

Tax Alert

SAT issues Institutional Tax Opinion No. 01-2023 that regulates advances paid for events

Periodically, the Board of Institutional Tax Opinions of the Superintendency of Tax Administration develops, publishes and disseminates its institutional opinions on its website. On 25 July 2023, Institutional Tax Opinion No. 01-2023 entitled "Payments received in advance for services that will be provided in the future and the issuance of the corresponding invoice."

In Institutional Tax Opinion No. 01-2023, SAT determines that the payment of advances for services for events, presentations, congresses, and other types of meetings cannot be considered as a service provided or a remuneration, since the service will be provided on a future date. Therefore, according to the opinion issued, no invoice should be issued since the assumptions established in the Value Added Tax Law are not met, and instead an Electronic Tax Document (DTE per its Spanish acronym) called "Receipt for Advance" is what should be issued.

The opinion also establishes the requirements for accounting for the advances, which include the following:



- a) The existence of a contract.
- b) The issuance of a DTE “Receipt for Advance” for keeping control of the advances.
- c) The creation of a subaccount in the accounting books, in which the advances and settlements for the events are recorded. The opinion establishes that in its oversight actions, SAT will not accept the accounting for advances without a detail that allows it to observe the charges and payments for each contract.
- d) There must be detailed settlement for each of the contracts for which advances are received.

The opinion also establishes that in the event of a future audit by SAT, a company that has received advances should provide a narrative of the accounting process for the advances. Furthermore, the contracts, accounting records, the actual providing of the service, the settlements, and the issuance of the corresponding invoice for the providing of the service will be verified.


Based on the above, this Institutional Tax Opinion issued by SAT is the reference for the treatment of the advances received by companies engaged in this type of business activity, and thus these companies should analyze their situation and decide on the tax position that they will assume going forward within this new context. In other industries in which similar assumptions are met for advances, it is unknown whether or not they will seek to approach SAT and ask it to analyze their cases and seek an Institutional Tax Opinion tailored to their particular business activity.



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