TRA
Tax Representative Alliance
International VAT Advisory

TRA website will be online at the beginning of June 2013

www.tax-representative-alliance.org

NEWSLETTER I/2013

The Tax Representative Alliance (TRA) is an Alliance of specialized VAT consulting firms from all over Europe. TRA was founded some months ago and has member firms in 12 European countries.

About TRA

The Tax Representative Alliance (TRA) was the idea and initiative of the French member firm La Représentation Fiscale (LRF). Corinne Maure, managing director of LRF, closely supported by LRF colleague Laeticia Mayo, contacted several VAT specialists in other European countries and created today´s TRA association. Most of TRA´s members are accountants, lawyers or tax advisors who handle the VAT affairs of foreign groups and companies as tax representatives in their states.

The goals of the members of the alliance are to:

- have a very good knowledge of European VAT matters and international business and inform the other members of new tax rules in their country or any other useful information;
- handle the VAT registration of the clients in one or several European countries;
- issue and submit to the tax and customs authorities, on behalf of the clients, their VAT returns, VAT payments, claims for VAT refunds or intrastats in one or several European countries;

TRA Annual Meeting 2013 held in Paris

The **first and founding meeting of TRA** was held in Paris, France, on 1st March 2013. It was also the **50th anniversary of LRF**, which was the first VAT representative company in France and has specialized in VAT since 1963.

More than 20 people from **11 member firms** from Spain, Portugal, Italy, Cyprus, France, Greece, Germany, Malta, Latvia, Poland and the Netherlands attended the first annual meeting in Paris. Every member firm presented its services to the other members and then discussed and voted on the alliance statutes and the alliance structure.

The first board elections had the following results: TRA President Corinne Maure, LRF, France, TRA Vice President Matthias Winkler, SH+C, Germany, TRA Secretary Stephen Balzan, EMD, Malta, TRA Treasurer Constantinos Ekkeshis, Ekkeshis + Ierodiakonou, Cyprus, TRA Board Member Luis Felipe Tapia Polo, Tax Partners, Spain.

Above: Photo from the first TRA meeting

Date for the Diary

Annual Meeting 2014 in Bavaria

The next TRA annual meeting was announced for **14th March 2014** and will take place in **Regensburg, Bavaria.** Regensburg is a town near Munich, where the headquarters of German TRA member firm SH+C are located. “We expect 40 people from approximately 20 members firms to the next TRA meeting”, TRA Vice President and SH+C partner Matthias Winkler said.

Tax News

France - New 5,5% VAT rate for books

Since 1st January 2013, the reduced VAT rate of 7% for **books** has changed and is now **5.5%.** This change concerns the purchases, imports, intracommunity acquisitions, sales, deliveries, commissions, brokerages and the production of books. This new rule is applicable to books printed in any medium, as well as downloadable books.

Business Achievements

German TRA member receives award from business magazine

Every year, the German business magazine **'FOCUS-MONEY'** presents awards to Germany´s leading tax consultancy and audit firms. The evaluation is based on the tax knowledge, know-how, quality of services, specialization and business success, as well as on their motivation to prepare seminars and lectures.

In 2013 - as in the six years before - SH+C was given an award for being one of the leading German tax consultancy and audit firms in the field of corporate tax law, as well as advising medium-sized enterprises. This year, more than 46.000 German tax consultants were asked to participate in the survey and SH+C was included on the list of the **145 best tax advisory offices** again. The results were published in issue 7/2013 of the magazine.

- handle all VAT and customs issues relating the European and international business of the clients;
- make European and international business easier for the clients, in respect of the tax rules by providing relevant advice;
- provide relevant reports and, if necessary, use cross-checking and coherence calculation;
- work within short timescales;
- offer competitive fees.

Together with the other TRA members we can provide cross-border VAT representation and VAT advisory services. In particular, we can coordinate the VAT registration of a company in several European countries and then the later monthly or quarterly compliance. The client always has the advantage that they have only one point of contact with us and then we handle their VAT affairs in the other European countries along with our TRA colleagues. Large stock-listed groups, airlines and manufacturers located all over the world are clients of TRA members, as well as medium-sized companies and smaller firms, such as Amazon dealers.

Romania - TRA Brand New Member

Tax Representation SRL joined Tax Representative Alliance as the Romanian member firm as of May 1st 2013. Tax Representation SRL is one of the leading mid-size Bucharest based firms focused on international VAT advisory and tax representation servicing an international clientele on VAT matters (planning, registration, recovery, compliance, representation, pre-audit) as well as capital gains tax advisory, claw back tax representation (owed by non-registered pharmaceutical market authorization holders) and permanent establishment registration and compliance.

