount of the obligations;

e) Identification of the debtors under any title and condition, indicating the amount of the obligations; and,

f) Detail of the Purchases from Excluded Individuals, in regard to Article 119 TC.

What is the legal term for the filing of the Report F-987v3?

The legal term for the filing of the Report F-987v3, is due in the month of July and January of each month, according to detail:

- First semester (operations from January to June), is filed during the month of July (*).
- Second semester (operations from July to December), is filed during the month of January of the fiscal year following to the reported period.

(* Note: In conformity with the Legislative Decree No 643 “*Temporary Law for Facilitating Voluntary Compliance with Tax Obligations Given the National Emergency Caused by the COVID-19 Pandemic*” approved on 14 May 2020, in its Article 17 establishes a two-month extension of the deadline of the respective ordinary terms for the formal tax obligations that are not related to the liquidation and tax payments

Hence, for the Report F-987v3 corresponding to the first semester of the 2020 year, the expiration of the legal term is extended to 30 September 2020.

In case of non-compliance for not supplying, supplying out of the legal term established, supplying without meeting the requirements, incomplete compliance or through means other than those regulated by law, the respective report F-987v3, would be subject to a **penalty (fine) of 0.5% calculated on the equity or shareholders' equity of the taxpayer.**

Which are the main changes included in the Report F-987v3, for the first semester of the 2020 year?

As mentioned in the introduction of this document, the Tax Administration has issued Notice (<https://www.mh.gob.sv/pmh/es/Novedades/12535-Aviso-Importante-presentacion-Informe-Proveedores-Clientes-Acreedores-Deudores-F987.html>), where is informed to all taxpayers, that an update has been performed to the Report F-987v3 and this would become effective from the first semester of the 2020 year.

In this regard, it is appropriate to review the main changes of the Report F-987v3, which are described in the following:

Section of the Report F-987v3	Additional Requirements to the Report F-987v3, regarding the previous version (F-987v2 DET)
Suppliers Registered in VAT	<ul style="list-style-type: none"> ▪ Name of the supplier. ▪ Resolution Number of the Authorization of Correlatives issued by the DGII. ▪ Series Number of the Authorized VAT Document. ▪ Number of Authorized Pre-Printed Document. (If the document is a Sole Form) ▪ Internal Control Number of the Document Issued in Sole Form.
Foreign Suppliers	<ul style="list-style-type: none"> ▪ Country of Origin. ▪ Contact Telephone Number. ▪ Customs Code through which the goods entered.
Suppliers Excluded in VAT	<ul style="list-style-type: none"> ▪ Name or Business Name. ▪ Street/Avenue/Passage /Zone/Block. ▪ House Number. ▪ Apartment/Store. ▪ Other data that complements the domicile. ▪ Residential suburb/Neighborhood/Residential/Suburb. ▪ Electronic Mail. ▪ Department. ▪ Town. ▪ Telephone Number.
Clients	<ul style="list-style-type: none"> ▪ Name or Business Name.
Clients (Invoices for a value lesser than \$200.00)	<ul style="list-style-type: none"> ▪ Month. (Additional to the issuance date of the document)
Principal (Sale on Behalf of Third Parties)	<ul style="list-style-type: none"> ▪ Name or Business Name. ▪ Category of Document. ▪ Type of Document. ▪ Resolution Number of Correlatives Authorization. ▪ VAT Document Series. ▪ Number of Authorized Pre-printed Document. (If the document is a Sole Form) ▪ Internal Control Number Sole Form.
Creditors	<ul style="list-style-type: none"> ▪ Name or Business Name. ▪ Local Telephone Number. ▪ Type of Loan. ▪ Type of Loan Guarantee. ▪ Previous Balance (Last semester reported). ▪ Subsequent Balance (final balance of the semester reported).
Debtors	<ul style="list-style-type: none"> ▪ Name or Business Name. ▪ Local Telephone Number.

Section of the Report F-987v3	Additional Requirements to the Report F-987v3, regarding the previous version (F-987v2 DET)
	<ul style="list-style-type: none"> ▪ Type of Loan. ▪ Type of Loan Guarantee. ▪ Previous Balance (Last semester reported). ▪ Subsequent Balance (final balance of the semester reported).
Agents (New Section)	<ul style="list-style-type: none"> ▪ Month. ▪ Tax Identification Number (NIT). ▪ Name or Business Name. ▪ Date of Issuance of the Document. ▪ Category of Document. ▪ Type of Document. ▪ Resolution Number of Correlatives Authorization. ▪ Series Number of the Document. ▪ Number of Authorized Pre-printed Document. (If the document is a Sole Form) ▪ Internal Control Number Sole Form. ▪ Transaction Amount. ▪ VAT for Transaction. ▪ Year.

