

01-2021

26/01/2021 **Ireland** - Clarifications on the Formal Requirements Under the VAT Zero Rating and VAT postponed Accounting Schemes

The following clarifications were provided by the Ministry for Finance regarding the formal requirements that are applicable under the VAT zero-rating scheme and the postponed accounting scheme for VAT on imports:

- The applicant, to be authorized to apply the VAT Zero-Rating Scheme, must confirm that it keeps complete and accurate records in accordance with the VAT Act and submit the declaration confirming the applicant's turnover from the supply of goods and services regarding the 12 months preceding the making of the application and tax clearance certificate.
- Additional conditions must be satisfied in respect of all steps leading to accounting for VAT on a postponed basis, in order to ensure that the accountable person is capable to account for VAT on that basis.

26/01/2021 - European Court of Justice, “AJFP Sibiu and DGRFP Brasov”, Case C-655/19- Property acquisition and subsequent sale

The ECJ has ruled that the Article 2(1)(a) and article 9(1) of the EU VAT Directive (2006/112) must be interpreted as meaning that in a situation where a person receives an immovable property in the frame of an enforcement procedure and afterwards sells such immovable property, it does not constitute an economic activity, when the transaction is a simple exploitation of property right and good administration of private property. In this context, this person cannot, with regard to this transaction, be regarded as a taxable person.

26/01/2021 **Poland** - Thresholds for Small Taxpayers Adjusted in Poland

From 1 January 2021, the threshold to qualify as a small taxpayer in Poland for VAT purposes is 5 418 000 PLN. Notwithstanding, for agents and commissionaires the threshold is 203 000 PLN.

26/01/2021 **Italy** - Measures introduced by the enacted Budget Law for 2021

The Budget Law for 2021 has already been enacted and, among other measures,

introduced the zero VAT rate on supplies of authorized COVID-19 vaccines, diagnostic equipment and strictly connected services and the reduced VAT rate of 10% to the supply of food prepared for immediate consumption, home delivery or take-away.

In addition, it is also foreseen that the communication of certain invoices details, related with supplies carried out after 1 January 2022, of cross-border transactions is abolished and the transmission of relevant data will take place through the tax authorities' Sdl system.

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.

26/01/2021 **Greece** - Greece Announces Reduced VAT Rate for Products Serving People with Disabilities

A reduced VAT rate of 6% was announced in Greece for the supply of products that serve people with disabilities, such as the supplies of light warning systems or products intended for visually impaired persons.

26/01/2021 - European Court of Justice, "Finanzamt Saarbrücken", Case C-288/19 - Definition of Hiring of Means of Transport to Non-Taxable Persons

The ECJ has ruled that the act of making a vehicle forming part of the assets of the business of a taxable person available to one of that taxable person's employees for no consideration should not be treated as the rental of a means of transport of Article 56(2) of the VAT Directive. Conversely, if the employee has a permanent right to use that vehicle for private purposes and to exclude other persons from using it, in exchange for rent and for an agreed period of more than 30 days, then the above article applies.

26/01/2021 **Malta** - COVID-19 Crisis: Malta Introduces Temporary VAT Relief Measures

The Fifth Schedule and the Eighth Schedule of the VAT Act. were amended by the Minister for Finance in order to include new measures related to the COVID-19 pandemic. Until 31 December 2022 the services closely linked to COVID-19 vaccines will be VAT exempt with credit supplies and the COVID-19 in vitro diagnostics devices will be subject to a 5% VAT rate.

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20/01/2021 **Isle of Man** - COVID-19 Pandemic: Treasury Announces the Closure of the Customs & Excise Public Counter

The Treasury announced that the Customs & Excise public counter has been closed until and including 31 January 2021, due to the COVID-19. In this regard, online services can be used as alternative.

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20/01/2021 **Italy** - Italy Gazettes Law Decree Extending Application of Reporting Obligations for E-Commerce Platforms

Italy has gazetted a Law Decree extending until 30 June 2021 the current obligation for e-commerce platforms to communicate to Italian Tax Authorities data on the suppliers making supplies through their platform. The Law Decree must be converted into law by the parliament.

