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International indirect tax ebook

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As more and more goods and services are crossing national borders than ever before, and with indirect taxes being adopted by a growing number of tax authorities, international businesses are facing tax issues in many overseas countries – including the possibility of having to account for tax in the country where their customer is located.

Those businesses face a significant challenge because of the nature of indirect taxes, and the way in which the rules are applied locally as these can vary significantly from country to country – even between countries that are supposed to apply them in the same way. Those differences make understanding and complying with the requirements a complicated and time consuming task.

However, one thing that all indirect taxes do have in common is the fact that they are transaction based. That means that they need to be considered at an early stage, if unexpected liabilities and unnecessary costs are to be avoided.

This international indirect tax guide provides an overview of the different indirect tax rules and regulations in a number of countries and details of how you can get further advice from Grant Thornton specialists who can help with:

- *Identifying where transactions are taxed* – indirect taxes have special rules that determine the time and place where a transaction is taxed. Sometimes that means the taxation occurs in the country where the supplier belongs, and in other cases where the customers belongs.
- *Registration* – a business may need to register for the local indirect tax in countries where it is deemed to be undertaking taxable transactions. Registration may still be necessary even if it does not have any conventional or obvious business presence in the country concerned.
- *Planning for transactions* – the indirect tax implications of reorganisations, acquisitions, and the disposals of overseas businesses need to be considered at the planning stage to ensure that they are undertaken in the most tax efficient manner.
- *Compliance* – using expert local knowledge to assist you with the preparation and submission of the indirect tax returns, and advise on when any tax liability has to be paid.

For a more detailed discussion on any of the country specific indirect tax rules, or advice in connection with a particular transaction, please contact the relevant country contact listed at the end of each article and at the back of this guide.

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Republic of Albania

Indirect tax snapshot

What are the current rate(s) of indirect tax?

- Standard rate of 20% for most goods and services.
- Reduced rate of 10% applies to the supply of medicines and medical care services up to 31 March 2014. Starting from 1 April 2014, the supply of medicines and medical services are exempt from VAT.
- Zero-rated and exempt – exports of goods, international transportation services and related supplies, as well as supplies of goods and services relating to maritime activities, are zero-rated; there is a list of exempt supplies of goods and services.

Are there any confirmed or anticipated changes to these rates?

No any recent change is confirmed.

What is the principal indirect tax?

Albanian Value Added Tax (VAT) is the principal indirect tax in Albania. It is applied at each stage of production and distribution process of a good or service. VAT generally applies to the following transactions: The supply of goods and services performed by a taxable person in Albania; Importation of goods into Albania, regardless of the status of the importer; services purchased by taxable persons in Albania from service providers whose place of business is outside Albania, such services are subject to the reverse-charge mechanism.

Is there a registration limit for the tax?

Yes. It relates to the annual turnover of taxable transactions in Albania, and once the limit has (or will be) reached it is necessary to register. Persons involved in import or export activities must register for VAT regardless of the amount of turnover.

Does the same registration limit apply to non-established businesses?

No. There is no registration limit for businesses that are not established in Albania and they will need to register as soon as they start to make taxable transactions.

Does a non-established person need to appoint a fiscal representative in order to register?

In certain circumstances, a non-established person may be directed by Albanian tax authority to appoint a fiscal representative.

How often do returns have to be submitted?

The tax period is a calendar month.

Are penalties imposed for the late submission of returns/payment of tax?

Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.

Are any other declarations required?

No. Monthly VAT returns are the only one declaration required.

Are penalties imposed in other circumstances?

Yes. Penalties can be imposed for a range of errors or omissions.

Can the tax incurred by overseas businesses be claimed if they are not registered in your country?

No. Non-established businesses may not obtain refunds of VAT incurred in Albania.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Albania. Value added tax (VAT) shall apply to:

- the taxable supplies of goods and services provided by a person who carries on business activities in the territory of the Republic of Albania
- the imports of goods into the territory of the Republic of Albania.

A VAT taxable event is to be considered at the time and place of supply for goods or service.

Time of supply

A supply of goods or services is considered to be performed at the moment when a receipt is required to be issued or when goods or services are delivered. If the payment is made before delivery of goods or services, the moment of supply is the moment when the payment is made. Special rules apply to construction companies.

Place of supply

The place of supply of goods is the place where the goods are delivered or made available by suppliers. The location of a supply of services is the place where the service actually occurs and is carried out by the supplier. A supply of services relating to immovable property is performed where the immovable property is located, a supply of services of transport, or services that are included in transport, are performed where the transport occurs.

Application of 'Reverse Charge System' on the import of services

For taxable services supplied by a supplier that does not have a place of business activity in Albania, and where services do not fall under the categories of international transportation and are not related to immovable property, the customer (beneficiary of the services) is considered to have supplied the services to itself in the course of its business activity. In such cases, the reverse charge system must be applied by the customer.

VAT payable by a taxpayer for a tax period equals the VAT on the total taxable value of supplies made during the tax period, minus any input VAT (including any VAT paid at importation) allowed as a deduction. If the input VAT is higher than the output, then the difference is a VAT credit which can be carried forward to subsequent months. Otherwise if the output VAT is higher than the input VAT, the difference represents VAT payable to the tax authority.

VAT rates

The VAT standard rate is 20%.

Reduced rate at 10% applies to the supply of medicines and medical care services up to 31 March 2014. Starting from April 1, 2014, the supply of medicines and medical services are exempted from VAT.

Exports of goods, international transport and services relating to maritime activities and supplies relating to international transport are zero-rated. There are exempt supplies of goods and services stipulated in the Albanian VAT law. The list below gives examples of exempt supplies of goods and services, (the lists are not exhaustive):

- supply and rent of land and buildings
- financial services
- postal services
- education services
- hydrocarbon exploration operations (only for the research phase)
- printing and sale of publications
- media advertising
- betting, lotteries and gambling
- international services
- supply of iron and cement, to the construction of hydropower entities, which, under the respective agreement, use as raw material for the construction of hydropower plants
- the supply of medicines and medical services, starting from 1 April 2014
- final import of exempted goods
- import of machinery and equipment, in order to meet contracts and investments over 50 million ALL (or approximately €359,000)
- import of machinery and equipment, in order to achieve the investment contracts in the active processing and agribusiness.

Taxpayers who carry out VAT activities as well as VAT exempt activities, can credit only that portion of their input that corresponded to the VAT subject activities.

Most goods imported into the Albania from outside are subject to VAT. The tax will have to be paid by the importer at the time of importation. The taxable amount of imported goods includes transportation and insurance costs, import costs and any applicable taxes, duties or tariffs.

Input VAT on the certain supplies is not considered deductible for VAT purposes.

VAT deferral scheme

The VAT deferral scheme applies to the importation of machinery and equipment used for the business purposes of the Albanian taxpayer, regardless of the type of economic activity. VAT payment on such machinery and equipment may be deferred for up to 12 months from the moment of importation. For projects with an investment implementation phase of longer than 12 months, deferral of VAT is extended on fulfilment of requirements set out by the Ministry of Finance of Albania.

Is there a registration limit for the tax?

VAT taxable persons are all individuals and legal entities making taxable supplies and having an annual turnover in excess of ALL 5 million, in such case, the registration for VAT purposes is required, except for the supply of professional services, for which the VAT registration is required regardless the annual turnover. For individuals and legal entities that operate in the import/export sector it is mandatory to be registered, notwithstanding the annual turnover.

An option is available for entrepreneurs to register earlier or on the beginning of their economic activity.

The Council of Ministers revises the minimum limit when it deems necessary, taking into account inflation or economic and administrative factors and replaces it with a new minimum threshold for VAT registration purposes.

Any VAT registration covers all economic activities of the person registered. The Albanian VAT law does not allow group registration.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

A 'non-established business' is a business that does not have a fixed establishment in Albania.

A non-established business that makes VAT taxable supplies of goods or services in Albania must appoint a VAT representative to register for VAT, to account for Albanian VAT on the supplies. The VAT representative must be resident in Albania.

A non-resident taxable person is obliged to register through a tax representative to pay VAT in Albania, regardless of whether the value of the supply of service exceeds or no minimum limit for VAT registration.

Does a non-established business need to appoint a fiscal representative in order to register?

When a person is a taxable person for the purposes of VAT law, but does not have a place of business, or in the case of an individual, a usual place of residence in Albania, the Ministry of Finance has the right to ask him to appoint another person as his tax representative.

The VAT representative, must be resident in Albania and may act on behalf of the taxable person for all purposes related to VAT and is directly responsible for compliance with all VAT obligations. In case of a failure to appoint a tax representative, the obligations and penalties would be paid by the domestic beneficiary of the supply.

The tax authority in Albania may direct a person to appoint a VAT representative to act on his behalf for VAT purposes where the person:

- is a taxable person or makes taxable supplies in Albania
- is not established and does not have a 'fixed establishment' in Albania
- in the case of an individual, he does not have his 'usual place of residence' in Albania.

Example: Services related to immovable properties, a non-resident person provides services related to immovable property in Albania and does not have a place of business in Albania, has to register for VAT purposes (through a fiscal representative) regardless of the value of the services provided.

How often do returns have to be submitted?

The tax period is a calendar month. Purchase and sales books must be submitted monthly by the fifth day of the following month. VAT returns must be submitted monthly by the 14th day of the month following the tax period. The deadline for a VAT payment is the same as the deadline for the filing of VAT returns.

Are penalties imposed for the late submission of returns/payment of tax?

A default surcharge penalty may be imposed by the tax authority if VAT returns are not submitted on time, or the related tax is not paid by the due date. Each late tax filing is subject to a penalty. Late payment of a tax obligation triggers a penalty amounting to 5% of the tax due for each month of delay, capped at 25% of the unpaid tax liability. In addition, default interest applies.

Are any other declarations required?

Not applicable, monthly VAT returns are the only declaration required.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Civil penalties and interest can be applied for errors and omissions made on tax returns, or where the tax is paid late. Inaccurate completion of a tax filing or a tax refund claim is subject to a penalty of 5% of the undeclared tax liability or the excess tax refund claimed for each month of delay, capped at 25% of the relevant tax amount. In addition, default interest applies.

Concealment of tax obligations constitutes a fiscal evasion and is subject to a penalty of 100% of the tax amount evaded. Improper administration of sales and purchases books and documentation is subject to a penalty. The failure to issue a VAT fiscal invoice for the whole amount of the transaction is subject to a penalty of 100% of the undeclared and unpaid tax liability apart from the penalties determined.

A taxpayer, who issues an inaccurate VAT fiscal invoice, decreasing VAT liability, or increasing the amount to be reimbursed, is subject to a fine equal to 50% of the reduction amount and additional taxes with interest calculated in accordance with the provisions of the tax laws. A taxpayer who issues an inaccurate VAT fiscal invoice but has no effect on the calculation and payment of taxes, will also be punished with a fine. Criminal proceedings may be brought in the case of more serious matters, these offenses relate to certain situations, including, but not limited to, the following:

- taxpayers willfully engaging in fiscal evasion
- taxpayer not paying taxes to the state budget
- taxpayers destroying and concealing important tax documents and information.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Albania?

No, it is not possible to reclaim the VAT incurred by overseas businesses if they are not registered in Albania. Non-established businesses may not obtain refunds of VAT incurred in Albania.

What information must a VAT invoice show?

The general director of the tax authority approves the VAT invoice format, which is printed and distributed by the tax authorities or by authorised private entities. VAT fiscal invoice is compiled in the form prescribed by the Minister of Finance, and includes:

- the seller's name, address and VAT registration number
- the customer's name, address and VAT registration number
- the transporter's name, address and VAT registration number as well as the license plate number of the vehicle and the time of supply
- the invoice date
- pre-serial number
- the ordinal number
- a description sufficient to identify the goods or services supplied to the customer
- the rate of any cash discount
- the total amount of VAT charged (expressed in ALL).

For each different type of item listed on the invoice, the following must be shown:

- the unit price or rate, excluding VAT
- the quantity of goods or the extent of the services
- the rate of VAT that applies to what's being sold
- the total amount payable, excluding VAT
- the total amount payable, with VAT.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately.

A VAT invoice is issued with no less than three copies and is distributed as follows:

- page 1 for the 'buyer'
- page 2 and 3 for the 'seller' and the 'transporter'.

At the end, the invoice is marked with the name, surname, signature and seal of the seller, the name, surname and signature of the buyer and where there is a transporter, their name, surname and signature.

For sales made to a customer (non-commercial individual) the VAT invoice issued by the seller is marked name, surname and address of the buyer.

The general director of the tax authority has the right to allow the use of a VAT electronic fiscal invoice other those pre-printed when the taxable person can demonstrate that his registration system is computerised and capable of producing fiscal invoices with a unique serial number for each taxable transaction and that there is a significant number of customers.

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Argentina

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 21% for most goods and services.• Reduced rate of 10.5% for some goods and services that are specifically detailed.• Increased rate of 27% for energy, telecommunications, water, natural gas, electric power and running water regulated by measurers and telecommunications.• Some goods and services are exempted from the tax.• Exports of goods and services are exempted with the possibility to claim the refund of the linked input credit.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal Federal indirect tax in the Argentina. It is a tax on consumer expenditure and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	No. But depending on the annual turnover of taxable transactions in Argentina, there is a simplified regime in which the small taxpayers pay a monthly fixed quote. Once the limit has (or will be) reached it is mandatory to register as a taxpayer under the general regime, determining the tax and paying the difference between output tax invoiced to clients and input tax invoiced by suppliers.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established in Argentina and they will need to register as soon as they start to make taxable transactions. However, foreign entities working on short term assignments in Argentina do not need to comply.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Yes, a non-established person has to appoint a fiscal representative in the tax authority in order to register.
<i>How often do returns have to be submitted?</i>	In general, the VAT must be submitted on a monthly basis. Taxpayers who exclusively develop agricultural activities may submit their tax return on a monthly basis and pay annually.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return is submitted late a penalty can be imposed, and if the corresponding payment is done after the due date, the taxpayer must pay the added interest.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of information on the monthly purchases and services received.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions and tax fraud.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No



What is the principal indirect tax?

VAT is the main type of indirect taxation in Argentina.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods and services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply ie the sale.

A registered business will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax and the withholding VAT (if it is applicable) in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund cannot be claimed and can only be used against future output tax, except the input credit which is directly linked with exports, for which it is possible to claim a refund. If the excess of VAT credit comes from withholding VAT tax, it is possible to claim the refund.

The VAT will be applied to:

- *sales of movable goods* – a sale is considered to be any transfer for consideration, among people of visible or ideal existence, which amount to transfer ownership of personal property (sale, barter, payment in kind, award for dissolution of companies, social contributions and judicial sales and auctions any other act that would lead to the same end, except expropriation). It does not include sales or transfers made as a result of corporate reorganisations tax free:
 - contracts for the construction of movable assets
 - works on property belonging to third parties
 - construction and sale of property (real estate)
 - obtaining goods of nature on behalf of a third party
 - definitive imports of movable assets
 - renderings of financial services performed abroad, the use of which is carried out in Argentina, as long as the renders are taxpayers for other taxable events. Thus they are levied on by tax, the interest from loans granted abroad, fees for technical assistance, etc. The renderers will be responsible of entering the tax.

The standard rate of this tax is 21%, there also exist special rates:

- 27% – applicable to the sale of natural gas, electric power and running water regulated by measurers and telecommunications
- 10.5% – applied to certain taxable activities related to the construction of property (houses), renderings and sales related to certain products of animal and plant origin, health insurance services, long range and mid-range public transportation, and interests and commissions for loans granted by financial entities in Argentina or abroad. In this last case, when the entity complies with international standards of banking supervision established by the regulations. This special rate also applies to the acquisition and importation of certain durable goods to be used in productive activities.

In addition, some goods and services are exempt from tax.

Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a ‘real’ cost, except the exports of goods and services that are exempted with the right to ask for the refund of the tax linked with the exports. The exports of services are the services provided in the country where the effective use is carried abroad.

Most goods imported into Argentina are subject to VAT. The tax will have to be paid by the importer at the time of importation. In addition the Customs collect VAT in this operation. Where the importation is for business purposes and the importer is registered for VAT, this tax is considered an input tax credit.

Is there a registration limit for the tax?

A 'person' who either makes or intends to make taxable supplies of goods or services must register for VAT.

When the person has a small business, they can register in a simplified regime paying a monthly quote of tax which includes direct tax, indirect tax and social security tax. This regime is only for individuals, not for companies. When the amount of the operations exceeds the annual simplified regime limit, the person must register with the tax authorities in the general regime.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

Non applicable.

When a non-resident wants to do business in Argentina, it is necessary to register with the tax authorities, but when the non-resident does non-recurring activities, this registration is not done and Argentina have no withholding tax rules to avoid this omission.

Does a non-established business need to appoint a fiscal representative in order to register?

Yes, a non-established person has to appoint a fiscal representative in the tax authority in order to register.

How often do returns have to be submitted?

VAT returns normally cover a monthly accounting period, ending on the last day of a calendar month.

All VAT returns have to be submitted electronically within 20 days of the end of the relevant monthly accounting period, together with any tax due.

Are penalties imposed for the late submission of returns/payment of tax?

The tax rules establish different kinds of penalties that the tax authorities may impose on the taxpayers:

- a formal fine when the VAT returns are not submitted on time
- if the corresponding payment is done after the due date, the taxpayer must to pay interest.

Are any other declarations required?

There are two monthly informative regimes, one for sales and another for purchases that must be filed by taxpayers who meet certain conditions and requirements.

Are penalties imposed in other circumstances?

Yes, the tax rules establish different kinds of penalties that the tax authorities may impose to the taxpayers:

- a fine when a taxpayer omits to declare the tax. It is graduated from 50% to 100% of the omitted tax
- a fine when the taxpayers commit a tax fraud. It is graduated from two to ten times the omitted tax. If the amount exceeds the limit established, the 'Penal Tax Regime' would be applied.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Argentina?

No.

What information must a VAT invoice show?

A VAT invoice must show:

- the seller's name and address
- the seller's identification number (CUIT)
- the seller's turnover tax registration number
- the seller's VAT status (registered, exempt, simplified regime)
- an invoice number which is unique and sequential
- beginning activities date
- the printer's name and identification number
- first and last number of the invoices printed
- printing authorisation code and due date of these invoices
- a letter which identifies the different kind of invoices, depending on the fiscal status of the seller and purchaser
- original or duplicate
- the invoice date
- the customer's name and address
- the customer's Identification number (CUIT)
- the customer's VAT status (registered, exempt, simplified regime)
- the quantity and description of the goods or services supplied to the customer
- unit prices and total, excluding the VAT
- if the seller invoices in foreign exchange, the invoice will include the exchange rate used
- the rate of any cash discount
- the total amount payable, excluding VAT
- the rate and the total amount of VAT charged
- the rate and the total amount of collections if applicable
- the total amount of the invoice.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately.

VAT invoices can be issued, received and stored in an electronic format. The tax authorities established the obligation for taxpayers who met specific conditions, but it is possible for other taxpayers to use this regime after requiring authorisation. Electronic invoices must contain the same information as paper invoices. To ensure the authenticity of origin, the integrity of content and legibility of the invoices, these invoices must contain an electronic authorisation code (CAE) provided by the tax authorities.

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Armenia

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 20% applies for most goods and services.• Zero rate usually applies for the export of goods and services.• Exempt supply mainly applies to financial transactions.
<i>Are there any confirmed or anticipated changes to these rates?</i>	Not applicable.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is an indirect tax, which is charged on the final consumption of certain goods and services. It is collected at every stage of production and distribution. In case of import it may be collected at the border.
<i>Is there a registration limit for the tax?</i>	Generally, the legal entities and subdivisions (branches and representative offices) of foreign legal entities automatically become VAT taxpayers when their taxable turnover for the past calendar year exceeds a threshold of 58.35 million Armenian Dram ¹ (AMD). The taxpayers with a turnover below the above mentioned threshold may voluntarily register as a VAT payers by applying to the tax authorities.
<i>Does the same registration limit apply to non-established businesses?</i>	Not applicable.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Not applicable.
<i>How often do returns have to be submitted?</i>	As a general rule, VAT returns are submitted quarterly. Taxpayers whose revenue for the previous year exceeded AMD 100 million should submit their tax return on monthly basis.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late then penalties and a fine will be imposed.
<i>Are any other declarations required?</i>	Yes. A report with the information on the issued and received VAT invoices should be submitted to the tax authorities if the VAT invoices are not issued/received electronically and the amount of the VAT invoice exceeds AMD 100 thousand.
<i>Are penalties imposed in other circumstances?</i>	Yes. The law on VAT defines the conditions under which penalties will be applied.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Not applicable.



¹ The exchange rate defined by Central Bank of Armenia as of 23 September 2013, 1 USD = 406.71 AMD

What is the principal indirect tax?

VAT is a type of indirect tax, which is charged on the final consumption of certain goods and services in the home market but is collected at every stage of production and distribution. Liability for VAT rests with the person supplying the taxable goods or services. The final consumer bears the actual burden of the tax and pays on the value added to the goods or services.

Armenia uses the input-output model. An individual entrepreneur or legal entity (tax agent) accounts for output VAT after deducting VAT paid on their inputs.

Usually the following transactions are VAT taxable:

- the supply of goods and services where the place of supply is in Armenia (including free of charge or partly free of charge supply)
- the importation of goods.

Under the local customs legislation, individuals should pay VAT when the amount or quantity of imported goods exceeds limits defined by legislation.

Services supplied in Armenia by non-residents that are not registered in Armenia are subject to reverse charge VAT.

Is there a registration limit for the tax?

The taxpayers automatically become VAT payable when their taxable turnover exceeds AMD 58.35 million.

There are some peculiarities for becoming VAT payable irrespective of this threshold, this is when:

- the taxpayer imports or manufactures excise tax taxable goods
- the 20% or more of the charter capital of the company belongs to the other company or entrepreneur (this applies to both parties)
- the 20% or more of the charter capital of the company belongs to an individual having 20% or more participation in the charter capital of another company (this applies to both parties)
- the parties are determined as a related parties.

The taxpayers whose turnover is less than AMD 58.35 million may voluntarily become a VAT payer by applying to the tax authorities.

Does the same registration limit apply to non-established businesses?

Not applicable.

Does a non-established business need to appoint a fiscal representative in order to register?

Not applicable.

How often do returns have to be submitted?

As a general rule, VAT returns are submitted quarterly. The taxpayers whose revenue for the previous year exceeded AMD 100 million should submit their tax return on monthly basis.

A VAT return should be submitted within 20 days following the end of the reporting period.

Are penalties imposed for the late submission of returns/payment of tax?

The legislation defines the following types of penalties where the VAT return submission has been delayed:

- a penalty of AMD 10,000 to 20,000 for the delayed tax return submission
- a penalty at the rate of 5% of the outstanding VAT amount will be imposed per each 15 day period after the deadline (the penalty amount should not exceed the outstanding VAT amount).

In cases of late payment of VAT fines, interest will be calculated at the rate of 0.15% for each day of delay.

Are any other declarations required?

The information on paper VAT invoices issued and received within the reporting period should be submitted within 20 days following the end of the reporting period (for VAT invoices where the amount of which exceeds AMD 100,000).

Are penalties imposed in other circumstances?

If during the tax audit the tax authorities identify that the tax liability presented in the taxpayer's return is understated, a penalty at the rate of 50% will be imposed of the assessed tax.

If during the tax audit the tax authorities identify that the taxpayer did not submit all the VAT information, then a penalty of AMD 5,000 will be imposed for each non-submitted VAT information.

A penalty at double rate of the total amount of the VAT invoice (including the VAT amount), but no less than AMD 5 million will be imposed for issuing tax invoices on illegally acquired or copied forms.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Armenia?

Not applicable.

What information must a VAT invoice show?

The VAT invoice should include the following information:

- the invoice number and date
- the seller's name and address and VAT registration number
- the customer's name and address
- denomination and quantity of goods, or the type and volume of services
- the prices of goods or services as well as the total value (excluding VAT)
- the VAT amount (as a separate line).

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Australia

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Taxable supply rate of 10%.• GST-Free supply no GST.• Input taxed supply no GST.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Goods and Services Tax (GST) is a tax on final consumption. The GST is calculated at the rate of 10% of the GST-exclusive price of the goods and services provided.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the current or projected annual turnover and once the limit has (or will be) reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	Yes. Non-resident entities that make supplies that are connected with Australia are required to register if the registration turnover threshold is met. A non-resident enterprise is required to be registered if its GST turnover is at or above 75,000 Australian dollars (AUD).
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Not applicable.
<i>How often do returns have to be submitted?</i>	An entity must either lodge its Business Activity Statements (BASs) on a monthly or quarterly basis. Generally, most small businesses lodge their BASs on a monthly basis.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a GST return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	No.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No. A company must be registered for GST before it is entitled to any input tax credits.



What is the principal indirect tax?

GST is a tax on final consumption in Australia.

The GST is calculated at the rate of 10% of the GST-exclusive price of the goods and services provided.

Where GST does not apply because the supply is either GST-free or input taxed, a rate of 0% applies. The following table provides some examples of GST-free and input taxed supplies.

GST-free supplies	Input taxed supplies
Food	Financial
Health	Residential
Education	School tuck-shops
Exports	School canteens
Charities	
Water and sewerage	
Precious metals	

The following table summarises the types of supplies and related GST treatment.

Supply	Examples	GST treatment	Recoverability of GST credits on related acquisitions
Taxable	Consulting services to a firm in Australia	GST charged at 10%	Full recoverability of GST credits on creditable acquisitions
GST-free	Consulting services to a firm outside of Australia for application	No GST applied	Full recoverability of GST credits on creditable acquisitions outside Australia
Input-taxed	Supply of money lending services	No GST applied	No recoverability of GST credits on creditable acquisitions (there may be a partial recovery in certain circumstances)

Is there a registration limit for the tax?

An entity that is carrying on an enterprise, whose current or projected annual turnover is 75,000 AUD or more (excluding GST).

Non-profit bodies are not required to be registered unless their current or projected annual turnover is AUD 150,000 or more (excl. GST).

Taxi operators are required to be registered regardless of their annual turnover.

Voluntary registration is available for domestic and overseas companies.

Does the same registration limit apply to non-established businesses?

Yes. Non-resident entities that make supplies that are connected with Australia are required to register if the registration turnover threshold is met. A non-resident enterprise is required to be registered if its GST turnover is at or above 75,000 AUD.

Does a non-established business need to appoint a fiscal representative in order to register?

Not applicable.

How often do returns have to be submitted?

A Business Activity Statement (BAS) is required to be lodged by a registered entity to the Australian Taxation Office (ATO) to record its GST and other tax liabilities.

An entity must either lodge its BAS on a monthly or quarterly basis. Generally, most small businesses lodge their BASs on a quarterly basis. However, an entity must lodge its BAS monthly if its annual turnover is more than AUD 20 million or it has chosen to lodge monthly.

An entity with a monthly tax period must lodge its BAS by the 21st day of the month following the end of the tax period. In the case of entities with quarterly tax periods, the BAS must be lodged by the dates shown in the following table:

If this day falls within the quarterly tax periods	Lodge the BAS on or before this date
1 September	The following 28 October
1 December	The following 28 February
1 March	The following 28 April
1 June	The following 28 July

Are penalties imposed for the late submission of returns/payment of tax?

Taxpayers who fail to meet their tax obligations may be liable for penalties and interest charges. When the ATO finds an error or omission, they take into account the circumstances of the individual, including their compliance history, when deciding what action to take, particularly for any penalties or possible prosecution action. Relevant circumstances include the reasons for the discrepancy or failure to meet a tax obligation and how well the taxpayer has complied with their tax obligations in the past.

A penalty is an amount that is calculated using either a statutory formula or in multiples of a penalty unit.

The types of penalty which apply can be administrative, civil or criminal. Civil and criminal penalties are imposed by courts and administrative penalties are imposed without the need for court action.

Interest charges apply to unpaid amounts, such as shortfall amounts, late payments and tax debts. Interest charges apply whether or not a penalty applies. Having interest charges applied to a shortfall amount does not depend upon, or imply, dishonesty on the tax payers behalf.

Are any other declarations required?

Not applicable.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the GST rules.

Civil penalties and interest can be applied for errors and omissions made on tax returns, or where the tax is paid late. Penalties can also be applied where the business has failed to maintain adequate records, provide information (including additional declarations), or makes repeated mistakes.

Criminal proceedings may be brought in the case of more serious matters.

Can the GST incurred by overseas businesses be claimed if they are not registered in Australia?

No. A company must be registered for GST before it is entitled to any input tax credits.

What information must a GST invoice show?

A GST invoice must show:

- the supplier's identity and Australian Business Number (ABN)
- the recipient's identity or the recipient's ABN – if the total price of the supply or supplies is at least \$1,000 or such higher amounts as the regulations specify, or if the document was issued by the recipient
- what is supplied, including the quantity (if applicable) and the price of what is supplied
- the extent to which each supply, to which the document relates, is a taxable supply
- the date the document is issued
- the amount of GST (if any) payable in relation to each supply to which the document relates
- if the document was issued by the recipient and GST is payable in relation to any supply – that the GST is payable by the supplier.

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Austria

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 20% for most goods and services.• Reduced rate of 10% for example for food and beverages or rent for dwellings.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Austria. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the annual turnover of taxable transactions in Austria, and once the limit has (or will be) reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established in Austria and they will need to register as soon as they start to make taxable transactions. If the foreign entrepreneur makes no supplies in Austria or makes only supplies for which the tax liability is shifted to the recipient of the supply, then he may not be obliged to file a VAT return under certain conditions.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	In certain circumstances, a non-established person may have to appoint a fiscal representative in Austria.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns on a monthly basis.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the European Union (EU). Declarations also have to be submitted in certain circumstances in connection with goods moving to or from the EU.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

VAT is the main type of indirect taxation in Austria and in other EU countries.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply ie the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

Even if an entrepreneur conducts his business from abroad, certain transactions may be taxable in Austria (notably the supply of goods and services, the intra-EU acquisition of goods, imports). Where the supply of goods occurs in Austria or the supply of services is made in Austria (ie the place of supply of goods or services is in Austria) such supply is, in principle, taxable in Austria as well. The standard VAT rate is 20%, the reduced rate is 10%.

Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

Most goods imported into Austria from outside the EU are subject to import VAT. The tax will have to be paid by the importer at the time of the customs clearance. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the tax (subject to certain rules).

It is also important to note the interaction between VAT and customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty.

Other indirect taxes

In addition to VAT, a number of other indirect taxes, both federal and local, are levied on certain transactions with specific products. An excise duty is levied on mineral oil, tobacco, alcohol and alcoholic beverages.

Means of transport

Furthermore, a turnover tax (Normverbrauchsabgabe) is levied on the supply of cars and motorcycles, mainly designed for the transport of passengers, which have not been licensed for general traffic. The taxable event is defined as either the supply to the final consumer or the first licensing of the passenger car for general traffic. A number of exemptions are provided for (eg export supplies). The tax rate depends on the volume of the engine and fuel consumption levels; the maximum tax rate is 16%.

Other transactions subject to the following indirect taxes are in principle exempt from VAT:

- the immovable property acquisition tax (Grunderwerbsteuer), which is levied on the transfer of immovable property in Austria. The normal tax rate amounts to 3.5%, with lower rates applying to acquisitions by certain relatives
- the capital transfer tax (Kapitalverkehrssteuer) which is levied on the contributions to the equity (share capital and capital reserves) of an Austrian corporation (i) in exchange for shares, by the first acquirer or (ii) capital injection to strengthen the equity of a corporation (Gesellschaftsteuer). The tax rate amounts to 1% of the contribution; under certain circumstances capital transfer tax can be avoided in case of capital injections
- insurance tax (Versicherungssteuer) on the consideration for insurance protection on the basis of an insurance contract.

Is there a registration limit for the tax?

A 'person' who either makes or intends to make taxable supplies of goods or services in the course business must register for VAT if the value of its taxable supplies in Austria exceeds the annual registration limit, or is expected to exceed the limit in the near future. A business can register on a voluntary basis even if the registration limit has not been exceeded.

For these purposes, a 'person' includes any legal entity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration – even if the nature of some of those activities is very different.

