

European Union

EU Commission – BusinessEurope points out issues with VAT package implementation

BusinessEurope, a Brussels-based organisation representing 20 million companies from 34 countries, has published a survey highlighting the shortcomings of the VAT package implementation. In particular, the organisation suggests that the date of the taxable event for supplies of intra-community services should be the invoice date rather than the date of the supply.,

BusinessEurope also claims that Member States should harmonise the rules regarding whether warehousing services must be regarded as services connected with immovable property or as services following the general VAT treatment for intra-community supplies of services.

As far as 8th directive VAT refunds are concerned, BusinessEurope insists that the old paper-based scheme should be reintroduced in view of the current difficulties that still affect the national VAT refund portals.

EU Commission – Several Member States referred to ECJ over VAT grouping rules

Further to an infringement proceeding mentioned in the December '09 issue of VAT Systems News, the Commission has referred the Netherlands, Ireland, Finland, Sweden, the UK, the Czech Republic and Denmark to the ECJ on the grounds that they fail to comply with the VAT directive. These countries currently allow non-taxable persons to be part of VAT groups, or they restrict the possibility of creating VAT groups to certain business sectors.

ECJ - VAT exemption may be restricted to certain types of betting and gaming

In a German case, the ECJ has held that VAT exemptions with regard to betting and gambling are allowed but they must apply to all similar kinds of betting and gambling activities. The ECJ is thereby denying the Member States any discretionary power to exempt certain types of betting like horse races and lotteries whilst taxing other similar activities for VAT purposes.

EU – New directive adopted by Council for simplifying rules for VAT invoicing

The Council adopted on 13 July 2010 a directive amending the VAT directive as regards the rules on invoicing. The new directive aims to ensure that the tax authorities accept e-invoices under the same conditions as for paper invoices. Member States are required to adopt and publish the directive by 31 December 2012.

EU Member States

France - VAT recovery linked with share sales is possible for businesses in critical position

The French Administrative Supreme Court (Conseil d'État) has recently given a long-awaited decision in which it accepts that input VAT incurred on a share transfer may be deducted on the condition that the share transfer is essential to the survival of the business.

UK – Standard VAT rate increased

The standard rate of VAT goes up to 20% (from 17.5%) from 4 January 2011.



France - Reduced VAT rate not applicable to legal aid services

In France, legal aid services are made available to people on low incomes, whereby lawyers discount their fees for such services which are taxable at the reduced rate. The ECJ has held that lawyers may not be regarded as "organisations devoted to social well-being" in this respect and so may not apply the reduced rate of VAT to their services.

Romania – New intra-community operators' registry introduced on 1 August 2010

From 1 August 2010, companies which are registered for VAT in Romania will have to apply to be registered on a new register of intra-community operators if the company has any intra-community sales or purchases of either goods or services.

An application form together with a criminal record clearance certificate delivered by a Romanian competent authority needs to be submitted to the Romanian tax authorities. For non-residents, the Romanian police will issue a certificate confirming that administrators and shareholders do not appear in the Romanian police records. If a non-resident company fails to register, the company's VAT number may no longer be valid for intra-Community transactions.

Romania – Standard VAT rate increased

On 1 July 2010, the Romanian standard VAT rate was increased from 19% to 24%. The reduced VAT rates remain 5% and 9%. The scope of the reduced VAT rates is also unchanged.

Spain – VAT rates increased

On 1 July 2010, the standard VAT rate increased by 2 percent to 18%; the reduced VAT rate by 1 percent to 8%. The super-reduced VAT rate of 4% remains unchanged.

Austria – VAT returns submission frequency threshold and VAT registration threshold for distance sales have changed

The threshold for filing VAT returns on a quarterly instead of a monthly basis will be increased from EUR 30,000 to EUR 100,000 with effect from 1 January 2011.

The distance selling VAT registration threshold is reduced from EUR 100,000 to EUR 35,000 with effect from 1 January 2011.

Poland - Commission requests changes to VAT exemption for aircraft-related transactions

The EU Commission has requested Poland to change its legislation on VAT exemptions for transactions related to aircraft. The Polish legislation provides that the exemption applies to all aircraft which weigh more than 12 tonnes. Such a provision does not comply with EU legislation, which states that the exemption applies to aircraft "used by an airline operating for profit chiefly on international routes", no matter what weight.

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