## Payment discount (conditional allowance)

Payment discount or conditional allowance is an allowance that can be deducted when payment is fulfilled within a certain period after invoicing date. An example is 2% when (= condition) payment within 8 to 14 days.

The allowance should be mentioned explicitly on the invoice. A customer cannot claim this type of allowance by himself.

#### Abstract

|  |  |
| --- | --- |
| Scenario | 03 |
| Name | Payment discount (conditional allowance) |
| Key elements | * Basic elements (see minimal invoice)
* Calculation of reduced taxable amount
* VAT calculation on cash discount invoice
* Allowances mentioned on the invoice
	+ Conditional discount (outside VAT)
* 2 scenarios’:
	+ Not payed immediately (depending conditions)
	+ Payment (even partial) specified in same invoice; in fact not an example of this scenario but noted here as financial discount on immediate payment
 |
| Detailed examples  | * Conditional discount (payment date not fixed yet)
	+ Human readable pdf-invoice: [TESTcase05](https://vbofeb.sharepoint.com/sites/e-InvoicingBusinessExpertsGroup-Stuurgroep/Gedeelde%20documenten/Stuurgroep/Examples%20-%20Cases%20PeppolBisV3/TESTcase05%20-%203.a%20Cash%20discount.pdf)
	+ xml-invoice: [TESTcase05](https://vbofeb.sharepoint.com/sites/e-InvoicingBusinessExpertsGroup-Stuurgroep/Gedeelde%20documenten/Stuurgroep/Examples%20-%20Cases%20PeppolBisV3/TESTcase05%20-%203.a%20Cash%20discount.xml)
* Cash discount (payment (even partially) date fixed)
	+ Human readable pdf-invoice: [TESTcase06](https://vbofeb.sharepoint.com/sites/e-InvoicingBusinessExpertsGroup-Stuurgroep/Gedeelde%20documenten/Stuurgroep/Examples%20-%20Cases%20PeppolBisV3/TESTcase06%20-%203.b%20Cash%20Discount%20with%20cash%20payment.pdf)
	+ xml-invoice: [TESTcase06](https://vbofeb.sharepoint.com/sites/e-InvoicingBusinessExpertsGroup-Stuurgroep/Gedeelde%20documenten/Stuurgroep/Examples%20-%20Cases%20PeppolBisV3/TESTcase06%20-%203.b%20Cash%20Discount%20with%20cash%20payment.xml)
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####

|  |  |  |  |
| --- | --- | --- | --- |
|  | 6% | 21% | Total |
| Delivery good X | 200 |  |  |
| Delivery good Y |  | 2.400 |  |
| Subtotal (Taxable amount excl. payment discount) | 200 | 2.400 | 2600 |
| Cash discount 2% | - 4 | - 48 |  |
| Subtotal (Taxable amount incl. payment discount) | 196 | 2.352 | 2.548 |
| VAT | 11,76 | 493,92 | 505,68 |
| Payable amount (excl. payment discount) |  |  | 3.105,68 |
| Payable amount (incl. payment discount) |  |  | 3.053,68 |

Vat is calculated based on taxable amount. In case of payment discount, the taxable amount may be reduced with the allowance whether the invoice will be paid in time or not (art. 28, 1° Belgian VAT code).

VAT is, by doing so, calculated on € 196 and € 2.352. If the invoice is paid within 14 days, the amount due is € 3.053,68. If payment is later, the payable amount is € 3.105,68.

#### Key topics

* Since the VAT Comments, Book IV, Chapter 13, Section 4, point 4, under letter M, version 2018, contain an example of an invoice in which the total invoice amount takes into account the taxable amounts excluding payment discount and considering the same rules apply to electronic invoices, it is preferred to specify also in the electronic invoice the total invoice amount (PayableAmount) based on the taxable amount excluding payment discount.
* Every mention of payment discount on the invoice must be combined with the exact terms and conditions (PaymentTerms/Note): which discount amount can be deducted and when can it be deducted by customer specifying in which period this may be done (in our example 14 days).
* This textual specification must be in the language of the region where the supplier is based. As best practise and to fulfil this requirement, PaymentTerms/Note must be specified in French and Dutch. The English text is not mandatory but will be added for cross-border invoices.
* Payment discount allowance impacts LegalMonetaryTotal element:
	+ Since there are no other allowances or charges in this example, AllowanceTotalAmount and ChargeTotalAmount are equal to the total allowance in case of payment discount.
	+ PayableAmount is the amount to pay excluding the payment discount. If the customer fulfils to the conditions for payment discount (e.g. payment within 2 weeks after invoice date), he may deduct €52,00 from this amount. The amount to pay becomes then €3053,68 as specified in PaymentTerms.
	+ In case of payment discount (and specifying an amount in the element PrepaidAmount) the default scenario would result in a balance to pay in PayableAmount being the amount for payment discount. If the invoice was paid in full deducting the payment discount, this would result in a misleading indication about a balance still to be paid. This problem can easily be solved by not adding the charge (amount = payment discount) in AllowanceCharge so that a balance equal to 0 in PayableAmount can be presented. In this case the discount is treated as a financial discount.

