

## 02-2021

24/02/2021 **United Kingdom** - Accounting for Import VAT on the United Kingdom

HMRC has recently published two updated guidances regarding importations into the United Kingdom, which include information such as when import VAT can be accounted for on a VAT return and regarding considerations and actions that businesses must take if they are using the VAT accounting scheme.

24/02/2021 **Bulgaria** - COVID-19 Crisis: Bulgaria Clarifies Application of 0% VAT Rate for COVID-19 Tests

The National Revenue Agency clarified that the standard rate of 20% is applicable to in vitro diagnostic medical devices which intend to detect and diagnose COVID-19 and that also, or solely, have the aim to obtain other types of information on physiological or pathological condition or congenital anomalies. In this context, it has been clarified that the 0% VAT rate is therefore only applicable to the supplies and related services of in vitro diagnostic medical devices which only intend to detect and diagnose COVID-19.

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.

24/02/2021 **Greece** - COVID-19 Crisis: Greece Extends Reduced VAT Rates

Greece extended the application of the reduced VAT rate to coffee and non-alcoholic beverages, transport of persons and their luggage, cinemas and theatrical performances until 30 September 2021.

In addition, the reduced VAT rate applicable to the tourism sector will be applicable until 31 December 2021.

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18/02/2021 **Germany** - COVID-19 Crisis: Extension of Applicability of the Reduced VAT Rate

Considering the ongoing pandemic crisis, Germany has announced the extension of several measures, such as the application of the reduced VAT rate of 7% to supplies of food in restaurants and bars until 31 December 2022 (instead of 30 June 2021 as previously ruled).

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18/02/2021 **Czechia** - COVID-19 Crisis: Filter half-masks and respirators waived from VAT

The Minister of Finance announced that taxable persons registered for VAT purposes in Czech Republic are exempt from collecting VAT on certain filter half-masks and respirators between 3 February 2021 and 3 April 2021.

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18/02/2021 **Czechia** - Czech Republic Amends VAT Law

It has been recently announced several VAT amendments in Czech Republic. Among them, it is foreseen that:

- When a corrective VAT return is submitted, in which the total amount of the reported input VAT exceeds the total output VAT liability, the total final amount of the net input VAT deduction shall ordinarily be refunded without the taxable person having to request the refund.
- When a VAT return generates a VAT credit position, such refund shall be processed within 30 days from the deadline for submitting the relevant VAT return. However, if a VAT audit takes place the refund shall only be processed upon closing such audit. In this context, and considering that the VAT audits can take some time, a new legal instrument named as "provision of the advance payment for net input VAT deduction" was introduced into the Czech Tax Code, in which under certain conditions the taxable person is entitled to receive an advance payment in the amount corresponding to that part of the VAT refund requested in the VAT return which is not being audited.

18/02/2021 **Bulgaria** - Clarifications regarding transactions with Northern Ireland

Bulgaria has recently introduced amendments on the VAT reporting obligations, concerning transactions with Northern Ireland. In this context, among other changes it is foreseen that Bulgarian suppliers will have the obligation to report in their monthly EC Sales Lists the prefix "XI" in the VAT number of their recipients VAT-registered in Northern Ireland for: (i.) the intra-community supplies of goods to such recipients (ii.) the triangular simplifications in which the Bulgarian person acts as an intermediary and the person from Northern Ireland is the acquirer and (iii.) the transfer of own goods from Bulgaria to Northern Ireland under a call-off stock arrangement. Conversely supplies of services made by Bulgarian suppliers to Northern Ireland recipients shall not be reported in the EC Sales Lists.

10/02/2021 **Isle of Man** - COVID-19 Crisis: Extension of Applicability of the Reduced VAT Rate

The treasury announced that the temporary 5% reduced VAT rate applicable to food, attractions and catering would be extended until 31 March 2021.

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10/02/2021 **United Kingdom** - United Kingdom Updates EU Exit Transitional Provisions for VAT

HMRC has recently updated the guidance regarding the VAT treatment applicable to transactions occurred at the end of the transitional period and offers an overview of the changes to the VAT treatment of certain items, such as call-off stock, supplies of goods, financial services and Tour Operators Margin Scheme.

10/02/2021 **Ireland** - COVID-19 Crisis: Zero VAT Rate applicable to Supply of COVID-19 Vaccines and others

Ireland has recently announced that, from 12 December 2020 until the enactment of Finance Bill 2021, the supply of COVID-19 in-vitro diagnostic medical devices, COVID-19 vaccines and related services are subject to a 0% VAT rate.

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03/02/2021 **United Kingdom** - United Kingdom Clarifies Domestic Reverse Charge Mechanism for Telecommunication Services

HMRC has recently updated the guidance regarding the domestic reverse charge mechanism applicable for B2B telecommunication services, with the aim of preventing VAT fraud.

In this context, this reverse charge mechanism only applies on B2B supplies where both businesses are registered for VAT, or should be, and applies to speech communication and transmission of writing, images and sounds.

03/02/2021 **Luxembourg** - COVID-19 Crisis: Zero VAT Rate applicable to Vaccines and In Vitro Medical Devices

Luxembourg has recently announced that, from 1 January 2021 to 31 December

2022, the supplies, intra-Community acquisitions and importations of COVID-19 in vitro diagnostic medical devices, COVID-19 vaccines and related services are subject to a 0% VAT rate.

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03/02/2021 - European Court of Justice, “Commission v Autriche (TVA - Agences de voyages”, Case C-787/19 - Failure to comply with VAT Rules for Travel Agents

The ECJ has announced that the Republic of Austria did not comply with the obligations settled by the article 73 and articles 306 to 310 of Council Directive 2006/112/EC of 28 November 2006, insofar as it has excluded travel services, which are provided to taxable persons in the frame of their business, from the special value-added-tax scheme applicable to travel agents and allowed travel agents to determine the taxable amount for VAT on a flat-rate basis for groups of services or for all services provided during a taxable period. The position of the ECJ therefore allows travel agencies to benefit from simplified rules regardless of the type of customer.

Secondly, the Court recalls that the tax base for the profit margin of travel agencies must be determined for each single supply of services provided by the travel agency and cannot be determined globally for groups of services or for all services provided during a tax period.

03/02/2021 **Netherlands** - COVID-19 Crisis: Extension of Tax Measures

Considering the ongoing pandemic crisis, the Netherlands has announced the extension of several measures, such as the application of the 0% VAT rate on the supply of face masks until 30 June 2021 and the emergency payment deferral regime until 1 July 2021.

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03/02/2021 **Hungary** - Hungary Updates Domestic Law to Comply with ATAD

Hungary implements new tax measures in order to comply with the EU Anti-Tax Avoidance Directive. Among other measures, the following ones were implemented in the Hungarian VAT System:

- The inclusion of the new EU e-commerce package, which will be effective as from 1 July 2021. The concept of e-commerce comprises distance selling of goods, both from the European Union and from third countries, depending on the country of departure of the goods.
- The possibility to recover VAT on B2C bad debts as from 1 January 2021.
- The application, from 1 January 2021 to 31 December 2022, of a 5% VAT rate to the supplies of certain newly built residential real estate.