Two or more corporate bodies can be registered as a VAT group (Organschaft):

- each of the corporate bodies needs to be established, or has a fixed establishment in Austria
- any legal entity that is controlled by a third party may qualify as an integrated company. A legal entity is not considered independent if that legal entity and its decisions are controlled or determined by the will of another entrepreneur to an extent that the legal entity lacks the capacity of self-determination (financial, economic and organisational integration).

If a fiscal unity is established, the business activity of the integrated company is attributed to the parent company: the business of the integrated company and the parent company form one single enterprise for VAT purposes. The VAT returns filed by the parent company also comprise of the enterprise of the integrated company and its taxable supplies. ‘Supplies’ between the integrated company and the parent company and vice versa are not taxable, ie they are outside the scope of VAT.

A corporate body cannot be treated as a member of more than one VAT group at a time.

The main advantage of a VAT group registration is that, apart from a few limited exceptions, any supply of goods or services by a member of the group to another member of the group is disregarded for VAT purposes. This reduces the risk of VAT being accidentally omitted on supplies between separately registered connected companies.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

The normal VAT registration limit does not apply to businesses who are not established in Austria. For businesses making taxable supplies in Austria, they will need to register for VAT as soon as they commence trading in Austria, irrespective of the level of turnover.

If the foreign business makes no supplies in Austria or only makes supplies for which the tax liability is shifted to the recipient of the supply, then they are obliged to file a VAT return in cases where:

- they owe a tax as the recipient of the supply
- they owe a tax on the basis of invoicing under Sec. 11 (12) and (14) of the VAT Act
- they are requested to file by the tax office
- due to the reverse-charge system.

Registration for VAT in Austria may also be required where a non-established EU business is involved with distance selling. Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a customer in another EU country who is not registered or liable to be registered for VAT. Such customers are known as non-taxable persons, and include private individuals and businesses and other organisations that are not registered for VAT (either because of their size, or the fact that they are exempt from having to register due to the nature of their activities). The common examples of distance sales are goods supplied by mail order and via the internet.

Each EU country has the option of applying a distance selling threshold of either €35,000 or €100,000 per calendar year, or the equivalent in its own currency. Austria has adopted an annual threshold of €35,000.

Distance sales from another EU country to non-taxable persons in Austria will be subject to VAT at the appropriate rate in the supplier’s country. However, once the value of those distance sales to the UK exceeds the UK threshold of €35,000:

- the supplier becomes liable to register for VAT in Austria
- Austria becomes the place of supply
- any further sales to customers in Austria are subject to Austrian VAT.

Suppliers can choose Austria as the place where the goods are supplied by registering for VAT voluntarily before the threshold is reached.

Does a non-established business need to appoint a fiscal representative in order to register?

A person needs to appoint a VAT representative in Austria to act on his behalf for VAT purposes if:

- the person is established in a country or territory which is not an EU country (or part of such a country)
- it appears to the Austrian tax authority that there is no provision for mutual assistance similar to that which provided between Austria and other EU countries
- the person makes deliveries or services to non-taxable persons
- the person makes intra-community deliveries or acquisitions.

How often do returns have to be submitted?

VAT returns normally cover an accounting period of one calendar month (pre-declaration period). The period amounts to the quarter of a calendar year (three calendar months) if the entrepreneur effected supplies of goods and services and self-supplies the basis of assessment of which did not exceed €100,000 in the preceding calendar year. It is, however, possible to opt for a monthly pre-declaration period for the entire assessment period if the entrepreneur files a pre-declaration in time for the first calendar month.

The entrepreneur must file a pre-declaration of VAT with the competent tax office by the 15th day (due date) of the calendar month which is the second month following the end of the pre-declaration period (calendar month) for the levying of VAT in respect of that entrepreneur. The pre-declaration is treated as a tax return. The entrepreneur must effect payment of VAT as assessed for the purposes of the pre-declaration on the due date.

The obligation to file a pre-declaration is waived if:

- the entrepreneur's turnover of the preceding year did not exceed €30,000 and the prepayment calculated is paid by the due date or if no prepayment is due
- the entrepreneur effects only tax-exempt supplies and no prepayment or input tax surplus arises for the respective pre-declaration period.

However, a pre-declaration must be filed if the entrepreneur is instructed by the tax office to do so.

The entrepreneur must effect the prepayment within the time limit prescribed for the filing of the pre-declaration.

Are penalties imposed for the late submission of returns/payment of tax?

If the pre-payment is not effected on time, a penalty for late payment (Säumniszuschlag) amounting to 2% of the VAT not paid on time will be assessed.

If VAT returns are not filed on time and this failure is not excusable, the tax authority may impose a penalty (Verspätungszuschlag) amounting up to 10% of the assessed VAT.

Are any other declarations required?

Businesses that are registered for VAT in Austria, and make supplies of goods or services to traders registered for the tax in other EU countries are required to complete and submit EC Sales Lists (ESLs). The ESLs must show details of the recipients of the goods and services.

Generally, the ESLs must be submitted each calendar month. Only if the entrepreneur files quarterly (instead of monthly) VAT returns the ESLs must be submitted quarterly as well.

In addition, if the value of the intra-EU trade in goods dispatched or arriving from other EU– state is above an annual threshold, a supplementary declaration (referred to as an Intrastat declaration) has to be submitted for either or both. These declarations have to be submitted on a monthly basis.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Civil penalties and interest can be applied for errors and omissions made on tax returns, or where the tax is paid late. Penalties can also be applied where a business has failed to maintain adequate records, provide information (including additional declarations), or makes repeated mistakes.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Austria?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

VAT-refund for foreign entrepreneurs who are established within the EU

Foreign entrepreneurs who are established within the EU, but who have neither their registered office nor a fixed establishment within the Austrian territory may claim their input VAT in electronic form via the national electronic system of the member state of fixed establishment (Art 7 of the directive 2008/9/EC) if they:

- make no taxable transactions in Austria
- effect only tax-exempt transport of goods or only tax-exempt transport of passengers by ship or aircraft
- make only supplies for which the tax liability is shifted to the recipient of the supply (supplies under the reverse charge system according to the second sentence of Sec.19 (1))

The amount refundable is determined by the deduction rules that apply in the country making the refund.

The refund period must not cover more than one calendar year or less than three calendar months (unless it is covering the remainder of a calendar year). The claim has to be made by 30 September of the year following that in which the VAT was incurred.

VAT-refund for foreign entrepreneurs who are not established within the EU

Foreign entrepreneurs who are not established within the EU and have neither their registered office nor a fixed establishment within the Austrian territory, may claim their input VAT by completing the forms as noted below and enclosing the original invoices and imports documents for which the refund is requested in original and forwarding them to the Austrian tax office Graz-Stadt if:

- they make no taxable transactions in Austria
- they effect only tax-exempt transport of goods or only tax-exempt transport of passengers by ship or aircraft
- they make only supplies for which the tax liability is shifted to the recipient of the supply (supplies under the reverse charge system according to the second sentence of Sec.19 (1))
- they render only electrical services from a third country to non-entrepreneurs and have applied the special scheme under TITLE XII Chapter 6 of the VAT Directive 2006/112/EC.

The claim form, the certificate of entrepreneurial status, the invoices and import documents must be sent as originals to the tax office before the 30 June the following year.

The amount to be refunded must at least be €400. This does not apply if the refund period is the calendar year or the last period of a calendar year. For these refund periods the amount to be refunded must be at least €50.

What information must a VAT invoice show?

If the invoice does not contain all of the following data, it will be insufficient for the credit of input tax:

- the name and the address of the entrepreneur performing the supply of goods or services
- the name and the address of the customer (recipient of the supply of goods or services)
- the VAT identification number of the recipient provided that the consideration exceeds €10,000, the supplying entrepreneur has place of residence or fixed establishment in Austria and the recipient is an entrepreneur
- the amount and the commercially used description or name of the supplied goods and/or the type and the scope of the supplied services
- the date of the supply of goods or services or the period over which the supply of services extends
- the consideration for the supply, the applicable VAT rate and in the case of an exemption, a reference that the supply is subject to an exemption rule
- the amount of VAT payable on the basis of the consideration in euros
- the date of the issuance of the invoice
- a consecutive number in one or more numerical sequences which is assigned only once for the purpose of identifying the invoice; foreign entrepreneurs need their own number range for supplies in Austria
- the VAT identification number of the issuer of the invoice; the obligation to indicate the VAT identification number exists only where the entrepreneur makes supplies of goods or services which entitle to deduction of input VAT.

Where an invoice does not exceed €150, the name and address of the recipient is not a prerequisite and it is sufficient for the total amount (consideration including VAT) and the rate of VAT to be referred to separately.

VAT invoices can be issued, received and stored in an electronic format and there is no need to inform the tax authority. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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Belgium

Indirect tax snapshot

What are the current rate(s) of indirect tax?

- Standard rate of 21% for most goods and services.
- Reduced rate of 12% for some goods and services including restaurant and catering services (drinks excluded), coals and solid fuels derived from coal, phytopharmaceutical products, margarine, tyres for agricultural machines, housing as part of social policy.
- Reduced rate of 6% applies for most food and drinks, pharmaceutical products and medical aids, printed newspapers, magazines and books (including illustrated ones), original works of art, automobiles for disabled persons, renovation works with respect to old buildings, renting of furnished lodgings with or without breakfast by hotel operators, the granting of the right to enter institutes for cultural, sport or entertainment purposes (eg concert tickets).
- Zero rate applies to a very limited number of goods (under certain conditions: newspapers and magazines appearing at least 48 times a year, scrap and recycling products).

Are there any confirmed or anticipated changes to these rates?

No. Regarding VAT exemptions as from 1 January 2014 the services of lawyers will no longer be VAT exempt (transitional measures are foreseen).

What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in the Belgium. It is a tax on consumer expenditure and is collected on business transactions, imports and intra-EU transfer of own goods (eg stock transfer).

Is there a registration limit for the tax?

In principle, no. However, for companies established in Belgium there is a special regime, the so-called small enterprises regime. Small enterprises whose annual turnover is below €5,580 (excl. VAT) can benefit from a VAT exemption on the performed supplies of goods and services (with no VAT deduction right). An increase of this threshold to €15,000 has been announced to be implemented by 1 April 2014 (with reservation of effective implementation in legislation).

Does the same registration limit apply to non-established businesses?

No. In principle there is no registration limit for businesses that are not established in Belgium and they will need to register as soon as they start to make taxable transactions. However, for occasional/one-off transactions a simplified procedure exists with a licence for non-registration and filing of a special (one-off) VAT return. For businesses involved with 'distance sales' made to Belgian consumers (B2C) a threshold of €35,000 (excl. VAT) applies (eg for mail order and internet sales).

Does a non-established person need to appoint a fiscal representative in order to register?

Only companies established outside the EU are obliged to appoint a responsible (fiscal) representative. EU companies can choose between a direct VAT identification and appointing a responsible (fiscal) representative.

How often do returns have to be submitted?

In principle, a monthly VAT return has to be submitted. However, if the annual turnover realised in Belgium does not exceed €2.5 million, then quarterly VAT returns may be filed (by option). If in the course of a quarter, the amount of the intra-community supplies exceeds €50,000, a monthly VAT return and ESL return has to be submitted.



Are penalties imposed for the late submission of returns/payment of tax?

Yes. If a VAT return is submitted late then a penalty of between €100 and €1,000 can be imposed. For late payment, a VAT interest can be charged at 0.8% per month as well as a 15% VAT penalty. If several VAT returns are outstanding a special VAT account can be created by the Belgian VAT authorities. In the latter case, both the 15% VAT penalty and the interest for late payment will be claimed.

Are any other declarations required?

Yes. For EU-trade: additional declarations have to be submitted in respect of certain supplies made to taxable customers VAT registered in another EU country (so-called 'ESL return'). In addition, a statistical declaration will have to be submitted if certain thresholds are met for arrival of goods (so-called intrastat arrival) or dispatch (so-called intrastat dispatch).

For non-EU trade: declarations also have to be submitted in certain circumstances in connection with goods moving to or from the EU (export or import declaration).

For local Belgian trade: an additional Belgian declaration has to be submitted for local sales in Belgium invoiced to a taxable customer with a Belgian VAT number (the so-called yearly Belgian sales listing).

Are penalties imposed in other circumstances?

Yes. For a range of errors and omissions resulting in non-compliance with the VAT rules, administrative VAT penalties can be imposed. There are two types of VAT penalties:

1. (reduced) proportional penalties.
2. lump-sum penalties.

In addition to the penalties, an interest for late payment is charged at 0.8% per month. In cases of spontaneous VAT correction (ie prior to any intervention/question from any tax authority) no proportional penalty will be due, but only the lump-sum penalties. In principle, the non-reduced proportional penalty amounts to 200% of the VAT (eg non-payment of VAT due, irregular recovery of VAT, non-issue of sales invoices or issue of incorrect sales invoices, incorrect import documents). The lump-sum penalties are generally between €50 and €5,000, eg late filing of the VAT return. Under certain conditions, reduced proportional penalties are foreseen in the VAT legislation.

Can the tax incurred by overseas businesses be claimed if they are not registered in your country?

Yes, in certain circumstances and subject to certain conditions (ie no taxable turnover in Belgium) a VAT refund request can be submitted by both EU (procedure under Directive 2008/09/EC) and non-EU businesses (13th Directive 86/560/EEC). For both EU and non-EU businesses the request should be submitted before 30 September of the year following the year of the expenses. In Belgium it is not required that the concerned non-EU country would allow a similar VAT refund of incurred 'non-EU VAT' for a Belgian company (no reciprocity condition).

What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in the Belgium and in other European Union (EU) countries.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods and certain services entering or located in Belgium. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply of goods or services.

A transaction is within the scope of Belgium VAT and should be reported in the Belgian VAT return if the following conditions are met:

- it concerns one of the four taxable transactions: supply of goods, supply of services, intra-community supply, importation. A supply of goods is defined as the transfer of the power to dispose over a good pursuant to a contract for consideration. A supply of services is defined as any transaction which is not considered as a supply of goods. Intra-community supply is a supply of goods with transportation of the goods to another EU member state. Importation of goods means that the non-EU goods are brought in 'free circulation' and they can then be released for use in the home market
- it takes place in Belgium
- it is made by a taxable person
- it is made in the course or furtherance of any business carried on by that person or entity.

A business registered for the VAT will charge VAT (output VAT) on its sales (unless payment of the Belgian VAT is shifted to the co-contractant) and will incur VAT (input VAT) on its purchases (including any VAT paid at importation). The difference between the output VAT and the deductible input VAT in each accounting period (ie month or quarter) will result in either a:

- a VAT amount payable by the business to the VAT authority
- VAT credit amount, for which a refund can be claimed at the end of the quarter
- zero balance (eg only incoming transactions for which the VAT should be self-accounted for and only VAT exempt outgoing transactions).

There are four rates of VAT that are applied to goods and services in Belgium; the standard rate (21%), the reduced rate (6%), intermediate rate (12%) and a zero rate. Also a range of VAT exemptions apply, some with a VAT deduction right (such as export, intra-community supplies) and some with no VAT deduction right (such as financial and insurance services, medical services, rent of real estate (with exceptions), cultural and sport related services). Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

Most goods imported into Belgium from outside the EU are subject to VAT. The import VAT will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the VAT via the Belgian VAT return (subject to certain rules). Under certain conditions an import VAT deferral licence (so-called ET 14.000 licence) can be requested. This basically means that the import VAT due is to be declared by the importer under a 'self-assessment' scheme: the VAT payable and deductible VAT will be mentioned in the same Belgian VAT return. This system avoids pre-financing of the Belgian VAT by the importer.

It is also important to note the interaction between VAT and customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is usually not recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any customs duty.

Is there a registration limit for the tax?

In Belgium there is no registration limit for VAT. As such a 'person' who either makes or intends to make taxable supplies of goods or services in the framework of a business activity must register for Belgian VAT purposes. For occasional/one-off transactions a simplified procedure exists with licence for non-registration and filing of a special (one-off) VAT return. In such cases, no Belgian VAT number will be assigned and Belgian input VAT will be recoverable via the special (one-off or few) VAT return.

However, for companies established in Belgium there is a special regime, the so-called small enterprises regime. Small enterprises whose annual turnover is below €5,580 (excl. VAT) can benefit from a VAT exemption on the performed supply of goods and services (with no VAT deduction right). The Belgian tax authorities have announced an increase of this threshold to €15,000 from 1 April 2014 (this has not yet been implemented in the legislation).

A lump-sum penalty may be imposed by the tax authority if a business fails to register at the correct time, as well as lump-sum penalties per VAT returns, yearly sales listing and intra-community supplies not submitted for the related period.

For these purposes, a 'person' includes any legal entity, also non-profit organisations which meet the other conditions for being regarded as acting in a business capacity are subject to VAT. A corporate body cannot be treated as a member of more than one VAT group at a time. Two or more corporate bodies can be registered together as a VAT group if:

- each of the bodies is established, or has a fixed establishment, in Belgium
- they satisfy the three 'control and links' test, i.e. financial, organisational and economical link
- all bodies should qualify as VAT taxable persons. One single VAT return should be submitted for the VAT group.

The main advantage of VAT group registration is that in principle any supply of goods or services by a member of the group to another member of the group is disregarded for VAT purposes. This results in advantages of VAT optimised structuring for immovable property within the group, avoidance of (double) VAT deduction limitation, optimising of VAT pre-financing and avoidance of VAT risk for intra-group transactions. There are also some disadvantages, for example, all VAT group members (including former members) are jointly and severally liable for the VAT debt of the group during the period of their membership. Consequently, any decision on whether a VAT group is opportune should be taken with care.

Does the same registration limit apply to non-established businesses?

All non-established businesses will need to register for VAT as soon as they commence trading in Belgium, irrespective of the level of turnover (except for distance selling). For occasional/one-off transactions a simplified procedure exists with licence for non-registration and filing of a special (one-off) VAT return. In such case no Belgian VAT number will be assigned and Belgian input VAT will be recoverable via the special (one-off or few) VAT return.

Registration for VAT in Belgium may also be required where a non-established EU business is involved with distance selling. Two common examples of distance sales are goods supplied by mail order and via the internet.

Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a non-taxable customer in another EU country who is not (liable to be) VAT registered. Non-taxable customers include private individuals and businesses and other organisations that are not registered for VAT (either because of their size or the fact that they are exempt from having to register due to the nature of their activities). Under a certain threshold these distance sales will be subject to VAT at the appropriate rate in the suppliers country. Each EU country has the option of applying a distance selling threshold of either €35,000 (excl. VAT) or €100,000 (excl. VAT) per calendar year, or the equivalent in its own currency.

Belgium has adopted an annual threshold of €35,000 (excl. VAT). Suppliers can opt to make Belgium the place of supply before the threshold is reached (by means of voluntary VAT registration). In any case, once the value of those distance sales to Belgium exceeds Belgian threshold:

- the supplier is obliged to register for VAT in Belgium
- the place of supply is Belgium
- any further sales to non-taxable customers in Belgium are subject to Belgium VAT.

Does a non-established business need to appoint a fiscal representative in order to register?

Only companies established outside the EU are obliged to appoint an individual responsible fiscal representative or for certain limited transactions a global responsible fiscal representative. EU companies can choose between a direct VAT identification and appointing a (individual or global) responsible (fiscal) representative.

For certain limited transactions instead of requesting an individual VAT number the Belgian VAT reporting can be done under a special global VAT registration number (BE 0796.5 or BE 0796.6) assigned to a global fiscal representative. This is the case for example for:

- importation followed by a local supply of the same (untreated) goods
- non-community goods sold under a VAT warehouse regime.

The global fiscal representative will be jointly liable with the taxable person. Such special VAT numbers are in principle assigned to forwarding agents (BE 0796.5) and the holder of a VAT warehouse licence (BE 0796.6). Under this system the global VAT representative will submit a single VAT return for multiple taxable persons.

For occasional/one-off transactions a simplified procedure exist with licence for non-registration and filing of a special (one-off or ew) VAT return. In such cases no Belgian VAT number will be assigned and Belgian input VAT will be recoverable via the special (one-off) VAT return.

How often do returns have to be submitted?

In principle, a monthly VAT return has to be submitted. However, if the annual turnover realised in Belgium does not exceed €2.5 million quarterly VAT returns may be filed (option). For companies trading in certain products a monthly VAT return is obligatory if the annual turnover is more than €250,000 (ie energy products, mobile telephones and computers and their peripherals, accessories and components, as well as land vehicles).

All VAT returns have to be submitted within 20 days after the end of the relevant accounting period (month or quarter), together with any VAT amount due. Where VAT recoverable exceeds VAT payable, a refund of VAT will, in principle, will be by the VAT authorities on a quarterly basis (a special box is to be ticked in the VAT return).

Businesses that are regularly in a net repayment position (because of the nature of their outgoing activities) can ask for a monthly VAT recovery licence. This will be the case when a taxable person mainly exports or supplies goods to other member states, but also in cases where a refund position is caused by reverse charge, an authorisation may be granted for monthly refunds (license for monthly VAT refund).

Where VAT payable exceeds VAT recoverable, the difference must be paid by the 20th of the month following the tax period (month or quarter). For a 'quarterly VAT payer', two monthly instalments are also due on the 20th of the second and third month of each quarter. These instalments amount to one third of the VAT due for the preceding quarter. A balancing payment for the quarter is then made when the return is submitted.

Are penalties imposed for the late submission of returns/payment of tax?

Yes. For the late filing of a VAT return the Belgian VAT authorities can impose a VAT penalty of €100 per VAT return with a maximum of €1,000. For late payment of the VAT amount due in principle (only) an interest for late payment at 0.8% per month will be imposed. Please note the VAT code also foresees that a VAT penalty of 15% can be imposed. If several VAT returns are outstanding a special VAT account is opened. As from this date, the VAT penalty of 15% on the VAT amount due will in practice be claimed and is accumulated with interest for late payment at 0.8% per month. In such cases the directors are jointly and severally liable with the company.

Are any other declarations required?

Businesses that are registered for VAT in Belgium and make supplies of goods or services to traders registered for VAT in other EU countries are required to complete and submit EC Sales Lists (ESLs). The ESLs must mention the VAT number of the recipients of the goods and services.

At the moment that the amount of intra-community supplies of goods exceeds the threshold of €50,000 per quarter, monthly ESLs have to be submitted. Below the threshold, quality ESLs may be submitted (by option) unless the company is obliged or is filing monthly VAT returns (threshold of €2.5 million). The ESL has to be filed no later than the 20th of the month following the month or quarter concerned. Where a VAT payer has no supplies of goods and/or services to other member states, no ESL must be filed for that particular month or quarter.

In addition, if the value of the intra-EU trade in goods dispatched (€1,000,000) or arriving (€700,000) from other EU is above the annual threshold, a supplementary declaration (so-called intrastat arrival and dispatch declaration) has to be submitted for either or both. These declarations have to be submitted on a monthly basis.

Finally, each year a VAT listing of the supplies to Belgian customers registered with VAT in Belgium has to be filed (so-called yearly sales listing). This list includes the following information:

- the VAT number of the clients
- the total turnover per client
- the total amount of VAT.

In case of a VAT group, each member of the VAT group should file their own annual sales listing. This list must be filed by 31 March of the year following the year concerned (at the latest). If no supplies to Belgian customers registered with VAT in Belgium have been made during a year, the VAT authorities must be informed (via a box in the VAT return or nil yearly sales listing).

Are penalties imposed in other circumstances?

Yes. For a range of errors and omissions resulting in non-compliance with the VAT rules, administrative VAT penalties can be imposed. There are two types of VAT penalties: (reduced) proportional penalties and lump-sum penalties. In addition to the penalties added interest for late payment at 0.8% per month can be claimed. In cases of spontaneous VAT correction (ie prior to any intervention/question of any tax authority) no proportional penalty will be due, but the lump-sum penalties will remain due.

In case the infraction was committed with the intention to evade VAT or to facilitate VAT evasion the 200% VAT penalty will be claimed. In other cases, reduced proportional VAT penalties apply ranging between 5% and 100% (for some breaches a difference is made whether it concerns the first, second or next breaches). Criminal proceedings and penal sanctions may arise in the case of more serious matters (eg fraud).

The Belgian VAT legislation foresees amongst others the following VAT penalties:

	Penalty
Non (or late) payment of Belgian VAT	15%
Non-issuance of an invoice	60%-100%
For incorrect invoice statements in terms of VAT number, name and address of supplier and recipient, the nature or the amount of the goods/services, the price or accessories	100%
No import document is made up	25%
For incorrect application of the reverse charge mechanism	20%
For incorrect VAT deduction	10%
For the non-reporting of transactions (without VAT due)	10%

Additional penalties
Lump-sum penalties ranging between €50 and €5,000 are foreseen for other breaches of the VAT code. The penalty will depending on the nature and severity of the breach (eg €3,000 for the non-filing of the yearly sales listing, mistakes regarding obligatory (but not highly essential) invoice statements (€250 per invoice with a maximum of €5,000 per breach). For instance failure to maintain adequate records, provide information (including answering to questions of the VAT authorities) or (repeated) mistakes in the VAT reporting.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Belgium?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances and considering Belgian VAT deduction limitation rules.

Two schemes exist, one for businesses established in the EU (procedure under Directive 2008/09/EC, formerly 8th Directive procedure) and another for businesses established outside the EU a (13th VAT Directive 86/560/EEC). In both cases the claim has to be made by 30 September of the year following that in which the VAT was incurred. The claim period in Belgium is from 1 January to 31 December each year (or at least per quarter with exception for the remainder of the year).

Businesses established in the EU

The EU cross border refund scheme is available in all EU member states, and enables a business established in another EU country to recover Belgian VAT incurred. To be eligible to make a claim, the claimant must be a taxable person established in an EU member state other than the one from which the claim is to be sought. In addition, the claimant:

1. must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
2. must have no fixed establishment, seat of economic activity, place of business or other residence there
3. during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions (ie certain tax-exempt cross-border transportation from/to non-EU countries, supplies for which the reverse charge mechanism applies, supplies subject to occasional taxation or electronically provided supplies, where the foreign taxable person opted for application of the special regime for non-established taxable persons supplying electronic services to non-taxable persons).

The claim is submitted electronically in the country of establishment and will subsequently be sent over to the VAT authority from whom the repayment is being sought. The refund period must not cover more than one calendar year or less than three calendar months – unless it is covering the remainder of a calendar year. The minimum amount for a refund application is €400 (unless if the application relates to a total calendar year or the remainder of a calendar: minimum of €50). The amount that is refundable is determined by the Belgian VAT deduction limitation rules. The general threshold for the submission of an electronic copy of an invoice is where the taxable basis on the invoice or import document is €1,000 or more (€250 for invoices relating to fuel costs). The serial number used in the application form should be included on the documents.

Businesses established outside the EU

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into Belgium or purchases of goods and services used in Belgium. The scheme is available to any person carrying on a business when being established outside the EU, provided that in the period of the claim:

1. they were not registered or liable to be registered for VAT in Belgium
2. they were not established in any EU country
3. they made no supplies of goods and services in Belgium other than certain specified exceptions.

The minimum amount for a refund application is €200 (unless if the application relates to a total calendar year or the remainder of a calendar: minimum of €25). A specific paper claim form has to be submitted to Belgium VAT authority no later than 30 September of the next year.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address and VAT registration number
- the invoice date
- the time of supply (also known as tax point) if this differs from the invoice date
- the customer's name, address and VAT identification number (if any)
- a description sufficient to identify the goods or services supplied to the customer
- the rate of any cash discount
- per VAT rate the total amount of VAT charged expressed in Euros.

For each different type of item listed on the invoice, the following must be shown:

- the unit price or rate, excluding VAT
- the quantity of goods or the extent of the services
- the rate of VAT that applies to what's being sold
- the total amount payable (taxable amount), excluding VAT.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- reference the reason for not charging VAT (such as reference to the article of VAT exemption in the Belgian VAT code or VAT Directive)
- reference 'btw-verlegd'/reverse charge if the VAT is due by the co-contractant
- show the total of those values separately.

Under certain conditions (eg the amount of the invoice is insignificant) a simplified VAT invoice can be issued.

VAT invoices can be issued, received and stored in an electronic format and there is no need to tell the Belgian VAT authority. If invoices are stored in another member state the Belgian VAT authorities should be notified. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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Botswana

Indirect tax snapshot

What are the current rate(s) of indirect tax?

- Standard rate of 12% for most goods and services.
- Zero-rated are charged on the following supplies:
 - export of goods and services
 - petrol, diesel oil and illuminating paraffin
 - sorghum or maize for human consumption that is not cooked as a meal or prepared as a food
 - pesticides and fertilisers
 - tractors used for farming business
 - goods or services for the personal or official use of the President or any dependent of the President's family
 - going concern
- Supplies of residential accommodation, education services, financial services and prescription drugs are charged as exempt supplies.

Are there any confirmed or anticipated changes to these rates?

No.

What is the principal indirect tax?

In Botswana, VAT is the principal indirect tax and it is charged and collected based on the invoices generated and issued by the business.

Is there a registration limit for the tax?

Yes. The registration limit is based on the taxable annual turnover. Once the threshold is met, a person is required to register. The threshold will be P500,000 per annum. A person can also register voluntarily if their taxable turnover is below the threshold.

Does the same registration limit apply to non-established businesses?

A non-established business need not register for VAT.

Does a non-established person need to appoint a fiscal representative in order to register?

Not applicable.

How often do returns have to be submitted?

A registered person is required to submit VAT returns on a monthly or bi-monthly basis based on the annual turnover of the business.



<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. There are penalties for late submissions of VAT returns and interest is payable for the late payment of VAT due.
<i>Are any other declarations required?</i>	Yes. For goods or services entered in Botswana an import declaration needs to be provided to the commissioner general at the time of import.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed on false or misleading information or statements.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No. Tax can only be claim by business registered in Botswana.

What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Botswana.

It is a tax on:

- the sale of goods or grant of the use or right to use goods
- the supply of services including grating, assignment, cessation of surrender of any right
- the transfer or provision of thermal or electrical energies
- the import of goods or services coming in the country.

Likewise, a going concern is also considered a taxable activity. Further sales or transfers of immovable properties are subject to VAT.

A VAT registered person in Botswana is required to issue a tax invoice on its sales or services that should be declared as output tax in the relevant tax period. Similarly, VAT paid on local purchases and importation can be claimed as input tax, which can be off set against declared output tax. The excess of output tax against input tax declared in the relevant tax period is considered VAT owing to the revenue authorities. In the same way, any excess of input tax claimed against output tax is a VAT refund due to the taxpayer.

A 'sale' is defined as an agreement of purchase and sale, and any other transaction or act whereby ownership of goods is passed from one person to the other.

A 'taxable activity' is an activity carried out by any person in Botswana or partly in Botswana whether or not for monetary profit that involves in whole or in part the supply of goods or services to another person for consideration.

There are two rates of VAT that are currently applied to goods or services in Botswana; the standard rate and the zero rate. There are certain services that are exempt from tax; businesses providing exempt supplies are not able to claim the input tax on goods or services acquired.

In Botswana, revenue officials may authorise an importer, who is a registered person, to pay tax within 25 days of the month end in which the goods were imported. A deferment of VAT on import is allowed once the following conditions are satisfied:

- the importer has in the past regularly paid all tax due on imports in time and has been otherwise compliant
- the records and accounting system of the importer are adequate
- provide security deposit with the revenue authority.

A registered manufacturing business in Botswana may apply to the revenue authority for a VAT manufacturing warehouse certificate. A VAT manufacturing warehouse is a facility operated for the manufacture of taxable goods for export from Botswana.

Is there a registration limit for the tax?

Every person, having taxable activities in Botswana, is liable to register for VAT once their annual value of supplies or services provided reaches the set threshold. The threshold however does not limit the person from registering for VAT on voluntary basis.

Does the same registration limit apply to non-established businesses?

The registration limit is not applicable to non-establish business in Botswana.

Does a non-established business need to appoint a fiscal representative in order to register?

A non-established business in Botswana does not need to appoint a fiscal representative to register. However, every company carrying out business in Botswana must at all times be represented by a public officer residing in Botswana within one month after the commencement of the business.

