



AvaTax for Communications International Mapping Guidelines

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Document Revision History

The Revision History log lists the date and description of the most recent revisions or versions of the document.

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09/25/2017	0001	Initial version
10/25/2017	0002	Updated Avalara contact information (address and support site). Removed Appendix A – Avalara Product Names .
02/23/2018	0003	Updated 2.1 International Coverage to add Australia and Bermuda .
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10/25/2018	0005	Updated 2.1 International Coverage to add Cayman Islands, Curacao, and Hong Kong . Updated 2.3 International Jurisdiction List and 3.3 India to change the document reference to AFC Comprehensive Guide to Reports and Data Files . Added 3.4 China and 3.4.1 Hong Kong .

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1. Overview

The purpose of this manual is to inform AFC software clients how to map international transactions.

AFC currently supports multiple international jurisdictions. The majority of supported countries maintain a standard international methodology. A selection of other countries utilize a different methodology as explained in section 2 of this document. Unless listed in section 2, all countries supported in AFC use the standard international methodology.

2. International Mapping – Standard International Methodology

2.1 International Coverage

The majority of international jurisdictions utilizing the standard international methodology use a Standard VAT rate. The following jurisdictions use additional tax types and associated transaction/service pairs to address more specific taxation of communications services.

- Argentina taxes communications services at a rate higher than the standard rate. As a result, AFC includes the standard Value Added Tax (VAT) and VAT (Communications) tax types.
- Australia levies Goods and Services Tax (GST) on most goods, services and other items sold or consumed in Australia. To address, AFC utilizes the Goods and Service Tax (GST).
- Barbados levies the standard rate against wireline telephone service, internet access, and messaging services and a higher rate against wireless telephone service. To address, AFC includes the standard Value Added Tax (VAT) and VAT (Wireless) tax types.
- Bermuda does not levy sales or value added tax. However, the Bermuda Telecommunications Act 1986 requires all telecommunications service providers to obtain a license prior to establishing, maintaining, or operating public telecommunications services in the Country. As a result, AFC subjects wireless telephone service to the License Tax.
- Cayman Islands does not levy sales or value added tax. The jurisdiction is included in AFC, but transactions will not return tax.
- Curacao levies the standard rate against wireline telephone service and a higher rate against wireless telephone service, internet access, and messaging services. To address, AFC includes the standard Value Added Tax (VAT) and VAT (Wireless) tax types.
- China levies the standard rate against wireline and wireless telephone service and the reduced rate against internet and messaging services. To address, AFC includes the standard Value Added Tax (VAT) and VAT (Reduced Rate) tax types. Federal taxes are not returned in Hong Kong.
- Egypt replaced its GST with a VAT effective 9 September 2016. The legislation subjected mobile telephone services to a higher rate. As a result, AFC includes the standard Value Added Tax (VAT) and VAT (Wireless) tax types.

- Hungary levies the standard rate against wireline telephone service, wireless telephone service, and messaging services and the reduced rate against internet access. To address, AFC includes the standard Value Added Tax (VAT) and VAT (Reduced Rate) tax types.
- Jamaica taxes communications services at a rate which is higher than the standard rate. As a result, AFC includes the standard Value Added Tax (VAT) and VAT (Communications) tax types.

2.2 Valid Transaction/Service Pairs

The following Transaction/Service Pairs should be used for international service mapping for all countries utilizing the standard international methodology.

Transaction Type	Service Type	Name	Description
14	15	International/Product	Supply of goods for consideration within countries other than Canada, USA, and US territories.
15	7	Telephony/Service	All telephone service in countries other than the USA, Canada, Puerto Rico and the Virgin Islands.
15	624	Telephony/Wireless Service	All wireless telephone service in countries other than the USA, Canada, Puerto Rico and the Virgin Islands.
15	627	Telephony/Internet Access	All Internet Access in countries other than Canada, USA and US territories.
15	629	Telephony/Messaging Services	All Messaging Services in countries other than Canada, USA and US territories.

