

## ***European Union***

### **EC - Updated combined nomenclature (CN codes) applicable 1<sup>st</sup> January 2012**

The European Commission has published the latest version of the Combined Nomenclature (CN) applicable from 1<sup>st</sup> January 2012. The codes are necessary for the submission of Intrastat returns. They can be found on the Europa website.

### **EC - Communication on the Future VAT System**

After a wide consultation, the European Commission has adopted a Communication on the Future EU VAT System. The Commission emphasises the principle of taxation in the client's country. The proposed reforms focus on 3 priorities. First, a simpler and more transparent VAT system to facilitate cross-border trade and lighten the administrative burdens for businesses (one-stop-shop approach, standard VAT returns etc.). Second, in order to support Member States' economic growth, VAT bases will be broader and the use of reduced rates will be limited. Third, the fight against fiscal fraud will be stepped up.

### **ECJ - E-commerce : intermediaries in sales potentially liable for tax on imported goods**

In the case of e-commerce of goods from China, the ECJ has held that a person acting as intermediary in the conclusion of contracts of sale of goods introduced in the EU could be liable to import duty if he knew, or should have known, that the tax was being unlawfully avoided. It is therefore important for intermediaries acting on e-commerce websites to take steps to ensure that import duties are paid by the non EC exporter or the EC final client.

## ***EU Member States***

### **Czech Republic - Increase of reduced VAT rate to 14% from 1<sup>st</sup> January 2012 and single VAT rate of 17.5% from 2013**

From the 1<sup>st</sup> January 2012, the Czech reduced VAT rate will increase from 10 to 14% while the standard VAT rate remains at 20%. Furthermore, from 2013, standard and reduced VAT rates will be combined in a single VAT rate of 17.5%.

### **Finland - Subscriptions to newspapers and periodicals taxable at 9% from 1<sup>st</sup> January 2012**

Subscriptions to newspapers and periodicals, previously zero-rated, will be taxable at the reduced rate of 9% from 1<sup>st</sup> January 2012.

### **France – Increase of the reduced VAT rate from 5.5% to 7% confirmed**

The increase of the reduced rate has been confirmed and will be effective from 1<sup>st</sup> January 2012.



## **Germany - E-invoicing authentication easier**

With retroactive effect from 1<sup>st</sup> July 2011, the authenticity of the origin and integrity of data on electronic invoices may also be guaranteed by means other than electronic signature and electronic data interchange. Businesses are free to determine in which way the authenticity when transmitting the invoices can be ensured.

## **Hungary - Increase of VAT rate to 27% confirmed and effective from 1<sup>st</sup> January 2012**

The standard rate will increase from 25 to 27% from 1<sup>st</sup> January 2012. For goods the 27% rate should be applied when the tax point is after 31/11/2012 and for services the 27% rate applies when services are provided after 31/11/2011.

## **Ireland - Increase of the VAT rate to 23% from 1<sup>st</sup> January 2012**

The standard VAT rate increase from 21 to 23% will take effect from 1<sup>st</sup> January 2012. The 13.5% and 9% rates of VAT remain unchanged. Furthermore, whereas they were zero-rated, bread products which contain ingredients (fat, sugar etc.) exceeding a certain weight will have to be taxable at 13.5%.

## **Ireland - New Intrastat reporting rules in 2012**

For the period of January 2012 and subsequent periods, all Intrastat files must be received in the VIMA office via ROS no later than 23 calendar days of the month following the period. (i.e. Intrastat for January 2012 are to be filed before the 23<sup>rd</sup> of February). More fields will be mandatory and new thresholds will apply: 191 000€ for arrivals and 635 000€ for dispatches.

## **Italy - VAT registers need to be printed to support VAT deduction**

Taxpayers in Italy have to hold the invoices related to the goods and services purchased for business purposes and record them in the appropriate VAT registers. Both invoices and registers must be stored in case of control as proofs of the right to deduct the VAT paid. The Italian Supreme Court has ruled that it is not sufficient to maintain the VAT registers electronically but that they should be printed.

## **Italy - VAT credit of a deregistering company reported to the new branch created**

In cases where a new branch is set up and the company's previous VAT registration is closed, the Italian Tax authorities have clarified the fact that there would be a continuity of the VAT credit position. The VAT credit of the company would be transferred to the branch and be recoverable.

## **Lithuania - VAT registration made faster and import VAT accounted via VAT returns**

From the 1<sup>st</sup> January 2012, VAT registration application forms should be submitted only 3 days before the expected date of registration. Furthermore, from March 2013, VAT on imports will be accounted and deducted by taxpayers directly on their VAT returns. Deposits, warranties and payments will no longer be necessary.

## **Luxembourg - VAT rate of 3% on e-books from 1<sup>st</sup> January 2012**

In order to make no distinction between the books, whether paper or electronic, the 3% VAT rate will also apply to e-book from the 1<sup>st</sup> January 2012.

## **Portugal - Goods excluded from the reduced VAT rate and increase of excise duties**

Bottled water, milk-based desserts and beverages, soft drinks, juices and concentrates, prepared potatoes, artistic and sporting events among other goods and services will be taxable from the 1<sup>st</sup> January 2012 at the intermediary or standard VAT rate instead of the reduced one. Moreover, an excise duty on the consumption of electricity is created and the maximum rates of excise duties will increase from the 1<sup>st</sup> of January.



## **Romania – Deductibility of VAT on fuel and car expenses and increase of excise duties**

From the 1<sup>st</sup> January 2012, VAT on fuel expenses for certain types of vehicles used for passenger transport as well as on car purchases will again be deductible. On the other hand, excise duties on diesel fuel will increase.

## **Sweden - VAT on restaurant and catering reduced, excise duties increased**

The enacted budget for 2012 reduces the VAT rate on restaurant and catering services from 25 to 12% and provides for an increase of excise duties on cigarettes by 8%.

## **United Kingdom - Intrastat reporting changes to be set up in 2012**

A draft legislation has been published by HMRC that modifies the due date for submitting Intrastat returns from April 2012. Presently due on the last day of the month following the period, the Intrastat will have to be sent on the 21<sup>st</sup> of the following month.

**If you require any further information or analysis on the subjects above, please contact us at [news@vatsystems.eu](mailto:news@vatsystems.eu)**

