

12-2018

31/12/2018 **Lithuania** - Amendments to Law on VAT adopted

On 11 December 2018, the parliament adopted the following amendments to the Law on VAT, which will enter into force on 1 January 2019:

- Reduced VAT rate of 5% will apply to newspapers, journal and other periodical publications; and
- Reduced VAT rate of 9% will apply to firewood and wood products for the heating of residential premises of domestic energy consumers, as defined by the Law on Energy of the Republic of Lithuania.

31/12/2018 - European Court of Justice Case, C-414/17 - Transport of goods under excise duty suspension

The ECJ has held that article 2(1)(b)(iii) of the VAT Directive must be interpreted as meaning that an acquisition of excise goods, carried out by an agent liable for excise duty on the member state of destination of the goods, cannot be considered an intra-community acquisition of goods when the transport of the goods is not ascribed to that acquisition. Under the article article 2(1)(b)(i) of the same Directive, in the presence of a chain of successive acquisitions but only one intra-community transport, the fact the goods are transported under the excise duty suspension arrangement does not constitute a decisive factor to establish which acquisition is inputted with VAT.

31/12/2018 **Germany** - "Call off stock" simplification effective 1 January 2019

As from 1 January 2019 goods transported from another Member State to Germany for future "call off stock" by a German customer will, under certain conditions, be treated as exempt intra-community supply followed by an acquisition by the customer.

31/12/2018 **Netherlands** - New VAT treatment of vouchers, coupons and stamps

Published 21 December 2018, Decree no. BLKB 2018-217731 applies the EU Directive regarding the new VAT treatment of vouchers, coupons and stamps.

The respective changes are applicable since 1 January 2019. Moreover, single-purpose vouchers that were issued before 1 January 2019 but used after that date may be treated as a voucher issued after 1 January 2019.

31/12/2018 - European Court of Justice Case, C-17/18- Leasing agreement and continuation of catering activities

The ECJ has held that under the article 19 of the VAT Directive, the expression “transfer of a totality of assets or part thereof” must be interpreted as not covering the transaction by which an immovable property which was used for commercial purposes is let with all capital equipment and inventory items necessary for that use, even if the lessee pursues the activity of the lessor under the same name.

Also, the ECJ has held that the article 135(1)(l) of the VAT Directive must be interpreted as meaning that a lease contract for an immovable property which was used for commercial purposes and for all capital equipment and inventory items necessary for that use constitutes a single supply in which the letting of the immovable property is the principal supply.

31/12/2018 **United Kingdom** - Supplies of digital services to consumers in the European Union

On 18 December 2018, the HMRC, has published VAT Notes 2018 Issue 4 which alerts for the changes that will come into effect on 1 January 2019, in what concerns to the supply of digital services to private consumers in other EU Member States. Namely, the place of supply will be the United Kingdom when the following conditions are met:

- The UK business is not established in another Member State; and
- The total cross-border digital sales value is not higher than GBP 8,818 in the present and previous calendar years.

31/12/2018 - European Court of Justice Case, C-552/17 - Travel agents, ancillary services and reduced VAT rate

The ECJ has ruled that the articles 306 to 310 of the VAT Directive must be interpreted as meaning that the supply, by a travel agent, of holiday accommodation rented from other taxable persons or a supply of a holiday residence combined with the supply of additional ancillary services, respects to a unique service which is covered by the special scheme for travel agents.

Moreover, the ECJ has held that one of the reduced rates foreseen by the Article 98(2) cannot be applied to the supply of travel agent services consisting of the supply of holiday accommodation, covered by Article 307 of that directive.

31/12/2018 **Italy** - Excise duty applied to Beer effective from 1 January 2019

Effective from 1 January 2019, the amount of excise duty applied on beer will change from 3,02 EUR to 3,00 EUR, per hectoliter.

31/12/2018 **Netherlands** - Confirmation of 9% reduced VAT rate from 1 January 2019

The Dutch Upper House approved the 2019 Budget, which includes an increase in the reduced VAT rate from 6% to 9%, with effect from 1 January 2019.

31/12/2018 **France** - Input VAT of Christmas gifts to customers

On 11 December 2018, the Ministry of Finance published that it is exceptionally possible to deduct the input VAT incurred on gifts or presents offered to clients and customers on the occasion of Christmas and the end of the year celebrations, if the price of the gifts does not exceed EUR 69 per beneficiary.