Tax Representation SRL currently assists a diverse portfolio of international clients through a multidisciplinary and multilingual team of lawyers, tax advisers and accountants with significant expertise and market knowledge. Being set-up in 2007 as part of a bigger practice of multi-disciplinary services, it grew into a focused, stand-alone VAT and tax representation practice retaining the advantage of a specialized and independent firm while keeping the wide and long standing portfolio of local and international partners, which makes it a reliable asset for TRA and its current and future member firms and their clients.

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Poland - New Invoicing Rules to make it simple

From January 1st 2013, there have been significant simplifications in the issuing of invoices in Poland.

The most important beneficial changes for the companies are:

1. For VAT exempt taxpayers, the ability to issue VAT invoices, whilst maintaining the possibility of issuing bills,

2. VAT invoices documenting the fuel sales will not have to include the car registration number to which the sale pertains,

3. Introduction of simplified invoices (where the gross amount of the documented transaction does not exceed 100 EUR /450 PLN), whilst maintaining the VAT invoices with all data included,

4. Amendments regarding internal invoices,

5. The possibility of choosing how to calculate the VAT amount - from the gross amount,

6. The possibility of issuing the summary invoices for the supplies within one calendar month,

7. The possibility of documenting the invoices issued for intra-Community supplies by the 15th day of the month following the month when the transaction took place.

Germany - Relieving modifications concerning entry certificates for intra-community deliveries

The German tax authorities have changed the VAT law relating to the entry certificate regulations for intra-community deliveries starting October 1st, 2013. The entry certificate is one of the documents proving movements to other EU countries.

The document should contain the name and address of the recipient, the place and month of the end of the transport, the certificate's date and a signature of the recipient or of an authorized person. Additionally, it is possible to have a certificate consisting of several documents and an electronic certificate (e.g. via email) without a signature, if the recipient is distinguishable.

Country Highlights

Poland - A symbol of Stability and Prosperity

Small foreign companies have become very fond of Poland.

At the end of 2011, Poland had just over 24,9 thousand foreign companies registered there, an increase of 7,9 percent over the previous year – source: GUS (Central Statistical Office).

In 2011 alone, a total of **1533 foreign companies were established in Poland** which is the highest result since 2008.

Specific to 2011 was that up to 93 percent of new foreign enterprises established in Poland were micro-companies hiring no more than 9 employees. Most of them started in the trade sector. As a result, the declared foreign capital of all companies was 51 percent lower than in 2010 and totalled circa 930 million PLN. The experts concluded that in addition to the **spectacular investment** widely reported by the media, Poland has a pretty wide stream of small businesses. Even less well-known entrepreneurs, mainly from Germany, Scandinavia and Italy, are seeing the potential in Poland to sell their products.

Against the background of the Euro Zone being in recession and weaker consumer moods, **Poland appears to be stable and have a large market**.

Tax News

Spain - Reduced VAT 10% rate shall remain for Food and Beverage, Transport and Tourism

Mr Cristobal Montoro, Spanish Ministry for tax matters, has just declared **there shall not be a VAT rate increase in these three sectors**, and furthermore that this is no time for VAT rate increases but for tax burden restructuring.

In Spain, these three fields have a remarkable importance and the Spanish Government has no intention of harming these engines of the domestic economy.

Spain - From 2014 New VAT accrual criteria according to cash-flow

Due to the delay in receiving payments from clients, many companies and entrepreneurs in Spain have to advance VAT payments to the Spanish Treasory, which sometimes are not subsequently collected from the clients.

In order to avoid financial disarrangements, the Spanish Authorities made it compulsory to reduce payment terms to 60 days as a general rule.

Unfortunately, this has not been as effective as expected, and is the reason why from **2014** the Spanish Tax Authorities have decided to change the VAT accrual criteria into a **cash flow basis.** This means that Spanish companies and entrepreneurs will only have to pay output VAT to the Treasory once they have collected it. This should make the big difference which has been expected for so long.

Cyprus - Main VAT modifications due to Economic Crisis

The most important implication for VAT purposes is the increase of the standard VAT rate for the supply of goods and services from 17% to 18% for the period from 14 January 2013 to 12 January 2014.

Moreover, a further increase from 18% to 19% is provided from 13 January 2014 onwards.

