



KMLZ VAT NEWSLETTER

A look across the border

1. Poland

The reverse charge scheme for supplies of goods referred to in annex 11 of the VAT Act shall be amended as follows:

- limitation to supplies to customers that are registered as active taxable persons
- extension to products made of steel, gold (raw and semi-finished material), tablets, laptops, mobile phones and game consoles, if the remuneration for supplies during one day exceeds PLN 20,000
- implementation of recapitulative statements for domestic reverse charge supplies.

Originally, it was thought that these, changes would take effect from 1 January 2015, however it now seems likely they will be postponed until 1 April 2015.

2. United Kingdom

Currently, if a supplier offers a prompt payment discount, VAT is only due on the discounted amount, even if the customer does not take up the offer. As from 1 April 2015, the supplier will have to account for VAT on the undiscounted amount. If the payment is made in line with PPD terms, the supplier will then be required to issue a credit note to reflect the amount of the discount.

Changes at year end in other countries

With effect from 1 January 2015, all EU member states will amend their place of supply rules for telecommunication broadcasting and electronic services rendered to non-taxable persons and implement the Mini One-Stop Shop. To compensate for the resulting loss of revenue, Luxembourg intends to realize its plans to increase its VAT rates. Further changes to VAT rates in other countries are exceptional. The fight against VAT fraud remains the most predominant topic. Thus, the scope of the reverse charge scheme will be broadened in some EU member states. Entrepreneurs doing business in other countries should check whether the changes may impact upon them.

3. Italy

The government proposes to extend the reverse charge scheme for the following supplies carried out by suppliers established in Italy between 2015 and 2018:

- cleaning, demolition, maintenance and construction of immovable property
- transfer of carbon dioxide emission certificates
- supplies of gas and electricity to resellers.

4. Iceland

The standard VAT rate is intended to be reduced from 25.5% to 24%. The reduced rate of 7% will be increased to 12%.

5. Spain

As from 2015, import VAT will no longer have to be paid upon importation. Rather, the import VAT is deferred and can be declared and reclaimed, at the same time, in the



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relevant VAT returns. However, the scheme will only be applicable for taxable persons that are required to file VAT returns on a monthly basis due to high volumes of turnover.

To date, supplies of goods including installation were deemed to be rendered where the installation was physically carried out, assuming the goods were immobilized and the value of the installation services exceeded 15% of the total value. The threshold of 15% will no longer be relevant as from 2015.

As from 1 April 2015, the reverse charge scheme will be extended to the following supplies:

1. silver, platinum and palladium;
2. mobile phones; and
3. games consoles, laptops and tablets.

For the supplies referred to in nos. 2 and 3, the reverse charge scheme will only apply if the remuneration per economical transaction exceeds EUR 10,000. The threshold, however, does not apply to supplies to resellers.

6. Czech Republic

A new reduced VAT rate of 10% will be implemented for supplies of baby food, vaccines, medicine and printed books.

As from 2015, the reverse charge scheme will be extended to the following supplies:

1. carbon dioxide emission certificates;
2. mobile phones;
3. cereals;
4. gas and electricity to resellers;
5. telecommunication services;

6. metals (raw and semi-finished materials);
7. games consoles, laptops and tablets; and
8. integrated circuits and goods where such circuits are also installed (but does not include equipment for sale to final consumers).

The government will have to publish a regulation where it defines the supplies, out of the list above, to which the reverse charge scheme will apply as from 1 January 2015. The draft regulation does not refer to the supplies mentioned in nos. 4 and 5 above. Furthermore, the draft provides, with respect to nos. 6, 7 and 8, that the scheme will only apply if the net invoice amount exceeds CZK 100,000.

7. Hungary

As from 2015, the reverse charge scheme will be extended to cover supplies of metal and steel products. Similar to the German approach, the products will be identified by the number of the combined nomenclature (sections 7208-7215, 7217, 7304, 7306 and positions 73142010 and 73142090).

Taxable persons registered for VAT in Hungary and using software for invoicing are required to report certain information concerning the software to the tax authorities. For software already in use before 1 October 2014, the reporting deadline was 15 November 2014. Software purchased after this date will have to be reported within 30 days after the purchase or implementation.

Furthermore, the threshold as from which invoices with Hungarian VAT have to be reported in domestic recapitulative statements is going to decrease from 2 million. HUF to 1 million. HUF.