KMLZ VAT NEWSLETTER

Planned amendments by the turn of the year

FRANCE does not have a filing deadline for VAT refund applications and implements obligation of electronic invoicing +++ ITALY shortens period for claiming input VAT deduction +++ CROATIA regulates correction possibilities and implements simplifications as regards import VAT +++ NORWAY increases the reduced VAT rate +++ POLAND postpones implementation of the Split-Payment-System +++ ROMANIA concretizes scope of application of the Split-Payment-System +++ HUNGARY publishes details regarding the obligatory electronic transmission of invoice details

A look across the border

1. France

On 04.12.2017, the Supreme Administrative Court decided that a VAT refund application for the year 2011, which was filed on 01.10.2012, cannot be rejected due to late filing. The court is of the opinion that France failed to provide for a preclusive period in accordance with sec. 15 RL 2008/9/EG pursuant to which, since 2010, VAT refunds have to be claimed by 30.09. of the following year via the portal of its state of residence. This means, that it might be possible to file VAT refund applications for the past with respect to which the deadline has already expired.

Further, France has expanded the obligation of electronic invoicing. Companies invoicing supplies to a public cooperation in France must issue their invoices by means of the portal "Chorus Pro", which is made available by the French Government.

As from 01.01.2018, this applies, for the first time, to medium-sized companies, with less than 5,000 employees and whose revenue does not exceed EUR 150 million or whose balance sheet is below EUR 200 million.

As from 01.01.2019 this obligation will be expanded to small companies with less than 250 employees and whose revenue does not exceed EUR 50 million or whose balance sheet is below EUR 43 million.

2. Italy

Companies should bear in mind that any input VAT which was incurred in 2017 must be reported in the annual VAT return which is to be filed by 30.04.2018, at the latest. The right to deduct input VAT is basically incurred at the point in time the VAT for the rendered supply arises.

3. Croatia

In Croatia, companies are obliged to report possible corrections, concerning the past year, in the VAT return for the last period (currently December 2017). This applies to corrections as regards input VAT deduction, deductible input VAT amounts and output supplies which have not yet been reported, as well as adjustments of the VAT rate. As from 01.01.2018, import VAT will no longer have to be paid on

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selected objects, the value of which exceeds HRK 1 million. The amount of import VAT which becomes due will then merely have to be reported in the respective VAT return but it need not be paid. This special clearance procedure requires the prior approval of the customs authorities.

4. Norway

As from 01.01.2018, Norway will increase the reduced VAT rate from 10 % to 12 %.

5. Poland

To date, Poland has not reached an agreement concerning the concrete implementation of the Split-Payment-System. Its implementation, which was scheduled for 01.01.2018 was, as a result, postponed to 01.07.2018. Application of the Split-Payment-System in Poland remains voluntary. It is for the recipient to decide whether or not the invoice amount is transferred to a separate tax account of the supplier.

6. Romania

On 13.12.2017, the Romanian parliament passed the law implementing the Split-Payment-System. The law stipulates that only the following companies will be affected by the Split-Payment-System, which will enter into force on 01.01.2018:

- Companies, which fail to pay their tax liabilities by 31.12.2017
- Companies, which fail to settle tax liabilities due in 2018 within 60 days
- Companies resident in Romania, whose assets are subject to insolvency proceedings.

Thus, the Split-Payment-System should not apply to companies which are not resident in Romania, provided that VAT is paid in due time. Registered companies, however, need to consider whether suppliers resident in Romania are affected by the Split-Payment-System. If this is the case, invoiced VAT amounts may need to be paid to the supplier's separate VAT account.

7. Hungary

As from 01.07.2018, the obligation to electronically transmit invoice details will enter into force in Hungary. Further details have now been published in this regard. Taxable persons will be required to electronically transmit invoice details to the fiscal authority within 24 hours. This applies to invoices for supplies taxable in Hungary, where the VAT amount shown in the invoice exceeds HUF 100,000. This means that tax exempt supplies or supplies to which the reverse charge mechanism applies are outside the scope of this regulation. Further, invoices for supplies to private individuals (B2C) are excluded from this regulation.

The implementation of the electronic reporting system concerns all companies, which are registered in Hungary. The implementation on 01.07.2018 is preceded by a test period, which will commence on 01.01.2018. Companies, which are registered in Hungary, can participate on a voluntary basis.