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KMLZ VAT NEWSLETTER

A look across the border

Planned changes by the turn of the year

AUSTRIA simplifies burden of proof for intra-Community triangular supplies +++ BELGIUM is to abolish advance payments if quarterly VAT returns are filed +++ FRANCE may raise its standard VAT rate +++ HUNGARY is changing its mandatory invoice requirements +++ ITALY is implementing quarterly VAT returns and is postponing an increase to its VAT rate +++ NORWAY is implementing the reverse charge mechanism for import VAT +++ POLAND is implementing automatic deregistration and further penalties +++ ROMANIA to lower standard VAT rate +++ SPAIN is expanding electronic reporting obligations +++

1. Austria

In Austria, it has become easier to avoid the consequences of the incorrect application of the simplification rule for intra-Community triangulation. In Austria, formal errors made by intermediaries, such as the failure to report supplies subject to simplification of intra-Community triangulation in the VAT return or in the recapitulative statement or incorrect invoicing, result in fictional deemed intra-Community acquisitions. These said fictional intra-Community acquisitions remain in issue until such time as the intermediary proves that the intra-Community acquisition has been reported in the country of destination. Such proof establishing that the intra-Community acquisition has been reported can take the form of a notional confirmation of the tax authorities of the country of destination. According to the Austrian Ministry of Finance, it is also sufficient for the intermediary to correct the formal errors in order to assume correct reporting in the country of destination. Only in the Czech Republic, Denmark and Malta is it necessary to provide a notional confirmation of correct reporting to the Austrian tax authorities.

2. Belgium

As a result of pressure from the EU Commission, it is planned to abolish advanced payments for quarterly VAT returns in Belgium as from the beginning of 2017. A final decision in this regard is expected during the first quarter of 2017.

3. France

In France, the standard VAT rate may be increased from 20% to 22%. The current favourite candidate in the upcoming presidential elections has promised to abolish the wealth tax and to reduce income tax. These tax cuts are to be financed by means of an increase to the VAT rate.

4. Hungary

As of 01.01.2017, the local tax number of the recipient will be required to be mentioned on the invoice if the VAT amount is in excess of HUF 100.000. The threshold was previously HUF 1 million.

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5. Italy

As of 01.01.2017 Italy will abolish the annual VAT return, instead requiring all taxable persons to file VAT returns on a quarterly basis. The quarterly VAT returns will be due by the end of the second month following the respective quarter. Late filing penalties of between EUR 5,000 and 50,000 are planned. However, the existing monthly VAT settlements will remain in place. This means that monthly VAT payers still have to pay the VAT due by the 16th of the following month.

Furthermore, so called Spesometro declarations are to be introduced as of 01.01.2017. These obligatory declarations include detailed information on all sales invoices issued and purchase invoices received. The Spesometro declaration will also have to be filed on a quarterly basis. Only distance sellers may avoid this reporting obligation by changing their accounting method to the extent that a simple "purchase receipt" is issued instead of an invoice.

The originally planned increase in the standard VAT rate from 22% to 24%, which was to come into effect as of 01.01.2017, has been postponed until 2018.

6. Norway

As of 01.01.2017 import VAT may be reported in the VAT returns. Currently, only input VAT deduction from import VAT can be claimed in the VAT return. Any import VAT due, has had to be reported in the customs declaration. Consequently, where a taxable person is entitled to full input VAT deduction, the import VAT will be reported like a reverse-charge tax liability. Import VAT due may be deducted at the same time and in the same amount. This applies to all businesses registered in Norway.

7. Poland

As of 01.01.2017, all businesses, which have not rendered or received any taxable supplies in Poland during six consecutive months or two consecutive quarters should be automatically deregistered. Any input VAT amounts incurred after this time would then have to be claimed in the course of the input VAT refund procedure.

Furthermore, it is planned to introduce new penalty surcharges in the amount of 20%, 30% and 100% of the VAT liability in cases where too little output VAT was reported or where too much input VAT was claimed.

8. Romania

The announced amendment of the standard VAT rate from 20% to 19% as of 01.01.2017 seems to have finally been adopted. After the elections of 11.12.2016, the acting prime minister decided against the reversal of the proposed decrease of the VAT rate. However, as the party which ultimately won the election strongly campaigned for a VAT rate of 20%, it is possible that the VAT rate will indeed increase to 20% during the course of 2017.

9. Spain

It is planned to implement a new electronic reporting process in 2017. The intention is to require the submission of information regarding all sales invoices issued and all purchase invoices received during each month. The information will have to be submitted to the tax authorities no later than four days after the respective month has expired. It is expected that the Spanish tax authorities will shortly publish further details concerning the technical implementation.