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KMLZ VAT NEWSLETTER

Current changes in 2018

AUSTRALIA introduces distance sales regime +++ BULGARIA clarifies treatment of supplies via consignment stocks +++ FRANCE reduces interest rates for tax arrears +++ GREAT BRITAIN defers Brexit and demands electronic transfer of VAT details +++ ITALY obliges companies to invoice electronically and eases regulations regarding input VAT deduction +++ SWITZERLAND obliges registered companies to declare worldwide turnover and shifts to electronic customs assessments

A look across the border

1. Australia

As of 1 July 2018, foreign companies performing distance sales to Australia will have to account for Australian GST, if the value of the supplied goods does not exceed AUD 1,000 and if the expected annual turnover from such supplies exceeds AUD 75,000.

2. Bulgaria

On 9 November 2017, the Bulgarian tax authorities clarified that supplies via a consignment stock are considered as having been executed directly upon the transfer of the goods to the stock. The withdrawal at a later time is no longer relevant. This also applies if the parties agreed to a transfer of ownership at the time of the removal, at the time of invoicing or at the expiry of a maximum storage period.

3. France

The interest rate applicable to tax arrears, as laid down in article 1727 of the French tax code, has been reduced from 0.4 % to 0.2 % per month (i.e. 2.4 % per annum). The new rate commenced on 1 January 2018.

4. Great Britain

Within the scope of the project “Making Tax Digital“, the British tax authorities (HMRC) require companies to electronically archive information concerning all transactions as of 1 April 2019. Subsequently, electronic records are to be transferred to HMRC, via a particular programming interface, together with the relevant VAT return.

Although, Brexit is scheduled to take place on 29 March 2019, in accordance with article 50 sec 2 and 3 of the Treaty of Lisbon. Recently, both the EU and Great Britain have agreed upon a subsequent transitional period of 21 months. Therefore, Britain will at least be part of the European VAT system and the Customs Union until the end of 2020. Thus, companies registered in Great Britain should have enough time to deal with the technical requirements of the project “Making Tax Digital“, in order to be able to connect their systems on 1 April 2019.

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5. Italy

As of 1 January 2019, all companies registered in Italy are obliged to invoice electronically. Furthermore, the invoices have to be submitted via a special portal of the Italian tax authorities. This applies to invoices to taxable persons as well as invoices to private individuals. Invoices regarding cross-border supplies of goods or services to recipients who are not established in Italy are not subject to the new regulations.

As of 01.07.2018, the new regulations are already applicable to supplies of fuels and to all supplies of goods and services to public bodies.

Moreover, Italy has eased regulations regarding input VAT deduction. Usually input VAT has to be deducted at the same time the output VAT on the underlying transaction is due. E.g. input VAT amounts of 2017 have to be claimed, at the latest, in the annual VAT return for 2017, which is due on 30 April 2018. However, the Italian tax authority has now clarified that input VAT from invoices issued in 2017, may also be deducted in 2018, if the customer receives the invoice in 2018 and if the invoice is included in 2018's VAT purchase-ledger.

6. Switzerland

On 4 March 2018, 71 % of the Swiss voted against the abolition of fees for public radio and TV. The result of the vote affects all companies listed in the Swiss VAT register. In accordance with article 70 section 2 of the federal law for radio and TV (RTVG), every taxable person listed in the Swiss VAT register is obligated to pay radio license fees. As of 1 January 2019, the amount of the fee will be calculated on the basis of the company's global turnover. In preparation thereof, as of 1 January 2018, even non-established taxable persons have to declare their global turnover in their Swiss VAT return.

This means that, for the first time, companies listed in the Swiss VAT register, will have to state their global turnover in box 200 of the Swiss VAT return for the first quarter of 2018.

Moreover, Switzerland is driving the digitalisation of the taxation process. As of 01.03.2018, import duty assessments will exclusively be issued electronically.

Being in possession of a proper import duty assessment is a material legal precondition for the input VAT deduction of import VAT. Therefore, in future, it will be necessary to have an electronic import duty assessment in order to be entitled to deduct import VAT as input VAT. Electronic import duty assessments may only be received upon registration with the electronic customer administration of the Swiss customs authorities.