31/12/2018 **Netherlands** - Sole traders will receive new VAT identification numbers

The Ministry of Finance announced that all sole traders in the Netherlands will be provided with a new VAT ID number before 1 January 2020, which will not contain their TIN, to be used in their communications with suppliers and customers.

31/12/2018 - European Court of Justice Case, C-422/17 - Travel agents, time of supply and taxable amount

The ECJ has held that, under the special scheme foreseen in articles 306 to 310 of the VAT Directive, in case of deposits on payment of touristic services, the VAT is due as soon as the advance payment is received, provided the services are precisely designated, and not when the final margin of the travel agency is definitely known. In a situation where the margin cannot be determined at the time of the advance payment, an estimate of the total actual cost of the services must be defined.

21/12/2018 **Croatia** - Summary of the VAT changes for 2019

Taking effect on 1 January 2019, this is a summary of the important changes regarding VAT in Croatia:

- The right to deduct the value added tax (VAT) on expenditure related to passenger cars not wholly used for business purposes will be limited to 50%.
- The use for non-business purposes of a passenger car included in the assets of a taxable person's business, for which the deduction of the input VAT has been performed, will not be treated as supplies of services for consideration.
- The extended reverse charge for foreign taxable persons registered for VAT purposes in Croatia will not be possible anymore.
- A 13% VAT rate will be applicable to the supplies of fresh meat, fish, fruits, eggs and vegetables;
- The reverse charge reserved for construction works will be also applicable to the supplies of concreted steel and iron, as well as the products made from such materials.

Moreover, from 1 January 2020, the general VAT rate will be reduced to 24%.

21/12/2018 **Poland** - VAT exemption for small businesses

The Council Implementing Decision (EU) 2018/1919 of 4 December 2018 authorized Poland to exempt from VAT those taxable persons whose annual turnover not exceed EUR 40 000, until 31 December 2021.

21/12/2018 **Lithuania** - Extension on the reverse charge mechanism

The Council Implementing Decision (EU) 2018/1920 of 4 December 2018 authorized Lithuania to extend the application of the reverse charge mechanism to supplies of timber and supplies made by taxable persons under insolvency procedure or a restructuring procedure subject to judicial oversight, until 31 December 2021.

21/12/2018 **United Kingdom** - Input tax recovery in case of supplies of insurance intermediary services

Effective from 1 March 2019, the Value Added Tax (Input Tax) (Specified Supplies) (Amendment) Order 2018 (S.I.2018/1328) will restrict the application of the Value Added Tax (Input Tax) (Specified Supplies) Order 1999 (S.I.1999/3121), by limiting the recovery of the input VAT related with supplies of insurance intermediary services to cases where the final consumers of those services belong outside the United Kingdom.

21/12/2018 **France** - Clarifications regarding the VAT rate for composite supplies of TV and online media subscriptions

On 5 December 2018 the French tax authorities clarified that:

- The article 8 of the Finance Law for 2018 provides the VAT base to be taken into account for the application of the 10% rate for TV subscriptions and 2.8% applicable to online media services provided through electronic communication services or equipment;
- It is necessary to proceed with a case-by-case analysis in order to determine whether composite supplies must be identified as a single supply for VAT purposes.

The article 8 of the Finance Law for 2018 foresees the application of these rules to the services for which the chargeability of VAT and the chargeable event occurred as from 1 March 2018.

21/12/2018 **Poland** - VAT rate on e-books

From 1 April 2019, the VAT rate applicable to e-books will be 5%.

21/12/2018 **Bulgaria** - Updated Manual on VAT published

The National Revenue Agency published an updated version of the VAT Manual, with an overview of the applicable legislation and with examples and comments drawn by the

Bulgarian Tax Authorities.

21/12/2018 **Malta** - VAT rate on digital books and online journals

From 1 January 2019 a 5% VAT rate will be applicable to the supplies of digital books and online journals.

21/12/2018 **Norway** - Relief for low value imports will cease to exist

The Norwegian Parliament voted to remove, from 1 January 2020, the low value VAT and customs relief for consignments inferior to NOK 350. Upon this removal, it will have to be accounted 25% of import VAT in all imports performed into Norway, irrespective of the value.

21/12/2018 **Latvia** - Extension on the right to deduct VAT in relation to supplies of passenger cars

The Council Implementing Decision (EU) 2018/1921 of 4 December 2018 authorized Latvia to extend the restriction of 50% deduction of the VAT incurred in the purchase, leasing, intra-community acquisition and importation of passenger cars with a weight inferior to 3500 kilograms and having less than eight seats in addition to the driver's seat, as well as expenditure related to maintenance, repair, and fuel of such passenger cars, until 31 December 2021.

