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TRA ANNUAL GENERAL MEETING 2015 IN MADRID

Last March the 26th it took place the third meeting of European VAT specialist. Tax Representative Alliance (TRA) hand in hand with its Spanish member Tax Partners, organized this meeting with the purpose of strengthening relationships among member states (20 currently) and provide a space of higher fluency in terms of indirect taxation with countries of our environment.

After the first meeting in Paris (France) in 2013 and the second meeting in Regensburg (Germany) in 2014, this meeting in Madrid has been the base for developing the cooperation among the participating companies. We cannot leave out nowadays companies have access to markets that remain beyond their own countries. TRA aims to enhance the structures of cooperation among its members, and can offer an expert one-stop-shop service on VAT issues and taxation for all these companies, making it easier for them to access these new markets.

Tax Representative Alliance (TRA) sets itself up as a reference for international collaboration for tax purposes.

Members have had the chance to enjoy Madrid's people and culture making this event extensive to different traditional activities over the weekend, with a wonderful weather. For more information about TRA and its members please visit the following website:

www.tax-representative-alliance.org

SPAIN New Reverse charge rule for deliveries of certain goods

From April the 1st 2015, a new Reverse Charge Rule shall be applicable to certain deliveries of goods in order to avoid fraud situations.

Among other goods, this rule shall be applicable to mobile phones, videogame consoles, laptops, digital tablets etc...

From April the deliveries of these goods to re-sellers shall make them VAT subjects of the transaction using this rule.

Also those entrepreneurs or professionals, non re-sellers, who purchase these items for an amount that exceeds 10.000 Euros in the same invoice, shall be obliged to use Reverse Charge rule.

This specific measure pretends to fight against Carrousel Fraud, which is quite common in the purchase of these electronic devices.



Luxembourg Topics - year 2015

1) Increase of VAT rates

The standard, the intermediary and the reduced rates will increase each 2%, and are as from January 1, 2015 of 17%, 14% and 8%.

The super-reduced rate of 3% is not increased but its application is revised in the following matters:

- The 3% rate applies to catering services rendered also outside of restaurant premises but the supply of alcoholic beverages served are now excluded from the 3% rate. These supplies become subject to 17%;
- The VAT rate on construction of housing as main residence of the owner remains 3%. The VAT on construction of housing for rent reaches 17%. There is a transitional period till the end of 2016 in which the 3% rate can still be applied by individuals who have requested an approval of its use from the authorities before 1 January 2015;
- The 3% rate applies to shoes, accessories and clothes designed to children under the age of 14.

It is interesting to note that the increased Luxembourg VAT rates remain the lowest VAT rates within the EU.

2) A new procedure to claim periodical VAT refunds is introduced

As from 1 January 2015 for VAT registered businesses, the VAT authorities are bound by deadlines in which the VAT refund claims should be considered and during which additional information can be requested from the VAT-payer, if necessary.

The non-observance of these deadlines will trigger a right to default interest payment in favor of the taxpayers with respect to their legitimate VAT recovery claims. In the event of refusal, the taxable person can initiate administrative and judicial appeal proceedings.

3) Place of telecommunication and electronically supplied services

Following the implementation of the Directive 2008/8/EC as at 1 January 2015, the place of taxation of telecommunication services, electronically supplied services, radio and broadcasting services provided to EU private customers will shift to the country of the customer.

Within the framework of these changes, the definition of "telecommunication services" as mentioned in the VAT Directive is introduced in the Luxembourg VAT Code.

VATMOSS platform is available on-line on the website of the VAT Authorities.

Romania - New provisions regarding the registration/ cancellation of VAT registration numbers

During the last period, several Orders of the President of the National Agency of Fiscal Administration in Romania have been published, amending certain VAT provisions. The new Orders amend mostly the criteria for registering for VAT purposes in Romania, as well as the registration/ cancellation by default of VAT registration numbers.

Under the new provisions, in order to register for VAT purposes, companies established under Law no. 31/1990 regarding trading companies need to prove both the intention and the capacity to perform economic activities. Such intent and capacity are assessed by the competent tax authorities based on a statement of own responsibility submitted by the taxable person.

Taxable persons who partially meet the assessment criteria will be invited to the competent tax authority to clarify their intention and capacity to perform economic activities.

Provided that subsequent to the discussion with the tax authorities, the taxable person does not clarify both the intent and the capacity to perform economic activities, the VAT registration applications will be sent, for settlement purposes, to the competent regional antifraud directorate.

In addition, new provisions regarding the cancellation of VAT registrations have been implemented, based on the incorporation type, as provided by Law no. 31/1990 regarding commercial companies, as follows:

-for joint stock companies or limited share companies, the VAT registration is cancelled provided that a director and / or the taxable person itself have certain offences in their tax record;

-for other types of company, the VAT registration is cancelled provided that the main shareholder or sole shareholder and / or a director and / or the taxable person itself have certain offences in their tax record.