20/01/2021 **United Kingdom** - United Kingdom guidance for VAT Exporting Rules

Government's Department HMRC updated the guidance for exportation of goods from the United Kingdom.

Since measures concerning Brexit are rapidly changing with the publication at a rapid pace of HMRC guidances, notices, etc., 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.

20/01/2021 **Croatia** - VAT and Customs Implications for Transactions between Croatia and the United Kingdom

Regarding the end of the Brexit transitional period on 31 December 2020, Croatia announced that in the transactions with the United Kingdom taxation rules and procedures will apply as with any other non-EU member country. The UK VAT paid

by Croatian businesses until 31 December 2020 ought to be claimed through electronic submission before 31 March 2021.

20/01/2021 **United Kingdom** - The United Kingdom abolishes the Tax-Free Shopping and the VAT Retail Export Scheme

The United Kingdom confirmed the abolishment of the tax-free shopping and the VAT retail export scheme from 1 January 2021 (except in Northern Ireland) onwards.

20/01/2021 **Austria** - COVID-19 Crisis: COVID-19 Tax Measures Bill published

A new law regarding tax measures to apply during COVID-19 crisis was published in the Official gazette on 7 January 2021. The law introduces a VAT exemption for COVID-19 vaccines and in vitro diagnosis until the end of 2022, extends the temporary application of the 5% VAT reduced rate in gastronomy, culture and publishing sectors until 31 December 2021 and approves the application of the reduced VAT rate of 10% to repair services regarding bicycles, footwear, leather goods and clothing.

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20/01/2021 **Slovenia** - COVID-19 Pandemic: Slovenia Approves a VAT Exemption for Vaccines, a Temporary Wage Compensation and Other Measures

The Slovenian parliament has approved a temporary VAT exemption for COVID-19 vaccines, in vitro diagnostic medical devices and certain directly related services. This exemption applies until 31 December 2022.

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20/01/2021 **Isle of Man** - Treasury Announces that Zero VAT Rate Applies to Women's Sanitary Products

The treasury announced that the VAT rate on women's sanitary products is reduced to 0%.

20/01/2021 **Greece** - COVID-19 Pandemic: Greece Allows Input VAT Deduction for

Vaccines and Drives Cash Advance Measures

Greek tax authorities have clarified that input VAT incurred for the supply of COVID-19 vaccines, for which a 0% VAT rate applies (as from 23 December 2020 until 31 December 2022), can be deducted.

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20/01/2021 **United Kingdom** - Distance Sales Ruling clarified in the United Kingdom

HM Revenue and Customs department has issued guidelines regarding distance sales rules that apply to EU suppliers of goods to non-registered customers in Northern Ireland.

If the value of the goods sold in those conditions is higher than GBP 70,000 in a year or if the goods are subject to excise duties (without condition of threshold), the supplier ought to register for UK VAT and account for it. With the entry into force of the e-commerce package on 1 July 2021, these rules for Northern Ireland might evolve.

20/01/2021 **Belgium** - COVID-19 Crisis: Belgium announces Reduced VAT Rates of 6% and 0% for Face Masks and Medical Devices

Belgium extended the reduced 6% VAT Rate to face masks and hydro-alcoholic gels between 1 January 2021 and 31 March 2021 and the 0% VAT Rate to the in vitro diagnostic medical devices, COVID-19 vaccines and to services connected to those from 1 January 2021 to 31 December 2022.

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20/01/2021 **United Kingdom** - Brexit: Reduction in VAT rate on women's sanitary products

The United Kingdom announced that the VAT rate on women's sanitary products is

reduced from 5% to 0%.

13/01/2021 **Portugal** - VAT Exemption Scheme for Small Taxpayers and reduced VAT rate

The following measures were introduced by the Budget Law for 2021 and entered into force on 1 January 2021:

- the extension the VAT exemption scheme to taxpayers that among other conditions, have a turnover lower than 12 500 EUR in the previous four calendar years. In this context, for VAT purposes, such taxpayers will be treated as private consumers.
- The extension of the application of the 6% reduced VAT rate to the supplies of chestnuts and frozen red fruits and to certain rehabilitation works contracted by specific public funds and institutions.

