VAT'S UP

VAT NEWSLETTER

A look across the border

03 I 2024

1 Czech Republic

The VAT rates were adjusted in the Czech Republic with effect from 1 January 2024. The two reduced rates of 10% and 15% were merged into one reduced rate of 12%.

2 Estonia

With effect from 1 January 2024, Estonia increased its standard VAT rate from 20% to 22%. With effect from 1 January 2025, the VAT rate for short-term accommodation will be increased from 9% to 13% and the VAT rate for the supply of newspapers and magazines from 5% to 9%.

3 Denmark

Denmark has introduced several changes to the Danish VAT Act aimed at combating tax fraud. For instance, as of 1 January 2024, Denmark has extended the application of the national reverse charge procedure to telecommunications services. The reverse charge procedure only applies to B2B transactions between taxable persons registered for VAT in Denmark.

In addition, a notification system has been set up by the Danish tax authorities. With this notification system, the tax authorities can send notifications to a taxable person who has purchased goods for which the VAT due has not been paid. These notices will instruct the taxpayer to be more vigilant in terms of future transactions. The notices will also contain instructions on how to identify unusual circumstances in transactions or with business partners in order to avoid involvement in the trade in untaxed goods.

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Since 1 January 2024, taxable persons must declare whether they carry out VAT-exempt output transactions in Denmark that limit the right to deduct input VAT. In an annual declaration, taxable persons must state their input VAT ratio, calculated for a financial year.

Furthermore, as of 1 July 2023 Denmark adjusted its rules for calculating interest on retrospective VAT payments. The regulation applies in cases where VAT liabilities have not been paid on time or where amended VAT returns lead to a higher VAT liability. It is irrelevant whether the VAT returns were amended by the Danish tax authorities or by the taxpayer. Interest is calculated on the basis of the additional VAT owed. The Danish tax authorities may charge a monthly interest rate of at least 0.7%. For VAT purposes, the regular statute of limitations is 36 months. This means that an interest surcharge of up to approx. 25% can be levied for corrections relating to the oldest reporting period (36 months).

4 Italy

The EU Council has extended Italy's authorization to use the split payment procedure until 30 June 2026 (Council Decision (EU) 2023/1552 of 25 July 2023). The authorization was originally due to expire on 30 June 2023. Through the split payment procedure, Italian VAT on supplies by listed companies (in the FTSE MIB) and public authorities, as well as companies controlled by public authorities, is to be paid directly to a separate bank account of the Italian tax authorities instead of the supplier. Italy had applied for the authorization to be extended until 31 December 2026, but the extension has only been granted until 30 June 2026. Italy previously indicated its intention to voluntarily abolish the split payment for sales of companies listed on the FTSE MIB from 1 July 2025. Hence, the authorization was only granted until then.

By the way, the KMLZ VAT-ID Verifier can provide helpful support here. In addition to the qualified verification of VAT IDs, the verifier can also be used to identify which companies fall under the split payment procedure in Italy, so that the VAT from the relevant incoming invoices can be paid directly to the Italian tax authorities.

5 Luxembourg

In Luxembourg, the VAT rates that were temporarily reduced by 1% in 2023 have now been returned to their normal levels. Since 1 January 2024, the standard VAT rate of 17%, the average VAT rate of 14% and the reduced VAT rate of 8% are once again applicable.

In addition, with effect from 1 January 2024, Luxembourg extended the application of its national reverse charge scheme to the following transactions, insofar as the taxable amount of a single supply exceeds EUR 10.000:

- mobile phones,
- integrated circuits in a state prior to installation in end consumer products,
- game consoles, tablet PCs and laptops,
  raw and semi-finished metals, including precious metals, provided they do not fall under the margin scheme for second-hand goods, works of art, collectors' items and antiques under the special scheme for investment gold.

6 Malta

With effect from 1 January 2024, Malta implemented a further reduced VAT rate (besides the existing 5 % and 7 %). It applies to the hiring of pleasure boats, certain health care services, securities custody services and certain credit and credit guarantee management services.

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7 Romania

Since 1 January 2024, non-resident taxable persons registered in Romania are obliged to upload invoices relating to B2B transactions with place of supply in Romania to the RO e-factura electronic invoicing platform within 5 days of issue and thus report them to the Romanian tax authorities. From 1 July 2024, companies that are subject to VAT in Romania are obliged to issue and transmit invoices exclusively via the electronic invoicing platform RO e-factura. Between 1 January 2024 and 30 June 2024, invoices for exports and intra-Community supplies of goods, the supply of goods and services to taxable persons not established in Romania and not registered for VAT, the supply of goods and services for which simplified invoices are issued and the provision of services for which the issuance of the invoice is not subject to the invoicing rules applicable in Romania do not have to be reported.

From 1 July 2024, for B2B transactions, the issuance of invoices and their receipt and registration by issuers or recipients resident in Romania by other means than the RO e-factura platform will be sanctioned with a fine of 15% of the total value of the invoice. This applies to both the invoice issuer and the invoice recipient.

Furthermore, from 1 January 2024, persons who have an Authorized Economic Operator ("AEO") certificate will no longer be able to defer payment of import VAT to customs on the sole basis of its AEO status. Instead, the deferral is only possible now for persons who are entitled to submit customs declarations under the centralized clearance procedure in accordance with Art. 179 of Regulation (EU) No 952/2013. For taxable persons who are in possession of an import VAT deferral certificate, the submission of a sworn declaration stating that the taxable person does not have any outstanding tax debts will be introduced as an additional condition for obtaining this certificate.

Since 15 December 2023, there has been an obligation to report the cross-border road transport of goods, like it was implemented in Hungary many years before. The reporting has to be made via the RO e-Transport system, regardless of the category of goods transported.

8 Switzerland/ Liechtenstein

With effect from 1 January 2024, Switzerland has increased the standard VAT rate from 7.7% to 8.1%, the reduced VAT rate from 2.5% to 2.6% and the special VAT rate for accommodation from 3.7% to 3.8%.

9 Turkey

With effect from 7 July 2023, Turkey increased the standard VAT rate from 18% to 20%. The reduced VAT rate was increased from 8% to 10%.

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