Note: Upon entering to the software application F-987v3 of the online services of the DGII (<https://portaldgii.mh.gob.sv/ssc/home>), the taxpayers will be able to download the 9 guidance manuals related to the information that should be recorded in each of this form sections.

As can be appreciated in the above-cited table, there is a relevant list of new requirements to appropriately fill out the Report F-987v3 corresponding to the first semester of the current fiscal year, whose deadline extension is about to lapse (30 September 2020).

On this regard, it is important that the company’s management can timely review their tax controls and verify if they are qualified for:

- 1) Generating reports of the daily purchases and sales transactions that facilitates all information of each section established in the Report F-987v3 extensively.
- 2) Issuing or having an updated database of suppliers and clients available in their systems (master data), which includes the information of each of them, such as: accurate domicile, Tax Identification Number (NIT), number of Sole Identity Document (DUI) or

Passport number, contact telephone numbers, among others.

- 3) Providing the Resolution Numbers of Series and Correlatives Authorization issued by the DGII, regarding the purchases and sales recorded in the Books of VAT Records in every monthly period.

Certainly, these new requirements of the Report F-987v3 will represent a great challenge for collaborators in charge of the tax obligations compliance of an organization (Company) due to the detail level required in each of the form sections and, the information to be provided for each purchase and sales document that will have to be included in the biannual report.

Hence, we encourage the companies’ management to undertake all necessary efforts and work jointly with the different divisions of company (purchases, billing, payments to suppliers, information technology – IT, among others), in order to systematize all existing information that contributes to fill in the Report F-987v3; even to be advised by external tax consultants that may add value during the review of the above-cited form prior to its online submission and thus prevent to be subject to penalty derived of incomplete or inaccurate information in the event of a future review from the Tax Authority.



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Tax Calendar

July 2020

The updated 2020 tax calendar is now available on the Tax Administration’s website, which includes the public holidays and the deadlines for all tax obligations.

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	



July 14

VAT

Declaration and payment of the Tax on the Transfer of Movable Goods and the Rendering of Services (F-07).

Financial Income and Transactions

Monthly declaration of Payment on Account, Tax Withheld on Income from Financial Transactions, and the Special Contribution for Citizen Security and Coexistence (F-14)

Specific and Ad Valorem Taxes

Declaration and payment of Specific Taxes, Ad Valorem Taxes and Special Contribution (F-06).

Other obligations

- Report on Donations (F-960)
- Report on Specific and Ad Valorem Taxes on Producers and Importers of Alcoholic Beverages, Potable Ethyl Alcohol and

Beer, Carbonated Beverages, Isotonic Beverages, Fortified Beverages or Energy Drinks, Juices, Nectars, Soft Drinks and Concentrated or Powder Mixtures for the Preparation of Drinks (F-955).

- Report on Specific and Ad Valorem Taxes on Producers and Importers of Firearms, Ammunitions, Explosives and Similar Items, Producers of Tobacco and Producers, Importers and those that clear fuels through customs (F-988)
- Monthly Report of Sales to Producers, Distributors or Retailers of Tobacco and Tobacco Products (F-956)
- Report on Authorizations Made to Accounting Systems, Legal Accounting Books, VAT Books or Records, Certifications and Reports issued on Modifications to Legal Books, Subsidiary Books and Special Records (F-463).

July 21

VAT

Monthly Report on Withholdings, Collections, and Advances on Account of VAT (F-930).

Printing Presses

Monthly Report on Documents Printed for Taxpayers of the VAT (F-945)

Report of Importers, Distributors, Manufacturers of Vehicles and their Representatives (F-990)

July 31

- Summary of the Report on Suppliers, Customers, Creditors and Debtors (F-987).
- Report on Performance of Surgeries, Operations and Medical Treatments (F-958)

Due to Legislative Decree 643

- Form for Representation Letter of the 2019 Tax Opinion (F-455)
- Appointment of 2020 Tax Auditor (F-456)

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