How often do returns have to be submitted

VAT returns are normally submitted bi-monthly or monthly depending on the category or class. Every registered person is required to file VAT return within 25 days after the end of each tax period whether or not tax is payable. If tax is payable, the revenue authority will require the payment of tax when the return is filed.

Are penalties imposed for the late submission of returns/payment of tax?

Failure to submit a return within the specified time will incur penalties. The current system used by the revenue authority to capture returns filed automatically charges penalties on late returns. Taxpayers are encouraged to request VAT statements from revenue authorities on a regular basis to ensure compliance and tax dues are nil.

Except in special circumstance, revenue authority do not send notifications when taxpayers incur VAT penalties.

Interest at the prescribed rate is charged on a late payment of tax calculated from the date the payment was due until the date on which the payment was made.

Are any other declarations required?

Where a person registered for VAT imports goods or services for furtherance of taxable activities, it will be required to furnish an import declaration to the customs officer at the point of entry.

Are penalties imposed in other circumstances?

The revenue authority imposes severe penalties and imprisonment for any false or misleading information knowingly declared by any person. However, penalties can be mitigated for any other reason or cause.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Botswana?

No foreign VAT will be allowed for claim by a business in Botswana, registered and non-registered.

What information must a VAT invoice show?

Except where the Commissioner General may otherwise allow, a tax invoice shall contain the following particulars:

- the words 'tax invoice' in a prominent place
- the name, address, and VAT registration number of the registered person making the supply
- for a supply to a registered recipient, the name, address, and VAT registration number of the recipient
- the individualised serial number and the date on which the tax invoice is issued
- a description of the goods or services supplied
- the quantity or volume of the goods or services supplied
- the total amount of the tax charged, the consideration for the supply, and the consideration including tax.

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Canada

Indirect tax snapshot

<p><i>What are the current rate(s) of indirect tax?</i></p>	<ul style="list-style-type: none"> • The Goods and Services Tax (GST) applies federally at 5% – all goods and services unless defined to be exempt or zero-rated. • A provincial component is combined with GST for the Harmonised Sales Tax (HST). The HST applies for supplies made in Newfoundland and Labrador, New Brunswick, Ontario, Nova Scotia and Prince Edward Island. The provincial component varies between 8% and 10%. • Quebec Sales Tax (QST) currently applies at the rate of 9.975% – this applies on the consideration for the supply on all goods and services unless defined to be exempt or zero-rated.
<p><i>Are there any confirmed or anticipated changes to these rates?</i></p>	<p>No.</p>
<p><i>What is the principal indirect tax?</i></p>	<p>GST/HST and QST are value added taxes that represent the principal indirect tax in Canada. Where applicable, some provinces also administer their own retail sales tax. Provincial retail sales taxes apply in British Columbia, Saskatchewan and Manitoba. The tax rate varies from 5% to 8%.</p>
<p><i>Is there a registration limit for the tax?</i></p>	<p>Yes. Any person carrying on business in Canada, including a non-resident, is required to become registered for GST/HST if their worldwide taxable sales exceed the registration threshold of \$30,000 annually.</p>
<p><i>Does the same registration limit apply to non-established businesses?</i></p>	<p>Yes.</p>
<p><i>Does a non-established person need to appoint a fiscal representative in order to register?</i></p>	<p>No. Non-residents without a permanent establishment in Canada are required to post security with the taxing authority. The security is equal to 50% of the estimated net tax of the person with a minimum of \$5,000 and a maximum of \$1,000,000.</p>
<p><i>How often do returns have to be submitted?</i></p>	<p>Once registered, GST/HST and QST registrants are required to file returns on a monthly, quarterly or annual basis depending on their annual sales made in Canada. Special returns may be required for financial institutions.</p>



<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a GST/HST and QST return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes. Provincial sales tax returns may be required, as well as other returns for specific tax purposes such as insurance tax.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	For the most part no, however in limited circumstances the tax on import may be claimed by another party but it should be reviewed first.

What is the principal indirect tax?

Canadian sales taxes are levied at both the federal and provincial level. The federal government administers the value added GST and HST. Federal audits and administration is undertaken by the Canada Revenue Agency, except in Quebec where Revenue Quebec administers both GST/HST and QST for most registrants except certain financial institutions. The other provinces administer their own provincial sales tax.

GST/HST

The GST is applied for taxable supplies made in Canada at the rate of 5%, unless HST is applicable as described hereafter.

GST is a value added tax that applies to the value of the consideration on most goods and services supplied or imported into Canada. Most GST registrants are entitled to recover GST/HST paid on expenses by claiming an input tax credit (ITC) or rebates in limited circumstances may be available.

The provinces of Newfoundland and Labrador, New Brunswick, Nova Scotia, Ontario and Prince Edward Island have repealed their provincial sales taxes in order to participate in the HST (combined rate of the 5% GST and a provincial component). When a supply is made within these participating provinces, HST is now applicable instead of GST. The tax base for GST and HST is the same. The HST rate is 13% in Newfoundland and Labrador, New Brunswick, and Ontario, 15% in Nova Scotia and 14% in Prince Edward Island.

Specific place of supply rules determine in which province the supply is deemed to have occurred and which rate of GST or HST will apply. These rules changed effective 1 May 2010.

Certain goods and services, such as exports, basic groceries and prescription drugs are generally zero-rated, ie taxed at 0%. GST/HST is not collected on zero-rated supplies but the supplier is entitled to claim ITCs for the GST or HST paid on related inputs.

Goods and services such as financial services, health and educational services are exempt. No GST or HST is charged on exempt supplies. However, unlike zero-rated supplies, ITCs cannot be claimed for expenses related to making exempt supplies. Certain public sector bodies such as charities may be entitled to prescribed rebates.

QST

The Quebec Sales Tax (“QST”) is also a value added tax and applies only to taxable supplies made in the province of Quebec. Generally, both GST and QST apply on the same goods and services. These taxes are stated separately on the invoice. The rules governing the application of QST have generally been harmonized with those for GST. Most QST registrants are entitled to recover QST paid on expenses by claiming an input tax refund (ITR) or in certain circumstances rebates.

QST currently applies at the rate of 9.975% on the consideration for the supply.

Although Quebec harmonised the QST with the GST effective 1 January 2013, they continue to maintain a separate tax with separate registration and reporting. Revenue Quebec also administers the GST/HST for businesses located in Quebec except for certain financial institutions.

Large businesses

Large businesses in Ontario and Prince Edward Island with revenues in excess of \$10 million for the associated group are subject to reporting and recapture of the provincial component of the HST on certain expenses. These recapture rules effectively restrict refunds for the provincial component of the tax on meals and entertainment, motor vehicles, fuel for motor vehicles (other than diesel), telecommunications and energy not used in manufacturing. The recaptured input tax credits will be at the rate of 100% of the provincial component of the tax for the first five years and will then gradually be phased out over a three year period. If eligible, there will be full recovery of the tax on these expenses in Ontario effective 1 July 2018 and in Prince Edward Island effective 1 April 2021.

The same restrictions apply in Quebec although the compliance requirements differ. For QST purposes, large businesses with revenues in excess of \$10 million for the associated group are restricted from claiming refunds of ITRs on the same categories of expenses. Quebec has announced that they will also phase out the ITR restrictions for large businesses.

Is there a registration limit for the tax?

Any person carrying on business in Canada, including a non-resident, is required to become registered for GST/HST if their worldwide taxable sales exceed the registration threshold of \$30,000 annually. A non-resident does not need to have a permanent establishment to be required to register. Once a person is carrying on business in Canada and makes a taxable supply in Canada, they are required to register provided their worldwide revenue has exceeded \$30,000. A slightly higher threshold of \$50,000 is available for public sector bodies such as charities and not-for-profit organisations.

In certain cases, voluntary registration may be permitted for residents or non-residents who are not required to become registered but wish to collect tax and recover the tax they pay.

QST registration is similar to the GST/HST registration requirements for a business being carried on in the province of Quebec; however, there are certain restrictions for non-residents of Canada voluntarily registering for QST.

Registration in the other provinces depends on a number of factors. There is no revenue threshold to apply. Most provinces look to the presence and activities being carried on in the particular province to determine registration. Manitoba and British Columbia specifically require non-residents of the province to register if taxable sales are made and there is direct marketing in their province.

Does the same registration limit apply to non-established businesses?

Yes.

Does a non-established business need to appoint a fiscal representative in order to register?

No. Non-residents without a permanent establishment in Canada are required to post security with the taxing authority. The security is equal to 50% of the estimated net tax of the person with a minimum of \$5,000 and a maximum of \$1,000,000.

How often do returns have to be submitted?

Once registered, GST/HST and QST registrants are required to file returns on a monthly, quarterly or annual basis depending on their annual sales made in Canada. The GST and HST are filed on the same return. The QST is typically a separate filing in the province of Quebec but in limited cases a joint GST/HST and QST return is permitted to be filed.

Monthly returns are required if the Canadian taxable revenue of the person and the associated group is over \$6 million. Quarterly returns are required if the taxable revenue of the person and the associated group is over \$1,500,000 and is \$6 million or below. Annual filing is required where the revenue is \$1,500,000 or below. A person can elect to file more frequently if so desired and would do so if refunds are anticipated. Electronic filing may also be mandatory.

Returns are due within one month after the reporting period for monthly and quarterly filers and within three months for annual filers. Any net payable for a reporting period must be paid at the time of filing. Annual filers are required to post quarterly instalments after their first year.

If the return is in a net refund position, the refunds will be paid out to the registrant. The registrant must have the required documentary support on hand prior to making an ITC or ITR claim on the return.

Group or consolidated filing is generally not permitted federally. Each entity must file on its own. Certain exceptions may occur with an election for eligible investment plans. Returns are prepared on an accrual basis not on a cash basis. If a customer fails to pay for the taxable goods or services purchased and the supplier has remitted the respective federal and provincial sales taxes on the supply, this supplier can claim a partial bad debt relief from the respective taxing authorities. However, the debt must be written off from the supplier's books and records in order to be eligible for the relief and the relief itself does not necessarily equal the tax; the amount is prorated depending on the amount of consideration already received.

The federal government and the respective provincial governments have instituted systems of penalties in their tax legislation to discourage failure to comply with their respective sales tax system. In addition, interest is charged on amounts outstanding. These interest and penalty amounts are generally not deductible for income tax purposes.

Are penalties imposed for the late submission of returns/payment of tax?

A penalty may be imposed by the tax authority if GST/HST and QST returns are not submitted on time, or the related tax is not paid by the due date.

Are any other declarations required?

Certain information returns may also be required for financial institutions including pension plans.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the GST/HST and QST rules.

Penalties and interest can be applied for errors and omissions made on tax returns or where the tax is paid late. Penalties can also be applied where the business has failed to maintain adequate records, provide information (including additional declarations), or makes repeated mistakes.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Canada?

Generally not unless the tax was paid in error; there are limited rebates and some instances where tax on import may be claimed by another party.

What information must a VAT invoice show?

An invoice must show:

- an invoice number which is unique and sequential
- the supplier's name or business name, or the name of an intermediary
- the invoice date
- total amount of invoice
- amount of applicable tax
- supplier's GST/HST and QST registration numbers
- purchaser's name or business name
- terms of payment
- a description sufficient to identify the goods or services supplied to the customer.

It is important to note that the tax authorities are very strict in regards to the supporting documentation for ITC and ITR purposes.

Other taxes

Provincial sales taxes

Most other provinces impose their own retail sales tax (RST). Unlike the GST/HST and the QST, the RST is not a value added tax and is not recoverable. The provincial RST is generally applicable on most tangible personal property and services for the repair, maintenance, installation, and other services related to such taxable property. Real property, royalties and intangible personal property are not taxable for RST purposes with the exception of software. Most software and related services, other than specifically defined custom software, are subject to the provincial RST.

RST is administered in each of the provinces of Manitoba, Saskatchewan, and British Columbia. The tax application and registration requirements can vary by province. Generally, the RST rates vary from 5% to 8%. Special rates can apply to the sale of alcohol, insurance and admissions.

All RST provinces have unconditional exemptions for certain supplies such as basic groceries, health supplies and books. Conditional exemptions also apply to goods purchased for the purpose of resale and in some provinces, certain machinery and equipment used directly in manufacturing goods for resale. However, exemption certificates or other exempting documentation must be obtained by the vendor to support the exemption and registration may be required to provide such documentation.

Provincial RST returns are generally filed on a monthly basis and in Manitoba and Saskatchewan are due 20 days following the end of the reporting month. Some relief is available to file on a less frequent basis but only for very small or seasonal filers. Returns in British Columbia are due to be filed on the last day of the month following the reporting month and must be filed electronically where annual sales exceed \$1.5 million.

The province of Alberta does not have an RST and years ago the provinces of Newfoundland and Labrador, Nova Scotia and New Brunswick eliminated their RST and harmonised their tax with the federal GST to create the federal HST. Up until the end of June 2010, the province of Ontario also had a retail sales tax. British Columbia was an HST participating province from 1 July 2010 but reverted back to an RST system 1 April 2013. Prince Edward Island eliminated its provincial sales tax and became a participation HST province also effective on 1 April 2013.

Furthermore, the following additional taxes may apply:

- specific taxes
- a provincial sales tax continues to apply on insurance premiums including but not limited to the provinces of Ontario and Quebec
- excise taxes
- environmental levies.

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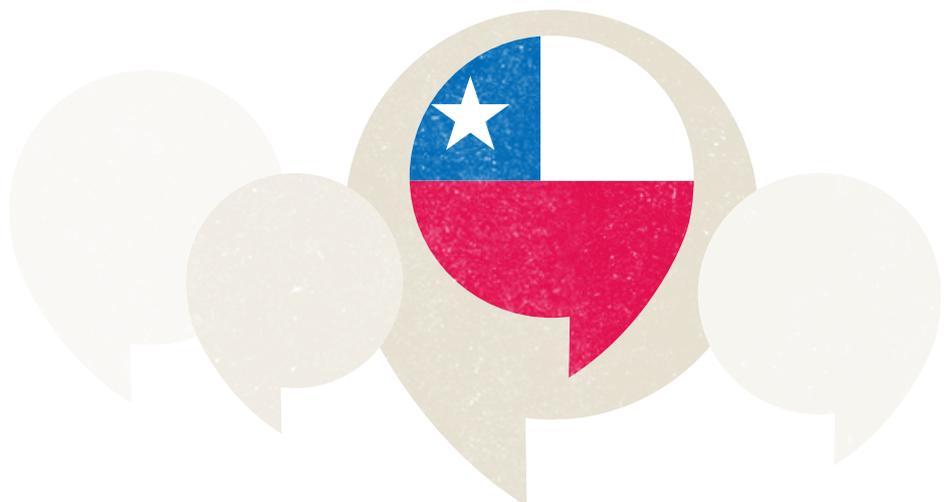
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Chile

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	Standard flat rate of 19% for goods and services.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Chile. VAT is charged on all recurring sales and some specific services, whether recurrent or not.
<i>Is there a registration limit for the tax?</i>	No. All taxpayers that make transactions subject to VAT must pay this tax.
<i>Does the same registration limit apply to non-established businesses?</i>	Not applicable, there is no limit.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	A non-established person that has operations in Chile must appoint a fiscal representative.
<i>How often do returns have to be submitted?</i>	Taxpayers must submit a tax return on a monthly basis.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late then a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes. Certain luxury items and beverages are subject to sales tax in addition to VAT, at rates that vary according to the type of items sold. Fuels and gas are also subject to sales tax in addition to VAT.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No, you must be registered to claim tax refunds.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Chile. The VAT rate is a flat rate of 19%.

In general, VAT is applicable on the price charged for the following transactions:

- sales of tangible goods provided by habitual sellers performing such transactions on a recurrent basis
- services, whether habitual or not, that can be considered commercial, industrial, financial, or related to mining, construction, insurance, advertising or other commercial activities
- imports, whether habitual or not
- transactions deemed by the VAT law as ‘sales’ and ‘services’. Examples of these transactions are:
 - the leasing of tangible goods and of real estate that includes furniture in general or equipment which fits the property for commercial or industrial use
 - royalties or lease payments for the use of patents, trademarks or similar rights
 - constructions of any kind when built totally or partially by construction companies
 - fixed assets sold before they are fully depreciated or within four years from their acquisition
 - withdrawal of tangible assets from inventory
 - interest accrued in a sale on credit.

Among the transactions not subject to VAT are:

- professional and technical assistance services
- capital contribution of tangible assets made by a DL 600 foreign investor, when some requirements are met
- sales of used vehicles, if the same requirements are met
- interest on loans and securities
- lease of real estate under some circumstances
- exports
- real estate transfer under some circumstances
- international freight, both by air and sea

The VAT paid on imports, purchases, and services received (tax credit) is deducted from the VAT due on sales and services rendered (tax debit). The vendor or the service provider must file a monthly tax return and pay a net debit the twelfth day of the subsequent month. If the taxpayer is an electronic biller, the tax return can be pay by internet until the 20th of that month.

Is there a registration limit for the tax?

There is no registration limit for this tax.

Every ‘person’ or ‘legal entity’ that has operations in Chile, either for sales of goods or services rendered, must register at the Chilean Internal Revenues Service (IRS).

This tax also applies to the Treasury, semi-public institutions and autonomous bodies of the state administration, municipalities and enterprises belonging to them or in which these agencies have participation.

Imports are subject to the same 19%, rate whether regular or not, made by any natural or legal person.

The tax must be declared and paid monthly. Its amount corresponds to the difference between the tax debit and the tax credit. If the difference results in a remnant, there is a mechanism that allows for using it in future periods.

VAT contained in the invoices receipt can form part of the VAT credit only the month it is received, plus two additional months.

Exporters are exempt for the sales that are made abroad, having the right to recover VAT paid against the purchase of goods or use of services for the export activity.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

VAT registration also applied for businesses that are carried out in Chile by foreign persons or entities. This registration applies without limit.

Does a non-established business need to appoint a fiscal representative in order to register?

The tax authority in Chile may direct a person to appoint a VAT representative to act on his behalf for the purpose where the person:

- is a taxable person or makes taxable supplies or acquires goods in Chile
- is not established, and does not have a ‘fixed establishment’ in Chile
- in the case of an individual, he does not have his ‘usual place of residence in Chile’.

How often do returns have to be submitted?

VAT returns cover an accounting period of one month, ending on the last day of a calendar month.

As said, on a monthly basis, VAT taxpayers may deduct their VAT credit from their VAT debit. The excess of VAT debit should be declared and paid monthly. On the contrary, if in a given month the VAT credit exceeds the VAT debit, the remaining VAT credit balance is carried forward and cannot be refunded in cash. A refund in cash is available only for VAT credit derived from the acquisition of fixed assets where a credit balance persists for at least six months.

In general, only registered VAT taxpayers can benefit from VAT credits.

Are penalties imposed for the late submission of returns/payment of tax?

A penalty is imposed by the tax authority if VAT returns are not submitted on time, or the related tax is not paid by the due date.

The delay or omission in the presentation of statement that are not the immediate basis for determining tax, is punishable by a fine ranging between USD \$82 and USD \$972 approx.

The delay in paying taxes to the Treasury, subject to withholding or surcharge is punishable by a fine of 10% of the taxes owed. The fine will increase by 2% for each month or fraction of a month of delay, which cannot exceed 30% of the tax due.

If the failure is detected by the Chilean IRS the fine will be 20%, and reach a maximum of 60%.

Are any other declarations required?

In Chile, taxpayers must also pay indirect taxes for alcoholics (ILA), fuels (IEPD), gas (GLP) and luxury goods.

These indirect taxes must be paid through the same tax return that the VAT returns. The rates of these taxes vary according to the class of item sold.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Fines and interest can be applied for errors or omissions made on tax returns, or where the tax is paid late. Penalties and interests can also be applied where the business do not maintain adequate records. Criminal proceeding may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Chile?

No, VAT cannot be reclaimed by cross borders businesses if these are not registered as having operations in Chile.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address
- the seller's VAT registration number
- the invoice date
- the detail of the waybill if the supply is made in a previous day
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer
- the rate of any cash discount
- the total amount of VAT charged expressed in Chilean pesos.

For each different type of item listed on the invoice, the following must be shown:

- the unit price or rate, excluding VAT
- the quantity of goods or the extent of the services
- the rate of VAT (19%)
- the total amount payable, excluding VAT.

It is possible to issue invoices in electronic format, but must have the agreement of the authority. Electronic invoices must contain the same information as paper invoices.

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People's Republic of China

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	Standard rate of 17%, 6% or 3% for most goods and services.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in the People's Republic of China (PRC). It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes, the minimum revenue is RMB 20,000 per month.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established in the PRC and they will need to register as soon as they start to make taxable transactions.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	No.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns need to be submitted on a monthly basis.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes, Local taxes.
<i>Are penalties imposed in other circumstances?</i>	Yes, such as late tax registration (over 30 days after business registration) or issuing tax invoices incorrectly.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in the PRC.

It is a tax on consumption which is applied during the production and distribution process to most goods and services.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority.

Is there a registration limit for the tax?

Yes, the minimum revenue is RMB 20,000 per month.

Does the same registration limit apply to non-established businesses?

No.

Does a non-established business need to appoint a fiscal representative in order to register?

No.

How often do returns have to be submitted?

VAT returns have to be submitted within 15 days after the end of the month.

Are penalties imposed for the late submission of returns/payment of tax?

Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.

Are any other declarations required?

Yes. There are local tax declarations, including, urban maintenance and construction tax, education surcharges, flood prevention expense.

Are penalties imposed for the late submission of returns/payment of tax?

No.

Are any other declarations required?

Yes. There are local tax declarations, including, urban maintenance and construction tax, education surcharges, flood prevention expense.

Are penalties imposed in other circumstances?

Yes, such as late tax registration (over 30 days after business registration) or issuing tax invoices incorrectly.

Can the VAT incurred by overseas businesses be claimed if they are not registered in China?

No.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address
- the seller's VAT registration number
- the invoice date
- the time of supply (also known as 'tax point') if this is different from the invoice date
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer
- the rate of any cash discount
- the total amount of VAT charged expressed in RMB
- the quantity of goods or the extent of the services
- the rate of VAT that applies to what's being sold.

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Cyprus

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 19% for most goods and services.• Higher reduced rate of 9% applies for services which include accommodation and hospitality.• Lower reduced rate of 5% applies to services which include food for human consumption, medicines, renovation of private dwellings and the purchase of new immovable property which is the principal place of residence in Cyprus.• Zero-rated goods and services include supplies related to commercial shipping and exports.
<i>Are there any confirmed or anticipated changes to these rates?</i>	<ul style="list-style-type: none">• An increase to the standard rate from 18% to 19% took place from 13 January 2014.• An increase to the higher reduced rate from 8% to 9% took place from 13 January 2014.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Cyprus. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the annual turnover of taxable transactions in Cyprus, and once the limit has (or will be) reached it is necessary to register. The registration threshold is €15,600.
<i>Does the same registration limit apply to non-established businesses?</i>	Yes, the same registration limits apply to non-established business. Different registration requirements also apply to businesses involved with 'distance sales' made within the European Union (EU), for example, mail order and internet sales.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	In certain circumstances, a non-established person may be directed by the Cyprus VAT authority to appoint a fiscal representative.
<i>How often do returns have to be submitted?</i>	All businesses are required to submit VAT returns covering three month accounting periods.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty will be imposed.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the EU. Declarations also have to be submitted in certain circumstances in connection with goods moving to or from the EU.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Cyprus and in other European Union (EU) countries.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process in most cases rests with the business making the supply ie the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

A transaction is within the scope of Cyprus VAT if the following conditions are met:

- it is a supply of goods or services
- it takes place in Cyprus
- it is made by a taxable person. For this purpose, a taxable person is a person or entity who is or ought to be registered according to the provisions of the Cyprus VAT law.

There are four rates of VAT that are applied to goods and services in Cyprus; the standard rate, the higher reduced rate, the lower reduced rate and the zero rate. In addition, some goods and services are exempted from the tax.

Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

Most goods imported into Cyprus from outside the EU are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the tax (subject to certain rules).

It is also important to note the interaction between VAT and Customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty.

Is there a registration limit for the tax?

A 'person' who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT if the value of its taxable supplies in Cyprus exceeds the annual registration limit, or is expected to exceed the limit in the near future. A business can register on a voluntary basis even if the registration limit has not been exceeded.

For these purposes, a 'person' includes any legal entity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration – even if the nature of some of those activities are very different.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Group registration

Two or more corporate bodies can be registered together as a VAT group if:

- each of the bodies is incorporated in Cyprus
 - there are financial, economic and organisational ties.
- Financial ties exist where certain elements of 'control' exist between the members, economic ties exist where the nature of the activities of the parties are similar or supplementary and organisational ties exist where there is a common management/governance structure.

A corporate body cannot be treated as a member of more than one VAT group at a time.

The main advantage of a VAT group registration is that, apart from a few limited exceptions, any supply of goods or services by a member of the group to another member of the group is disregarded for VAT purposes. This reduces the risk of VAT being accidentally omitted on supplies between separately registered connected companies.

However, there are some disadvantages and any decision on whether to group register should be taken with care. For example, all VAT group members (including former members) are jointly and severally liable for the VAT debt of the group during the period of their membership.

Does the same registration limit apply to non-established businesses?

The same registration limit applies to a non-established business.

Registration for VAT in Cyprus may also be required where a non-established EU business is involved with distance selling. Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a customer in another EU country who is not registered or liable to be registered for VAT. Such customers are known as non-taxable persons, and include private individuals and businesses and other organisations that are not registered for VAT (either because of their size, or the fact that they are exempt from having to register due to the nature of their activities). The common examples of distance sales are goods supplied by mail order and via the internet.

Each EU country has the option of applying a distance selling threshold of either €35,000 or €100,000 per calendar year, or the equivalent in its own currency. Cyprus has adopted an annual threshold of €35,000 which equates to the lower threshold in euros.

Distance sales from another EU country to non-taxable persons in Cyprus will be subject to VAT at the appropriate rate in the suppliers country. However, once the value of those distance sales to Cyprus exceeds the Cypriot threshold of €35,000:

- the supplier becomes liable to register for VAT in Cyprus
- Cyprus becomes the place of supply
- any further sales to customers in Cyprus are subject to Cypriot VAT.

Suppliers can choose to make Cyprus the place where the goods are supplied by registering for VAT voluntarily before the threshold is reached.

Does a non-established business need to appoint a fiscal representative in order to register?

The VAT authority in Cyprus may direct a person to appoint a VAT representative to act on his behalf for VAT purposes where the person:

- is a taxable person, or without being a taxable person carries out taxable supplies or acquires goods in Cyprus from other member states

- is not established, and does not have a ‘fixed establishment’ in Cyprus
- is established in a country or territory which is not an EU country (or part of such a country) and where it appears to the Cypriot authorities that there is no provision for mutual assistance similar to that which provided between Cyprus and other EU countries
- in the case of an individual, he does not have his ‘usual place of residence’ in Cyprus.

How often do returns have to be submitted?

VAT returns normally cover an accounting period of three months, ending on the last day of a calendar month.

All VAT returns have to be submitted within 40 days following the end of the relevant period.

Are penalties imposed for the late submission of returns/payment of tax?

A default surcharge penalty is imposed by the tax authority if VAT returns are not submitted on time, or the related tax is not paid by the due date.

There is a late submission penalty of €51 if a VAT return is not submitted on time. There is also a default surcharge for late payment equal to 10% of the unpaid tax. Interest is imposed on the unpaid tax and late payment surcharge according to the government interest rate which is announced each year (currently 4.5%). This is calculated on a monthly basis.

Are any other declarations required?

Businesses that are registered for VAT in Cyprus, and make supplies of goods or services to traders registered for the tax in other EU countries are required to complete and submit EC Sales Lists (ESLs). The ESLs must show details of the recipients of the goods and services.

ESL's must be submitted on a monthly basis, by the 15th of the following month, regardless of the value of goods or services which are supplied.

In addition, if the value of the intra-EU trade in goods dispatched or arriving from other EU member states is above an annual threshold, a supplementary declaration (referred to as an Intrastat declaration) has to be submitted for either or both. These declarations have to be submitted on a monthly basis.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Civil penalties and interest can be applied for errors and omissions made on tax returns, or where the tax is paid late. Penalties can also be applied in certain situations including where the business has failed to maintain adequate records, provide information (including additional declarations), issue a legal receipt or comply with any of the directions or regulations of the commissioner.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Cyprus?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member state. To be eligible to make a claim, the claimant must be a taxable person established in an EU member state other than the one from which the claim is to be sought. In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment, seat of economic activity, place of business or other residence there
- during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically to the tax authority from whom the repayment is being sought.

The refund period must not cover more than one calendar year or less than three calendar months – unless it is covering the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into Cyprus or purchases of goods and services used in Cyprus. The scheme is available to any person carrying on a business established in a third country ie outside the EU, provided that in the period of the claim:

- he was not registered or liable to be registered for VAT in Cyprus
- he was not established in any EU country
- he made no supplies of goods and services in Cyprus other than certain specified exceptions
- where he is established in a third country having a comparable system of turnover taxes, unless the Cyprus tax authority allows otherwise, that country provides reciprocal arrangements for refunds to be made to taxable persons established in Cyprus.

The claim period in Cyprus is from 1 July to 30 June each year. Claim forms have to be submitted to the Cyprus tax authority no later than six months from the end of the relevant designated year, ie by 31 December each year.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the invoice date
- the seller's name and address
- the seller's VAT registration number
- the time of supply (also known as tax point) if this is different from the invoice date
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer
- for each description the number of goods or the unit price or the extent of services, the VAT rate and the net payable in euros
- the total net amount without VAT
- the portion of any discount offered
- analysis of each VAT rate and the total amount payable thereon, for each rate
- the total amount of VAT in euros.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately.

For further information on indirect tax in Cyprus please contact:

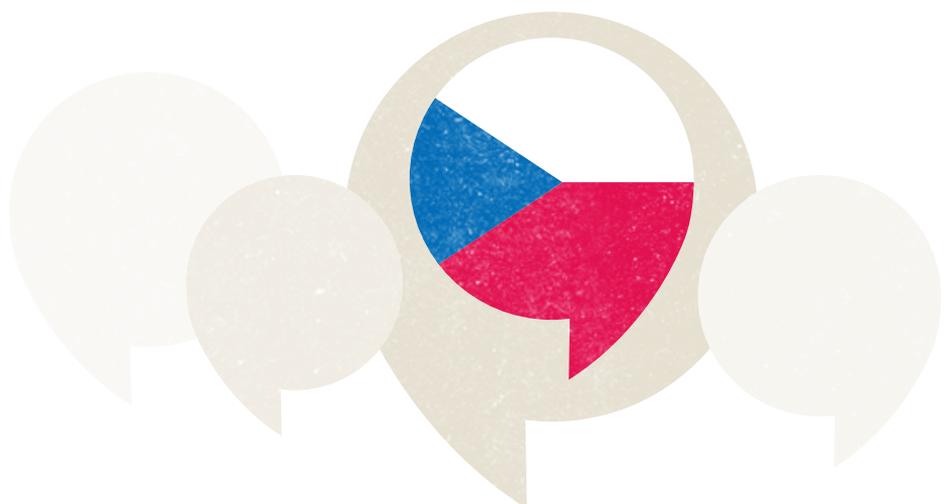
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Czech Republic

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 21% for most goods and services.• Reduced rate of 15% for some goods and services including food and accommodation services.
<i>Are there any confirmed or anticipated changes to these rates?</i>	The Czech Republic should unite on a single VAT rate of 17.5% from the year 2016.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in the Czech Republic. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the turnover of taxable transactions in the Czech Republic, and once the limit has been (CZK 1,000,000) reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	No, they will need to register as soon as they start to make taxable transactions.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	The concept of a person of a fiscal representative does not exist in the Czech VAT law.
<i>How often do returns have to be submitted?</i>	Businesses are required to submit VAT returns on a monthly basis. VAT returns can also be submitted on a quarterly basis in certain cases.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted a penalty can be imposed (late submission penalty and/or late payment interest).
<i>Are any other declarations required?</i>	Yes. EC Sales Lists (ECLs), reports on local reverse charge supplies filed by both supplier and customer.
<i>Are penalties imposed in other circumstances?</i>	Yes, penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in the Czech Republic and in other European Union (EU) countries.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply, i.e. the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

A transaction is within the scope of the Czech Republic VAT if the following conditions are met:

- it is a supply of goods or services, acquisition of goods from other EU member states and import of goods
- it takes place in the Czech Republic
- it is made by a taxable person. For these purposes, a taxable person is a person or entity who is registered for VAT in the Czech Republic, or has a liability to become registered person
- it is made in the course or furtherance of any business carried on by that person or entity.