For companies that cannot prove either the intention or the capacity to carry out economic activities, under the Fiscal Code criteria, the VAT registration is cancelled at the communication date of the decision for annulment. Taxable persons whose VAT registration has been cancelled by default, as a result of inactivity, would not be registered by default for VAT purposes, as previously done. Such new provisions came into force as of February 2015.

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Norway

Our dear sister company, Merisma Accounting AS, has merged with another accounting company called Censa AS, enabling a unique focus on accounting for local Norwegian and Swedish clients. Merisma Tax is not a part of the merge, and has decided to continue as a strong and more targeted company helping international clients to succeed in Norway. The new name of Merisma Tax AS will from December 2014 be **ARDUR TAX AS**. As a client or partner you will not feel a big difference, except from the fact that we have grown and are giving even more focus on the services we deliver. It is still the same dedicated people and owners as before!

Our employment and umbrella company Merisma Payroll Services AS will change the name to **ARDUR EMPLOYMENT SERVICES AS**.

Read more about Ardur at www.ardur.no.




4) Information to be provided

Together with the obligation to provide accounting information and documents when requested by the tax authorities, the VAT-payers are also able to provide data from their cash registers or stock records.

5) Periodicity

New conditions have been introduced to benefit from the derogation for VAT filing periodicity (i.e. filing of annual / quarterly VAT returns instead of monthly VAT returns).

Indeed, VAT-payers will be able to benefit from this derogation only if: (1) they meet their filing and payment obligations and (2) there are no serious, precise and consistent indications of breach.

Tax audits in France/File of accounting entries

Since January 2014, French companies that keep their accounts using IT systems are required to provide the tax authorities with a file of accounting entries (*'Fichier des Ecritures Comptables'* or *'FEC'*) for the purpose of tax audit.

Although this obligation has not yet been published in the Official Tax Bulletin, the French tax authorities issued a notice on 24 September 2014 on their website, whereby they specify that this obligation also concerns businesses based outside France to the extent that they are registered for VAT purpose and carry out transactions for which they need to file VAT returns in France.

FEC : what is it about ?

The file of accounting entries is a single electronic file that lists in chronological order all accounting data and entries traced in all ledgers for a given financial year, according to specific standards. The implementation of this file is an offshoot of SAFT- T (Standard Audit File for Tax), which is a recommendation of the OECD. The latter includes 62 areas and covers a wide scope of areas of the business (accounting, purchasing, sales, management control, inventory, fixed assets).

This electronic file must be available and be provided at once at the time of tax audit, for each of the last 3 financial years.

The authorities may perform simple operations on the file, namely sorting, filing and all calculations that allow them to ensure consistency of accounting documents with the tax returns filed by the taxpayer.

The FEC should notably include items needed to identify the VAT treatment applicable to purchases and sales of goods and services.

What is the level of possible penalties ?

Failing to provide the FEC in due time and in the required format may lead to penalties amounting to 10 % of any VAT reassessed with a minimum fine of € 5,000 per fiscal year.

Depending on the case, it cannot be ruled out that the tax authorities consider the lack of FEC to constitute an 'obstructive move' against the tax audit procedure, and claim a 100 % penalty of any VAT reassessed.

On Greek VAT law, below change were applied

1. Annual VAT return submission is abolished

Taxpayers were obliged to submit an annual VAT return, in addition to the periodic VAT returns. The purpose of the annual return was to summarize the data already submitted in the periodic VAT returns and accordingly finalize the annual pro-rata calculation and VAT adjustments. Pursuant to Law 4281/2014, the obligation to submit the annual VAT return is abolished for fiscal years ending later than January 14, 2014. This is an attempt to reduce VAT related administrative burdens. Pro-rata calculations and VAT adjustments, as well as other similar actions that were performed through the annual VAT return, will be performed from now on in the periodic VAT returns

2. Special VAT regime for small enterprises

Special VAT regime for small enterprises becomes simpler to apply. Law 4281/2014 has simplified the conditions for qualifying under the special VAT regime for small enterprises. More specifically, under the revised regime, taxable persons whose turnover in the previous financial year have not exceeded the amount of 10.000€, are eligible for the regime, under which they will not have the obligation to charge VAT at their invoices, to submit VAT returns and pay VAT. At the same time they will not be entitled to deduct VAT they incur on their expenses. The regime is optional for the taxable persons who are eligible, however if the option is exercised, it can be revoked only after two years. To be noted that the regime does not apply to taxable persons that are not established in Greece.

3. Simplified form for periodic VAT returns

A new simplified form for periodic VAT returns is active for accounting periods starting from January 1, 2015. Form will also be used for VAT refunds.



SIMPLIFY

IDEP platform replaced CBS-IRIS for Dutch Intrastat returns

As per 1 January 2015, the Dutch Intrastat returns have to be submitted via another system, i.e. a web based/online platform. The current CBS-IRIS software has been replaced by the so-called IDEP (Intrastat Data Entry Package) platform, which is in use in other countries of the European Union as well. This new web based technology will apply as of the Intrastat return for the month January 2015.

The statistical authorities have, therefore, sent information and login details to all companies which have the obligation to submit Dutch Intrastat returns already.