The supplies of goods and services that fall under the zero VAT rate or are exempt from VAT will continue to be treated in the same way for VAT purposes after 14 January 2013. Furthermore, the change in the standard VAT rate will not affect the reduced rates of 5% and 8% for the period from 14 January 2013 to 12 January 2014. As from 13 January 2014, the reduced rate of 8% will increase to 9%.

With the increase of the standard VAT rate the transitional provisions of Article 55 of the VAT Law apply, based on which a taxable person has the choice of applying the old VAT rate or the new VAT rate only for certain cases. These cases are as follows:

- When goods were delivered before 14 January 2013 and the payment was made and/or the invoice was issued after 14 January 2013, then the taxable person may apply the old VAT rate.

- When a deposit was received before 14 January 2013 and the goods were delivered and/or the invoice was issued after 14 January 2013, then the taxable person may apply the VAT rate of 17% only on the amount of the deposit.

- When services are provided and part of the service is provided before 14 January 2013 and part of the service is provided after 14 January 2013, the taxable person may charge the old VAT rate for the part of the work that was performed before the change in the VAT rate and charge the new VAT rate for the part of the work that was performed after the change in the VAT rate. A taxable person has the right to make such an allocation, provided that there is an ability to allocate based on the volume of work performed and the taxable person's costing or pricing system.

Based on the transitional provisions, the taxable person does not have the right to choose in the following cases:

- When the payment was made and/or the invoice was issued before 14 January 2013 and the goods were delivered after 14 January 2013, then the taxable person must apply the old VAT rate.

The transitional provisions do not apply in cases of provision of legal services and services relating to the construction industry where special rules apply (i.e. whenever a tax point is created, the taxable person must charge the VAT rate that applies on that date).

Stocktake procedures

Due to the changes of the standard VAT rate, a stocktake must be carried out on the date of change. The stocktake records should include the quantity and cost of the stock kept as at the date of change. The records must be kept for 6 years.

La Representation Fiscale - 50th Anniversary

The Tax Representative Alliance (TRA) was the idea and initiative of La Représentation Fiscale (LRF) that celebrated its 50th anniversary on 1st March 2013 at Pavillon Dauphine in Paris.

The founder of LRF, Yves Laflaquière, who is still a partner of the company, was present with Corinne MAURE, who joined the company in 1998 and became partner and Managing Director in 2004. They welcomed clients and business associates, including lawyers, accountants and freight forwarders, as well as the members of the Tax Representative Alliance (TRA).

During her speech, Corinne Maure reminded those present that having been, for a long time, the only company in France developing the activity of fiscal representation, LRF has played an important role in improving and regularizing texts and procedures.

She indicated that, since its creation, the aim of LRF has been to represent foreign companies from all over the world, essentially with regard to VAT and to assist them with handling formalities and declarations on their behalf.

LRF has extended the services it provides to indirect taxes, such as Insurance Premium Tax (IPT), taxes on the sale of gas, taxes on e-gaming and betting, capital gains tax and has recently created the TRA, a European association of VAT specialists, in order to provide the same services throughout the whole of Europe.

All members of TRA drank the toast to the next 50 years of LRF.

COUNTRY HIGHLIGHTS

Cyprus - Agreement between EuroGroup and Cyprus Government

On March 25th 2013, the Eurozone Finance Ministers, known as the Eurogroup, reached an **agreement with the Government of the Republic of Cyprus** on a **€10 billion bailout** for Cyprus. As part of the same agreement and in addition to the amount of the bailout, Cyprus would have to take additional measures in order to finance its own debt and the restructuring of the banking sector for an amount of at least €7 billion.

The most controversial decision taken by the Eurogroup was what has been defined as a bail-in by depositors. Initially, the bail-in plan (as agreed by the Eurogroup on 15th March 2013) was planned to be imposed on all depositors with insured deposits (i.e. those with deposits of less than €100,000) who would have to contribute 6,75% on their deposits, and uninsured depositors (i.e. those with deposits exceeding €100,000) would have to contribute 9,9%.

This plan was rejected by the Parliament in Cyprus as it was considered unjust for smaller depositors and was against EU principles and directives that consider **deposits less than €100,000 as safe.**

Consequently, the initial plan was changed and it was decided that Cyprus` second largest lender, the Cyprus Popular Bank, will be wound down (by being split into a 'good' and a '**bad' bank),** whereas the Bank of Cyprus` uninsured deposits will take losses up to 60%. (These were the two financial institutions with the most severe solvency and liquidity problems).