

## 10-2020

### 30/10/2020 **United Kingdom** - List of Controlled Goods

HMRC has recently updated the list of goods that will be controlled, as from 1 January 2021, when imported from the European Union into the United Kingdom. Being on such list, in principle implies that such goods will require a licence or that will be subject to additional duty charges.

### 30/10/2020 **United Kingdom** - Trade with EU as from 1 January 2021

With less than 2 months to the end of the transitional period, i.e. to 31 December 2020, HMRC has provided some clarifications to companies that intend to continue to trade between the European Union and the UK.

Among several clarifications provided, HMRC emphasized that as from 1 January 2021:

- Companies sending goods from Great Britain to customers in the EU, will be responsible for completing export declarations for those goods;
- Companies importing goods from the EU into Great Britain that are not on the controlled goods list and that have a good compliance record, have the option to defer declarations for up to 6 months. However, companies must keep a record of their imports into UK, this is called an entry in declarant's records. The full information about the importation of the goods must be provided by up to 6 months on a supplementary declaration.

Traders with a poor recent compliance history will not be able to defer declarations. If this applies to a certain company, it will receive a letter explaining that it will need to make full declarations.

The traders that defer the import declarations must also:

- account for the import VAT on their VAT returns (if they are not VAT-registered in the UK, they must pay at the time they make the supplementary declaration).
- have authorisation to use simplified declarations before they make a supplementary declaration (or use someone dealing with customs for them who has an authorization).

### 26/10/2020 **Bulgaria** - COVID-19 crisis: Reduced VAT Rate

In order to mitigate the impacts of the pandemic, the Bulgarian Tax Authorities decided for the application of the reduced VAT rate of 9% to sports facilities and to

the supply of services for the use of sports facilities, until 31 December 2021. In this context, the Bulgarian Tax Authorities provided some clarifications in which it was elucidated that this reduced VAT rate could only be applied to sports facilities if, among other conditions, they have the purpose to facilitate the exercise of sports and physical activities.

Since measures concerning Covid-19 are rapidly changing, this article is for information purposes only. Any companies intending to act upon this article should first contact us for specific advice concerning these elements.

#### 26/10/2020 **Ireland** - VAT Rates

The Irish government announced a temporary reduction to 9% of the VAT rate applicable to the hospitality and tourism sectors. This reduction will apply from 1 November 2020 until 31 December 2021.

In addition, the reduction of the standard VAT rate from 23% to 21% will be applicable until the end of February of 2021.

#### 26/10/2020 **Bulgaria** - 2021 Intrastat Thresholds

Bulgaria has recently announced which will be the Intrastat thresholds for 2021. In this context, for reporting Intrastat Dispatches, the threshold will be 270 000 BGN and for reporting Intrastat Arrivals it will be 430 000 BGN.

In addition, for declaring statistical value the thresholds will be 14 700 000 BGN for Intrastat Dispatches, and 7 300 000 BGN for Intrastat Arrivals.

On the other hand, it will remain 390 BGN the threshold for simplified reporting of single low-value transactions.

#### 26/10/2020 **Romania** - Transactions with affiliates

Starting with the operations performed on 1 September 2020, it became mandatory to report on the Local Listing whether a taxable person performed, or not, transactions with affiliates in Romania.

#### 26/10/2020 **Greece** - COVID-19 crisis: Reduced VAT Rates

The Greek tax authorities provided some clarifications regarding the application of the reduced VAT rates in supplies provided in Greece, such as:

- The reduced VAT rate of 13% is applicable until 30 April 2021 to coffee, non-alcoholic beverages, cinema tickets and any type of transport, including taxis;
- The reduced VAT rate of 6% applies to supplies of tickets for theatre and concerts;

Notwithstanding, the supply of alcoholic drinks at these facilities remain at the standard VAT rate of 24%.

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23/10/2020 - European Court of Justice, “E. Sp. z o.o. Sp. k., having its seat in S. v. Minister Finansów”, Case C-335/19 – Conditions for Applying Bad Debt Relief

The ECJ has ruled that the article 90 of the VAT directive must be interpreted as precluding a national legislation to only allow the right to reduce the taxable amount if, on the day of the supply of goods or of services, or the day before the date of filing the corrected tax return, the recipient is an active taxable person not subject to insolvency or liquidation proceedings.

23/10/2020 **Greece** - VAT Refund Procedure

Greece has recently announced that non-EU companies, who request VAT refunds in Greece, will be subject to the same procedure applied for the VAT refunds requested by EU companies, provided that in the respective third country it is granted a similar VAT benefit to the Greek companies.

23/10/2020 **Cyprus** - Clarifications provided regarding the reverse charge mechanism

The Cyprian Tax Department issued a circular providing some clarifications regarding the mandatory application of the reverse charge mechanism on supplies of certain goods. In this context, the circular foresees that, as from 1 October 2020, supplies of goods such as mobile phones (and certain related material), tablets and laptops must apply the reverse charge mechanism, regardless of whether the seller is VAT registered, or not.

23/10/2020 **United Kingdom** - Duty-Free Shopping Abolition starting as 1 January 2021

As from 1 January 2021, the following changes will apply regarding the UK duty-free shopping regime:

- Abolition of the Retail Export Scheme;
- Abolition of the airside extra statutory concession; and
- Abolition of excise duties and VAT, on alcohol and tobacco products, for people traveling abroad.

#### 23/10/2020 **Greece** - New debt settlement regime announced

The Greek Tax Authorities have recently announced a new debt settlement regime for tax liabilities regarding which the payment has been suspended.