13/01/2021 **Italy** - Eligible entities for application of the Split Payment System

The lists of entities who are eligible to apply the split payment system in 2021 has been recently updated by the Finance Department of the Ministry of Economy and Finance. In this context, such updated list can be found in the Italian Finance Department website.

13/01/2021 **Romania** - COVID-19 Crisis: Romania Adopts Zero VAT Rate for Vaccines and Other Tax Measures

Romania has approved the VAT exemption to the supplies of specific goods and services related directly with the COVID-19, such as the respective testing and vaccination supplies.

In addition, the Romanian Government announced that the deadline for the submission of the requests (i.) for rescheduling payment of taxes and (ii.) for waive the interest and penalties corresponding to tax liabilities due before 31 March 2020 is on 31 March 2021.

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13/01/2021 **Malta** - VAT Act updated due to Brexit

According to recent updates introduced into the Maltese VAT Act, as from 1 January 2021, Gibraltar and the Channel Islands will continue not to be treated as territories of Member States (as the whole United Kingdom shall no longer be considered a "Member State" for VAT purposes). Conversely, Northern Ireland as well as the UK Sovereign Base Areas of Akrotiri and Dhekelia on Cyprus shall be treated as territories of Member States.

13/01/2021 **France** - Measures introduced by the Finance Law for 2021

The recently published Finance Law for 2021 introduced the VAT group scheme, which can be benefited from the fiscal year 2023 onwards, by taxpayers who are financially, economically and organizationally linked to each other and that, therefore, may be considered as a single taxable person for VAT purposes and strengthened the conditions of application of the VAT exemption regime of cost sharing group implemented by article 261 B of the French Tax Code.

In addition, this Law deferred to 1 July 2021 the date of entry into force of the Council Directives (EU) 2017/2455 of 5 December 2017 and (EU) 2019/1995 of 21 November 2019, regarding the VAT regime applicable to electronic commerce and distance sales and confirmed the application of the 0.20% interest rate per month for late payment.

07/01/2021 **Italy** - COVID-19 Crisis: Electronic transmission system

Considering the difficulties caused by the Covid-19 pandemic, the Italian tax authorities extended the deadline that qualifying taxable persons have to start transmitting the relevant data to the tax authorities, using only the latest version of the electronic transmission system, to 1 April 2021.

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07/01/2021 **Hungary** - Real-time invoice reporting extended to additional type of invoices

As of 4 January 2021, the types of invoices to be reported on the real-time invoice reporting for Hungary have been further expanded. The obligation now includes the following transaction invoices:

- invoices issued to non-taxable persons (B2C transactions);
- exports from Hungary to non-EU countries;
- intra-Community deliveries from Hungary to EU countries.

A special sanction applies to the non-compliance with the above rules, however due to the COVID-19 pandemic, the National Administration has announced a 3-month sanction-free transitional period.

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07/01/2021 **Spain** - COVID-19 Crisis: New tax measures

In order to combat the effects of the pandemic, the Spanish government has recently approved several tax measures, such as the application of the zero VAT rate for the supply of Covid-19 vaccines and tests, the deferral of payment of taxes not exceeding 30 000 EUR for which the submission and payment period will apply from 1 April 2021 until 30 April 2021 and it is exceptionally allowed to renounce or withdraw the renouncement to be taxed under the objective estimation method and the simplified regime or the scheme for agriculture and fisheries VAT regimes until 31 January 2021.

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07/01/2021 **Ireland** - COVID-19 Crisis: Supply of restaurant, takeaway and catering services

Revenue has recently provided clarifications regarding the supply of restaurant, takeaway and catering services.