There are two rates of VAT that are applied to goods and services in the Czech Republic; the standard rate and the reduced rate. In addition, some goods and services are exempted from the tax.

Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

Most goods imported into the Czech Republic from outside the EU are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it is possible to reclaim the tax (subject to certain rules).

It is also important to note the interaction between VAT and Customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. Consequently, it represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty.

Is there a registration limit for the tax?

A 'person' who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT if the value of its taxable supplies in the Czech Republic exceeds the 12 months' registration limit of CZK 1,000,000 (approximately €40,000). A business can register on a voluntary basis even if the registration limit has not been exceeded.

For these purposes, a 'person' includes any legal entity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration.

Two or more corporate bodies can be registered together as a VAT group if each of the bodies is established, or has a fixed establishment, in the Czech Republic. A VAT group means a group of persons related through capital with the share exceeding 40% or entities controlled by the same person.

A corporate body cannot be treated as a member of more than one VAT group at a time.

The main advantage of VAT group registration is that, apart from a few limited exceptions, any supply of goods or services by a member of the group to another member of the group is disregarded for VAT purposes.

However, there are some disadvantages and any decision on whether to group register should be taken with care. For example, all VAT group members (including former members) are jointly and severally liable for the VAT debt of the group during the period of their membership.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

The normal VAT registration limit does not apply to businesses who are not established in the Czech Republic, but for the purposes of the tax are making taxable supplies there. Those businesses will need to register for VAT as soon as they commence trading in the Czech Republic, irrespective of the level of turnover.

Registration for VAT in the Czech Republic may also be required where a non-established EU business is involved with distance selling. Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a customer in another EU country who is not registered or liable to be registered for VAT. Such customers are known as non-taxable persons, and include private individuals and businesses and other organisations that are not registered for VAT (either because of their size, or the fact that they are exempt from having to register due to the nature of their activities). The common examples of distance sales are goods supplied by mail order and via the internet.

Each EU country has the option of applying a distance selling threshold of either €35,000 or €100,000 per calendar year, or the equivalent in its own currency. The Czech Republic has adopted an annual threshold of CZK 1,140,000.

Distance sales from another EU country to non-taxable persons in the Czech Republic will be subject to VAT at the appropriate rate in the supplier's country. However, once the value of those distance sales to the Czech Republic exceeds the threshold of CZK 1,140,000:

- the supplier becomes liable to register for VAT in the Czech Republic
- the Czech Republic becomes the place of supply
- any further sales to customers in the Czech Republic are subject to the Czech Republic VAT.

Suppliers can choose to make the Czech Republic the place where the goods are supplied by registering for VAT voluntarily before the threshold is reached.

Does a non-established business need to appoint a fiscal representative in order to register?

The concept of a fiscal representative is not defined in the Czech Republic VAT law. However, the non-established business may arrange for a representative based on power of attorney.

How often do returns have to be submitted?

VAT returns normally have to be submitted on a monthly basis. Based on application and meeting certain conditions required the entity may apply for a quarterly tax period.

All VAT returns have to be submitted within 25 days of the end of the relevant tax period, together with any tax due.

Are penalties imposed for the late submission of returns/payment of tax?

A default surcharge penalty may be imposed by the tax authority if VAT returns are not submitted on time, or the related tax is not paid by the due date.

If the VAT return is not filed in time a 0.05% tax liability (maximum 5%) per day penalty is imposed from the 6th working day. Delayed payment penalty in the annual rate of the Czech National Bank repo rate plus 14% (currently approximately 14 – 15% in total) is imposed from the 5th working day after the due date.

Are any other declarations required?

Businesses that are registered for VAT in the Czech Republic, and make supplies of goods or services to traders registered for the tax in other EU countries are required to complete and submit EC Sales Lists (ESLs). The ESLs must show details of the recipients of the goods and services.

Generally, the ESLs must be submitted each calendar month. If just services under the reverse charge regime are supplied the ESL is submitted in the same period as the tax return.

In addition, if the value of the intra-EU trade in goods dispatched or arriving from other EU is above an annual threshold, a supplementary declaration (referred to as an Intrastat declaration) has to be submitted for either or both. These declarations have to be submitted on a monthly basis.

Are penalties imposed for the late submission of returns/payment of tax?

Besides penalties stated above, a penalty is imposed if tax is additionally assessed by the tax authority. This penalty amounts to 20% of the tax increased or VAT claim reduced by the tax administrator.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in the Czech Republic?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances based on Directive 2008/9/EC.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member state.

To be eligible to make a claim, the claimant must be a taxable person established in an EU member state other than the one from which the claim is to be sought. In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment, seat, place of business or other residence there
- during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically to the tax authority from whom the repayment is being sought.

The refund period must not cover more than one calendar year or less than three calendar months – unless it is covering the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into the Czech Republic or purchases of goods and services used in the Czech Republic. The scheme is available to any person carrying on a business established in a third country, ie outside the EU, provided that in the period of the claim:

- he was not registered or liable to be registered for VAT in the Czech Republic
- he was not established in any EU country
- he made no supplies of goods and services in the Czech Republic other than certain specified exceptions
- where he is established in a third country having a comparable system of turnover taxes, unless the Czech Republic tax authority allows otherwise, that country provides reciprocal arrangements for refunds to be made to taxable persons established in the Czech Republic.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address
- the seller's VAT registration number
- the invoice date
- the date of supply (also known as tax point) if this is different from the invoice date
- the customer's name and address
- the customer's VAT registration number
- a description sufficient to identify the goods or services supplied to the customer
- the unit price
- tax base
- tax rate
- total VAT amount in CZK.

VAT invoices can be issued, received and stored in electronic format and there is no need to inform the tax authority in advance. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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Finland

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 24% for most goods and services.• Reduced rate on 14% for food, animal feed, restaurant and meal catering services.• Reduced rate on 10% for books, medicine, services relating to physical exercise and sports, movies, entrance to cultural events and to entertainment events, transport of passengers, accommodation, and TV licenses.• Zero-rate for VAT-exempt vessels – sale, renting out, chartering and work performed on such vessels
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Finland, which is levied on supplies of goods and services.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the annual turnover of taxable transactions in Finland, and once the limit has been reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	No. As a rule non-established businesses are required to register for VAT purposes once they start to make VAT taxable transactions in Finland. However, as an exception, there is a registration limit for non-established businesses engaged in distance sales.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	A fiscal representative is required, if the person is established in a non-EU country or in a country with Finland has not concluded a treaty regarding mutual change of information.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns on monthly basis. Quarterly and annual reporting is available for small business.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty is imposed.
<i>Are any other declarations required?</i>	In addition to the VAT return a European Sales Listing (ESL) –return needs to be submitted in connection with supplies of goods and services to other EU countries.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, overseas businesses may apply for refund in certain situations provided that all conditions for the refund are met.



What is the principal indirect tax?

Value Added Tax (VAT) is the main indirect tax in Finland as in other European Union (EU) countries.

VAT is a consumption tax which is applied on the supply of most goods and services. It is also applied to goods, and certain services imported to Finland.

As VAT is levied on transactions the seller has the responsibility for charging, collecting and paying VAT to the tax authority on every supply (output tax). Thus, the seller operating a value added taxable business in Finland is liable to register for VAT purposes.

In addition to output tax, the seller may also incur VAT (input tax) on its purchases including the VAT paid at importation. The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

Value added tax is payable in Finland on:

- the sales of goods and services in the conduct of business, which take place in Finland
- the importation of goods, which takes place in Finland
- the intra-Community acquisition of goods, referred to in Article 26 a, which takes place in Finland
- the removal of goods from warehousing arrangements, as referred to in Article 72 l, which takes place in Finland.

There are three rates of VAT that are applied to goods and services in Finland; the standard rate, the reduced rate, and the zero rate. Even though VAT is broadly applied to transactions, some goods and services are exempted from VAT.

Is there a registration limit for the tax?

A person operating a value added taxable business is liable to register for VAT purposes if his turnover during a calendar year amounts to €8,500 or more. Additionally, a voluntary registration is available even if the registration limit would not be exceeded.

For the registration purposes, a 'person' includes any legal entity engaged in business operations. The registration will cover all business activities apart from voluntary registration for letting of real property.

Two or more persons within the field of financial or insurance services may form a group for VAT purposes and apply for VAT group registration. For the VAT group registration it is provided that the persons within the group:

- are providing financial or insurance services
- are established, or has a fixed establishment, in Finland
- have close financial, economic and administrative connections with each other.

The main advantage of a VAT group is that, any supply of goods or services within the group is disregarded for VAT purposes. However, there are also some disadvantages such as the liability for taxes. Within the group all members of the VAT group are jointly and severally liable for the VAT debt of the group during the period of their membership.

Does the same registration limit apply to non-established businesses?

No. If a permanent establishment is created for the non-established person, the person is liable to register for VAT purposes as of the commencement of the activities in Finland irrespective of the annual turnover. Also a retroactive registration is possible.

A non-established person that does not have a permanent establishment in Finland may apply for voluntary registration for VAT purposes.

A non-established person engaged in distance selling is liable to register for VAT purposes in Finland if the threshold of €35,000 is exceeded during a calendar year. Once the threshold is exceeded the supplies are subject to VAT in Finland. Also a voluntary registration for distance sales before the threshold is exceeded is available.

Does a non-established business need to appoint a fiscal representative in order to register?

Yes, a fiscal representative is required from such persons, that are not established in Finland and do not have a fixed establishment in the European Union or in a country which have a treaty with Finland concerning mutual assistance. The fiscal representative appointed must be domiciled in Finland and needs to be approved by the Regional Tax Office. In addition the Regional Tax Office may require a guarantee for the payment of the tax.

How often do returns have to be submitted?

The general accounting period for VAT is one month. The periodic VAT return submitted on monthly basis must arrive at the tax office on the 7th day of the second month following the accounting period in question.

However, there is relief available for smaller businesses. If the turnover is under €50,000 per year the person liable to tax may apply for quarterly accounting period, ie the periodic VAT return is filed in every three months. If the turnover is under €25,000 per year the person liable to tax may apply for annual accounting period, ie the periodic VAT return is filed in every twelve months.

Are penalties imposed for the late submission of returns/payment of tax?

Yes. If the periodic VAT return is submitted late a penalty for late filing is imposed. The minimum amount of the penalty for late filing is €5 and the maximum €15,000.

If the tax payable has not been paid by the due date a late payment interest is payable. The taxpayer is expected to calculate the correct amount of late payment interest and account it to the tax account on own initiative. The interest will start to accrue on the day following the due date and it will stop accruing on the date of payment, both days inclusive.

Are any other declarations required?

A person making intra-community supplies of goods or services is required to submit EC sales listing (ESL return). The ESL return states the details of the purchaser and the value of the transactions of goods and services. The ESL return needs to be submitted not later than the 20th day of the month

Additionally, an intrastat return for import or export needs to be filed if certain thresholds have been exceeded in intra-community supplies of goods. The intrastat return is submitted on monthly basis.

Are penalties imposed in other circumstances?

In addition to penalty for late filing and late payment interest a punitive tax increase may be imposed if the VAT rules are not followed. Depending on the nature of the neglect or error, the tax increase may vary from 10% to 20%. In case of tax fraud, the tax may be increased by not less than 50% and to not more than three times its amount.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Finland?

Yes, Finland has adopted two special refund schemes for non-registered businesses; one for EU established businesses and the other for businesses outside EU.

The EU cross border refund scheme, available in all EU member States, allows non-registered, but EU established businesses to recover VAT incurred in Finland under certain conditions.

Businesses established outside of the EU can also reclaim the VAT incurred on imports or purchases of goods and services under certain strict conditions.

What information must a VAT invoice show?

The following information must be stated on a VAT invoice:

- the date of issue of the invoice
- a sequential number, based on one or more series, which uniquely identifies the invoice
- the VAT number of the taxable person who supplied the goods or services to which the invoice relates
- the buyer's VAT number when reverse charge is applied, and in the case of intra-community trade
- full names and addresses of the seller and buyer
- the quantity and nature of the goods supplied or the extent and nature of the services rendered
- the date on which the goods or services were supplied or the date on which a prepayment on account was made
- the price exclusive of VAT per rate of VAT, displaying the unit price and any rebates, discounts and credits (if not included in the unit price)
- the rate of VAT chargeable
- the VAT payable in respect of the supply of the goods or services
- indications of any VAT exemption or reverse charge
- if applicable, the details necessary to identify the goods as a new means of transport
- if applicable, an indication concerning the VAT margin scheme if second-hand goods, works of art, antiquities and collectibles or certain travel agency services are being supplied
- if applicable, an indication concerning the supply of taxable investment gold
- if an earlier invoice is being amended, a reference to the earlier invoice.

If the value of goods or services is less than €400 a simplified invoice may be issued. A simplified invoice must state the following information:

- the date of issue
- the seller's name and VAT number (business identification)
- identification of the type of goods (including quantity) and services supplied
- the VAT due, specified by the rates of VAT chargeable, or alternatively, the price(s) exclusive of VAT per rate of VAT.

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Germany

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 19% for most goods and services.• Reduced rate of 7% applies to a specified list which includes, for example, books, newspapers, cultural goods and services, certain agricultural and forestry goods, charitable services, work of art and local public transport.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Germany. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	No.
<i>Does the same registration limit apply to non-established businesses?</i>	Not applicable.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	No.
<i>How often do returns have to be submitted?</i>	Returns have to be submitted on a monthly basis in the first two years of registration. In addition all taxable persons must submit annual VAT returns.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the EU. Declarations also have to be submitted for commercial statistic purposes regarding the movements of goods from one member state to another.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Germany and in other European Union (EU) countries.

It is a tax on consumption, which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply, ie the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

Taxable supplies on goods and services

A transaction is within the scope of German VAT, if the following conditions are met:

- it is a supply of goods or services. According to German law, a supply of goods is the transfer of the right to dispose of tangible property for consideration. Activities for consideration, which are not regarded as a supply of goods, are services
- it takes place in Germany
- it is made by a taxable person. For these purposes, a taxable person is a person or entity who practises commercial or professional activity independently and is registered for VAT, or has a liability to become registered
- it is made in the course or furtherance of any business carried on by that person or entity.

Due date

Generally VAT is due and accounted for at the end of the month in which the supply of goods is performed; as a general rule, the tax has to be calculated on the agreed consideration. On application the competent local tax office can allow that an entrepreneur accounts for the VAT on basis of received consideration. The consideration receipts basis is a method available only to three groups of persons:

- entrepreneurs who's total amount of supplies have not exceeded €500,000 in the previous calendar year
- entrepreneurs who are – by way of exemption according § 148 of the German Fiscal Code – not required to keep accounts and to make periodical financial statements on basis of annual inventories
- entrepreneurs who (and only as far as they) perform turnovers in an independent profession according § 18 (1) No. 1 of the German Income Tax Act (e.g. lawyers, tax advisors, engineers, architects, doctors etc.).

VAT rates and exemptions

There are two rates of VAT that are applied to goods and services in Germany; the standard rate and the reduced rate. In addition, some goods and services are exempted from the tax.

Businesses that make exempt supplies are, under certain circumstances, unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

Import

Most goods imported into Germany from outside the EU are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the tax (subject to certain rules).

It is also important to note the interaction between VAT and customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty.

It is possible, subject to conditions, to defer the payment of the VAT until the 16th day of the month following the import. Taxpayers are entitled to the deduction of import VAT in the VAT declaration period, in which the payment is made. Since nearly all imports are processed via the electronic customs procedure called ATLAS, a print out from the customs will suffice to recover the import VAT.

The person liable for customs duty on importation is also liable for VAT on importation. This is the person in whose name customs clearance has been applied for. The declarant may therefore be the owner, the beneficial owner or any person who is in possession of the goods at the time of entry into Germany. Only commercial transporters may apply for clearance on behalf of another person, who is not in possession of the goods, ie the supplier or purchaser of the goods.

Is there a registration limit for the tax?

General rule

Generally a 'person' who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT.

Small business rule

If the value of its annual taxable supplies in Germany did not exceed 17,500 in the preceding calendar year and is not expected to exceed €50,000 in the current calendar year and thus the 'person' is to be considered as a small entrepreneur, an obligation to register for VAT does not exist. The privilege for the small entrepreneurs only applies for businesses situated in Germany. A business can register on a voluntary basis even if the registration limit has not been exceeded. The effect of the voluntary registration is an obligation to retain VAT on all supplies and services for the next five years.

For these purposes, a 'person' includes any legal entity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration - even if the nature of some of those activities are very different.

VAT group

In Germany there are no typical 'Group registration' like in the UK. However, in case a corporation is integrated into a business from a fiscal, economic and organisational point of view (so called Organschaft), it is not independent and has to comply with the parent's directions. Effect is that both companies are taxed as one. Transactions between group members are not subject to VAT. Solely the controlling enterprise is taxed.

E-Services

For the e-services scheme, EU VAT can be registered and accounted for in one EU member state. Non-EU entities providing electronic services to non-entrepreneurs in the EU could register in Germany, if they are not registered in another EU member state. They have the option to file the periodical VAT-forms within 20 days of the period end of a quarter year. Before starting the business you have to announce your choice to the Bundeszentralamt für Steuern. The VAT-forms have to be filed electronically. If the non EU entity chooses to register and to file the VAT-forms in Germany, there is no need to register anywhere else in the EU in connection with electronic services. The periodical VAT-forms have to be made for the electronic services provided all over the EU.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

General rule

The normal VAT registration limit does not apply to businesses who are not established in Germany, but for the purposes of the tax, are making taxable supplies there. Those businesses will need to register for VAT as soon as they commence trading in Germany, irrespective of the level of turnover.

Intra-Community acquisition

In case of intra-Community acquisitions, if the volume of the intra-Community acquisitions did not exceed €2,500 in the preceding and will not exceed €2,500 in the current calendar year, the purchaser will be treated as a private person, ie the sales are taxed in the country they were sold, if the purchaser is:

- an entrepreneur, who performs only tax exempt sales
- a small entrepreneur.

Distance sales

Registration for VAT in Germany may also be required where a non-established EU business is involved with distance selling. Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a customer in another EU country who is not registered or liable to be registered for VAT. Such customers are known as non-taxable persons, and include private individuals and businesses and other organisations that are not registered for VAT (either because of their size, or the fact that they are exempt from having to register due to the nature of their activities). The common examples of distance sales are goods supplied by mail order and via the internet.

Each EU country has the option of applying a distance selling threshold of either €5,000 or €00,000 per calendar year, or the equivalent in its own currency. Germany has adopted an annual threshold of €00,000.

Distance sales from another EU country to non-taxable persons in Germany will be subject to VAT at the appropriate rate in the suppliers country. However, once the value of those distance sales to Germany exceeds the threshold of €00,000:

- the supplier becomes liable to register for VAT in Germany
- Germany becomes the place of supply
- any further sales to customers in Germany are subject to German VAT.

Suppliers can choose to make Germany the place where the goods are supplied by registering for VAT voluntarily before the threshold is reached.

Does a non-established business need to appoint a fiscal representative in order to register?

A new-established business is allowed to appoint a fiscal representative but does not have to.

How often do returns have to be submitted?

Monthly VAT return

As a general rule, VAT returns have to be filed quarterly. As an exception, VAT returns have to be filed monthly (if certain thresholds are met) or yearly.

Late filing of VAT returns may result in additional assessments and penalties. The payment must be received by the VAT authorities on time. If no payment has been received on time, late payment surcharges will be fixed.

Returns are normally prepared for a one month period. They are due for submission within ten days of the period end. The period of ten days can be extended on application for another month if prepaying 1/11 of VAT of previous calendar year (will be repaid in the December return). The filing of VAT returns should only take place electronically. The electronic VAT return has to be prepared on the basis of special software, which is available from the tax authorities.

If the VAT return for the previous calendar year does not exceed 7,500, then the VAT return generally must be prepared on a three month period (calendar quarter). They are due for submission within ten days of the periods end. The period of ten days can be extended on application for another month.

If the VAT amount for the previous calendar year does not exceed €1,000, the taxable person must then only submit an annual VAT return.

In case of new-registered companies the VAT returns have to be prepared monthly in the first two years, notwithstanding what the real VAT amount is.

Annual VAT return

Generally annual VAT returns must be submitted to the competent local tax office by 31 May of the following calendar year. However, for taxable persons who have appointed a tax advisor the deadline for submitting is in general automatically extended to 31 December of the following calendar year.

Are penalties imposed for the late submission of returns/payment of tax?

VAT returns which are filed late can be fined up to 10% of the tax finally assessed (maximum €5,000).

Late payments are subject to a surcharge of 1% of the tax to be paid for every month during the period the delay continues.

Interest is due from the beginning of the fifteenth month after the end of the calendar year in which the taxable event occurred. The interest is calculated at 0.5% per month. In cases of tax evasion additional interest is possible from the beginning.

Further late or non-payments are seen as offences which could be punished up to €0,000 and in serious cases a higher fine at the discretion of the court or imprisonment of up to ten years. Penalties can be appealed if there is reasonable excuse.

If a tax return is found to be incorrect it must be corrected immediately by filing an amended tax return. Penalties may arise according to the general rules (see above).

EC sales lists which are submitted late can be fined up to €5,500. In addition this could be seen as an offence punished up to €5,000. Finally the Federal tax office could fix fines to force the taxpayer to submit the forms up to €5,000.

If an Intrastat report is not filed or filed late a penalty of up to €5,000 can be implemented.

Are any other declarations required?

Businesses that are registered for VAT in Germany, and make supplies of goods or services to traders registered for the tax in other EU countries are required to complete and submit EC Sales Lists (ESLs). The ESLs must show details of the recipients of the goods and services.

Generally, where the value of goods supplied to businesses in other EU member states exceeds €0,000 in the current or four previous quarters, the ESLs must be submitted each calendar month. Otherwise the document for goods is submitted for each calendar quarter.

ESLs for services should be submitted for each calendar quarter.

In addition, if the value of the intra-EU trade in goods dispatched or arriving from other EU is above an annual threshold of €0,000, a supplementary declaration (referred to as an Intrastat declaration) has to be submitted for either or both. These declarations have to be submitted on a monthly basis.

Are penalties imposed for the late submission of returns/payment of tax?

Yes. A range of penalties can be imposed where businesses do not comply with general rules.

Penalties can also be applied for example where the business has failed to maintain adequate records or provide information.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Germany?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

VAT-refund procedure for European-businesses

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member state. To be eligible to make a claim, the claimant must be a taxable person established in an EU member state other than the one from which the claim is to be sought. In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment, seat of economic activity, place of business or other residence there
- during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically to the tax authority in the country of establishment of the claimant.

The refund period must not cover more than one calendar year or less than three calendar months - unless it is covering the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

VAT-refund procedure for non-European-business

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into Germany or purchases of goods and services used in Germany. The scheme is available to any person carrying on a business established in a third country, ie outside the EU, provided that in the period of the claim:

- they were not registered or liable to be registered for VAT in Germany
- they were not established in any EU country
- they made no supplies of goods and services in Germany
- where they are established in a third country having a comparable system of turnover taxes, that country provides reciprocal arrangements for refunds to be made to taxable persons established in Germany.

Claim forms have to be submitted to the Bundeszentralamt für Steuern no later than six months from the end of the relevant designated year, ie by 30 June each year.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address
- the seller's VAT registration number
- the invoice date
- the time of supply (also known as tax point) if this is different from the invoice date
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer and the quantity of goods or the extent of the services
- the tax base with regard to each tax rate applicable or tax exemption
- the rate of any cash discount
- the tax rate
- the total amount of VAT charged

Where a VAT invoice includes exempt goods or services, it must show the reason for the tax exemption.

Where a business makes a sale of goods or services for €50 or less including VAT, a simplified VAT invoice can be issued.

VAT invoices can be issued, received and stored in an electronic format and there is no need to tell the tax authority. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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Hungary

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 27% for most goods and services.• Reduced rate of 18% for accommodation service and for some food products (milk and bakery products).• Lower reduced rate of 5% for some medical products, books and for district-heating and some performance services.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	<p>VAT is an indirect tax paid by the end user on the use of goods and services. This is built on the presumption that VAT is charged in every phase of production and trade, but the user is entitled to allow for it in the VAT due. Only the VAT of costs incurred by the taxpayers for the purpose of VAT taxable business activities can be deducted.</p> <p>Under the Hungarian VAT system, VAT is charged on goods and services supplied by taxpayers in Hungary (actual or deemed), goods purchased from the European Union (EU) and importation of goods.</p>
<i>Is there a registration limit for the tax?</i>	There is no threshold in Hungary for registration, ie if a person or entity makes taxable supplies in Hungary, it has to register at the Hungarian tax authority and submit declarations.
<i>Does the same registration limit apply to non-established businesses?</i>	Businesses who are not established in Hungary, but for the purposes of the tax are making taxable supplies there, those businesses will need to register for VAT as soon as they commence trading in Hungary, irrespective of the level of turnover.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Foreigners from non-EU countries are obliged to appoint fiscal representatives. Foreigners from EU countries can appoint fiscal representatives for their Hungarian tax issues.
<i>How often do returns have to be submitted?</i>	As a general rule, VAT returns are filed quarterly. As an exception, VAT returns can be filed monthly or yearly, based on the data of the second year preceding the actual year. Taxpayers with a total cumulated VAT balance reaching a positive HUF 1,000,000 in the current year are liable to file monthly returns.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return or the corresponding payment is submitted late a penalty and fine can be imposed.
<i>Are any other declarations required?</i>	Yes. Separated declarations have to be submitted in connection with goods moving to or from the EU and about the services provided and bought within EU. Additional declaration (domestic sales list) has to be submitted about the invoices between Hungarian taxpayers, if the VAT amount in the invoice is HUF 2,000,000 or more.



<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions, up to 200% of the unpaid tax.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, it exists for taxpayers within EU. For taxpayers from non-EU countries it is based on reciprocity.

What is the principal indirect tax?

The act on VAT prescribes that VAT is to be paid on the goods and services supplied by taxpayers in Hungary, on acquisitions from within the European Union (EU) and on the importation of goods.

The main elements of the VAT liability are as follows:

- there must be a supply
- the transaction must take place inland (actual or deemed)
- the transaction must be VAT taxable (subject to a normal or reduced VAT rate)
- there must be a supply by taxpayers (taxpayers are persons performing business activities on their own accounts)
- the transaction must take place within the framework of business activities.

VAT on imports

In Hungary, import VAT is to be paid on product entries from a so-called 'third countries' outside the territory of the EU. For product entries from other EU member states the import rules do not apply but the rules for intra-community entries are applicable.

VAT liability occurs in Hungary, if:

- the goods are imported to the territory of Hungary directly from a third country
- after imported to the territory of the community, the goods are put into free circulation in Hungary.

Is there a registration limit for the tax?

There is no threshold in Hungary for registration, ie if a person or entity makes taxable supplies in Hungary, it has to register at the Hungarian tax authority and submit declarations.

Taxpayers with their head office in Hungary are entitled to opt to be tax exempt annually for the given tax year, provided that their revenue is below a certain threshold. This threshold is HUF 6,000,000.

Companies of other member states supplying goods to non-VAT registered Hungarian private individuals or entities are not obliged to register in Hungary (distance sale). The requirement that the company arranges for the goods to be delivered to its buyer in Hungary and the total value of these sales to Hungarian customers does not exceed €35,000 in the given year and in the preceding year. If the sales of the given company exceed €35,000 in a calendar year, the foreign company has to register in Hungary and to charge Hungarian VAT on these transactions.

Even if the threshold is not exceeded, the foreign supplier can opt to register, however, the decision is binding for two calendar years. The procedure for distance sales also applies in the opposite situation, in which a trader sells goods from Hungary to private individuals or non-taxable entities who resides in other EU member states.

Does the same registration limit apply to non-established businesses?

Businesses who are not established in Hungary, but for the purposes of the tax are making taxable supplies there, those businesses will need to register for VAT as soon as they commence trading in Hungary, irrespective of the level of turnover.

Does a non-established business need to appoint a fiscal representative in order to register?

Foreigners from non-EU countries are obliged to appoint fiscal representatives. Foreigners from EU countries can appoint fiscal representatives for their Hungarian tax issues.

How often do returns have to be submitted?

As a general rule, VAT returns are filed quarterly. As an exception, VAT returns can be filed monthly or yearly, based on the data of the second year preceding the actual year. Taxpayers with a total VAT balance reaching a positive HUF 1,000,000 in the reference year are liable to file monthly returns. Taxpayers with a total VAT balance below HUF 250,000 in the reference year are to file annual VAT returns (regardless of the algebraic sign).

Taxpayers with EU tax number can submit their VAT returns monthly or quarterly only. VAT groups can submit their VAT returns monthly. Companies in the year of registration have to submit the VAT returns quarterly (calendar quarter).

Taxpayers liable to quarterly returns may apply for monthly returns and taxpayers liable to annual returns may apply for the quarterly return frequency. The Tax Authority permits the frequency of the returns to be higher than stipulated by law for a given tax year. The permission is generally granted if the VAT rate applicable to the supplies of the taxpayer is lower than the VAT applicable to acquisitions or if an investment is implemented by the taxpayer.

Taxpayers liable to annual returns are obliged to switch to quarterly returns during the year if the threshold of HUF 250,000 is reached. Taxpayers with their VAT balance reaching a positive HUF 1,000,000 are obliged to switch to monthly returns from the first month following the quarter (regardless of whether they were liable to annual or quarterly returns).

The amount of VAT computed in a currency other than HUF is to be translated to HUF at the selling exchange rate of a Hungarian trade bank or at the exchange rate of the Hungarian National Bank or European Central Bank (ECB). If the taxpayer wishes to apply the exchange rate of the Hungarian National Bank (MNB) or European Central Bank, may choose it, if it declares its choice previously to the tax authority.

The deadline to submit the VAT return is the 20th day of the month following the return period. The VAT return is to be filed on the *yy65* form from the tax authority.

Quarterly VAT returns

Most entrepreneurs/taxable persons are required to submit VAT returns each calendar quarter. VAT returns must be filed and VAT amounts paid by 20th of the month following the tax period.

Monthly VAT returns

Monthly filing required when the VAT amount payable reaching a positive HUF 1,000,000 in the second preceding year or within the actual year.

Annual VAT returns

Entrepreneurs/taxable persons whose VAT balance does not exceed HUF 250,000 on a yearly basis in the second preceding year are to submit an annual VAT return.

Importers

VAT is levied on importation of goods into the territory of Hungary. As a general rule, every person importing goods will be responsible to pay VAT to the customs authorities. Taxpayers are entitled to the deduction of import VAT in the VAT declaration period in which the payment is made. It is a prerequisite for deduction that the taxpayer should have the certificate issued by the customs authority.

Large trading companies can apply for a permission to use the reverse charge system. Taxpayers with permission of the customs authority are entitled to recover VAT paid on the importation of goods acquired for the purpose of business activities in the same VAT declaration in which the input VAT is shown. The permission is valid for one year.

The prerequisite of tax recovery is that the taxpayer should have the resolution on putting the goods into free circulation as well as documents authentically certifying the data necessary for the determination of the VAT amount on the import of goods.

Should an indirect customs representative be appointed by the taxpayer to act in the import procedure, the taxpayer is entitled to recover VAT paid on behalf of him by the indirect customs representative.

The indirect customs representative is entitled to recover VAT on importation, if they:

- are a taxpayer and meets the personal conditions of tax recovery
- have the resolution on putting the goods into free circulation
- have the documents necessary for the determination of the VAT amount
- have paid the input VAT.

Are penalties imposed for the late submission of returns/payment of tax?

Late or missed returns

For non-natural persons a default fine up to HUF 500,000 can be levied (HUF 200,000 for private individuals as taxpayers) if the declaration obligation is not fulfilled or fulfilled with delays. The tax authority also sets a deadline for the elimination of the default. Should this deadline be not adhered to, the duplicate of the original fine is levied as default fee.