In this context, companies affected by the pandemic, who have remitted the VAT due on the March VAT return, may pay it until 30 April 2021.

In addition, as from May 2021, it is possible to pay the VAT in 12 instalments, without interest, or in 24 instalments at a 2.5% interest rate. Notwithstanding, companies that applied another debt settlement regime and saw their VAT liabilities suspended until 30 April 2020, must continue to pay the respective instalments under such initial regime.

#### 16/10/2020 **Belgium** - Clarifications provided regarding Vouchers

The Belgium tax authorities have recently provided clarifications regarding the VAT treatment of vouchers, that were introduced on 1 January 2019. In this extent, the word "voucher" is the instrument referred in article 1, paragraph 15 of the Belgian VAT Code. On the other hand, instruments that are not vouchers, are mentioned as tickets or coupons.

#### 16/10/2020 **Norway** - Time frame for retroactive VAT Deduction

The time frame related to retroactive VAT deduction for buildings completed between 1 September 2019 until 30 June 2021 has been extended from 6 to 12 months.

#### 16/10/2020 **United Kingdom** - Reverse Charge Mechanism for supplies of construction and building services

A new detailed guidance about how the reverse charge mechanism will apply, for

supplies of construction and building services, has been published.

The above mentioned reverse charge mechanism will be applicable as from 1 March 2021.

#### 16/10/2020 **Bulgaria** - Reduced VAT Rate

The National Revenue Agency has recently clarified that the reduced VAT rate of 9% which is applicable to books and certain other publications, as from 1 July 2020, comprise items such as musical notes editions and books with illustrations, provided that they are not mainly intended for advertising or mainly composed by video or audio content. On the other hand, it has also been clarified that antique books, posters and other items are subject to the standard VAT rate of 20%.

#### 16/10/2020 **Norway** - COVID-19 crisis: Reduced VAT rate of 6%

In order to mitigate the impacts of the pandemic, the Norwegian tax authorities announced that a 6% VAT rate will be applicable until 31 December 2020 to certain supplies such as of passenger transport, cinemas, amusement parks, museums, accommodation in hotels and others.

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#### 16/10/2020 **United Kingdom** - Clarifications provided regarding imports into the UK

HMRC has recently clarified that the recover of the import VAT can only be done by the owner of the goods at the time of the import.

In addition, HMRC clarifies that where goods were removed from a warehouse regime in the UK, in order to be sold to a UK purchaser, the seller must register for VAT purposes in the UK. However, it is possible to avoid such VAT registration, if the goods are sold within the warehouse and removed afterwards by the UK purchaser.

#### 16/10/2020 **Greece** - New measures adopted

The Greek Tax Authorities have recently adopted a bill which foresees the increased deduction of advertising expenditures, the applicability of the reduced VAT rate for

transports, certain beverages and cinema tickets.

09/10/2020 - European Court of Justice, “Staatssecretaris van Financiën”, Case C-331/19 - Reduced Rate on Foodstuffs

The ECJ has ruled that the concepts of “foodstuffs for human consumption” and “products normally used to supplement foodstuffs or as a substitute for foodstuffs”, foreseen in point 1 of Annex III to the VAT Directive, which allows Member States to apply a reduced VAT rate, must be interpreted as being all products containing nutrients which serve as building blocks, generate energy and regulate its functions, which are necessary to keep the human body alive and enable it to function and develop, and which are consumed for the purposes of providing it with those nutrients.

09/10/2020 - Guidance regarding new VAT E-Commerce Rules

A detailed guidance regarding the application of the VAT e-commerce rules, that will be applicable as from 1 July 2021, has been recently published by the European Commission.

09/10/2020 **Portugal** - Portugal Lowers VAT Rate for Electricity Supplies

As from 1 December 2020, the VAT rate applicable to electricity supplies up to 6.9 kVA will be decreased to 13%, when certain additional conditions are met.

09/10/2020 **Greece** - Clarifications on reduced VAT rate applicable to face masks

The Greek tax authorities have recently clarified that the 6% reduced VAT rate is applicable to masks used for the protection against viruses and for the avoidance of transmission of diseases. Furthermore, it has been also clarified that it applies to all stages of the supply of the mask, including upon its importation into Greece.

09/10/2020 - European Court of Justice, “Vos Aannemingen”, Case C-405/19 - Right to deduct input VAT, when there is a third beneficiary

The ECJ has ruled that the article 17(2)(a) of the Sixth VAT Directive (77/388) must be interpreted as allowing a taxable person to deduct the input VAT incurred with expenses, such as advertising costs and estate agents’ commission related to the sale of apartments, even if it also benefits a third party, provided that (i.) there is a direct and immediate link between that cost incurred and the economic activity carried out by the taxable person and that (ii.) the benefit of the third party is

ancillary to the taxable person's business purposes.

09/10/2020 **Isle of Man** - Reduced VAT Rate applicable to hospitality and attractions

The application of the 5% reduced VAT rate, to hospitality and attractions, has been extended until 31 March 2021.

In addition, companies that have deferred the VAT due on the March, April, May and June 2020 VAT declarations, have the possibility to pay it now by small instalments over the years 2021 and 2022, without the application of interests.

09/10/2020 **Italy** - Deadline to adhere to online service

The deadline for qualifying taxable persons to adhere to the Tax Authorities' online service, through which they can consult and download issued and received electronic invoices, has been extended until 28 February 2021.