

## 03-2019

31/03/2019 **United Kingdom** - VAT treatment on “personal contract purchase”

HMRC announced that certain “personal contract purchases” will be treated as supplies of services for VAT purposes. Furthermore, that VAT will be due on payment of instalments and those supplies will no longer encompass a VAT-exempt supply of credit. These changes will enter into force as from 1 June 2019.

31/03/2019 - Italian territories to be a part of EU customs territory

Effective as from 1 January 2020, the Italian municipality of Campione d'Italia and the Italian waters of Lake Lugano will be considered as part of the EU Customs territory and within the scope of the Excise Directive. These will remain out of the territorial scope of the EU VAT Directive (2006/112).

31/03/2019 **United Kingdom** - HMRC guidance on “retained deposits”

The VAT guidance on “retained deposits” has been revised by HMRC, now stating that VAT will be due on amounts retained in the event of the cancellation or non-delivery of supplies of goods or services.

31/03/2019 **Sweden** - E-invoicing mandatory for public procurement

Effective as from 1 April 2019, taxpayers supplying public authorities and contracting entities will be obliged to receive and process electronic invoices. This new obligation will have to comply with the European electronic invoicing standards, unless agreed otherwise by both buyer and seller.

26/03/2019 **Finland** - VAT rate on e-publications to reduce to 10%

Effective as from 1 July 2019, the VAT rate on electronic publications and single copies of newspapers and magazines will reduce from 24% to 10%.

26/03/2019 - New VAT rules for e-commerce

During Council meeting of 12 March 2019 an agreement has been reached between EU Member States to introduce detailed measures to simplify VAT rules for sales of goods online. These are set to come into force in January 2021:

1. Online marketplaces will be considered to act as the seller when they facilitate sales of goods with a value up to 150 EUR to customers in the EU by non-EU businesses using their platform. The same rules will apply for non-EU businesses selling goods online from “fulfilment centers” in the EU, regardless of their value.
2. Online platforms will be expected to keep records of sales of goods or services made by trades using the platform.

Implementation rules will introduce a new version of the electronic business portal- “One-Stop Shop”- simplifying the fulfillment of the e-traders VAT obligations.

Member States will have until the end of 2020 to transpose the new rules into national legislation.

26/03/2019 **Ireland** - Updates to VAT tax and duty manual

The eBrief No. 048/19 has been recently published as to update several chapters on the manual- highlighting the VAT treatment of activities carried on by public bodies and vouchers outside the scope of Council Directive 2016/1065- as well to incorporate the VAT rate changes that took effect from 1 January 2019.

26/03/2019 **Cyprus** - Sport facilities- VAT treatment

A guidance has been released to clarify that, under certain requirements, the use of sports facilities, or right to access, including all sporting events, is subject to the reduced rate of VAT (5%). A long-term right will be subject to the 19% standard VAT rate.

The guidance also provides a clear definition on the term “sports facilities” and instructs public organizations on the need to VAT register if carrying-out said activities.

26/03/2019 **Italy** - Ceasing a business activity- VAT impact

Following Resolution No. 34, heirs of a taxable person that choose not to continue with the business economic activity are bound to notify the administration and finalize the VAT deregistration process within a 6-month period. The VAT status may however remain active for a longer period of time if outstanding invoices of the taxable person remain unpaid or unissued.

19/03/2019 - European Court of Justice, “Srf konsulterna AB”, C-647/17 – Place of supply accountancy course

The ECJ has ruled that the expression “services in respect of admission to event” of article 53 of the VAT Directive includes a five-day course on accountancy and management which is supplied solely to taxable persons and requires advance registration and payment.

19/03/2019 - European Court of Justice, “A & G Fahrschul-Akademie”, C-449/17 – VAT exemption and driving schools

The ECJ has ruled that the concept of “school or university education”, within the meaning of Article 132(1)(i) and (j) of VAT Directive, does not include motor vehicle driving tuition provided by a driving school for the purpose of acquiring driving licences for vehicles in categories B and C1 referred to in Article 4(4) of Directive 2006/126/EC of the European Parliament and of the Council of 20 December 2006 on driving licences.

15/03/2019 - European Court of Justice, “Sequeira Mesquita”, C-278/18 – VAT exemption on the use of vineyards for agricultural purposes

The ECJ has ruled that the VAT exemption applicable to the letting of immovable property also applies to a contract for the transfer of the use of a land constituted by vineyards for agricultural purposes. The contract in question had been concluded with a company whose object is an agricultural activity, for a period of one year, automatically renewable for further periods of the same duration and under which a rent is paid at the end of each year.