#### Additional invoice elements concerned

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Business term EN 16931-1 | ID EN 16931-1 | Cardi-nalityEN | Cadi-NalityPEPPOLBIS v3 | Data type | Rule# mapping KB 1 art. 5 | PEPPOL BIS v3 element |
| Payment terms | BT-20 | 0..1 | 0..1 | Text |  | PaymentTerms\Note |
| Document level allowances | BG-20 | 0..n | 0..n | Group | 8 | AllowanceCharge (ChargeIndicator=false) |
| Document level allowance amount | BT-92 | 0..1 | 0..1 | Amount | 8 | Amount |
| Document level allowance VAT category code | BT-95 | 0..1 | 0..1 | Code | 8 | Taxcategory\ID |
| Document level allowance VAT rate | BT-96 | 0..1 | 0..1 | Percentage | 8 | TaxCategory\Percent |
| Document level allowance reason | BT-97 | 0..1 | 0..1 | Text | 8 | AllowanceChargeReason |
| Document level allowance reason code | BT-98 | 0..1 | 0..1 | Code | 8 | AllowanceChargeReasonCode |
| Document level charges | BG-21 | 0..n | 0..n | Group |  | AllowanceCharge (ChargeIndicator=true) |
| Document level charge amount | BT-99 | 0..1 | 0..1 | Amount |  | Amount |
| Document level charge VAT category code | BT-102 | 0..1 | 0..1 | Code |  | Taxcategory\ID |
| Document level charge VAT rate | BT-103 | 0..1 | 0..1 | Percentage |  | TaxCategory\Percent |
| Document level charge reason | BT-104 | 0..1 | 0..1 | Text |  | AllowanceChargeReason |
| Document level charge reason code | BT-105 | 0..1 | 0..1 | Code |  | AllowanceChargeReasonCode |
| Sum of allowances on document level | BT-107 | 0..1 | 0..1 | Amount |  | AllowanceTotalAmount |
| Sum of charges on document level | BT-108 | 0..1 | 0..1 | Amount |  | ChargeTotalAmount |
| Paid amount | BT-113 | 0..1 | 0..1 | Amount |  | PrepaidAmount |
|  | PEPPOL |  | 1..1 | false/true |  | ChargeIndicator |

#### Additional calculation rules

|  |  |
| --- | --- |
| ID | Rule |
| BR-CO-11 | BT-107 = ∑ BT-92Sum of allowances on document level (BT-107) = Σ Document level allowance amount (BT-92). |
| BR-CO-12 | BT-108 = ∑ BT-99Sum of charges on document level (BT-108) = Σ Document level charge amount (BT-99). |
| BR-CO-13 | BT-109 = ∑ BT-131Invoice total amount without VAT (BT-109) = Σ Invoice line net amount (BT-131) - Sum of allowances on document level (BT-107) + Sum of charges on document level (BT-108). |

#### Description relevant invoice elements

##### Payment terms

|  |  |  |
| --- | --- | --- |
| XML-code  | Comments | BT-id |
| <cac:PaymentTerms>  |  |  |
|  <cbc:Note> In geval van betaling binnen 14 dagen is 2% (52.00€) betalingskorting van toepassing en het te betalen bedrag = 3053.68€ En cas de paiement dans les 14 jours, l'escompte conditionnel de 2% (52.00€) est appliqué et le montant payable = 3053.68€ In case of payment within 14 days, 2% (52.00€) conditional cash/payment discount applies and the payable amount = 3053.68€ </cbc:Note> |  | BT-20 |
| </cac:PaymentTerms>  |  |  |