21/12/2018 **United Kingdom** - Flat-rate scheme for fuel expenditures

The Council Implementing Decision (EU) 2018/1918 of 4 December 2018 authorized the United Kingdom to extend the application of a special simplification scheme, in order to determine the deductibility of the VAT incurred in the purchase of fuel used for private purposes in business cars, until 31 December 2021.

11/12/2018 - European Court of Justice, Case 672/17 - VAT correction dependent of notification

The principle of neutrality as well as Articles 90 and 273 of the VAT Directive must be interpreted as not precluding national legislation, such as that at issue in the main proceedings, which provides that the reduction of the taxable amount for VAT, in the event of non-payment, cannot be made by the taxable person until it has given prior notice of its intention to cancel all or part of the VAT to the purchaser of goods or services, if that purchaser is a taxable person, for the purposes of correcting the deduction of VAT that the latter has made.

11/12/2018 **Netherlands** - Changes in VAT treatment of vouchers

In order to comply with EU rules, amendments to the VAT treatment of discount vouchers and other sales promotion schemes will take effect from 1 January 2019.

11/12/2018 **Latvia** - Changes to VAT cost sharing exemption

Following ECJ decisions C-326/15 and C-605/15, changes to Latvian VAT law regarding cost sharing groups are, in principle, coming into effect on 1 January 2019: VAT exemption will no longer be available to insurance, reinsurance, financial services, gambling or lottery service providers and on service fees exceeding costs, in case that the excess is due to compliance with transfer pricing rules.

11/12/2018 **Switzerland** - Amendments in Swiss law on value added tax

Any foreign entity (EU and non-EU) who achieves a turnover of at least CHF 100,000 in 2018 from small consignments (tax amount due is CHF 5 or less) will imperatively be liable to tax as of 1 January 2019 and must register for VAT if it is to be assumed that such deliveries will also be carried out in the twelve months from 1 January 2019.

This partial revision of the Swiss VAT Act aims to place foreign mail-order companies on an equal footing with companies domiciled in Switzerland.

11/12/2018 **Bulgaria** - Changes to excise duties treatment

Effective 1 January 2019, the main changes on the excise duties will be:

- extension of the scope to taxable persons that submit excise duty refund claims and persons for which joint and several liability arises;
- creation of a new procedure for cancellation or deactivation of documents that have been incorrectly submitted, in relation to excise duties labels;

- extension of the joint liability application;
- introduction of a special procedure for notification for bottled alcoholic beverages used for collection purposes;
- extension of the scope of commercial sites where tobacco products can be sold;
- prohibition to publish advertisements and notifications for e-sales of certain excisable products;
- clarification that the consumption of energy products, for the purpose of producing other energy products is not exempt from excise duties;
- introduction of a new rule that allows the customs authorities to seal the site or part of it for a period of 1 month, upon full or partial utilization of the collateral provided for the management of a licensed warehouse.

11/12/2018 **Netherlands** - Authorization to introduce new exemption for small enterprises

On 6 December 2018, the Council Implementing Decision (EU) 2018/1904 authorized the Netherlands, between January 2020 and December 2022, to exempt from VAT small businesses, which not exceed an annual turnover threshold of EUR 25,000.

11/12/2018 - European Court of Justice, Case 548/17 – Supply of agency services for professional football players

The ECJ has ruled that Articles 63 in conjunction with 64(1) of the VAT Directive must be interpreted as precluding the chargeable event and chargeability of a tax on the supply of agency services for professional football players by an agent, paid in conditional instalments over several years further to the placement, from being regarded as occurring or taking effect when the player is placed.

11/12/2018 **Netherlands** - Update to VAT exemption for “sea-going vessels”

Effective 1 January 2019, the zero VAT rate will only apply if vessels are used, at least, 70% on the high seas.

11/12/2018 **France** - Circular published on VAT on natural gas for fuel

Issued on 20 November and effective as of 1 January 2019, the Circular 18-061 replaced the previous definition of natural gas for fuel, taxable events, taxes levied on consumption and rules applicable to taxable persons.

11/12/2018 **Sweden** - Implementation of new rules on voucher taxation

On 26 November 2018 statement No. 202 488720-18/11 has been published regarding the VAT treatment of vouchers. As of 1 January 2019, the new rules, will:

- define and distinguish the terms voucher, single-purpose voucher and multi-purpose voucher;
- determine the calculation of the taxable amount and when a VAT obligation arises.