15/03/2019 **Portugal** - New rules on issuance and processing of invoices

Decree-Law 28/2019 was published on 15 February 2019 and introduced new rules on the processing and archiving of invoices and other tax relevant documents:

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taxable persons that have their head office, a permanent establishment or a domicile in Portugal, and a turnover exceeding EUR 50 000, are obliged to use certified software for the issuance of invoices;

- taxable persons are not obliged to print the invoices or send them by electronic means to the purchaser if the latter is not a taxable person, except when this sending is requested and the conditions of article 8 of this Decree-Law are met;
- the deadline to submit the SAF-T file in 2019 will change to the 15th day of the month following the issuance of the invoice. In 2020 this deadline will change to the 10th day.

It is also foreseen to enter into force in 01/01/2020 additional rules regarding the processing of invoices, namely: (i.) such documents will have to contain a two-dimensional barcode (QR code) and a single document code, under the terms to be defined by the ordinance of the member of the Government responsible for the finance department and (ii.) taxable persons will have to previously communicate to the Portuguese tax authorities the identification series to be used in invoices and other fiscally relevant documents, based on which a code for each communicated document series will be provided in order to be integrated in the single document code.

#### 15/03/2019 **Italy** - VAT Treatment of the supply of electronic databases

The Italian Tax Authorities published Ruling Answer No. 69 clarifying that the standard VAT rate of 22% applies to supplies of electronic databases which grant their users access to electronic books and publications not identified by ISBN or ISSN. Supplies of newspapers, daily news, releases of press agencies, books and publications with periodical issues, identified by ISBN or ISSN and issued through electronic means, are subject to the super-reduced VAT rate of 4%.

#### 15/03/2019 **Italy** - Clarification on supplies of services rendered to real estate investment funds

The Italian Tax Authorities published Ruling Answer No. 65 in which the following clarifications were provided regarding the VAT treatment of supplies of services made to real estate investment funds:

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a supply of services consisting mainly of portfolio management activities qualifies as a generic service, falling within the scope of article 44 of the EU VAT Directive 2006/112;

- a supply of services consisting of taking care of the actual administration of the immovable property falls within the scope of article 47 of the EU VAT Directive 2006/112 and consequently are taxable where the immovable property is located.

15/03/2019 **Portugal** - New goods and services where reduced rate is applicable

From 1 January 2019 the reduced rate is also applicable to:

- Books, newspapers, magazines and other periodical publications in electronic format, which topics are mainly scientific, education, literary, artistic, cultural, recreation and sports; and to

Access to singing, dance, music, theatre, cinema, bullfighting and circus shows.

15/03/2019 **Italy** - Postponed deadlines for several VAT obligations

The deadlines for the following VAT reporting and paying obligations have been postponed by the Decree of the President of the Council of Ministers of 27 February 2019:

- filing deadline of the communication of data on invoices related to the last two quarters, or the last semester, of 2018 has been postponed to 30 April 2019;
- filing deadline of the communication of data of transactions carried on with counterparts established abroad has been extended to: 30 April 2019 for the periods January 2019 and February 2019, and to 31 May 2019 for the periods March 2019 and April 2019;
- filing of the communication of data on periodical VAT calculations for the last quarter of 2018 has been postponed to 10 April 2019;
- the payment of VAT due for the first quarter of 2019 by taxable persons facilitating, through the use of an electronic interface, distance sales of mobile phones, game consoles, tablet PCs and laptops has been postponed from 16 April 2019 to 16 May 2019, with the application, however, of a 0.4% monthly late interest.

15/03/2019 **Italy** - Further clarifications on electronic invoicing

The Italian Tax Authorities published Ruling Answer No. 67 confirming that for an entity established abroad and registered in Italy for VAT purposes, through direct VAT identification or appointment of a VAT representative:

- the registration into the ITA SdI system, in the context of the new rules on electronic invoicing, is not required;
- an Italian supplier may opt to issue an e-invoice for supplies to the foreign entity, however the foreign entity should also receive a paper copy of the invoice;
- the foreign entity may exercise its right to deduct input VAT on the basis of the paper copy of the e-invoice, as long as it is according with the original document;
- the monthly communication of data on transactions carried on with counterparts established abroad must only be submitted by taxable persons established in Italy.

15/03/2019 **Isle of Man** - Input VAT recovery on insurance services

The Treasury published Value Added Tax (Input Tax) (Specified Supplies) (Amendment) Order 2019 on 1 March 2019, restricting the recovery of the input VAT in the case of supplies of insurance intermediary services to cases where the final consumer is outside of the Isle of Man or the United Kingdom. The Order comes into effect in relation to such supplies made on or after on 1 March 2019.