2.3 International Jurisdiction List

Reference the **AFC Comprehensive Guide to Reports and Data Files** for a complete list of international jurisdictions and ISO codes.

3. Other International Methodologies

A handful of countries employ a methodology different from the standard international methodology as described in Section 1 above. Below is the complete list of non-US countries that have a unique tax Methodology.

3.1 Canada

As currently configured, the AFC tax engine does not limit Canada to the VAT specific tax types and transaction service pairs.

Valid Transaction Service Pairs utilized in Canada are the same as those used for US mapping encompassing the full spectrum of telecom products and service as listed in the **AFC Telecom Mapping Guidelines** document.

Do not attempt to use International Transaction Types (14) or Telephony Transaction Types (15) in Canada.

Tax Types returned in Canada are generally Goods and Services Tax and Provincial Sales Taxes.

The following Tax Types will return in Canada:

Tax	Tax Type	Tax Level	Description
E-911	10	1 (State)	Provides funding for the emergency 911 systems.
Goods and Service Tax (GST)	66	0 (Federal)	Goods and service tax based on consumption.
Harmonized Sales Tax (HST)	67	1 (State)	Provincial sales tax applied in specific Canadian provinces. Rate is a combination of the provincial sales tax and the national GST.
Provincial Sales Tax (PST)	68	1 (State)	Sales tax applied in various Canadian provinces.
Quebec Sales Tax (QST)	69	1 (State)	Specific sales tax applied only in the province of Quebec, Canada.
National Contribution Regime (NCR)	70	0 (Federal)	National Canadian tax on telecom for the provisioning of universal service throughout Canada. Similar to the Federal USF.
E-911 Service Fee (NL 911 Bureau)	435	1 (State)	Newfoundland and Labrador's Provincial E911 Fee.

3.1.1 Canadian Sourcing rules

The Canada Revenue Agency (CRA) addresses telecom sourcing rules in its GST/HST Technical Information Bulletin B-103. The AFC tax engine applies these sourcing rules to telecommunications services provided in Canada.

The document states the following:

A supply of a telecommunication service of making telecommunications facilities available (other than a service of granting sole access to a telecommunications channel) is made in a province if:

- *all of the facilities are ordinarily located in that province; or*
- *where not all of the facilities are ordinarily located in the province, the invoice for the supply is sent to an address in that province.*

For other types of supplies of telecommunication services (other than a service of granting sole access to a telecommunications channel), the supply is made in a province if the telecommunication:

- *is both emitted and received in that province;*
- *is either emitted or received in that province and the billing location for the service is located in that province; or*
- *is emitted in the province and received outside the province and the billing location for the service is not in a province where the telecommunication is emitted or received.*

3.2 United States Territories

To return proper taxation for US Territories, Territories should be specified as a state within the US using the two letter state code.

Valid Transaction Service Pairs utilized in US Territories are the same as those used for US mapping encompassing the full spectrum of telecom products and service as listed in the **AFC Telecom Mapping Guidelines** document.

Do not attempt to use International Transaction Types (14) or Telephony Transaction Types (15) in US Territories.

US Territory Name	FIPS State Alpha Code
American Samoa	AS
Federated States of Micronesia	FM
Guam	GU
Marshall Islands	MH
Northern Mariana Islands	MP
Palau	PW
Puerto Rico	PR
Virgin Islands of the U.S.	VI

3.3 India

Effective 1 July 2017, India replaced its indirect tax system with a goods and services tax (GST). This new structure includes separate rates for general goods and services and telecommunications services.

Indian states and territories are available in the AFC tax engine (see the **AFC Comprehensive Guide to Reports and Data Files** for a complete list). In order to accurately return interstate supply and intrastate supply tax results, it is necessary to pass the associated transaction with the proper state.