##### Details conditional allowance (on header level)

|  |  |  |
| --- | --- | --- |
| XML-code  | Comments | BT-id |
| <cac:AllowanceCharge> | Start AllowanceCharge 1 |  |
|  <cbc:ChargeIndicator>false</cbc:ChargeIndicator> | False = allowance |  |
|  <cbc:AllowanceChargeReasonCode>64</cbc:AllowanceChargeReasonCode> | Allowance is result of ‘payment discount’ | BT-98 |
|  <cbc:AllowanceChargeReason>Conditional cash/payment discount | Korting contant | Escompte Conditionnel 2%</cbc:AllowanceChargeReason> | Payment discount of 2% | BT-97 |
|  <cbc:Amount currencyID="EUR">4.00</cbc:Amount> | Subtotal payment discount | BT-92 |
|  <cac:TaxCategory> |  |  |
|  <cbc:ID>S</cbc:ID> | S = standard rate | BT-95 |
|  <cbc:Percent>6.00</cbc:Percent> | VAT rate Allowance (6%) | BT-96 |
|  <cac:TaxScheme> |  |  |
|  <cbc:ID>VAT</cbc:ID> |  |  |
|  </cac:TaxScheme> |  |  |
|  </cac:TaxCategory> |  |  |
| </cac:AllowanceCharge> | End AllowanceCharge 1 |  |
| <cac:AllowanceCharge> | Start AllowanceCharge 2 |  |
|  <cbc:ChargeIndicator>false</cbc:ChargeIndicator> | False = allowance |  |
|  <cbc:AllowanceChargeReasonCode>64</cbc:AllowanceChargeReasonCode> | Allowance is result of ‘payment discount’ | BT-98 |
|  <cbc:AllowanceChargeReason>Conditional cash/payment discount | Korting contant | Escompte Conditionnel 2%</cbc:AllowanceChargeReason> | Payment discount of 2% | BT-97 |
|  <cbc:Amount currencyID="EUR">48.00</cbc:Amount> | Subtotal payment discount | BT-92 |
|  <cac:TaxCategory> |  |  |
|  <cbc:ID>S</cbc:ID> | S = standard rate | BT-95 |
|  <cbc:Percent>21.00</cbc:Percent> | VAT rate Allowance (21%) | BT-96 |
|  <cac:TaxScheme> |  |  |
|  <cbc:ID>VAT</cbc:ID> |  |  |
|  </cac:TaxScheme> |  |  |
|  </cac:TaxCategory> |  |  |
| </cac:AllowanceCharge>  | End AllowanceCharge 2 |  |
| <cac:AllowanceCharge> | Start AllowanceCharge 3 |  |
|  <cbc:ChargeIndicator>true</cbc:ChargeIndicator> | True = charge |  |
|  <cbc:AllowanceChargeReasonCode>ZZZ</cbc:AllowanceChargeReasonCode> | Charge is result of ‘payment discount’ | BT-98 |
|  <cbc:AllowanceChargeReason>Conditional cash/payment discount | Korting contant | Escompte Conditionnel</cbc:AllowanceChargeReason> | Payment discount of 2% | BT-97 |
|  <cbc:Amount currencyID="EUR">52.00</cbc:Amount> | Subtotal payment discount | BT-92 |
|  <cac:TaxCategory> |  |  |
|  <cbc:ID>E</cbc:ID> | E= Exempt (outside vat) | BT-95 |
|  <cbc:Percent>0.00</cbc:Percent> | VAT rate Charge (0%) | BT-96 |
|  <cac:TaxScheme> |  |  |
|  <cbc:ID>VAT</cbc:ID> |  |  |
|  </cac:TaxScheme> |  |  |
|  </cac:TaxCategory> |  |  |
| </cac:AllowanceCharge>  | End AllowanceCharge 3 |  |