Incorrect returns

In case of self-assessment calculations, mistakes or other similar misprints are corrected officially by the tax authority. Should this correction affect the amount of tax liability or tax reclaim, the taxpayer is notified within 30 days. For returns filed with errors, for non-natural persons a default fine of up to HUF 100,000 (private individuals up to HUF 20,000) can be levied.

Late payment of tax

In case of the delayed payment of taxes a late fee is to be paid for the days of delay, but for a maximum of three years. The daily late fee amounts to the duplicate of the official National Bank Prime Rate divided by 365 (calculated with the interest rate valid in the period of delay and not the one valid when charged).

Are any other declarations required?

EC Sales Lists (ECLs) are to be filed by those having EU VAT numbers to the tax authority. The reporting liability is monthly or quarterly, in accordance with the VAT return period. The taxpayer has to file the ECLs monthly instead of quarterly if the sales in the current quarter are more than €50,000. In this case in the following year the taxpayer has to file the ECLs monthly.

Recapitulative statements (return yyA60) includes the net value of the turnover in the given period for each partner taxpayer in case of Intra-community supplies and, Intra-community acquisitions and services provided and bought within EU.

In addition to the recapitulative statements, those obliged are to file the following special 'yy86' declaration to the tax authority.

yy86: VAT return for special customers and legal entities as non-taxpayers liable to pay taxes on the Intra-community acquisitions and for taxpayers without an EU VAT number on the Intra-community acquisition of new means of transport not regarded as passenger cars.

The ordinary tax return contains the declaration including:

- data supply on new means of transport supplied by taxpayers within the community to customers of another member state without an EU VAT number
- the invoices between Hungarian taxpayers, if
 - the VAT in the invoice is more than HUF 2,000,000.
 - cumulated VAT charged by the same supplier is more than HUF 2,000,000.

The VAT yy86 returns are to be filed by the 20th day of the month following the month when the tax liability occurred.

Are penalties imposed for the late submission of returns/payment of tax?

Fines for errors detected during the Tax Authority inspection or during the inspection prior to VAT return (VAT shortfall or illegitimate VAT reclaim) may amount to 50% of the tax difference detected as debiting the taxpayer. If the tax difference is in connection with fraud the penalty is 200% of the tax difference.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Hungary?

Hungarian VAT can be reclaimed by taxpayers registered in another member state not having head offices or permanent establishments in Hungary and not supplying goods or services inland except for the transportation of goods in connection with the international movement of goods and related services as well as services where VAT is to be paid by the customer according to the reverse charge procedure.

Taxpayers registered abroad are entitled to tax reclaim to the same extent as taxpayers registered inland are entitled to tax recovery. Tax on goods and services acquired by taxpayers registered abroad by means of their branch offices established inland cannot be reclaimed (in this case branch offices may assert their right of recovery within the framework of the procedure for domestic taxpayers). Furthermore, VAT on goods and services acquired by foreign taxpayers on their own accounts but for the purpose of others cannot be reclaimed.

Taxpayers established in a member state file Hungarian VAT refund claims with the tax authority of the country of registration in accordance with the regulations of Council Directive 2008/9/EC.

VAT on invoices issued in the given year may be reclaimed from 1 January to 30 September of the calendar year following the given year (requests are to be filed by this date and non-adherence to this deadline will lead to the forfeiture of rights). In contrast with the main rule, reclaim may be requested for a three-month-period within the given year, in the month following the quarter if the request reaches or exceeds €400.

Taxpayers can file refund claim maximum five times for a given year.

The Hungarian VAT for taxpayers from non-EU countries is recoverable based on reciprocity only. Reciprocity countries are Switzerland and Liechtenstein. The refunding request of non-EU taxpayers has to arrive to the Hungarian tax authority in paper form until 30 September of the calendar year following the given year.

What information must a VAT invoice show?

A VAT invoice must show:

- the date of issue of the invoice
- the sequential number of the invoice (with a continuous numbering)
- the tax identification number of the taxable person supplying the goods, or services
- the tax identification number of the customer, if the customer is liable for the tax payable
- the name and address of the taxable person supplying the goods or services, and the name and address of its customer
- the designation of the goods (services) supplied
- the date of fulfilment, if it differs from the date of issue of the invoice
- the taxable amount, the unit price exclusive tax of the goods supplied or services rendered and any applied discounts or rebates, if they are not included in the unit price
- the tax rate applied
- the amount of the tax charged
- the VAT number of the customer if the tax charged reaches or exceeds HUF 2 million.

If invoices are made out in a foreign currency, the amount of the recharged value added tax is also to be indicated in HUF in the invoice.

Regarding the exchange rate applicable for the currency translation, for this purpose the rate of the National Bank of Hungary (MNB), European Central Bank (ECB) or the selling rate of any resident (Hungarian) bank (credit institution) holding a foreign exchange licence in Hungary. If a taxpayer opts for the application of the MNB or ECB rate, he has to report this fact to the tax authority, and is not allowed to deviate from that until the end of the calendar year following the year when the selection is made.

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Iceland

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 25.5% for most goods and services.• Reduced rate of 7% for some goods and services including most food, accommodation, books and magazines and etc.• Zero-rated work and services include health care services, education services, operation of museums, charity work and etc.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Iceland. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the annual turnover of taxable transactions in Iceland, and once the limit has (or will be) reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	Yes. There is a same registration limit for businesses that are not established in Iceland and they will need to register as soon as they start to make taxable transactions.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	In certain circumstances, a non-established person may be directed by Icelandic tax authority to appoint a fiscal representative.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns covering two month accounting periods. Returns can also be submitted on a year basis.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty will be imposed.
<i>Are any other declarations required?</i>	No.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Iceland.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply ie the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

A transaction is within the scope of Icelandic VAT if the following conditions are met:

- it is a sale of all goods or services that is not specifically exempt in the law
- it takes place in Iceland
- it is made by a taxable person. For these purposes, a taxable person is a person or entity who is registered for VAT in Iceland, or has a liability to become registered.

There are three rates of VAT that are applied to goods and services in Iceland the standard rate, the reduced rate, and the zero rate. In addition, some goods and services are exempted from the tax.

Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

Most goods imported into Iceland are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the tax (subject to certain rules).

When you import good you have to pay both VAT and custom duty. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty.

Is there a registration limit for the tax?

A 'person' who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT if the value of its taxable supplies in Iceland exceeds the annual registration limit, or is expected to exceed the limit in the near future. A business can register on a voluntary basis even if the registration limit has not been exceeded.

For these purposes, a 'person' includes any legal entity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration – even if the nature of some of those activities are very different.

Two or more corporate bodies can be registered together as a VAT group if:

- the parent company owns at least 90% of the daughter company
- the companies have the same accounting year
- the parent company applies for it and is in its name
- the registration is for minimum of five years.

A corporate body cannot be treated as a member of more than one VAT group at a time.

The main advantage of VAT group registration is that, apart from a few limited exceptions, any supply of goods or services by a member of the group to another member of the group is disregarded for VAT purposes. This reduces the risk of VAT being accidentally omitted on supplies between separately registered connected companies.

However, there are some disadvantages and any decision on whether to group register should be taken with care. For example, all VAT group members (including former members) are jointly and severally liable for the VAT debt of the group during the period of their membership.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

The normal VAT registration limit does apply to businesses who are not established in Iceland, but for the purposes of the tax are making taxable supplies there. Those businesses will need to register for VAT not later than eight days before they commence trading in Iceland, irrespective of the level of turnover.

Does a non-established business need to appoint a fiscal representative in order to register?

A non-established business need to appoint a fiscal representative to act on his behalf for VAT purposes where the person:

- is a taxable person or makes taxable supplies or acquires goods in Iceland
- is not established, and does not have a 'fixed establishment' in Iceland.

How often do returns have to be submitted?

VAT returns normally cover an accounting period of two months, ending on the last day of a calendar month.

Businesses that are in a net repayment position (because of the nature of their activities) and those incurring exceptionally high expenditure (eg as a result of set up costs or a capital project) can apply to submit returns on a monthly basis to improve cash flow. If the annual turnover is less than 3,000,000 ISK the accounting period is the calendar year.

Exceptions from the general rule:

- agriculture has an accounting period of six months
- fish processing companies can apply for a weekly refund of input VAT of fish products.

All VAT returns have to be submitted within one month and 5 days of the end of the relevant accounting period, together with any tax due. As all returns have to be submitted electronically.

Are penalties imposed for the late submission of returns/payment of tax?

A default penalty will be imposed by the tax authority if VAT returns are not submitted on time, or the related tax is not paid by the due date. The penalty is 1% per day for maximum of ten days plus interest. If a return is not submitted on time the VAT will be estimated by the tax authority. The estimation will be cancelled when a return is submitted and an extra surcharge of 5,000 ISK will be charged. If the accounting period is the calendar year and estimation is made the accounting period will be changed to two months regardless of the turnover. If estimation has been made for two consecutive accounting periods the tax authority can remove the VAT registration and the business has to register again with accounting period of one month.

Are any other declarations required?

No.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Penalties and interest will be applied for errors and omissions made on tax returns (the same percentages as in no 6 are valid here). Penalties can also be applied where the business has failed to maintain adequate records, provide information, or makes repeated mistakes.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Iceland?

Yes, it may be possible to reclaim the VAT input incurred in certain circumstances.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential and pre-printed
- the seller's name and social security number
- the seller's VAT registration number
- the invoice date
- the customer's name and social security number
- type of transaction, quantity, unit price and total price
- the total amount of VAT charged expressed in ISK
- if the invoice consists of 25.5% and 7% VAT the invoice must show the total of those values separately.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately

Where a business makes retail sales and makes a sale of goods or services for 6,000 ISK or less including VAT, a simplified VAT invoice can be issued.

VAT invoices can be issued, received and stored in electronic format and there is no need to tell the tax authority. Electronic invoices must contain the same information as paper invoices. If a firm uses an electronic computer system that the tax authority has approved the invoice number does not need to be pre-printed.

Further information

It is necessary to return a yearly tax report to the tax authority in addition to the VAT returns.

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Italy

Indirect tax snapshot

What are the current rate(s) of indirect tax?

- Standard rate of 22% – most of goods and services standard rated unless defined to be reduced rated or exempted.
- Reduced rate of 10% – applying to food, hotel services and shops, drugs, etc.
- Reduced rate of 4% – usually, applying to consumer staples, houses, fertilizers, company canteens, etc.
- Zero rated supplies – export sales and similar transactions, international services and intra-EU sales.
- Exempt supplies – VAT-exempt transactions generally comprise services delivery. Some of them (financial operations, bets) are VAT-exempt for practical reasons as they are not fit for VAT application. Others refer to the supply of special public interest services (healthcare, school etc.) so the exemption is for more favourable conditions for the end-user.

Are there any confirmed or anticipated changes to these rates?

The Italian Government, on the basis of Law Decree 98/2011, decided to increase the ordinary VAT rate from 21% to 22%, from 1 October 2013.

What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in Italy. It is a tax on consumption of goods and services, that is levied at each stage of the production and distribution.

Is there a registration limit for the tax?

No. Any legal or physical person who carries on a business or undertakes an artistic or professional activity independently from an employer, or who sets up a permanent establishment in Italy, must register for VAT.

Does the same registration limit apply to non-established businesses?

Yes. With the exception of distance selling rules.

Does a non-established person need to appoint a fiscal representative in order to register?

A foreign European Union (EU) taxpayers, without a permanent establishment in Italy, can register for VAT in the two following alternative ways:

- by asking directly for a VAT registration number (not available to extra-EU taxpayers)
- by appointing an Italian entity as its VAT representative.

An extra EU taxpayer, without a permanent establishment in Italy, can register for VAT only by appointing an Italian entity as its VAT representative.

How often do returns have to be submitted?

All taxpayers are required to file:

- an annual VAT data communication either electronically or through authorised intermediaries by the end of February following the year the return refers to. It is possible to avoid the filing of the annual VAT data communication, should the annual VAT return be filed by the end of February
- an annual VAT return either electronically or through authorised intermediaries by the end of September following the year the return refers to.



<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If the VAT return, or the payment, is submitted late, penalties apply. The quantification and nature of such penalties depends on the gravity of the omission.
<i>Are any other declarations required?</i>	<p>Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the EU. Declarations also have to be submitted in certain circumstances in connection with goods moving to or from the EU.</p> <p>Furthermore, specific declarations have to be filed to:</p> <ul style="list-style-type: none"> • transactions with counterparties resident in tax havens • all transactions carried on during a calendar year.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.

What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in Italy.

It is a tax on consumption of goods and services, that is levied at each stage of the production and distribution. Liability for VAT rests with the person supplying the taxable goods or services or importing goods into Italy.

However, the supplier is allowed to deduct from its VAT liability on sales made the amount of VAT paid and properly invoiced to it in relation to purchases effected by it, or VAT paid by it at importation. The actual burden of the tax is therefore borne by the final consumer.

VAT is chargeable on supplies of goods and services for a consideration made in Italy by a taxpayer acting as such.

The constituent elements of the charging provision are as follows:

- there must be a supply (either of goods or services)
- the supply must be made in Italy rather than elsewhere
- the supply must be a taxable supply (i.e. chargeable to VAT at the standard or reduced rates)
- the supply must be made by a taxpayer (in Italy, a taxpayer is any person carrying on a business, or an artistic or professional activity registered for VAT purposes)
- the supply must be made in the course or furtherance of a business.

In Italy the following categories of VAT rates are applicable:

- standard rate of 22%
- reduced rate of 10%
- reduced rate of 4%
- zero rate.

In addition, some goods and services are exempted from the tax. Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

It is also important to note the interaction between VAT and Customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty.

Is there a registration limit for the tax?

Any legal or physical person who carries on a business or undertakes an artistic or professional activity independently from an employer, or who sets up a permanent establishment in Italy, must register for VAT, by filing a specific application form with the Italian tax authority. Simplifications are foreseen for business with a yearly turnover below €30,000.

A penalty may be imposed by Italian tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

As mentioned above any legal or physical person who carries on a business or undertakes an artistic or professional activity independently from an employer, or who sets up a permanent establishment in Italy, must register for VAT, by filing a specific application form with the Italian tax authority.

With reference to distance sales, if an EU seller carries out distance sale transactions in Italy for an overall annual amount below €35,000, it does not have to apply the VAT in Italy but in the origin country, unless it opts to do so in Italy.

The distance sale rule does not apply to the supply of new means of transport or to the supply of goods supplied under a supply and installation contract.

Does a non-established business need to appoint a fiscal representative in order to register?

A foreign EU taxpayer, without a permanent establishment in Italy, who carries on a business, can register for VAT in the two following alternative ways:

- by asking directly for a VAT registration number (not available for extra-EU taxpayers)
- by appointing an Italian entity as its VAT representative.

An extra EU taxpayer, without a permanent establishment in Italy, who carries on a business, can register for VAT only by appointing an Italian entity as its VAT representative.

In Italy application for VAT registration is required within 30 days of:

- starting up a business, artistic or professional activity in the Italian territory
- setting up a permanent establishment in Italy.

A foreign business without a permanent establishment in Italy is required to register only if its Italian supplies are towards persons who are not themselves VAT-registered in Italy. Foreign businesses making taxable supplies to Italian businesses may avoid appointing a fiscal representative or having a VAT number because, in such circumstances, the Italian purchaser of the goods or services is entitled (obliged in some cases) to account for the VAT on the supplies received under the 'reverse charge' procedure.

How often do returns have to be submitted?

All taxpayers are required to file an annual VAT return either electronically or through authorised intermediaries by the end of September following the year the return refers to.

The annual return permits the final settlement of the taxpayer's VAT payable or receivable. It consists in disclosing the algebraic sum of all the transactions (both sales and purchases) carried out all through a solar year. It permits to establish the turnover and, therefore, whether to benefit from some simplifications for the following year. Finally it usually serves as the basis for the tax authorities' assessments.

Moreover, the taxpayer must, file a VAT settlement (ie, annual VAT data communication) of the previous year by the end of February. This settlement does not have the same value as a VAT return.

No additional regular returns are provided. However, all taxpayers (with some exceptions) are required to determine their VAT position before the tax authorities on either a monthly or a quarterly basis and to comply with the regular settlement obligation. Should the taxpayer be in a debit position, they are required to pay the payable VAT. However, should a VAT credit result from the VAT calculation, the VAT receivable will have to be deducted from the following computation.

Taxpayers with a limited turnover (below €400,000.00 if they supply services or €700,000.00 if they supply services and other activities) can opt for quarterly computation provided that they increase the tax amount due by 1%.

The other taxpayers must determine their VAT debit or credit through regular computations to be effected on a monthly basis by the 16th day of the following month.

Are penalties imposed for the late submission of returns/payment of tax?

The main administrative penalties can be summarised as follows:

- failure to submit annual return or submission of return more than 90 days after the deadline, when taxes are owed: penalty between 120% and 240% of the total tax owed with a minimum of €258
- failure to submit annual return or submission of return more than 90 days after the due date, when taxes are not owed: penalty between €258 and €2,065
- tax payment violations: failure to pay, late payment or insufficient payment of VAT on account, of VAT resulting from periodic payments or of adjusted VAT resulting from the annual return: penalty of 30% of the unpaid amount.

Are any other declarations required?

Black list reporting

This is a mandatory form taxpayers must file with the Italian tax authority reporting the data concerning sales and purchase of goods and services supplied or received to/by taxpayers resident or established in black-listed countries. Since 1 January 2014, such transactions, among others, should be mentioned in a section of the form so-called 'Modello Polivalente'. Such form, filled in only in the section related to above mentioned transactions, will have to be filed to the Italian tax authorities, following the same deadlines already in force for the black list reporting.

Reporting of the operations occurred in the calendar year

This reporting obligation must be fulfilled by all Taxpayers. The transactions carried out in to the calendar year be mentioned in such a report are as follows:

- business to business transactions
- business to consumer transactions: the value of the transaction should be equal to or exceed €3,600 (including VAT).

The transactions related to FY 2013 will have to be indicated in a specific section of the form so-called 'Modello Polivalente', to be filed, with reference only to such Section, within 10 April 2014.

EC-lists (ECL) reporting

For intra-EU movement of goods VAT legislation requires certain reports in connection with this trade. ECLs are required for dispatches of goods to other member states and for arrivals of goods from other member states.

From 1 January 2010, ECLs must be filed with the Italian customs authority in relation to the supply of services provided to or received from a taxable person established in another EU member state.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules:

- false declaration: return in which the amount of tax indicated is less than that which is due, or in which the deductible or reimbursable amounts are higher than those claimable: penalty between 100% and 200% of the increased tax and/or of the credit difference
- request for reimbursement which differs from that of the return and thus for a higher amount than it appears on the return: penalty of between 100% and 200% of the amount which is not due
- form filled in incorrectly according to the administrative regulations. Omission of information or incorrect information for the identification data of the taxpayer or his agent; for the calculation of the taxes or for anything else which is necessary regarding the carrying out of checks: penalty from €258 to €2,065.

Criminal penalties are provided in a limited number of cases if the Italian tax authority proves that the behaviour of the taxpayer is fraudulent; there may be evasion of VAT liabilities or overstatement of VAT credits by, for example, the violation of accountancy rules, use of counterfeit documents and invoices, the hiding and the destruction of accountancy records.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Italy?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member state. To be eligible to make a claim, the claimant must be a taxable person established in an EU member state other than the one from which the claim is to be sought. In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment, seat of economic activity, place of business or other residence there
- during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically to the tax authority from whom the repayment is being sought.

The refund period must not cover more than one calendar year or less than three calendar months – unless it is covering the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports in Italy or purchases of goods and services pertaining to their activity. The scheme is available to any person carrying on a business established in a third country ie outside the EU, provided that in the period of the claim:

- he was not registered or liable to be registered for VAT in Italy
- he was not established in any EU country
- he made no supplies of goods and services in Italy other than certain specified exceptions
- where he is established in a third country having a comparable system of turnover taxes, unless the Italian tax authority allows otherwise, that country provides reciprocal arrangements for refunds to be made to taxable persons established in Italy.

The claim has to be made by 30 September of the year following that in which the VAT was incurred.

What information must a VAT invoice show?

A VAT invoice, pursuant to Article 21, paragraph 2, Presidential Decree 633/1972, contains the following information:

- the issue date
- progressive number which identifies it in a univocal manner
- company's name or corporate name, name and surname, residence or domicile of the seller or supplier, the tax representative as well as the location of the permanent establishment for non-resident persons
- VAT number of the seller or supplier
- company's name or corporate name, name and surname, residence or domicile of the seller or supplier, the tax representative as well as the location of the permanent establishment for non-resident persons
- VAT number of the seller or supplier or, in case of taxable persons established in another Member State of the European Union, the VAT identification number attributed by the Member State of establishment; in case the seller or supplier resident or domiciled in the territory of the State is not engaged in the furtherance of the business, trade or professional activities, tax code
- nature, quality and quantity of the goods and services concerned by the transaction
- considerations and other data needed to determine the taxable amount, including the data related to the goods transferred with a discount, premium or allowance under Article 15, first paragraph, no. 2
- considerations related to the other goods transferred with a discount, premium or allowance
- rate, amount of the tax and taxable amount with rounding up to the euro cent
- date of the first vehicle matriculation or registration in the public registries and number of kilometres travelled, hours sailed or flown, if it refers to intra-Community supply of new means of transport, pursuant to Article 38, paragraph 4, of Decree-law N° 331 of 30 August 1993, converted, with amendments, into Law N° 427 of 29 October 1993
- annotation that the same is issued on behalf of the seller or supplier, by the buyer or the client or by a third party.

The invoice should be issued also for the other types of transactions and it contains, in place of the amount of the tax, the following notes with the indication of the relevant community or national regulation:

- supplies related to goods in transit or deposited in locations subject to customs surveillance, not subject to tax pursuant to Article 7-bis, paragraph 1, with the annotation 'not subject to taxation'
- non-taxable transactions under Articles 8, 8-bis, 9 and 38-quarter, with the annotation 'non-taxable transaction'
- exempt transactions under Article 10, except for those stated under no. 6) bearing the annotation 'exempt transaction'
- transactions subject to the margin scheme provided for by Decree-law N° 41 of 23 February 1995, converted, with amendments, into Law N° 85 of 22 March 1995, bearing the annotation, depending on the case, 'margin scheme – second-hand goods', 'margin scheme – works of art' or 'margin scheme – antiques or collectors' items'
- transactions carried out by travel and tourism agents subject to the regime under Article 74-ter, bearing the annotation margin scheme – travel agencies.

A simplified VAT invoice can be issued where a business makes retail sales and makes a sale of goods or services for an overall amount not exceeding €100.

VAT invoices can be issued, received and stored in electronic format. Pursuant to article 21, paragraph 1, Presidential decree 633/1972, electronic invoicing means the invoice that was issued and received in any electronic format; the use of electronic invoicing is subject to acceptance by the recipient. Invoicing either on paper or electronic, by the client or a third party resident in a country with which there are no legal instruments to regulate reciprocal assistance, is allowed provided that prior notification is given to the revenues agency and that the national taxable person has commenced the activity at least five years before and that he has not received in the previous five years, notifications of tax proceedings or disputes for substantial violation as regards VAT. The method, contents and electronic procedures of the notification is determined by regulations of the revenue agency director. The invoice, on paper or electronic, is intended to have been issued at the time of its delivery, dispatch, transmission or when made available to the supplier or customer.

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Republic of Kosovo

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	Currently there is only one VAT rate of 16%.
<i>Are there any confirmed or anticipated changes to these rates?</i>	Ministry of Finance may issue a sub-legal act introducing reduced and higher VAT rate for designated supplies of goods and services. The reduced rate will not be lower than 5% and the higher rate will be not higher than 21%.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in the Republic of Kosovo. It is a tax on consumption, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. It is required to register for VAT from the moment when total supplies in the previous 12 month period, exceed a threshold of €50,000.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established in the Republic of Kosovo, they will need to register from the beginning of their economic activity in Kosovo.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	In certain circumstances, a non-established person shall appoint a fiscal representative.
<i>How often do returns have to be submitted?</i>	Tax period for all taxable persons is each calendar month; therefore a taxable person shall submit VAT returns every month.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes, there are local tax declarations, including, urban maintenance and construction tax, education surcharges and flood prevention expense.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Not applicable.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in the Republic of Kosovo.

It is a tax on consumption which is applied in different phases of the production, delivery and trade with goods and services, and in the end it is carried forward from the last consumer. It is also applied to goods, and certain services, entering the country. Although VAT in the end is carried forward from the last consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the taxable person making the supply.

Taxable person is any natural or legal person who is, or is required to be registered for VAT, and who in Kosovo independently carries out any economic activity in a regular or non-regular manner, whatever the purpose or results of that economic activity.

A taxable person will charge VAT (output tax) on its sales, and will deduct VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each tax period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

VAT shall be charged on supply of goods and services made for consideration within the territory of Kosovo by a taxable person and on the importation of goods in Kosovo.

Currently there is only one VAT rate applicable which is 16%. In addition, some goods and services are exempted with credit right and some others are exempted with no credit right.

Taxable person that make exempt supplies with no credit right are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost, while taxable person that is exempted with credit right is entitled to claim all the input tax which is used for taxable supplies.

Most goods imported into the Republic of Kosovo are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes, it may be possible to reclaim the tax (subject to certain rules).

Is there a registration limit for the tax?

Every person who meets all conditions of the definition of taxable person is required to register for VAT from the moment when total supplies in the previous 12 month period, exceeds a threshold of €50,000.

The month in which the threshold is exceeded counts for the twelve 12 months period calculation. Only that proportion of the supply which results in surpassing the threshold will be taken into consideration for purposes of VAT.

When calculating the threshold, the person shall consider the total amount of all supplies during the previous 12 month period. Supplies shall be deemed any supplies of any goods and services at any rate, including those exempt, with or without right to deduct.

When a person is registered for VAT purposes, Tax Authorities shall issue such taxable person a registration certificate containing his information. A physical person conducting the same or different economic activities and has several places of economic activity within Kosovo, shall be identified by one individual and unique VAT registration number.

A natural person conducting the same or different economic activities and has several places of economic activity within Kosovo, shall be identified by one individual and unique VAT registration number. A partnership and grouping of persons shall be identified by one single VAT registration.

Every person who has not notified and has not been registered in due time shall be registered in a compulsory way by tax authorities with retroactive effect as of the date of exceeding the threshold. Furthermore, a penalty may be imposed by the tax authority if a taxable person fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

The normal VAT registration limit does not apply to persons who are not established in the Republic of Kosovo. The persons not established in Kosovo are subject to VAT registration, from the beginning of their economic activity in Kosovo, regardless of the threshold.

Does a non-established business need to appoint a fiscal representative in order to register?

Taxable person not established in Kosovo which is engaged in economic activity in Kosovo shall appoint a tax representative except for those cases that the receiver of the taxable supplies is liable to report and pay VAT.

The taxable person shall be registered under his own name and the name of his tax representative within 5 days after the appointment as tax representative and prior to the starting of economic activity in Kosovo.

How often do returns have to be submitted?

A taxable person shall submit a tax declaration and remit the related payment not later than the 20th of the calendar month following the end of each tax period.

Are penalties imposed for the late submission of returns/payment of tax?

Administrative penalty for late declaration is 5% of due tax for each month or part of the month that is late, with a maximum administrative penalty of 25% of tax due. While, administrative penalty of late payment is 1% of tax due for each month or part of the month that payment is late, up to maximum 12 months. Furthermore, an interest for late payment at rate of 1.25% per month is also applicable.

Are any other declarations required?

Yes. There are local tax declarations, including, urban maintenance and construction tax, education surcharges, flood prevention expense.

Are penalties imposed for the late submission of returns/payment of tax?

Administrative penalty for late declaration is 5% of due tax for each month or part of the month that is late, with a maximum administrative penalty of 25% of tax due. While, administrative penalty of late payment is 1% of tax due for each month or part of the month that payment is late, up to maximum 12 months. Furthermore, an interest for late payment at rate of 1.25% per month is also applicable.

Are any other declarations required?

Yes, there are local tax declarations, including, urban maintenance and construction tax, education surcharges and flood prevention expense.

Are penalties imposed in other circumstances?

Penalties are applicable also to the taxpayer who makes supplies without being registered for VAT. Such penalties are provided below:

- 15% of the VAT due on those supplies if failure to register is due to negligence of person making taxable supplies of less than €10,000
- 25% of the VAT due on those supplies if failure to register is due to negligence of person making taxable sales of €10,000 or more.

In addition, a taxable person who fails to issue a VAT invoice, or who issues an incorrect invoice that results in an apparent decrease in the amount of VAT due or an apparent increase in the amount of credit claimable shall be liable to an administrative penalty of:

- 15% of the apparent decrease or increase in the amount of VAT due where the failure to issue a VAT invoice or the issue of an incorrect invoice was due to the negligence of the taxable person
- 25% of the apparent decrease or increase in the amount of VAT due where the failure to issue a VAT invoice or the issuance of an incorrect invoice was due to the carelessness of the taxable person.

A taxable person who commits any of the following violations with respect to VAT shall be liable to an administrative penalty of 250 Euros for each of the violation:

- failure to apply for VAT registration upon reaching the applicable threshold
- failure to apply for removal from the VAT register when required to do so
- failure to display a copy of the VAT registration certificate in the manner required by applicable law.

Furthermore, a taxpayer registered for VAT who allows another person to use its unique VAT registration certificate shall be liable to an administrative penalty of up to €5000. The person using a VAT certificate belonging to someone else will be liable for the same administrative penalty.

In addition to the administrative penalties, such cases shall be presented by the tax investigation unit to the public prosecutor for criminal prosecution.

Can the VAT incurred by overseas businesses be claimed if they are not registered in the Republic of Kosovo?

Not applicable.

What information must a VAT invoice show?

A taxable person who issues an invoice to a taxable person shall indicate the following data on the invoice:

- date of issue
- sequential number enabling the identification of the invoice
- VAT registration number as well as the fiscal number of the taxable person under which he supplies the goods or services
- VAT registration number as well as fiscal number of the customer or the purchaser, if the customer or the purchaser is liable to pay VAT on goods or services supplied to him
- full name and address of the taxable person and his customer
- quantity and nature of goods supplied, or the extent and nature of the services performed
- the date on which the supply of goods or of services was made or completed, or the date of receipt of the payment on account, in so far as that date can be determined and differs from the date of the issue of the invoice
- the taxable amount on which VAT is charged for each individual rate or for which the individual exemption applies, the unit price exclusive of VAT for the goods or services, and any price reductions and discounts not included in the unit price
- the VAT rate applied
- the amount of VAT, except where a special arrangement is applied
- in the case a taxable person supplies goods or services for which a VAT exemption is prescribed, the invoice must indicate the provision of the Law that stipulates such exemption
- if a taxable person supplies goods or services where the customer is liable for payment of VAT, reference to the applicable provision of the law shall be mentioned
- a taxable person who charges VAT on the margin scheme must state on the invoice the provision of the law pursuant to which VAT on the price difference is charged

- where one of the special arrangements applicable to second-hand goods, works of art, collectors' items and antiques is applied, reference must be made to the relevant articles of these arrangements
- where the person who issues the invoice is liable to pay VAT as a tax representative, the fiscal number and the VAT registration number and his full name and address are obligatory details to be mentioned.

While a taxable person, who issues an invoice to non-taxable person shall at least indicate the following data on the invoice:

- the date of issuance
- the time of the supply
- a sequential number enabling the identification of the invoice
- the VAT registration number and the fiscal number under which the taxable person supplies the goods or services
- the full name and address of the taxable person
- the full name, address and tax identification numbers of the customer
- the total amount to pay including VAT
- the sales value of the goods or services excluding VAT
- the amount of VAT
- if a taxable person supplies goods and services at different tax rates, he must show the value including VAT separately for each tax rate and also show the value of VAT separately
- if a taxable person supplies goods or services for which VAT exemption is prescribed, the invoice must indicate the provisions of the law which stipulate the exemption.

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Latvia

Indirect tax snapshot

What are the current rate(s) of indirect tax?

- Standard rate of 21% applies for most goods and services.
- Reduced rate of 12% applies to some goods and services including some medical products, special products for new-born babies, local public transportation, educational literature, periodical newspapers, heating products generated from forestry, heating and hotel services.
- 0% applies to goods and services supplied to diplomatic structures, International and EU organisations.