In this context, the Irish Revenue has confirmed that:

- the 9% VAT rate applies to the supply of hot takeaway food; conversely, the supply of cold takeaway food is liable to a zero VAT rate (unless the cold food is supplied with hot food for an inclusive price, in which case the 9% rate applies); the 9% rate also applies to restaurant and catering services;
- the VAT exemption applies to catering services provided in hospitals or schools;
- the 21 % VAT rate applies to deliveries services and to the supplies of alcohol, bottled water, soft drinks, sports drinks and vegetable juices, even when provided

as part of a restaurant/catering services.

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04/01/2021 **Bulgaria** - Tax Administration Publishes Updated Version of the VAT Act

An updated version of the VAT Act containing recent changes has been published on December 2020 by the National Revenue Agency.

04/01/2021 **Ireland** - Accommodation in State-owned property

Revenue has recently clarified that the provision of emergency accommodation in State-owned property is outside the scope of VAT. On the other hand, Revenue clarified that hotel or guesthouse, provided exclusively as emergency accommodation, and contracted with a State agency, is exempt from VAT.

04/01/2021 **Austria** - COVID-19 Crisis: Bill Approved on COVID-19 Tax Measures

The bill related with COVID-19 tax measures has been approved and among other measures, foresees an additional exception from the application of the limitations on interest deductibility for interest on loans for long-term public infrastructure projects and the application of the reduced VAT rate of 10% for certain feminine hygiene products.

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04/01/2021 **Greece** - COVID-19 Crisis: Greece Extends Filing Deadlines, Adopts a Zero VAT Rate for Vaccines and Other Tax Measures

Greece has extended the deadlines which were expiring in December, for the payment in instalments of liabilities. Such extension was granted free of interest and surcharges. In this context, such instalment must be paid on the last business day of the month following the last instalment of the existing payment schedule. 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.

04/01/2021 **Czechia** - COVID-19 Crisis: Deferral of VAT

The Ministry of Finance has extended the deferral of deadlines for complying with certain tax obligations. In this context, taxpayers whose main activity was affected by the government restrictions in the period from 1 June 2020 and 30 September 2020 may benefit from a deferral of the VAT payments, on condition that the deferred payments will be settled at the latest on 16 August 2021.

In this sense, a waiver of late-payment interest will apply to the VAT payments for September to December 2020 and January to March 2021 or the corresponding quarterly payments.

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04/01/2021 **Netherlands** - Deduction Right for Goods and Services Mainly Used for Non-Business Purposes

Netherlands has been authorized to exclude the right to deduct the VAT incurred with the purchase of goods and services that are used, for more than 90%, by a taxable person for non-business purposes or non-economic activities. The rule applies from 1 January 2021 until 31 December 2023.

04/01/2021 **Bulgaria** - COVID-19 Crisis: Bulgaria Introduces a Temporary 0% VAT Rate for COVID-19 Vaccines

A 0% VAT rate for COVID-19 vaccines has been introduced in the national legislation and it will be applicable from 1 January 2021 until 31 December 2022.

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04/01/2021 **Greece** - 2021 Intrastat Thresholds

The thresholds for reporting Intrastat in Greece in 2021 have been recently published and are the following:

- arrivals: 150 000 EUR per year;

- dispatches: 90 000 EUR per year.

In this context, the 2021 thresholds are identical to the 2020 thresholds.

04/01/2021 - Guidance on the Import and Export of Low-Value Consignments

The European Commission has prepared a Customs Guidance, in which it was completed the VAT Explanatory Notes on importation and returning of low-value e-commerce goods.

04/01/2021 **Germany** - German Federal Council Approves Annual Tax Act 2020

The bill for an Annual Tax Act 2020, which provides for amendments to various tax laws has been approved on 18 December 2020.

04/01/2021 **Slovenia** - COVID-19 Crisis: Supplies of Antigen Tests

It has been clarified by the Slovenian Tax Authorities that the lower 9.5% VAT rate applies to the supply of COVID-19 antigen tests. Moreover, it has been also clarified that such supplies made between 1 November 2020 and 30 April 2021 are VAT exempted if the goods are supplied to an eligible person under that measure. 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.