##### Invoice totals

|  |  |  |
| --- | --- | --- |
| XML-code  | Comments | BT-id |
| <cac:LegalMonetaryTotal> |  |  |
|  <cbc:LineExtensionAmount currencyID="EUR">2600.00</cbc:LineExtensionAmount> | Total invoice lines | BT-106 |
|  <cbc:TaxExclusiveAmount currencyID="EUR">2600.00</cbc:TaxExclusiveAmount> | Amount excl. VAT | BT-109 |
|  <cbc:TaxInclusiveAmount currencyID="EUR">3105.68</cbc:TaxInclusiveAmount> | Amount incl. VAT | BT-112 |
|  <cbc:AllowanceTotalAmount currencyID="EUR">52.00</cbc:AllowanceTotalAmount> | Total allowances | BT-107 |
|  <cbc:ChargeTotalAmount currencyID="EUR">52.00</cbc:ChargeTotalAmount> | Total charges | BT-108 |
|  <cbc:PayableAmount currencyID="EUR">3105.68</cbc:PayableAmount> | To pay (excl. Payment discount) | BT-115 |
| </cac:LegalMonetaryTotal>  |  |  |

##### Details allowance when prepaid (or paid immediately before making of invoice) = example 2

|  |  |  |
| --- | --- | --- |
| XML-code  | Comments | BT-id |
| <cac:AllowanceCharge> | Start AllowanceCharge 1 |  |
| <cbc:ChargeIndicator>false</cbc:ChargeIndicator> | False = allowance |  |
| <cbc:AllowanceChargeReasonCode>64</cbc:AllowanceChargeReasonCode> | Allowance is result of ‘payment discount’ | BT-98 |
| <cbc:AllowanceChargeReason>Conditional cash/payment discount | Korting contant | Escompte Conditionnel 2%</cbc:AllowanceChargeReason> | Payment discount of 2% | BT-97 |
| <cbc:Amount currencyID="EUR">4.00</cbc:Amount> | Subtotal payment discount | BT-92 |
| <cac:TaxCategory> |  |  |
| <cbc:ID>S</cbc:ID> | S = standard rate | BT-95 |
| <cbc:Percent>6.00</cbc:Percent> | VAT rate Allowance (6%) | BT-96 |
| <cac:TaxScheme> |  |  |
| <cbc:ID>VAT</cbc:ID> |  |  |
| </cac:TaxScheme> |  |  |
| </cac:TaxCategory> |  |  |
| </cac:AllowanceCharge> | End AllowanceCharge 1 |  |
| <cac:AllowanceCharge> | Start AllowanceCharge 2 |  |
| <cbc:ChargeIndicator>false</cbc:ChargeIndicator> | False = allowance |  |
| <cbc:AllowanceChargeReasonCode>64</cbc:AllowanceChargeReasonCode> | Allowance is result of ‘payment discount’ | BT-98 |
| <cbc:AllowanceChargeReason>Conditional cash/payment discount | Korting contant | Escompte Conditionnel 2%</cbc:AllowanceChargeReason> | Payment discount of 2% | BT-97 |
| <cbc:Amount currencyID="EUR">48.00</cbc:Amount> | Subtotal payment discount | BT-92 |
| <cac:TaxCategory> |  |  |
| <cbc:ID>S</cbc:ID> | S = standard rate | BT-95 |
| <cbc:Percent>21.00</cbc:Percent> | VAT rate Allowance (21%) | BT-96 |
| <cac:TaxScheme> |  |  |
| <cbc:ID>VAT</cbc:ID> |  |  |
| </cac:TaxScheme> |  |  |
| </cac:TaxCategory> |  |  |
| </cac:AllowanceCharge>  | End AllowanceCharge 2 |  |

##### Invoice totals when prepaid (example 2)

|  |  |  |
| --- | --- | --- |
| XML-code  | Comments |  |
| <cac:LegalMonetaryTotal> |  |  |
|  <cbc:LineExtensionAmount currencyID="EUR">2600.00</cbc:LineExtensionAmount> | Total invoice lines | BT-106 |
|  <cbc:TaxExclusiveAmount currencyID="EUR">2548.00</cbc:TaxExclusiveAmount> | Amount excl. VAT | BT-109 |
|  <cbc:TaxInclusiveAmount currencyID="EUR">3053.68</cbc:TaxInclusiveAmount> | Amount incl. VAT | BT-112 |
|  <cbc:AllowanceTotalAmount currencyID="EUR">52.00</cbc:AllowanceTotalAmount> | Total allowances | BT-107 |
|  <cbc:PrepaidAmount currencyID="EUR">3053.68</cbc:PrepaidAmount> | Cash paid amount | BT-113 |
|  <cbc:PayableAmount currencyID="EUR">0.00</cbc:PayableAmount> | Rest to pay | BT-115 |
| </cac:LegalMonetaryTotal> |  |  |