Most medical, social-care, educational, and financial services are VAT non-applicable. VAT is also not applied to some real-estate transactions, gambling, social, cultural and postal services.

Are there any confirmed or anticipated changes to these rates?

No.

What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in Latvia, income from VAT makes the biggest part of the State Budget. Along VAT, excise tax and customs duties also is a part of indirect tax system in Latvia.

Is there a registration limit for the tax?

Yes. There is a VAT registration threshold – €50,000 (the total annual turnover of the taxable transactions in Latvia), there are some exceptions to the above mentioned threshold, based on the kind and number of the performed transactions:

- €10,000 threshold for the purchase of goods in EU (if performed by non-taxable legal person)
- no threshold for services provided to and received from company settled in other EU member state (a non-registered taxable legal person has to register from the very first transaction).

Does the same registration limit apply to non-established businesses?

No. In general the VAT directive is quite widely incorporated in Latvian VAT law and there is no registration limit for businesses that are not established in Latvia – they have to register as soon as they start to perform the taxable transactions. The duty of registration does not apply to those situations when a company moves or sells goods operating through the customs warehouse or 'free zone'. For VAT purposes it is better to analyse each business in detail as the regulation is very complex.

Different registration rules are applied to 'distance sales' made within the EU – if the 'distance sales' is performed by the tax-payer of another member state, a registration threshold would be €35,000 (there is no threshold for 'distance sales' of excised goods). But it can voluntarily register before reaching this threshold.



Does a non-established person need to appoint a fiscal representative in order to register?

Yes, the companies from third countries should apply for VAT registration only via authorised person. The fiscal representative (which is not the same as above-mentioned authorised person) is a new invention in a Latvian VAT Law and it can be a very effective tool for companies supplying goods from third countries in order to sell the goods further in the EU (they would not need to register themselves in the VAT register).

But due to the fact that there are very high financial demands for companies to become fiscal representatives, there are only few fiscal representatives registered in Latvia, mainly companies owning customs warehouses.

How often do returns have to be submitted?

The terms for VAT reporting depend on the total value of taxable transactions. The taxable periods are the following: a month, a quarter, six months.

Are penalties imposed for the late submission of returns/payment of tax?

Yes.

Are any other declarations required?

Yes, except regular VAT declaration there is a number of additional reports to be submitted. Some of them refer to transactions with the companies from other EU member states and some declarations are designed in order to keep control over the input VAT.

Are penalties imposed in other circumstances?

Yes. There are also late payment charges applied to late payments of taxes, including VAT, as well as fines are calculated in tax avoidance cases.

Can the tax incurred by overseas businesses be claimed if they are not registered in your country?

Yes, it can be claimed with a condition that the company does not have a registered business in Latvia.

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Lithuania

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 21% for most goods and services.• Reduced rate of 9% is applicable to books, newspapers and other informational publications; to the heating energy and hot water for residential premises; transport of passengers to regular routes.• 5% rate applied to pharmaceuticals and medicine support devices which acquisition expenses are entirely or partly reimbursed by the Mandatory Health Insurance Fund.• 0% rate is commonly applicable to goods exported from the territory of European community; goods transported from Lithuania and supplied to VAT payer registered in one of the European Union (EU) member states; new cars supplied into other EU member state; certain transactions related with international trade (eg supplied goods delivered to free zone or warehouse and appropriate customs procedures executed); etc.
<i>Are there any confirmed or anticipated changes to these rates?</i>	Starting 1 January 2015 reduced VAT rate of 9% will applicable to the accommodation services defined in the legislation.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in the Lithuania. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes, €44,891 (LTL155,00); (applicable for domestic company). It relates to the annual turnover of taxable transactions in Lithuania, and once the limit has (or will be) reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established in the Lithuania and they will need to register as soon as they start to make taxable transactions. Different registration requirements also apply to businesses involved with 'distance sales' made within the EU.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Yes, applicable for entities registered outside EU. The requirement to appoint a fiscal agent to act in Lithuania is not applicable to entities registered in EU member states (such persons may be registered as VAT payers directly).
<i>How often do returns have to be submitted?</i>	The taxable period is one month. Under certain circumstances, the taxable period may be six calendar months or a period of other duration.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment is submitted later than the term set, a penalty may be imposed.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the EU.



Are penalties imposed in other circumstances?

Yes. Penalties can be imposed for a range of errors or omissions.

Can the tax incurred by overseas businesses be claimed if they are not registered in your country?

Yes, in certain circumstances and subject to certain conditions.

What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in the Lithuania.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply, ie the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

The supply of goods and/or services is subject to Lithuanian VAT providing the following conditions are satisfied:

- the supply of goods and/or services is effected for consideration
- the supply of goods and/or services, according to the provisions of the Republic of Lithuania VAT law, is considered to be effected within the territory of Lithuania
- the goods and/or services are supplied by a taxable person for economic activities.

There are four rates of VAT that are applied to goods and services in the Lithuania: the standard rate (21%), the reduced rates (9% and 5%), and the zero rate. In addition, some goods and services are exempted from VAT.

Businesses that make exempt supplies are unable to claim all of the input VAT that they incur, so the VAT paid to suppliers will be a 'real' cost.

Most goods imported into Lithuania from outside the EU are subject to VAT. If the established conditions are met, import VAT is not required to be paid to customs by the importer at the time of importation. Where the importation is for VAT chargeable activities and the importer is registered for VAT purposes, import VAT is declared as deductible in a VAT return and due to the import, a payable amount shall not occur.

It is also important to note the interaction between VAT and customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any customs duty.

Is there a registration limit for the tax?

Yes, €44,891 (LTL155,00); a 'domestic person' who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT if the value of its taxable supplies in Lithuania exceeds the annual registration limit, or is expected to exceed the limit in the near future. A business can register on a voluntary basis even if the registration limit has not been exceeded.

For these purposes, a 'domestic person' includes any legal entity and natural person performing economic activity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration – even if the nature of some of those activities is very different.

Even if the above threshold has not been reached, a person has to register as a VAT payer in Lithuania if they acquire goods in Lithuania from another EU member state (except the new vehicles or the goods which are subject to excise duties) and the value of such goods was above the limit of €10,137 (LTL 35,000) last calendar year or it is foreseen that the value of such goods will be above the limit of €10,137 this calendar year.

Lithuanian legislation does not provide for a possibility that two or more corporate bodies be registered together as a VAT group.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

No, the limit is not applied. The VAT registration limit does not apply to businesses who are not established in Lithuania, but for the purposes of the tax are making taxable supplies there. Those businesses will need to register as a VAT payer in Lithuania when they begin to supply goods or services and the place of such a supply is Lithuania (with some exceptions), irrespective of the level of turnover.

Foreign person (legal or natural) have to register as a VAT payer in Lithuania:

- when beginning to supply goods or services and the place of such a supply is Lithuania (with some exceptions)
- if it acquires goods in Lithuania from another EU member state (except the new vehicles or the goods which are subject to excise duties) and the value of such goods was above the limit of €10,137 last calendar year or it is foreseen that the value of such goods will be above the limit of €10,137 this calendar year
- if Lithuania was chosen as the place for distance selling or the value of the goods supplied in Lithuania under the distance selling scheme is above the limit of €36,203 (LTL 125,000), or the goods supplied under the distance selling scheme are subject to excise duties.

It is worth noting that distance selling is where a VAT payer of one EU member state supplies goods (other than new vehicles and goods supplied after they are assembled and installed in Lithuania) to persons of another EU member state (tax exempted or taxable persons not entitled to VAT refunds), who are not VAT payers in their own state, and the goods are, by order of the supplier or another person, transported from one EU member state to that another EU member state. Distance sales from another EU country to non-taxable persons in the Lithuania will be subject to VAT at the appropriate rate in the suppliers' country. However, once the value of those distance sales to the Lithuania exceeds the threshold of €36,203 (LTL 125,000):

- the supplier becomes liable to register as VAT payer in the Lithuania
- the Lithuania becomes the place of supply
- any further sales to customers in the Lithuania are subject to Lithuania VAT.

Suppliers can choose to make the Lithuania the place where the goods are supplied by registering for VAT voluntarily before the threshold is reached.

Does a non-established business need to appoint a fiscal representative in order to register?

Persons from territories outside the area of EU are registered through their branch in Lithuania, and where they do not have a branch – through the fiscal agent appointed to act in Lithuania.

The requirement to appoint a fiscal agent to act in Lithuania is not applicable to persons from EU member states. Such persons may be registered for VAT purposes directly.

How often do returns have to be submitted?

A VAT return for a tax period must be submitted no later than 25 days after the end of a tax period.

There is a difference between the tax periods applied to natural persons who are VAT payers and legal persons who are VAT payers: a tax period for a legal person is a calendar month and a tax period for a natural person is a calendar half-year (in certain cases, at the request of a VAT payer, a tax period other than a calendar month or a calendar half-year may be established).

In certain cases there may be a requirement to file annual VAT return. This return is normally used for the correction of pro-rata. It must be submitted and the VAT due must be paid no later than 1 October of the following year.

VAT calculated in a tax period return (calendar month, calendar half-year or other tax period) as well as in an annual return must be paid to the budget no later than 25 days after the end of a tax period.

Are penalties imposed for the late submission of returns/payment of tax?

Late payment of VAT is subject to default interests of 0.04% for each day of delay. A fine may also be imposed that is from 10% to 50% of the outstanding tax amount.

Failure to present tax returns is subject to administrative liability attracting a warning or administrative fine from €58 to €1,158.

Are any other declarations required?

Businesses that are registered for VAT in Lithuania and make supplies of goods or services to VAT payers of other EU country are required to file the statements of inter-community supply of goods/services. The reporting period of the statement is a calendar month. Completed statements of inter-community supply of goods/services have to be submitted not later than within 25 days after the end of the reporting period.

In addition, if the value of the intra-EU trade in goods dispatched or arriving from other EU is above an annual threshold, a supplementary declaration (referred to as an Intrastat declaration) has to be submitted for either or both. These declarations have to be submitted on a monthly basis.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Fines and default interest can be applied for errors and omissions made on tax returns, or where the tax is paid late. Administrative fines can also be applied where the business has failed to maintain adequate records, provide information (including additional declarations), or makes repeated mistakes.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Lithuania?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere. The foreign taxable person, established in another EU member state, has to submit an electronic refund application via the system provided to him by the EU member state of establishment. The foreign taxable person established outside the EU has to submit a paper refund application directly to the 'State Tax Inspectorate' of Lithuania. It is worth noting that VAT is refunded to those taxable persons of foreign states that refund VAT to Lithuanian VAT payers. This restriction shall not apply to non-EU electronic service providers that are registered for VAT purposes in other EU member states.

A foreign taxable entity shall have the right to submit an application to be refunded VAT paid in Lithuania only in the case where during that period in which the VAT paid is requested to be refunded it satisfies the following criteria:

- had no divisions/subdivisions in the Republic of Lithuania
- had not performed any activity which is subject to VAT in Lithuania, except the cases when it supplied only such services and goods the VAT on which must be calculated and paid by the purchaser.

VAT may be refunded to the foreign entity if the goods and services acquired are designated for economic activity of that foreign entity, which is granting right to deduct VAT in the country of its establishment. VAT paid by the foreign taxable entity in respect of the goods and/or services, the input and/or import VAT whereof shall, under the provisions of the law, in no case be deductible by VAT payers, shall not be refundable to foreign taxable entities. VAT is also not refundable if supply of goods and services were not subject to VAT.

According to the Lithuanian VAT legislation, the minimum refundable amount is:

- €400 (LTL 1,380) if the request is presented for the term less than calendar year but not less than three calendar months of that calendar year
- €50 (LTL 170) if the request is presented for the entire calendar year or part of the term remaining until the end of the calendar year which is less than three calendar months.

A foreign taxable entity may present application to refund VAT for the period, which is not longer than calendar year and not less than three calendar months of that calendar year; or less than three calendar months provided these months are the last months of the calendar year.

The taxable person, established in another EU member state, must submit the application to refund VAT no later than 30 September of the following year for the preceding calendar year. The taxable person, established outside the EU, must submit the application to refund VAT no later than 30 June of the following year for the preceding calendar year.

The decision to refund VAT (or refuse to refund) may take the tax authorities up to 4 months, if additional information is not requested.

What information must a VAT invoice show?

Mandatory details of VAT invoice:

- the date of issue
- a sequential number, based on one or more series which uniquely identifies the invoice
- the supplier's VAT identification number
- the customer's VAT identification number
- the full name and address of the supplier
- the full name and address of the customer
- the nature of the goods supplied or the nature of the services rendered and the quantity of the goods supplied and extent of the services rendered
- the date on which the supply of goods or services was made (if it differs from date of the invoice)
- the unit price exclusive of VAT and any discounts or rebates if they are not included in the taxable amount
- the taxable amount per rate or exemption
- the VAT rate applied
- the VAT amount in national currency (Litas)
- in case of an exemption and when 0% rate applicable, reference to the applicable provision of this directive, or to the corresponding national provision, or any other reference indicating that the supply of goods or services is exempt or 0% rate applicable
- for certain sales other details are required, like: "Reverse charge", "Margin scheme", VAT code of fiscal agent, etc.

In some cases, when the value of goods or services do not exceed €100 (LTL 345) including VAT, a simplified VAT invoice can be issued.

Following the established requirements, VAT invoices can be issued, received and stored in an electronic format. Invoices in a paper format must be stored in Lithuania.

Invoices must be kept for ten years.

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Luxembourg

Indirect tax snapshot

What are the current rate(s) of indirect tax?

- Standard rate of 15% for most goods and services.
- Intermediary rate of 12% for advertising, custody fees, wine, etc.
- Reduced rate of 6% on liquefied or gaseous gases, destined for heating, lighting and to supply engines, electricity, living plants and other floriculture products. Certain services also benefit (temporarily) from this rate: hairdressing; bicycles, shoe and leather article repairs; clothes and household linen alterations; window cleaning and household cleaning with respect to private residences.
- Super reduced rate of 3% on food and medical products, books, shoes and clothes for children, water, transporting passengers etc.

Are there any confirmed or anticipated changes to these rates?

The Luxembourg Prime Minister has announced, in its 'State of the Nation' speech, that Luxembourg will raise its VAT rate as from 2015. The Prime Minister has indicated the wish of the government to maintain the lowest standard VAT rate in the EU even after this increase. At this stage, it is difficult to anticipate what will be the rate (approximately 17% is anticipated) and whether this increase will be gradual or not.

What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in Luxembourg.

Is there a registration limit for the tax?

Businesses that made less than €10,000 in the previous year (delivery of goods or services) are exempt from VAT.

Does the same registration limit apply to non-established businesses?

Yes.

Does a non-established person need to appoint a fiscal representative in order to register?

No. The fiscal representative no longer exists in Luxembourg.

How often do returns have to be submitted?

The VAT periodicity depends on the turnover. Annual VAT return is always mandatory and depending on the taxpayer's turnover periodic VAT returns are required also.

Are penalties imposed for the late submission of returns/payment of tax?

Yes. If a VAT return is submitted late a penalty can be imposed (between €50 and €5,000 per late return).

Are any other declarations required?

Yes. Additional declarations have to be submitted in respect of certain supplies (goods and services) made to customers who are registered for VAT elsewhere in the EU (EC Sales Listing). Declarations also have to be submitted in certain circumstances in connection with goods moving to or from another VAT EU member state (Intrastat report).



Are penalties imposed in other circumstances? Yes. Penalties can be imposed for a range of errors or omissions.

Can the tax incurred by overseas businesses be claimed if they are not registered in your country? Yes, in certain circumstances and subject to certain conditions.

What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Luxembourg.

Created in 1970, VAT (value added tax) is a high yield tax that applies to transactions (goods or services) connected with an economic activity. It represents almost half of the state's tax revenue.

At each stage of the production and distribution process, the tax only applies to the added value given to the product. Companies thus add VAT to the sale price of their products and deduct the tax relating to the goods or services that contributed to the manufacture of their products or the provision of their services from that 'collected' tax. Only the difference between the 'collected' tax and the deductible tax is paid to the Treasury.

VAT is a general consumption tax. It is levied on all economic activities. Transactions may be subject to VAT by law or because they are carried out against payment.

To be subject to VAT, the transaction must involve either the delivery of movable assets (goods) or the provision of services.

The transaction must be connected with an economic activity in the commercial, craft, industrial, agricultural or liberal professions sectors. Some professions, such as professions related to the agricultural sector, benefit from a special regime. Activities not connected with the economic sector do not fall within the scope of VAT. Therefore, the activities of administrative public services that do not compete with those of the competitive sector are not subject to VAT. Transactions carried out as part of private asset management for individuals are also exempt from VAT. The activities carried out by associations benefit from an exemption regime.

The delivery of goods or the provision of a service is subject to VAT if it involves a consideration which corresponds to the payment of the price asked (cash) or the delivery of a good or a service. It does not matter whether the transaction generates a profit or a loss.

The transaction must be carried out by a taxable person. A taxable person is a person who independently carries out transactions falling within the scope of VAT (taxable or exempt) regardless of legal status, nationality or the aim of the transaction.

Is there a registration limit for the tax?

Businesses that made less than €10,000 in the previous year (delivery of goods or services) are exempt from VAT. They do not need to submit a VAT return but they are still of course obliged to provide the tax authorities, at their request, with information allowing them to ensure that the threshold of €10,000 has not been exceeded. Of course, businesses benefiting from the exemption cannot charge VAT to an account nor can they show VAT on their invoices. They therefore cannot offset deductible VAT either.

Does the same registration limit apply to non-established businesses?

Yes, see above.

Does a non-established business need to appoint a fiscal representative in order to register?

No longer applicable in Luxembourg.

How often do returns have to be submitted?

Concerning the VAT periodicity, the VAT authorities fix it on the basis of the (expected) total annual turnover of the company, as follows:

- *Expected annual turnover higher than €620,000*: Submission of monthly VAT returns + annual VAT return.
- *Expected annual turnover between €12,000 and €620,000*: Submission of quarterly VAT returns + annual VAT return.
- *Expected annual turnover less than €112,000*: Submission of single annual VAT return (only).

The decision of the VAT authorities in that respect is notified in the VAT registration notification or when a different tranche of turnover has been reached.

The periodical VAT is required to be filed (mandatory) in an electronic way (e-VAT system).

The deadlines for submission of the VAT returns are the following:

- For monthly VAT return: the deadline is the 15th day of the month following the month for which tax is due.
- For quarterly VAT return: the deadline is the 15th day of the quarter following the quarter for which tax is due.
- In case of periodical VAT returns (monthly or quarterly) the deadline for annual VAT return is before 1 May of the following year with a tolerance until 31 December (confirmed each year by VAT authorities).
- In case of single annual VAT return: the deadline is before 1 March of the following year with a tolerance until 31 October (confirmed each year by VAT authorities).

Are penalties imposed for the late submission of returns/payment of tax?

Yes. If a VAT return is submitted late a penalty can be imposed (between €50 and €5,000 per late return).

Failure to pay within the statutory period may also be punishable by a penalty tax of up to 10% one year from the tax due.

Are any other declarations required?

Businesses that are registered for VAT in Luxembourg and make supplies of goods or services to traders' registered in other EU countries are required to complete EC sales Listings (ECLs).

In principle the submission of the ECLs is on a monthly basis. By way of derogation, a quarterly submission can be authorised if the total amount of intercommunity deliveries of goods and/or triangular operations does not exceed €100,000.00 during the quarter concerned nor in respect of the four previous quarters.

If the taxable person does not exceed the threshold indicated above, he can choose to submit the listings either on a monthly or on a quarterly basis. There is no formal procedure for choosing, and no need to inform the VAT authorities.

The submission of the ECLs for services can be monthly or quarterly. It is up to the taxpayer to decide. There is no threshold, no formal procedure for choosing, and no need to inform the VAT authorities.

The periodicity for ECLs for services is in no way linked to the periodicity for filing ECLs for goods (and vice versa).

In case of monthly submissions, the ECLs must be submitted via internet, using the 'eTVA' system of the Luxembourg VAT authorities.

In case of quarterly submissions, the ECLs can be submitted either in paper format or via the internet, depending on the choice of the taxable person.

The deadline for filing the listings is the 15th day of the month following the reporting period if the listing is submitted in paper format and the 25th following day if it is filed via internet.

To correct an ECL, the taxable person should simply report the corrections in the following ECL, via the corresponding boxes of the corresponding form.

In addition, if the value of the intra-EU trade of goods dispatched or arriving from another EU member state is above an annual threshold (€200,000 for acquisition of goods and €150,000 for delivery of goods), a supplementary declaration (referred to as an Intrastat declaration) has to be submitted for either or both. These returns have to be submitted on a monthly basis.

The thresholds are the following – type of return:

Thresholds	Annual values of the intercommunity operations (in €)			
Arrival	< 200 000	≥ 200.000	≥ 375.000	≥ 4.000.000
Dispatch	< 150 000	≥ 150.000	≥ 375.000	≥ 8.000.000
Type of return	Exemption	Simplified	Detailed	Extended

The deadlines are either (always on a monthly basis):

- within six working days after the end of the month of reference (in case of paper submission)
- within 16 working days after the end of the month of reference (in case of electronically submission)

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed when businesses do not comply with the VAT rules.

Anyone who tries, in some way, to evade payment of tax or to obtain in a fraudulent or improper manner a tax refund, is subject to a tax penalty of €100 to €5,000.

The tax penalties are imposed by the director of administration or his delegates, payable within one month after notification of the written decision.

Criminal proceedings may be brought to court in case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Luxembourg?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member state. To be eligible to make a claim, the claimant must be a taxable person established in an EU member state other than the one from which the claim is to be sought.

In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment, seat of economic activity, place of business or other residence there
- during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically with an authenticated e-signature to the tax authority from whom the repayment is being sought.

The refund period must not cover more than one calendar year or less than three calendar months – unless it is covering the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into Luxembourg or purchases of goods and services used in Luxembourg. The scheme is available to any person carrying on a business established in a third country ie outside the EU, provided that in the period of the claim:

- he was not registered or liable to be registered for VAT in Luxembourg
- he was not established in any EU country
- he made no supplies of goods and services in Luxembourg other than certain specified exceptions
- where he is established in a third country having a comparable system of turnover taxes, unless the Luxembourg tax authority allows otherwise, that country provides reciprocal arrangements for refunds to be made to taxable persons established in the Luxembourg.

The reclaim period in Luxembourg is from 1 July to 30 June each year. Claim forms have to be submitted to the Luxembourg tax authorities no later than six months as from the end of the relevant year ie by 31 December each year.

What information must a VAT invoice show?

The following information has to be mentioned on the invoices for VAT purposes:

- the date of issue
- a sequential number, based on one or more series, which uniquely identifies the invoice
- the VAT identification number under which the taxable person supplied the goods or services
- the customer's VAT identification number under which the customer received a supply of goods or services in respect of which he is liable for the payment of VAT or received a supply of goods as referred to in Article 43(1)(d),(e) and (f)
- the full name and address of the taxable person and of the customer
- the quantity and nature of goods supplied or the extent and nature of services rendered
- the date on which the supply of goods or services was made or completed or the date on which the payment on account was made, in so far as that date can be determined and differs from the date of issue of the invoice
- the taxable amount per rate or exemption, the unit price exclusive of VAT and any discounts or rebates if they are not included in the unit price
- the VAT rate applied
- the VAT amount payable, except where a special arrangement is applied for which such a detail is to be excluded
- where an exemption is involved or where the customer is liable to pay the VAT, reference to the applicable provisions of Directive 2006/112/EC or to the corresponding provision of VAT act, or to any other reference indicating that the supply is exempt or subject to the reverse charge procedure.

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Republic of Macedonia

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 18% for most goods and services.• Preferential rate of 5% for supply and import of certain goods and services.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in the Republic of Macedonia. The value added tax, as a general consumption tax, shall be calculated and paid in all stages of the production and trade, as well as in the whole service sector, unless otherwise prescribed by Law
<i>Is there a registration limit for the tax?</i>	Yes. All taxpayers, whose total turnover has exceeded the amount of 2,000,000 Denars in the past calendar year or whose total turnover is anticipated to exceed the amount at the beginning of the performance of the business activity or to exceed the amount during the year, shall be obliged to register for value added tax.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established on the territory of Republic of Macedonia.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Not applicable.
<i>How often do returns have to be submitted?</i>	It depends on the amount of the annual turnover and the returns may be submitted quarterly or monthly.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	No.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in the case of existence of reciprocity and meeting certain conditions.



What is the principal indirect tax?

The principal indirect tax in Republic of Macedonia is Value Added Tax (VAT).

The VAT, as a general consumption tax, shall be calculated and paid in all stages of the production and trade, as well as in the whole service sector, unless otherwise prescribed by the Macedonian law on VAT.

The following shall be taxable under VAT:

- the sale and purchase of goods and provision of services (hereinafter: supply), that is conducted in the country by the taxpayer for consideration within the framework of its economic activity
- the import of goods.

Supply of goods, shall be the transfer of the right to dispose of movable or immovable tangible assets. Supply of services, in terms of this law, shall be any activity not being a supply of goods.

If the supply of goods as basic supply is supplemented with a supply of another good or service as ancillary supply, the complete supply shall be deemed supply of goods. If the supply of services as basic supply is supplemented with supply of another service or good as ancillary supply, the complete supply shall be deemed supply of services.

The taxpayer shall be a person that, permanently or occasionally, independently, performs an economic activity, regardless of the purposes and the results of such an activity. Economic activity shall be deemed any activity of the producers, the traders and the persons providing services aiming at generating income, including the activities in the field of mining, agriculture and forestry, as well as giving tangible and nontangible goods for the purpose of being used. Independent activity shall not be deemed the activity of:

- the natural persons that, separately or jointly, are employed in an enterprise and on such basis receive salary and are obliged to refer to the instructions of the employer
- the subsidiaries, the branch offices or the other separate organisational units of an enterprise.

The state bodies, the bodies of the local self-government units and the other public-legal bodies shall not be taxpayers for the part of their activities limited to the exercise of public powers, even if they charge taxes, fees, contributions or other duties for those activities. The state bodies, the bodies of the local self-government units and the other public-legal bodies shall be taxpayers in the cases where, within the framework of a certain economic activity, they carry out supply which, in accordance with this Law, is taxable in respect to the other taxpayers.

The tax base for the value added tax shall be the total amount of the consideration received or to be received for the supply, without the value added tax included. Money, goods, services and other benefits according to the market price paid or to be paid by the recipient of the good, or the user of the service or another person, shall be deemed consideration.

The tax base shall include:

- the taxes, including the excise, fees, contributions and other duties prescribed by separate laws, except the value added tax
- the related costs for packaging, loading, unloading, transportation and insurance, as well as the commissions and other costs calculated by the taxpayer to the recipient of the good or the user of the service
- the subsidies directly connected with the price of supply of the good or the service.

The tax base shall not include:

- the deduction of the price in a form of discount for advance payments
- the price discount, the rebate and the other types of deduction of the price approved for the recipient of the good or the user of the service at the time of supply, if they are separately shown in the invoice and recorded in the book-keeping
- the amount received by the taxpayer from the recipient of the good or the user of the service as a payment of the costs incurred on their behalf and their account, provided that such amount is recorded in the book-keeping.

The value added tax shall be calculated by applying a proportional tax rate to the tax base for the taxable supply of goods and services and import, that is according to the general tax rate of 18% and according to the preferential tax rate of 5%.

The general tax rate of 18% shall apply to the complete supply and import, except for the supply and import taxed at preferential tax rate.

Preferential tax rate of 5% shall apply to the supply and import of: Products for human consumption; drinking water of the public systems for supply and discharge of urban waste waters and water for irrigation of agricultural land; publications, that is: books, brochures and similar printed materials, newspapers and other periodical publications, children's picture-books, drawing books and colouring books, and cartographic products of any type, except publications serving mostly for advertising purposes, as well as publications with pornographic contents; Seeds and planting material for production of agricultural plants; fertilizers; substances for plants protection; plastic foils for use in agriculture; agricultural mechanisation; medicaments; machines for automatic processing of data and their units (computers); thermal solar systems and components; medical equipment, apparatuses and other devices the purpose of which is to alleviate or treat a disability, exclusively for personal purposes of people with disabilities; crude oil for production of food for human consumption; and trade in residential buildings and apartments, regarding the part used for housing purposes and effectuated within a period of five years after construction.

The following services shall be charged with 5% preferential rate: transportation of persons and their accompanying luggage; software for machines for automatic processing of data and their units (computers); services for maintaining public cleanliness and disposal of waste; and accommodation services (overnight accommodation) or bed and breakfast, half board or full board accommodation.

The tax debt shall incur:

- at the moment of completion of the supply of the good. If the good is transported or dispatched, the moment of commencement of the transport or dispatch shall be considered. If the supply includes assembly or installation, the moment of completion of the corresponding activities shall be considered
- at the moment of completion of the service in full.

Where the payment is made prior to the completion of the supply, time of incurrence of the tax debt shall be considered the moment when the payment is received, in the amount of the tax for the received amount.

In the case of periodic or continuous supply, for which consecutive payments are anticipated, time of incurrence of the tax debt shall be considered the day when the invoice for the corresponding period is issued or, if earlier, the day when the payment for the corresponding period is received.

If the economically divisible supply is owed and conducted in parts, time of incurrence of the tax debt shall be considered the day when the corresponding part of the supply is completed.

Where automatic machines that operate with coins, banknotes or tokens are used for sale of goods or rendering services, time of incurrence of the tax debt shall be considered the day when the coins, banknotes or tokens are taken out of the automatic machine.

Time of incurrence of the tax debt, upon import of goods, shall be considered:

- the day of occurrence of the obligation to pay the customs duty and the other import duties, or the day of import of the good in the country, in the cases of goods that are not subject to payment of customs duties
- the moment when the good, which is subject to the regime of goods in free zones, customs zones and customs warehouses or if the good is in transit or temporarily imported, is released in free circulation.

Tax debtor shall be:

- the taxpayer in the cases referred to the sale and purchase of goods and provision of services (hereinafter: supply), that is conducted in the country by the taxpayer for consideration within the framework of its economic activity
- the person importing goods in the cases of the import of goods
- the person issuing an invoice referred to states separately the value added tax in the invoice although not authorized to do so, it shall be liable for the stated amount and as well if it states separately a higher tax than the amount it is liable for in accordance with the Law, the person shall as well be liable for the extra tax
- the recipient of the good or the user of the service, provided that it is a taxpayer or an institution in terms of state bodies, the bodies of the local self-government units and the other public-legal bodies, in the case of supply, completed by a taxpayer which has no head office nor subsidiary in the Republic of Macedonia.

In such cases, the obligation for calculation of the tax, for submission of a tax return, for payment of the tax, and for payment of the interest rate in the case of late tax payment, shall be borne by the tax debtor registered in Republic of Macedonia.

Is there a registration limit for the tax?

All taxpayers, whose total turnover has exceeded the amount of 2,000.000 Denars in the past calendar year or whose total turnover is anticipated to exceed the amount at the beginning of the performance of the business activity or to exceed the amount during the year, shall be obliged to register for value added tax. The obligation for registration for value added tax shall not apply to taxpayers in terms of a taxpayer that does not have head office nor subsidiary in the Republic of Macedonia and the case of tax refund of a tax payer and in the case of existence of reciprocity, the taxpayers that have no head office or subsidiary in the country and do not perform any supply therein, or that do not have sales tax due.

The total turnover shall be a sum of the supplies completed by the taxpayer during the calendar year, which are subjected to taxation, including as well the tax related thereto, except for the turnover exempted from tax without the right to deduction of the input tax. If the taxpayer has carried out its activity only in one part of the calendar year, the actual total turnover shall be calculated on a level of total turnover for the whole calendar year.

Taxpayers – residents in the country that are not obliged to register, shall not be levied value added tax for supply of goods and services conducted by them. They shall not be authorized to separately declare the tax in the invoices or in other documents and shall not have the right to deduction of input taxes. Taxpayers may voluntarily register for value added tax on the beginning of each calendar year.

The taxpayers shall be obliged to submit a request for registration for value added tax to the competent tax authority.