Interstate Supply occurs where the location of the supplier and the place of supply of goods are in (a) two different States; (b) two different Union territories; or (c) a State and a Union territory.

When passing a sale of interstate goods or services in India, use International/Product – India Interstate Supply (T/S pair 14/658). When passing a sale of an interstate telecommunications service in India, use Telephony – India Interstate Service (T/S pair 15/656).

Intrastate Supply occurs where the location of the supplier and the place of supply of goods are in the same State or same Union territory.

When passing a sale of intrastate goods or services in India, use International/Product – India Intrastate Supply (T/S pair 14/659). When passing a sale of an intrastate telecommunications service in India, use Telephony/India Intrastate Supply (T/S pair 15/657).

The following Transaction/Service Pairs should be used to return taxation in India:

Transaction Type	Service Type	Name	Description
14	658	International/Product - India Interstate Supply	Supply of goods for consideration within India in which the location of the supplier and the place of supply occur in different states or territories.
14	659	International/Product - India Intrastate Supply	Supply of goods for consideration within India in which the location of the supplier and the place of supply occur in the same state or territory.
15	656	Telephony/Service - India Interstate Supply	Telephone service in India in which the location of the supplier and the place of supply occur in different states or territories.
15	657	Telephony/Service - India Intrastate Supply	Telephone service in India in which the location of the supplier and the place of supply occur in the same state or territory.

The following Tax Types will return in India:

Tax	Tax Type	Tax Level	Description
IGST	488	0 (Federal)	Integrated goods and service tax based on consumption.
IGST (Communications)	482	0 (Federal)	Integrated goods and service tax based on consumption but applied only to communications services.
CGST	483	0 (Federal)	National goods and service tax based on consumption within the boundary of a state or territory.
CGST (Communications)	484	0 (Federal)	Similar to Tax Type 483 (CGST) but applied only to communications services.
SGST	485	1 (State)	State goods and service tax based on consumption within the boundary of a state or territory.
SGST (Communications)	486	1 (State)	Similar to Tax Type 485 (SGST) but applied only to communications services.

3.4 China

The following Transaction/Service Pairs should be used to return Tax Type 65 Value Added Tax (VAT) in China.

Transaction Type	Service Type	Name	Description
14	15	International/Product	Supply of goods for consideration within countries other than Canada, USA, and US territories.
15	7	Telephony/Service	All telephone service in countries other than the USA, Canada, Puerto Rico and the Virgin Islands.
15	624	Telephony/Wireless Service	All wireless telephone service in countries other than the USA, Canada, Puerto Rico and the Virgin Islands.

The following Transaction/Service Pairs should be used to return Tax Type 409 VAT (Reduced Rate) in China.

Transaction Type	Service Type	Name	Description
15	627	Telephony/Internet Access	All Internet Access in countries other than Canada, USA and US territories.
15	629	Telephony/Messaging Services	All Messaging Services in countries other than Canada, USA and US territories.

3.4.1 Hong Kong

Hong Kong has different taxation rules than other locations in China. To return proper taxation, Hong Kong should be specified as a state within China using the two-letter state code HK or PCode 5101401.

Although valid Transaction Service Pairs utilized in Hong are the same as those used for China, Federal taxes are not returned in Hong Kong.

Country Code	State Code	PCode
CHN	HK	5101401

4. Populating Data

The data required for accurate taxation varies from service type to service type. The following chart lists which data to populate for each service type.

Transaction Type	Service Type	Description	Required Input Data
14	15	International/Product	Amount
14	658	International/Product - India Interstate Supply	Amount
14	659	International/Product - India Intrastate Supply	Amount
15	7	Telephony/Service	Amount, Minutes
15	624	Telephony/Wireless Service	Amount, Minutes
15	627	Telephony/Internet Access	Amount, Minutes
15	629	Telephony/Messaging Services	Amount
15	656	Telephony/Service - India Interstate Supply	Amount
15	657	Telephony/Service - India Intrastate Supply	Amount