The competent tax authority shall perform the entry in the register of value added taxpayers as of the beginning of the current calendar year and shall issue the taxpayers a certificate.

If the taxpayer has commenced the performance of its activity during the calendar year, the registration shall be performed with the commencement of the performance of the activity. Commencement of the performance of the activity shall be considered the first performance of an activity by the taxpayer as first completed purchase of goods (capital assets, sales goods and alike), service used (rent, market research and alike) and completed supply of goods or service. If during the year the taxpayer exceeds the amount of completed total turnover of 2,000.000 Denars, the registration shall be performed upon the expiry of the month when the supply has been completed.

The taxpayers shall remain registered at least in a period of five calendar years, regardless of the amount of the total turnover. If the total turnover in the fifth calendar year does not exceed the amount, the taxpayer may, upon the expiry of the time period, submit a request for deregistration for value added tax to the competent tax authority which shall issue to the taxpayer a decision on deletion from the register of value added taxpayers.

As an exception to the time period determined above, the termination of the registration may be realised in a shorter time period than five calendar years, upon adoption of a decision by the competent tax authority.

The competent tax authority may terminate the registration if:

- in the previous calendar year, the taxpayer submits tax returns without declaring the tax for the completed turnover and without declaring the input tax for deduction
- in the two previous calendar years, the taxpayer submits tax returns without declaring the tax for the completed turnover, with the exception of the cases when the same periods in the tax returns declare only supplies exempted from tax with the right to deduction or input tax resulting from the supplies of investment goods performed towards the taxpayer or imported by it
- the taxpayer cannot be found on the reported address and on the address for performance of business activities
- the taxpayer does not submit a tax return for at least two tax periods in respect to the monthly and quarterly taxpayers, and for one tax period in respect to the annual taxpayers
- tax evasion has been previously identified at the taxpayer
- the cases referred to several persons being registered for VAT as a single taxpayer.

The taxpayers shall submit the return by the 15th of January in the current year at the latest. If the taxpayer has commenced the performance of its activity during the calendar year, the return shall be submitted in a period of 15 days as of the commencement of the performance of the activity. If during the year, the amount of realised total turnover exceeds 2,000.000 Denars, the taxpayer shall submit the return by the 15th in the month following the month of realisation of the turnover at the latest.

The taxpayers shall submit the request for termination of the registration for value added tax by the 15th of January in the year when they want to terminate the registration for value added tax at the latest.

The competent tax authority may reject to register the taxpayer that commences the performance of an activity and the taxpayer that has voluntarily applied for registration if:

- it cannot be found on the reported address and on the address for performance of business activities
- it cannot prove the real intention to perform an activity
- tax evasion has been previously determined at the taxpayer.

Does the same registration limit apply to non-established businesses?

The normal VAT registration limit does not apply to businesses which are not established in the Republic of Macedonia.

In the case of supply, completed by a taxpayer which has no head office nor subsidiary in the Republic of Macedonia the recipient of the good or the user of the service, provided that it is a taxpayer or an institution in terms of state bodies, the bodies of the local self-government units and the other public-legal bodies shall be obliged to calculate the tax, submit the tax return, payment of the tax, and payment of the interest rate in the case of late tax payment.

Does a non-established business need to appoint a fiscal representative in order to register?

The fiscal representative is a topic that is still not introduced in the respective VAT legislation of Republic of Macedonia.

How often do returns have to be submitted?

The period for which the value added tax is calculated and paid shall be a tax period. A tax period shall be considered the calendar month or, if the total turnover in the previous calendar year has not exceeded the amount of 25 million Denars, the tax period shall be a calendar quarter.

If the taxpayer performs its activity only in one part of the calendar year, only the referred period shall be considered to be the tax period.

As an exception, the tax period for taxpayers that generate turnover and being voluntarily registered may be determined to be a calendar month if the taxpayer submits a request and proves by documents that in the course of the current calendar year there are to be input realisations resulting from investments in equipment and immovables for commencement or expansion of its economic activity in the amount of 100.000.000 Denars at least, on annual basis, with no value added tax included. The request shall be submitted to the competent tax body, by the 10th in the month.

Are penalties imposed for the late submission of returns/payment of tax?

Fine in the amount of €1,500 in Denar counter-value for perpetrated misdemeanour shall be imposed on a legal entity – taxpayer if it submits a tax return to the competent tax authority after the expiry of the prescribed time period.

The responsible person in the legal entity and the natural person – taxpayer that has not submitted a tax return within the prescribed time period, or has submitted a tax return, but has not fill it in with correct data, or has submitted a tax return and has not pay the tax due to the established accounts, in order to acquire greater property benefit or value, shall be sentenced to imprisonment of six months to five years and shall be fined.

If the amount of the liability is substantial, the perpetrator shall be sentenced to imprisonment of at least four years and shall be fined. If the offense is committed by a legal entity, it shall be fined. The property benefit acquired by the committed offense shall be seized based on a court decision.

Are any other declarations required?

The taxpayer shall be obliged, for each tax period, to submit a tax return in a period of 25 days after the expiry of the tax period where it shall calculate the taxes on its own.

For the corresponding tax period, the taxpayer shall be obliged to enclose a periodical financial report of the approved fiscal equipment systems for registration of cash payments to the tax return and through the bearer of payment operations to submit a periodical report for Denar transaction accounts and foreign currency accounts through which it realizes its operations.

The tax return shall be submitted in the deadline, even if the taxpayer has not carried out a taxable supply in the corresponding tax period.

As an exception, in the case of termination of performance of an activity, the taxpayer shall be obliged to submit a tax return in a period of 25 days after the expiry of the calendar month in which it has terminated its activity.

Furthermore, as an exception, in the case of altering the tax period, in cases of voluntary registration of the taxpayer that proves by documents that in the course of the current calendar year there are to be input realizations resulting from investments in equipment and immovables for commencement or expansion of its economic activity in the amount of 100,000,000 Denars at least, on annual basis, with no value added tax included, the taxpayer shall be obliged to submit a tax return in a period of 25 days after the expiry of the calendar month in which the request has been submitted, for the period starting from the beginning of the calendar year until the end of the month when the request has been submitted.

Are penalties imposed in other circumstances?

A fine in the amount of €1,500 in Denar counter-value for a perpetrated misdemeanour shall be imposed on a legal entity taxpayer if:

- it a tax return is submitted to the competent tax authority after the expiry of the prescribed time period
- keeps the records unduly
- does not issue an invoice within the prescribed time period.

For the misdemeanour, the responsible person in the legal entity shall be fined in the amount of €500 in Denar counter-value.

For the misdemeanour, natural person – taxpayer shall be imposed a fine in the amount of €500 in Denar counter-value.

A fine in the amount of €2,000 to €2,500 in Denar counter-value for perpetrated misdemeanour shall be imposed on a legal entity taxpayer if:

- it does not submit a tax return to the competent tax authority
- the value added tax is not paid to the established account
- it does not submit a request for registration for the value added tax
- it does not keep or keeps the records incorrectly
- it issues an unduly invoice
- the invoices and the other documents issued in accordance with this law or the business books are not kept within the prescribed time period.

For the misdemeanour, the responsible person in the legal entity shall be imposed a fine in the amount of €500 to €1,000 in Denar counter-value.

For the misdemeanour, a natural person – taxpayer shall be imposed a fine in the amount of €500 to €1,000 in Denar counter-value.

A fine in the amount of €1,200 in Denar counter-value shall be imposed on a legal entity – taxpayer, for a perpetrated misdemeanour if it submits a request for registration for value added tax after the expiry of the prescribed time period. For the same misdemeanour, the responsible person in the legal entity shall be imposed a fine in the amount of €500 in Denar counter-value.

For this misdemeanour the natural person – taxpayer shall be imposed a fine in the amount of €500 in Denar counter-value.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Macedonia?

Yes, it may be possible to reclaim the VAT in case of existence of reciprocity. The taxpayers that have no head office or subsidiary in the country and do not perform any supply therein, or that do not have sales tax due, shall be paid off, upon a request, the input tax that may be deducted in accordance with the special procedure prescribed by the minister of finance.

The application for tax refund should be filed by the non-resident tax payers in front of the tax authority in Republic of Macedonia, accompanied with the following documents:

- original invoices
- proof of invoices being paid
- proof that the non-resident tax payer has been registered as tax payer in the country of origin. This proof may be submitted in English, German or French accompanied with Macedonian translation.

The tax authority shall review the application for tax refund and within six months from the date of submission to refund the amount in case all prescribed conditions are met.

What information must a VAT invoice show?

The invoice must contain the following data:

- place, date of issuance, number
- name (title) and address of the taxpayer carrying out the supply and its tax number registered under for value added tax
- name (title) and address of the recipient of the goods or user of the service
- day of the completed supply
- quantity and description of the supply
- amount of the consideration for the completed supply, not including the value added tax
- tax rate applied
- amount of the calculated value added tax
- total amount of the consideration for the completed supply and the value added tax
- signature and seal of the issuer of the invoice.

The taxpayer shall be obliged to issue an invoice for the supply to other taxpayers upon a request.

Invoice, shall be considered each document issued by the taxpayer or upon its order by another person in regard to the completed supply. Invoice shall also be considered the calculation, whereby the taxpayer calculates certain taxable supply completed towards it by another taxpayer.

Where consideration is received only for partially completed supply, prior to completing the supply, the taxpayer shall issue separate invoices for each partially completed supply.

The taxpayer shall issue an invoice for each payment received in advance (advance payment), prior to the completion of the supply.

In the course of exchange of goods or services, each individual taxpayer shall issue an invoice.

The supply shall be separately showed in the invoices issued for taxable supply, as well as for supply exempted from tax. Where the supply exempted from tax is performed, the invoice shall state 'without value added tax calculated'.

The taxpayer shall issue the invoice in two copies. The first copy of the invoice is submitted to the recipient of the goods, and the second is kept in the personal records.

The invoice shall be issued on the day of the completed supply, and in a period of five business days at the latest.

Where consideration is received prior to completion of the supply, the invoice shall be issued on the same day when the advance payment is received, and within the time period of five business days at the latest.

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The Netherlands

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 21% for most goods and services.• Reduced rate of 6% for goods and services including food (supplements); admission to sports and cultural events, books and many other.• Zero-rated goods and services.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in the Netherlands. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the an annual amount VAT due, and once the limit has (or will be) reached it is necessary to register. Only applicable to natural persons.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established in the Netherlands and they will need to register as soon as they start to make taxable transactions. Different registration requirements also apply to businesses involved with 'distance sales' made within the European Union (EU) e.g. mail order and internet sales.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	In certain circumstances, a non-established person may be directed by the Dutch tax authority to appoint a fiscal representative.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit quarterly VAT returns. Returns can also be submitted on a monthly or yearly basis.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the EU. Declarations also have to be submitted in certain circumstances in connection with goods moving to or from the EU.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in the Netherlands and in other European Union (EU) countries.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply, i.e. the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

A transaction is within the scope of Dutch VAT if the following conditions are met:

- it is a supply of goods or services. Although the term ‘supply’ is not defined in the legislation, it has a broad interpretation
- it (is deemed to) takes place in the Netherlands
- it is made by a taxable person. For these purposes, a taxable person is a person or entity who is registered for VAT in the Netherlands, or has a liability to become registered
- it is made in the course or furtherance of any business carried on by that person or entity.

There are three rates of VAT that are applied to goods and services in the Netherlands; the standard rate, the reduced rate, and the zero rate. Special rates may apply to farmers. In addition, some goods and services are exempted from the tax.

Businesses that make exempt supplies are – in general – unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a ‘real’ cost.

Most goods imported into the Netherlands from outside the EU are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the tax (subject to certain rules). However, it’s possible to postpone payment of import VAT to the periodic VAT return, hence no cash-flow occurs (referred to ‘article 23 license’).

It is also important to note the interaction between VAT and customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in ‘free circulation’ and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom and excise duty.

Is there a registration limit for the tax?

A ‘person’ who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT.

For these purposes, a ‘person’ includes any legal entity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration – even if the nature of some of those activities are very different.

Two or more corporate bodies can be registered together as a VAT group if

- each of the bodies is established, or has a fixed establishment, in the Netherlands
- they satisfy the ‘control’ test, i.e. one of them controls each of the others, or one person or a business partnership controls all of them
- each of the bodies perform more or less the same economic activities.

A corporate body cannot be treated as a member of more than one VAT group at a time.

The main advantage of VAT group registration is that, apart from a few limited exceptions, any supply of goods or services by a member of the group to another member of the group is disregarded for VAT purposes. This reduces the risk of VAT being accidentally omitted on supplies between separately registered connected companies.

However, there are some disadvantages and any decision on whether to group register should be taken with care. For example, all VAT group members (including former members) could be jointly and severally liable for the VAT debt of the group during the period of their membership.

Does the same registration limit apply to non-established businesses?

Registration for VAT in the Netherlands may also be required where a non-established EU business is involved with distance selling. Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a customer in another EU country who is not registered or liable to be registered for VAT. Such customers are known as non-taxable persons, and include private individuals and businesses and other organisations that are not registered for VAT (either because of their size, or the fact that they are exempt from having to register due to the nature of their activities). The common examples of distance sales are goods supplied by mail order and via the internet.

Each EU country has the option of applying a distance selling threshold of either €35,000 or €100,000 per calendar year, or the equivalent in its own currency. The Netherlands has adopted an annual threshold of €100,000.

Distance sales from another EU country to non-taxable persons in the Netherlands will be subject to VAT at the appropriate rate in the suppliers country. However, once the value of those distance sales to the Netherlands exceeds the threshold of €100,000

- the supplier becomes liable to register for VAT in the Netherlands
- the Netherlands becomes the place of supply
- any further sales to customers in the Netherlands are subject to Dutch VAT.

Suppliers can choose to make the Netherlands the place where the goods are supplied by registering for VAT voluntarily before the threshold is reached. Non-EU entities would need to appoint a general VAT representative.

Does a non-established business need to appoint a fiscal representative in order to register?

The tax authority in the Netherlands may direct a person to appoint a VAT representative to act on his behalf for VAT purposes where the person:

- is a taxable person or makes distance sales to the Netherlands
- is not established, and does not have a 'fixed establishment' in the Netherlands
- is established in a country or territory which is not an EU country (or part of such a country)
- in the case of an individual, he does not have his 'usual place of residence' in the Netherlands.

How often do returns have to be submitted?

VAT returns normally cover a calendar quarter ending on the last day of a calendar month, taxpayers can apply to submit returns on a monthly basis.

All VAT returns have to be submitted within the end of next month following the relevant accounting period, together with any tax due. VAT returns has to be submitted electronically.

Non-resident business may file within the end of the second month following the relevant accounting period, together with the VAT due. As from 2014, VAT returns have to submitted electronically.

Are penalties imposed for the late submission of returns/payment of tax?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Civil penalties and interest can be applied for errors and omissions made on tax returns, or where the tax is paid late. Penalties can also be applied where the business has failed to maintain adequate records, provide information (including additional declarations), or makes repeated mistakes.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in the Netherlands?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member state. To be eligible to make a claim, the claimant must be a taxable person established in an EU member state other than the one from which the claim is to be sought. In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment, seat of economic activity, place of business or other residence there
- during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically to the tax authority from whom the repayment is being sought.

The refund period must not cover more than one calendar year or less than three calendar months – unless it is covering the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into the Netherlands or purchases of goods and services used in the Netherlands. The scheme is available to any person carrying on a business established in a third country, ie outside the EU, provided that in the period of the claim:

- he was not registered or liable to be registered for VAT in the Netherlands
- he was not established in any EU country
- he made no supplies of goods and services in the Netherlands other than certain specified exceptions.

By exception, businesses may claim a refund of VAT dating back five years.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address
- the seller's VAT registration number
- the invoice date
- the time of supply (also known as tax point) if this is different from the invoice date
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer
- the rate of any cash discount
- the total amount of VAT charged expressed in sterling.

For each different type of item listed on the invoice, the following must be shown:

- the unit price or rate, excluding VAT
- the quantity of goods or the extent of the services
- the rate of VAT that applies to what's being sold
- the total amount payable, excluding VAT.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately.

Where a business makes retail sales and makes a sale of goods or services for €100 or less including VAT, a simplified VAT invoice can be issued.

VAT invoices can be issued, received and stored in electronic format and there is no need to tell the tax authority. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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New Zealand

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 15% for most goods and services.• Zero-rated supplies include exported goods and services, the sale of a 'going concern' to a GST registered person and transactions involving the supply of land between GST registered persons.• Exempt supplies include financial services, residential rent, fines, penalties and interest.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Goods and Services Tax (GST) is the principal indirect tax in New Zealand. It is a transactional tax and is charged and collected on taxable supplies.
<i>Is there a registration limit for the tax?</i>	Yes. If the annual turnover of taxable supplies in the New Zealand exceed (or are expected to exceed) \$60,000 in any 12 month period, it is necessary to register. Persons can voluntarily register for GST if this threshold is not exceeded if they are conducting a taxable activity and are making taxable supplies.
<i>Does the same registration limit apply to non-established businesses?</i>	Yes. However specific rules exist in relation to non-resident businesses and whether they are entitled GST register. This depends on whether they are a 'resident' or 'non-resident' for GST purposes (a slightly different test than that for income tax purposes) and where the goods are at the time of supply or where the services are physically performed.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	No, although many non-residents do engage with local agents to reduce compliance and operational matters.
<i>How often do returns have to be submitted?</i>	Returns can be submitted on a monthly, two-monthly, or six-monthly basis depending on the annual turnover of taxable transactions of the registered person.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a GST return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	No.
<i>Are penalties imposed in other circumstances?</i>	Yes. Shortfall penalties, ranging from 20% to 150% of the tax shortfall, can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No. A business must be registered for GST in New Zealand to be eligible to claim any GST. Currently this requires the entity to be carrying on a taxable activity in New Zealand, but from 1 April 2014 a non-resident entity can register without meeting this requirement in certain situations.



What is the principal indirect tax?

Goods and Services Tax (GST) is the main type of indirect taxation in New Zealand.

GST is a tax on consumption which is applied on the supply of most goods and services. It is also applied to goods upon importation into New Zealand and certain services when purchased from a non-resident. Although GST is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority rests with the business making the supply i.e. the sale.

GST must be charged on a supply of goods or services in New Zealand by a registered person in the course of furtherance of a taxable activity carried on by that person – this is referred to as output tax. Any GST on costs incurred in generating such supplies can be claimed – this is referred to as input tax. The difference between the output tax and the deductible input tax in each accounting period will be the amount of GST payable by the business to Inland Revenue. Where the input tax exceeds the output tax, a refund can be claimed.

A taxable activity means any activity which is carried on continuously or regularly, whether or not for pecuniary profit, and involves or is intended to involve the supply of goods and services to another person for a consideration.

There are two rates of GST that are applied to goods and services in New Zealand; standard rate and zero rate. In addition, some goods and services are exempted from the tax. The most common exempt supplies include financial services, residential rent, fines, penalties and interest.

Generally, businesses that make exempt supplies are unable to claim input tax on costs incurred generating those supplies, so the GST paid to suppliers is a ‘real’ cost to these businesses. However, there is the ability for businesses that supply exempt financial services to elect to zero-rate their supplies which enables a greater recovery of GST, where:

- an election is lodged with the Commissioner of Inland Revenue; and
- the supply is between two registered persons; and
- the recipient of the supplies makes at least 75% taxable supplies.

This is referred to as the provision of ‘business to business’ financial services.

Goods imported into New Zealand are subject to GST. This is imposed by New Zealand customs at the border. The GST (plus any duties and other fees) must be paid by the importer at the time of importation in order for the goods to be released. Where the goods imported are for use in the taxable activity, the importer (if GST registered) can recover the GST. GST is charged on the value of the importation, including any customs duty, freight and insurance.

It is important to note the interaction between GST and customs duty. Customs duty is levied upon the importation of certain goods into New Zealand. Unlike other indirect taxes, such as GST, once duty has been paid it is not recoverable by the importer. It therefore represents a final cost to the importing business.

Customs does not collect duty and GST where the total amount payable on any one importation is less than \$60. For example, if no duty is payable, this equates to a de minimus value of \$400 under which no GST is payable.

Is there a registration limit for the tax?

A person who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a taxable activity must register for GST if the value of its taxable supplies in the New Zealand exceed \$60,000 or is expected to exceed this limit within any 12 month period. A person can register on a voluntary basis even if the registration limit has not been reached.

For these purposes, a ‘person’ includes any legal entity. Therefore, once a person is registered for GST, all of their business activities will be covered by the registration – even if the nature of some of those activities are different.

Two or more persons can be registered together as a GST group if:

- they satisfy the ‘control’ test i.e. one of them controls each of the others, or one person controls all of them
- for companies, each of the companies is a registered person, or the total value of taxable supplies made by the companies is at least 75% of the total supplies made by the group to persons outside the group
- for companies, the members of the group have at least 66% common ownership.

A person cannot be treated as a member of more than one GST group at a time.

The main advantage of GST group registration is that, apart from a few limited exceptions, any supply of goods or services by a member of the group to another member of the group is disregarded for GST purposes. This reduces the risk of GST being accidentally omitted on supplies between separately registered, but associated persons.

However, there are some disadvantages and any decision on whether to group register should be carefully considered. For example, all GST group members (including former members) are jointly and severally liable for the GST debt of the group during the period of their membership.

Does the same registration limit apply to non-established businesses?

Yes, although non-resident businesses are only able to register for GST in New Zealand if their taxable supplies are generated when the time of supply occurs within New Zealand.

Time of supply arises at the earlier of an invoice being issued or payment being received.

For example, a non-resident selling goods direct to a New Zealand customer over the internet would not be able to register for GST if the goods are outside of the country when the payment is received. However, with effect from 1 April the ability for a non-resident to GST register has been expanded (further information can be found below).

Does a non-established business need to appoint a fiscal representative in order to register?

No, this is not a requirement. However, depending upon the types of supplies being made, the logistical considerations and the volume of transactions, non-residents may engage with a local agent to facilitate the supply. Specific GST provisions exist regarding transactions involving agents that should be considered before making any decisions.

How often do returns have to be submitted?

GST returns may be filed monthly, bi-monthly or six monthly depending upon the level of taxable supplies in a 12 month period.

A bi-monthly return period is the default filing frequency in New Zealand. However, if a registered person makes taxable supplies of less than \$500,000, they may apply to the Commissioner to return GST six-monthly. Conversely, if a registered person makes taxable supplies over \$24 million in a 12 month period, they are required to return GST on a monthly basis. Anyone can choose to file monthly if they so desire.

All GST returns have to be submitted on the 28th day of the following month, together with any payment. The exceptions to this rule are where the period ends 30 November, or 31 March. Returns and payments for these periods are due 15 January and 7 May respectively. If the due date falls on a weekend or public holiday the due date is pushed back to the next business day.

Are penalties imposed for the late submission of returns/payment of tax?

Late filing penalties are imposed if GST returns are not lodged by the due date. The current penalties per late return are \$250 for taxpayers registered on an invoice or hybrid basis and \$50 if registered on a payments basis.

A registered person will incur late payment penalty of 1% of their underpaid GST obligation on the first day after the due date, a 4% incremental penalty on the seventh day after the due date, and then a further 1% incremental each month thereafter.

In addition, interest will be charged on the accumulating total. The current interest rate charged by Inland Revenue is 8.4%.

Are any other declarations required?

Not applicable.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the GST legislation.

Shortfall penalties and interest can be applied for incorrect positions taken in GST returns. These penalties are very punitive, ranging from 20% to 150% of the GST discrepancy.

If an error is identified and voluntarily disclosed to Inland Revenue this reduces or removes the shortfall penalty exposure (depending upon the nature of the offence and whether the disclosure was made pre or post audit notification).

Can the GST incurred by overseas businesses be claimed if they are not registered in New Zealand?

No. You must register in New Zealand in order to recover any GST incurred.

Non-resident businesses are only able to register for GST if they conduct a taxable activity in New Zealand. This requires the goods to be physically in New Zealand at the 'time of supply', or for services, those services must be physically performed in New Zealand. The time of supply provisions state that this event arises at the earlier of the issuing of an invoice or receipt of payment.

From 1 April 2014, legislative changes come into effect allowing non-residents businesses that are not making taxable supplies in New Zealand to voluntarily register for GST in order to recover the GST on costs they incur. To be eligible to register the business will have to:

- be registered for consumption tax in the jurisdiction they are tax resident
- where the jurisdiction of residence does not have a consumption tax, the person is carrying on a taxable activity, and has a level of taxable activity in a country or territory that would render them liable to be registered if they were carrying out the taxable activity in New Zealand (ie more than \$60,000 of taxable supplies in a 12 month period).

What information must a GST invoice show?

A GST invoice must show:

- the words 'Tax invoice'
- the seller's name and address
- the seller's GST registration number
- the invoice date
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer
- the total amount of GST charged expressed in New Zealand dollars.

It must also have either:

- the amount of the supply, excluding GST
- the GST and total amount payable for the supply
- if GST is included in the final price, it has to be expressed in that case.

An input claim can only be made if a valid tax invoice is held at the time the GST return is lodged.

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Philippines

Indirect tax snapshot

What are the current rate(s) of indirect tax?

- Standard rate of 12% for all taxable sale, barter, exchange, lease of goods or properties and supply of services.
- Zero-rated sales include export sales, foreign currency denominated sales, sale of power or fuel generated through renewable sources of energy, services rendered to international shipping vessels or aircraft transport companies, transport of passengers and cargo by domestic air and sea carriers from the Philippines to foreign country, and sales to tax-exempt persons under special laws or international agreements.
- Exempt sales cover transactions such as:
 - sale or importation of agricultural and marine food products (in original state)
 - sale or importation of fertilizers, seeds, seedlings, fingerlings, and feeds
 - sales by agricultural cooperatives
 - educational services
 - sale of low-cost and social housing
 - medical, dental, hospital and veterinary services (except those rendered by professionals)
 - gross receipts from lending by credit or multi-purpose cooperatives
 - sale, importation, printing or publication of books, magazines and newspapers
 - services subject to percentage tax (e.g. services of banks, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries, among others).

Are there any confirmed or anticipated changes to these rates?

None.

What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in the Philippines. It is levied on the sale, barter, exchange, lease of goods or properties and services in the Philippines, and on importation of goods into the Philippines.

Is there a registration limit for the tax?

Yes. Any person or entity engaged in trade or business whose annual gross sales and/or receipts exceed Php 1,919,500 is required to register as a VAT taxpayer. If their gross sales and/or receipts do not exceed Php 1,919,500, they may opt not to register as a VAT taxpayer but will be subject instead to 3% percentage tax on their gross quarterly sales or receipts.

Does the same registration limit apply to non-established businesses?

No. A non-resident foreign corporation supplying goods to any person in the Philippines is not required to register as a VAT taxpayer in the Philippines.



<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	No. The appointment of a fiscal representative is not required in the Philippines. In case a non-established person is subject to VAT in the Philippines, the VAT shall be withheld and remitted by the person or entity in the Philippines making the income payment to the non-resident alien individual or non-resident foreign corporation.
<i>How often do returns have to be submitted?</i>	All VAT taxpayers are required to file monthly VAT declarations and quarterly VAT returns.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. Surcharge, interest and compromise penalty apply to late filing and payment of VAT due.
<i>Are any other declarations required?</i>	Yes. All VAT taxpayers are required to submit a quarterly summary list of sales and purchases used for computerised matching of VAT taxpayer's records.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No. The option to refund is available only in certain circumstances to VAT-registered taxpayers in the Philippines.

What is the principal indirect tax?

The Value-Added Tax (VAT) is the principal type of indirect tax in the Philippines.

The VAT is levied on the sale, barter, exchange, lease of goods or properties and services in the Philippines, and on importation of goods into the Philippines. The VAT is the liability of the supplier of the goods or services but the burden of the tax may be shifted or passed on to the buyer, transferee or lessee of the goods, properties or services. The VAT liability is computed by the difference between the VAT on sales (output) and purchases (input).

The standard VAT rate is 12% which is imposed on the gross selling price or gross value in money of the goods or properties sold, bartered or exchanged, and gross receipts derived from the sale or exchange of services, including the use or lease of properties.

On the other hand, a 0% VAT rate applies, among others, to export sales, foreign currency denominated sales, sale of power or fuel generated through renewable sources of energy, services rendered to international shipping vessels or aircraft transport companies, transport of passengers and cargo by domestic air and sea carriers from the Philippines to foreign country, and sales to tax-exempt persons under special laws or international agreements.

Some transactions are exempt from VAT. Exempt transactions are transactions where no VAT is charged (output tax) on the sale of goods or properties and/or services and the use or lease of properties and the seller is not allowed any tax credit of VAT (input) on purchases. Examples of VAT-exempt transactions include:

- sale or importation of agricultural and marine food products (in original state)
- sale or importation of fertilizers, seeds, seedlings, fingerlings, and feeds
- sales by agricultural cooperatives
- educational services
- sale of low-cost and social housing
- medical, dental, hospital and veterinary services (except those rendered by professionals)
- gross receipts from lending by credit or multi-purpose cooperatives
- sale, importation, printing or publication of books, magazines and newspapers
- services subject to percentage tax (e.g. services of banks, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries, among others).

Is there a registration limit for the tax?

Registration for VAT is mandatory to all persons or entities engaged in trade or business whose annual gross sales and/or receipts exceed Php 1,919,500. In case of taxpayers whose gross sales and/or receipts do not exceed Php 1,919,500 million, they may opt not to register as VAT taxpayer. However, they are required to pay 3% tax on their gross quarterly sales or receipts.

Branches must register separately from the head or main office, although only one consolidated VAT return must be filed for the principal place of business or head office and all of its branches. There is no group VAT registration in the Philippines.

If a person who is liable to register for VAT fails to register, he/it shall be liable to pay output VAT as he/it were a VAT-registered person, but without the benefit of input tax credits for the period in which he was not properly registered. The person who fails to register may also face suspension or closure of its business for a period of not less than five days.

Does the same registration limit apply to non-established businesses?

An overseas company which is not established in the Philippines is not required to register for VAT in the Philippines. However, if the overseas company secures a license to do business in the Philippines and carries on its business through the establishment of a legal entity such as a branch or subsidiary in the Philippines, it shall be required to register in the Philippines, and VAT registration threshold shall apply.

Does a non-established business need to appoint a fiscal representative in order to register?

The appointment of a fiscal representative is not required in the Philippines. In case a non-established person is subject to VAT in the Philippines, the VAT shall be withheld and remitted by the person or entity in the Philippines in behalf of the non-established person by filing a separate VAT declaration/return (BIR Form 1600).

The VAT withheld and paid for the non-established business which VAT is passed on to the person or entity in the Philippines may be claimed as input tax. The duly filed BIR Form 1600 and proof of payment thereof shall serve as documentary substantiation for the claim of input tax by the person or entity in the Philippines upon filing its own VAT Return.

How often do returns have to be submitted?

The Philippine VAT law and regulations imposes upon VAT-registered taxpayers an obligation to file monthly VAT declaration and quarterly VAT returns. The monthly VAT declarations are filed for the first two months of the quarter, while the quarterly VAT return is filed at the end of the quarter.

The monthly VAT declaration returns cover the monthly sales and/or receipts should be filed and VAT due thereon should be paid not later than the 20th day following the end of the month. In the case of VAT-registered taxpayers enrolled in the electronic filing and payment system (eFPS), their monthly VAT return should be filed on a staggered basis (not later than the 21st day to 25th day after the end of the month) depending on their industry grouping.

On the other hand, the quarterly VAT returns cover the amount of gross sales or receipts for the taxable quarter. The VAT payable for the taxable quarter is reduced by the payments in the monthly VAT declarations and allowable input taxes. The quarterly VAT return should be filed by a VAT-registered taxpayer, whether filing manually or under eFPS, not later than the 25th day following the close of the taxable quarter.

No annual VAT return is required to be filed by VAT-registered persons in the Philippines.

Are penalties imposed for the late submission of returns/payment of tax?

A late or erroneous return attracts penalties: 25% surcharge, 20% interest and compromise penalty based on the amount of tax unpaid or if there is no unpaid tax, depending on the amount of gross sales or receipt of the taxpayer. The interest is imposed on the unpaid amount of tax from the date prescribed from the payment until the amount is fully paid.

However, in case of wilful neglect to file VAT return within the prescribed period for filing the VAT return or in case a false or fraudulent return is wilfully made, a surcharge of 50% of the tax or deficiency tax shall be collected which shall be in addition to the 20% interest to be imposed on the unpaid amount of tax, and compromise penalty.

Are any other declarations required?

All VAT-registered taxpayers are required to submit a quarterly summary list of sales (SLS) or summary list of purchases (SLP). The information in the summary list of sales or purchases is used for computerized matching to detect under declaration of sales and/or purchases.

VAT registered persons with discrepancy on their sales and/or purchases shall be notified of the findings through the issuance of a letter notice (LN). In case the taxpayer refutes the discrepancy, the taxpayer shall be given the opportunity to reconcile his/her/its records with the BIR and to submit documentary proofs in support of his/her/its arguments.

If no response is received from the taxpayer or he/she/it fails to settle his/her/its deficiency, a letter of assessment shall be issued to the taxpayer.

Are penalties imposed in other circumstances?

Yes. Various penalties are imposed for violations of the VAT rules.

Aside from the penalties for late and erroneous filing of returns, administrative and penal sanctions may be imposed, among others, in the following cases: (a) failure to issue receipts and invoices; (b) failure submit the quarterly list of sales and purchases; (c) failure to maintain or keep any record and supply the correct and accurate information; and (d) failure to indicate separately the VAT in the VAT invoice or official receipt.

Can the VAT incurred by overseas businesses be claimed if they are not registered in the Philippines?

No. The VAT incurred by an overseas business may not be the subject of a claim for refund if it is not registered as a VAT taxpayer in the Philippines.

A VAT-registered taxpayer may claim for refund of its unutilized excess input tax if it is attributable to zero-rated sales. It may also refund all of its accumulated input VAT upon closure or cessation of its business.

What information must a VAT invoice show?

A VAT-registered taxpayer is required to issue a VAT invoice for every sale, barter or exchange of goods or properties and a VAT official receipt for every lease of goods or properties, and for every sale, barter or exchange of services.

The following information shall be indicated in VAT invoice or VAT official receipt to be issued by a VAT-registered taxpayer :

- a statement that the seller is a VAT-registered person, followed by his TIN
- the total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT, provided that:
 - the amount of tax shall be shown as a separate item in the invoice or receipt
 - if the sale is exempt from VAT, the term ‘VAT-exempt sale’ shall be written or printed prominently on the invoice or receipt
 - if the sale is subject to 0% VAT, the term ‘zero-rated sale’ shall be written or printed prominently on the invoice or receipt
 - if the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice or receipt shall clearly indicate the break-down of the sale price between its taxable, exempt and zero-rated components, and the calculation of the VAT on each portion of the sale shall be shown on the invoice or receipt. The seller has the option to issue separate invoices or receipts for the taxable, exempt, and zero-rated components of the sale.
- in the case of sales in the amount of one thousand pesos (P1,000.00) or more where the sale or transfer is made to a VAT-registered person, the following additional information should be indicated in the VAT invoice/receipt: (a) the name; (b) business style, if any; and (c) address and TIN of the purchaser, customer or client.

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Portugal

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 23% for most goods and services (22% in Madeira and 18% in Azores).• Intermediate rate of 13% (12% in the Autonomous Region of Madeira and 10% in the Autonomous Region of Azores) – applies to a specific list which includes for example preserved produce of fish and meat, bottled water, table wine, tickets to specific shows (singing, dancing, music, theatre, cinema, etc.).• Reduced rate of 6% (5% in the Autonomous Region of Madeira and 5% in the Autonomous Region of Azores) – applies to agriculture or farm produce, newspapers and magazines, medication, products for agricultural use, passenger transport, hotel accommodation and certain entertainment forms, public works contracts, etc.• Exempt supplies – an extensive list including the following broad categories: insurance and financial activities, renting and sale of real estate, medical and veterinary services, education, health and welfare, etc.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Portugal. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	No.
<i>Does the same registration limit apply to non-established businesses?</i>	There is no registration limit for businesses that are not established in Portugal and they will need to register as soon as they start carrying out taxable transactions. Different registration requirements also apply to businesses involved with 'distance sales' made within the European Union (EU), eg mail order and internet sales.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	A non-EU established person is obliged to appoint a Portuguese tax representative. For EU-residents, such appointment is not compulsory.
<i>How often do returns have to be submitted?</i>	Depending on the turnover, returns can be submitted quarterly or monthly.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can and is usually imposed.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the EU. Declarations also have to be submitted in certain circumstances in connection with goods moving to or from the EU.



Are penalties imposed in other circumstances?

Yes. Penalties can be imposed for a range of errors, omissions or failures.

Can the tax incurred by overseas businesses be claimed if they are not registered in your country?

Yes, in certain circumstances and subject to certain conditions.

What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Portugal and in other European Union (EU) countries.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply, ie the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

There are four rates of VAT that are applied to goods and services in Portugal; the standard rate, the intermediate rate the reduced rate and the zero rate. In addition, some goods and services are exempted from the tax.

Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

Most goods imported into Portugal from outside the EU are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the tax (subject to certain rules).

It is also important to note the interaction between VAT and Customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty.

Is there a registration limit for the tax?

No. A 'person' who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT as soon as it starts its operations.

For these purposes, a 'person' includes any legal entity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration – even if the nature of some of those activities is very different.

There is no VAT grouping in Portugal.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

There is no registration limit either for established or non-established businesses. All businesses will need to register for VAT as soon as they commence trading in Portugal, irrespective of the level of turnover.

Registration for VAT in Portugal may also be required where a non-established EU business is involved with distance selling. Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a customer in another EU country who is not registered or liable to be registered for VAT. Such customers are known as non-taxable persons, and include private individuals and businesses and other organisations that are not registered for VAT (either because of their size, or the fact that they are exempt from having to register due to the nature of their activities). The common examples of distance sales are goods supplied by mail order and via the internet.

Each EU country has the option of applying a distance selling threshold of either €35,000 or €100,000 euros per calendar year, or the equivalent in its own currency. Portugal has adopted an annual threshold of €35,000.

Distance sales from another EU country to non-taxable persons in Portugal will be subject to VAT at the appropriate rate in the supplier's country. However, once the value of those distance sales to Portugal exceeds the above mentioned threshold of €35,000:

- the supplier becomes liable to register for VAT in Portugal
- Portugal becomes the place of supply
- any further sales to customers in Portugal are subject to Portuguese VAT.

Suppliers can choose to make Portugal the place where the goods are supplied by registering for VAT voluntarily before the threshold is reached.

Does a non-established business need to appoint a fiscal representative in order to register?

The tax authority in Portugal may direct a person to appoint a VAT representative to act on his behalf for VAT purposes where the person:

- is a taxable person or makes taxable supplies or acquires goods in Portugal from one or more other EU countries
- is not established, and does not have a 'fixed establishment' in Portugal
- is established in a country or territory which is not an EU country
- in the case of an individual, he does not have his 'usual place of residence' in Portugal

How often do returns have to be submitted?

Businesses whose annual turnover is more than €650,000 must prepare and file monthly returns within one month and ten days of the end of each month.

Businesses whose annual turnover is less than €650,000 must prepare and file quarterly returns within one month and fifteen days of the end of each quarter.

Annual returns must be submitted by the 15th of July of the following calendar year (this return is a summary of the periodic VAT returns filled).

Are penalties imposed for the late submission of returns/payment of tax?

Returns which are filed late can be fined between €300 and €3,750. However, reductions are applicable under certain conditions.

Late payments are subject to interest at the rate of 4% per year of the tax and a penalty of 30% of the tax due is normally applicable.

Are any other declarations required?

Businesses that are registered for VAT in Portugal and make supplies of goods or services to traders registered for the tax in other EU countries are required to complete and submit EC Sales Lists (ESLs). The ESLs must show details of the recipients of the goods and services.

In addition, if the value of the intra-EU trade in goods dispatched or arriving from other EU is above an annual threshold, a supplementary declaration (referred to as an Intrastat declaration) has to be submitted for either or both. These declarations have to be submitted on a monthly basis.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Penalties and interest can be applied for errors and omissions made on tax returns, or where the tax is paid late. Penalties can also be applied where the business has failed to maintain adequate records, provide information (including additional declarations) or makes repeated mistakes.

Criminal proceedings may be brought in the case of serious damages caused to the Treasury.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Portugal?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances. Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member state. To be eligible to make a claim, the claimant must be a taxable person established in an EU member state other than the one from which the claim is to be sought. In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment, seat of economic activity, place of business or other residence there
- during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically to the tax authority from whom the repayment is being sought.

The refund period must not cover more than one calendar year or less than three calendar months – unless it is covering the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into Portugal or purchases of goods and services used in Portugal. The scheme is available to any person carrying on a business established in a third country, ie outside the EU, provided that in the period of the claim:

- they were not registered or liable to be registered for VAT in Portugal
- they were not established in any EU country
- they made no supplies of goods and services in Portugal other than certain specified exceptions
- where they are established in a third country, having a comparable system of turnover taxes that country provides reciprocal arrangements for refunds to be made to taxable persons established in Portugal.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address
- the seller's VAT registration number
- the invoice date
- the time of supply (also known as tax point) if this is different from the invoice date
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer
- the rate of any cash discount
- the total amount of VAT charged.

For each different type of item listed on the invoice, the following must be shown:

- the unit price or rate, excluding VAT
- the quantity of goods or the extent of the services
- the rate of VAT that applies to what's being sold
- the total amount payable, excluding VAT.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately
- mention the adequate reference in the law to the exemption being applied.

Where a business makes retail sales and makes a sale of goods or services for €100 or less including VAT, a simplified VAT invoice can be issued.

VAT invoices can be issued, received and stored in electronic format and there is no need to tell the tax authority. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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Puerto Rico

Indirect tax snapshot

What are the current rate(s) of indirect tax?

- Standard rate of 7% split as follows:
 - 6% paid at the state level
 - 1% paid at the municipal level.
- Several exemptions are granted.

Are there any confirmed or anticipated changes to these rates?

Yes. A reduction to 6.5% is expected to be implemented. In addition, importers and resellers of tangible personal property will be taxed upon introduction or purchase effective 1 July 2014. A credit mechanism will be available to avoid double taxation of items.

What is the principal indirect tax?

Sales and Use Tax (SUT) is the principal indirect tax in Puerto Rico. It is a tax on sales and use of taxable personal tangible property and services to the final consumer based on sales price. Certain exclusions exist for this tax, among them the business to business (B2B) exclusion on service transactions between two registered merchants. Use tax is required to be paid on imports to be used in the operations and the retirement of inventory as gift. As detailed above, use tax will be imposed, effective 1 July 2014, on the introduction of taxable items for resale.

Is there a registration limit for the tax?

All merchants must complete a mandatory registration by filling form AS 2914.1 with the Puerto Rico treasury department (PRTD) 30 days before the beginning of operations.

Does the same registration limit apply to non-established businesses?

Two factors have to be analysed in order to determine if a registration is required, the first one is nexus and the second is source of income. If both factors are present the merchant is required to complete the registration with the PRTD.

Does a non-established person need to appoint a fiscal representative in order to register?

Merchants can complete the registration documents internally or appoint a representative to complete the process. Merchants should include all the localities where the offices, warehouses, branches, etc. are located in the registration form.

How often do returns have to be submitted?

Merchants are required to submit SUT returns on a monthly basis. The due date of the returns is the tenth day of the month following the taxable transaction. Merchants with gross revenues of \$50,000 or more must file the monthly returns and pay the corresponding SUT electronically no later than the tenth day of each month. On the other hand, merchants with gross revenues of less than \$50,000 related to the sale of tangible personal property are allowed to present the monthly returns in paper and if the tenth day falls on a Saturday, Sunday, or holiday, the returns shall be accepted if postmarked on the next succeeding workday. Service providers with a volume of business of \$50,000 or less are not classified as withholding agents, therefore they are not required to file monthly returns.



<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a SUT return, or the corresponding payment, is submitted late a penalty can be assessed by the PRTD.
<i>Are any other declarations required?</i>	No.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No. Registration is mandatory.

What is the principal indirect tax?

The Sales and Use Tax (SUT) is the main type of indirect taxation in Puerto Rico.

It is a tax on all sales of tangible personal property or taxable service, admission rights, storage, use, or consumption in Puerto Rico, unless specifically exempted. The SUT applies at the time of the sale or when the service is provided. It is also applied to goods, imported for use or consumption within Puerto Rico, except for the items that will be part of inventory for resale (these will be subject to use tax effective 1 July 2014). The taxpayer importing the products that will be used or consumed will be responsible for the payment of the use tax.

The responsibility for collecting the SUT and depositing it at the PRTD rests with the registered merchant which makes the sale or provides the service. A registered merchant who has been certified as a withholding agent by the PRTD will charge 7% SUT on all sales of tangible personal property or services provided.

The 7% SUT is distributed in two portions: 5.5% for the state, and 1.5% for the municipality in which the merchant is operating. In addition, the PRTD administers 0.5% from the municipal portion; therefore the merchants are required to deposit 6% with the PRTD and 1% with the municipality in which operations are being carried out.

As an exception to the above collection and deposit rules there are the municipalities which have formalised agreements with the PRTD to centralise the collection of the municipal tax, these municipalities are known as participating municipalities. Merchants located in a participating municipality remit the full 7% tax payment to the PRTD and file only one return.

Service transactions between two registered merchants are not taxable under the B2B exclusion but certain documentation needs to be obtained by the merchant providing the services in order to support the exempt transaction. In addition, under recently approved Act 40 of 30 June 2013 certain services will no longer fall under the B2B exclusion even though the transactions are between two registered merchants. The following is the list of taxable services that were previously exempt:

- certain bank charges
- collection services
- security services
- cleaning
- laundry
- repair and maintenance of real and personal property (not capitalised)
- telecommunications
- waste collection services

The only way in which the above services will be exempt from SUT under the B2B exclusion is if they are provided between two related parties or members of a controlled group.

Besides the mandatory merchant registration certificate, the PRTD has implemented a set of additional certificates and waivers from the collection of tax and allows some taxpayers to claim credits for the tax paid on their purchases. These are:

- *Exemption certificate* – provides an exemption for manufacturers on the purchase of raw material, equipment and other materials used in the manufacturing process.
- *Eligible reseller certificate* – provides an exemption to a reseller on the purchase of taxable items for resale. As a requirement 80% of the inventory retired during the last three years were sales to exempt persons or for export.
- *Reseller and municipal exemption certificate* – provides an exemption of the municipal portion of the tax paid to directly to the municipality in which business is being conducted (1%). Allows the taxpayer to claim a credit of the tax paid on purchases for resale.
- *Eligible wholesaler certificate* – provides a waiver for the collection of tax on sales to qualified resellers. As a requirement 90% of its inventory has been acquired from a manufacturer or imported to Puerto Rico, and 80% of the sales are made to qualified resellers. This waiver is effective until 30 June 2014.

There are some items that are exempt from SUT under the Puerto Rico law, among them are the following:

- unprepared food
- prescribed medicines
- articles or equipment to compensate for physical or physiological deficiencies for disabled persons
- school or university books
- back to school tax free holiday – for the purchase of school articles and uniforms
- additional exemptions exist for child care centres, cooperatives, hospital facilities and centres for the care of the elderly among others.

Is there a registration limit for the tax?

Each merchant who wants to conduct business in Puerto Rico must register with the PRTD at least 30 days before starting operations in Puerto Rico.

The failure to register exposes the merchant to a penalty of \$10,000. In addition, a penalty for the failure to register with the ‘Sales and Use Tax Regulatory program’ (previously known as IVU Loto) in the amount of \$20,000 could be implemented by the PRTD.

Does the same registration limit apply to non-established businesses?

A non-established business could also be required to register with the PRTD if they have sufficient nexus and Puerto Rico source income. The regulations issued by the Puerto Rico treasury provide seven factors to be considered in the determination of nexus:

1. If the merchant has establishments or offices in Puerto Rico.
2. If the merchant has employees, agents, or representatives in Puerto Rico, who solicit business or carry out business transactions in the name of said retail seller.
3. If the merchant owns tangible personal property or real property in Puerto Rico.
4. If the merchant creates a nexus with Puerto Rico in any way, including, but not limited to the execution of purchase contracts in Puerto Rico, direct marketing or purchases by mail, radio, distribution of unsolicited catalogues, through computers, television, or any other electronic means, or advertisements in magazines or newspapers, or other means.
5. If there is an agreement or reciprocity with another jurisdiction of the United States, and said jurisdiction uses its taxing authority and its jurisdiction over the merchant in support of Puerto Rico’s authority.
6. If the merchant accepts, expressly or implicitly, the tax levied by ‘Subtitle BB’ of the code.

7. If the merchant has a sufficient connection, or a relationship, with Puerto Rico or its residents, but not those described in clauses (i) through (vi), with the purpose or objective of creating a sufficient nexus with Puerto Rico to impose on the merchant the responsibility of collecting the SUT.

Recent government legislation has expanded the definition of nexus to amplified situations in which a merchant is considered to be engaged in the sale of tangible personal property in Puerto Rico.

Does a non-established business need to appoint a fiscal representative in order to register?

It is not mandatory to appoint a fiscal representative to complete the registration. However, the merchant can appoint a representative by completing form AS 2745.

How often do returns have to be submitted?

SUT returns have to be submitted the tenth day of each month. The return will include the transactions that occurred in the month before the return is being submitted. All returns have to be submitted electronically.

Are penalties imposed for the late submission of returns/payment of tax?

Various penalties and additional charges are imposed by the Puerto Rico treasury in cases where the merchant does not submit the returns or pay the tax on time. In addition to the tax liability of the month the PRTD will impose the following additions to the tax:

- failure to pay tax – 25% to 50% of the insufficiency, 100% for repeat offenders
- failure to file a return – the highest of 10% of the tax liability or \$100.

Are any other declarations required?

No other declarations have to be filed in relation to the SUT.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the SUT rules.

The following is a list of the most common penalties assessed for non-compliance with the SUT rules:

- failure to register – \$10,000 penalty
- for selling, ceding or transferring the Merchant's registration certificate – \$5,000 penalty
- for providing false information on the petition for registration – \$5,000 penalty
- for failure to notify changes or amendment to the required information – \$500 penalty
- for falsifying the merchant's registration certificate – \$10,000 penalty
- failure to display the merchant's registration certificate – \$1,000 penalty
- for improper advertisement – Range from \$1,000 to \$20,000 depending on the frequency
- for displaying a falsified merchant's registration certificate – \$5,000 for each violation
- failure to keep documents – \$20,000 for each violation.

Additional penalties exist in relation to the exemption certificates and credits. In addition, the failure to pay the tax will be subject to interest at an annual rate of 10% and surcharges at an annual rate of 5% if the delay is from 31 to 60 days or 10% if the delay is more than 60 days.

Can the VAT incurred by overseas businesses be claimed if they are not registered in the Puerto Rico?

This is not applicable in Puerto Rico.

What information must a SUT invoice show?

Each merchant responsible of collecting SUT, will include the tax in a separate line in the receipt, invoice or any other evidence of the sale. The segregation of the tax between the state and municipal portions is not mandatory. Therefore, the merchant could have a receipt or invoice reflecting the total cost of the items purchased and a 7% SUT or could have a receipt or invoice showing the total cost of the items purchased and two separate lines reflecting the state portion of the SUT and the municipal portion of the SUT.

In addition, merchants required to use the fiscal device of the SUT regulatory program, must provide a receipt issued by the fiscal terminal to their clients.

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Romania

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 24% for most goods and services.• Reduced rate of 9% for some goods and services including medicines for human and vegetarian use, books, newspapers, accommodation in hotels, cinema tickets.• Reduced rate of 5% applies for buildings if they are part of a social policy or if they are supplied as housing to an individual/family in certain conditions.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	The main indirect tax in Romania is value added tax (VAT). Although VAT has generally been harmonised within the European Union by various European Commission directives, there are still a lot of different practises, habits and loopholes in the individual countries. The VAT legislation in Romania follows the structure of the European VAT Directive.
<i>Is there a registration limit for the tax?</i>	Yes. The annual turnover threshold for VAT registration is the RON equivalent of €65,000, and once the limit is reached, it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established in Romania and they will need to register before commencing the taxable transactions. Different registration requirements also apply to businesses involved in 'distance sales' made within the European Union (EU), eg mail order and internet sales.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	In certain circumstances, a non-established person may appoint a fiscal representative.
<i>How often do returns have to be submitted?</i>	Taxpayers must file VAT returns with the Romanian tax authorities and pay VAT on a monthly basis, specifying the taxable amount and the tax due. The tax return must be filed and the respective VAT paid by the 25th of the following month. In case of taxpayers whose annual turnover is less than €100,000 the VAT returns should be submitted with the tax authorities on a quarterly basis.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late, a penalty and interest are imposed.
<i>Are any other declarations required?</i>	Yes. Taxable persons registered for VAT purposes have to submit the recapitulative statement regarding intra-community deliveries/acquisitions of goods/services. Also, taxable persons registered for VAT purposes in Romania should submit a declaration including all supplies/acquisitions of goods/services taking place in Romania to or from other taxable persons registered for VAT purposes in Romania. For the intra-community trade of goods, taxable persons also have to submit an Intrastat form.



Are penalties imposed in other circumstances?

Yes. Penalties can be imposed for a range of errors or omissions.

Can the tax incurred by overseas businesses be claimed if they are not registered in your country?

Yes, in certain circumstances and subject to certain conditions.

What is the principal indirect tax?

The main indirect tax in Romania is Value Added Tax (VAT).

The VAT is an indirect tax on the consumption of goods and services and is normally borne by the final consumer. This, in general, is accomplished by imposing VAT on all stages of manufacturing, wholesaling, retailing, etc., but allowing the supplier to offset the tax payable against VAT paid on its business expenses.

In practice, VAT is charged on goods and services (actual or deemed) supplied by taxpayers in Romania, goods acquired from the European Union (EU) and on goods imported into Romania. Only the VAT paid on expenses incurred by the taxpayer for generating taxable activities can be deducted.

Operations which fulfil the following conditions fall within the scope of VAT:

- they represent a supply of goods/services in return for a consideration or an operation treated as such
- the deemed place of supply is in Romania
- they are performed by taxable persons
- they result from economic activities.

Moreover, the import of goods, intra-community acquisitions of goods and operations deemed as intra-community acquisitions of goods are also within the scope of VAT.

VAT on imported goods continues to be paid in customs, except for taxable persons registered for VAT purposes that obtain an import VAT deferment certificate from the customs authorities. For these, the VAT is not paid in customs, but shown in the VAT return as both input and output VAT.

The taxable amount for VAT purposes for imported goods is the customs value, to which is added customs duties, excise duties (if any) and ancillary expenses, such as commissions, packing, transport and insurance costs occurring subsequent to the entry of goods into Romania until their first destination, as well as those incurred for the transport to another destination place within the Community, if the place is known at the moment of the import.

As of 1 January 2013, the cash accounting scheme for VAT was introduced in the Romanian VAT legislation and consist in the deferment of the VAT payment until the value of goods or services delivered is cashed in. However, the right to deduct the VAT by the beneficiaries is postponed until the date the payment is performed via the banking system. Furthermore, in case the invoices are not paid in 90 days, then the chargeability of the VAT occurs in the 90th day since the date when the invoice was issued.

The VAT cash accounting system is mandatory for taxpayers with a turnover lower than RON 2,250,000 registered in the previous calendar year, and for newly established companies. By exception, the system does not apply for taxpayers which are part of a fiscal group, for transactions performed between related parties, for cash payments or for taxpayers whose turnover exceeds the aforementioned threshold. Likewise, the VAT cash accounting system does not apply for VAT exempted transactions, for transactions subject to special regulations (eg, regulations for travel agencies, second-hand goods, works of art, gold investments) or for those subject to reverse charge mechanism. Moreover, the system does not apply for intra-community operations, imports or exports.

Is there a registration limit for the tax?

The annual turnover threshold for VAT registration is the RON equivalent of €65,000. When calculating the turnover, revenues derived from VAT exempt without deduction right operations are also taken into consideration.

As of 1 February 2012, companies which are legally independent but are closely related in terms of financial, economic and organisational purposes may choose to form VAT group as long as they are administered by the same competent fiscal body. The following conditions should also be met:

- a taxable person is allowed to be part of only one single tax group
- the option must refer to at least two year period
- all the taxable persons within a group must apply the same fiscal period.

The VAT group may be formed of two to five taxable persons. The taxable entities deemed to be closely related from a financial, economic and organisational perspective are the taxable entities whose capital is directly or indirectly held in proportion of more than 50% by another entity.

The competent tax authority shall take an official decision whereby approving or rejecting the implementation of the VAT group and shall notify the decision to the group representative within 60 days as of the receipt of the application. The implementation of the tax group shall become effective on the first day of the second month following the date of the decision being made.

Each member of the tax group shall be subject to the audit of the tax authorities and it shall be jointly liable for any tax due by it or by any member of the VAT group for the membership to such group.

The delivery of goods and rendering of services performed by each member of the group are subject to normal taxation, no matter if performed by third parties or other members of the VAT group.

Does the same registration limit apply to non-established businesses?

Foreign companies may register in Romania for VAT purposes without the need to form a local company – known as non-resident VAT trading. There is no VAT threshold in Romania for the registration of non-resident traders – a VAT number must be in place before the commencement of taxable supplies.

In particular, foreign traders may have an obligation to register for VAT purposes in Romania for making:

- supply of goods or services in Romania that is subject to Romanian VAT, except for the cases where the person who is liable to pay the tax is the beneficiary of goods or services
- intra-community acquisitions of goods in Romania
- local supplies of goods in Romania
- distance sales to Romania.

In the case of sale of goods from another EU member state to individuals or other non-taxable persons, the seller has the obligation to register for VAT purposes and charge Romanian VAT for these transactions if either of the following circumstances apply:

- the seller is responsible with the delivery of the goods to the buyer in Romania and the total value of these sales to the Romanian non-taxable persons exceed €35,000 in a single year
- the seller opts to register for VAT purposes in Romania and the place of supply to be considered is in Romania on all distance sales, even if it does not expect them to exceed the threshold value.

The procedure for distance sales also applies in the reverse situation, where a trader sells goods from Romania to private individuals or non-taxable entities who reside in other EU member states.

The distance sale rule does not apply to the supply of new means of transport or to the supply of goods under a 'supply and installation' contract or other specific exceptions.

Does a non-established business need to appoint a fiscal representative in order to register?

Non-residents EU taxable persons, not established in Romania may register with the relevant fiscal authority either directly, or by appointing a fiscal representative. In the case of the direct registration, this person shall declare the address in Romania where all the registers and documents can be examined. In case of registration through a fiscal representative, the registration procedures are carried out by the financial administration where the fiscal representative is located.

Non-residents, established outside the community, may register for VAT purposes, only through appointment of a VAT fiscal representative. The registration procedures are carried out by the financial administration where the fiscal representative is located.

How often do returns have to be submitted?

Every taxable person registered for VAT purposes has to submit VAT returns.

As a general rule, the fiscal period for submitting the VAT returns is the calendar month. For taxable persons registered for VAT purposes whose previous year-end turnover did not exceed €100,000 the fiscal period is the calendar quarter.

For those taxpayers whose fiscal period is the calendar quarter, the fiscal period becomes the calendar month if they perform during the previous calendar year a taxable intra-community acquisition in Romania.

Also, the VAT returns must be submitted with the tax authorities by the 25th of the month following the end of the fiscal period (i.e. month / quarter). The payment of the tax must be paid by the same date as the date of submission with the tax authorities.

Are penalties imposed for the late submission of returns/payment of tax?

For not complying with the VAT legal requirements (late payments, incorrect filings, late submission of returns, etc.), taxpayers are subject to penalties such as interest and fines as provided by the Romanian Fiscal Procedure Code.

As of 1 October 2010, the late-payment interest rate is 0.04% for each day of delay. This rate may be adjusted by annual budget laws. Moreover, for payment obligations due from 1 July 2013, the applicable percentage for late payment penalties is 0.02% per day of delay. However, for payment obligations due before 1 July 2013 which are settled later, the applicable percentage for late payment penalties is that provided by the legislation in force up to 1 July 2013.

For a late submission of the tax return there is a fine of between RON 1,000-5,000 (approximately €230-€1,150).

Are any other declarations required?

Taxable persons registered for VAT purposes in Romania should submit a declaration including all supplies/acquisitions of goods/services taking place in Romania to or from other taxable persons registered for VAT purposes in Romania (form 394).

The taxable persons should also submit the recapitulative statement on a monthly basis, not later than the 25th day of the month following that in which the intra-community supply/acquisition of goods or services has occurred, for all intra-community operations made with taxable persons established in other member states.

The recapitulative statements are to be submitted only for the periods during which a chargeability of the tax occurs (no nil-return is required).

The obligation to provide Intrastat statistical data is applicable to all economic operators that simultaneously meet the following conditions:

- are registered for VAT purpose
- trade goods with other member states of the EU
- the total annual value of goods trade with other member states of the EU for each of the two flows, acquisitions and dispatches, respectively, exceeds the annual Intrastat thresholds.

Companies, which in the previous year exceeded the value of thresholds set up for the current year, will send Intrastat declarations for all months of the current year. Companies, which in the current year exceed the value of thresholds, will send Intrastat statements starting with the month in which they exceeded the thresholds.

The statistical thresholds are set separately for each type of movement of goods and may have different values for acquisitions and dispatches of goods. For the year 2013, Intrastat thresholds were:

- for intra-community dispatches: RON 900,000 (approximately €201,700)
- for intra-community arrivals: RON 500,000 (approximately €112,100).

The Intrastat statistical return must be filed on a monthly basis no later than the 15th of the month following the reporting month. Complete forms should include details such as the trade classification of the goods, quantities, shipping costs, countries of departure and arrival, etc.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Failure to register for VAT purposes

If an entity has the obligation to register for VAT purposes in Romania and does not comply with this requirement, the competent tax authority shall register that entity without application. If the entity performs taxable supplies, and thus, VAT is to be paid, late payment interest and penalties will be applied.

Failure to submit/correctly declare the EC sales and acquisitions

Late submission of recapitulative statements will impose a penalty between RON 1,000-5,000 (approximately €220 – €1,100). For incorrect filling of the recapitulative statements, the tax authorities will impose a penalty between RON 500-1,500 (approximately €110-€330).

Fraud

Moreover, the following tax offences are criminal or minor offences:

- tax evasion is committed if a taxpayer intentionally gives incorrect or incomplete information to the tax authorities or if he withholds information necessary to calculate the correct tax liability
- evasion of import duties (including import VAT)
- minor offences.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Romania?

Taxable persons not registered and which do not have the obligation to register for VAT purposes in Romania may request a VAT reimbursement from Romania based on the refund request transmitted electronically to the authorities from the member state where they are registered no later than 30 September of the year following the reimbursement period.

The settlement period is of four months from the date when the request is received by the Romanian authorities, with an option to be extended if the tax authorities require further information.

Taxable persons established outside the EU also have the right to claim a VAT refund from Romania, based on reciprocity agreements signed by Romania.

What information must a VAT invoice show?

The mandatory information that must be included on an invoice is in line with the provisions of the EU VAT Directive 112/2006 on this matter, as follows:

- invoice number and date of issuance of the invoice
- the date when the goods were delivered/services were supplied or the date of the advance payment, in case the advance payment is prior to the invoice date
- full name, address and VAT identification number of the supplier of goods or services
- full name, address and VAT identification number of the tax representative (if any) of the supplier where the person liable to pay the VAT is the tax representative
- full name, address and VAT identification number of the customer
- full name and address of the tax representative (if any) of the customer where the person liable to pay the VAT is the tax representative
- description/nature of the goods or services and quantity of the goods supplied or the extent and nature of the services rendered
- date on which the supply of goods or services was made or completed
- unit price, exclusive of VAT
- taxable amount per VAT rate or exemption
- VAT rate(s) applied and individual VAT charge in Romanian Lei (ie RON) for each VAT rate
- total VAT amount in RON and total amount payable (excluding VAT)
- total invoice amount and invoice currency, if other than RON

- if there is an applicable tax exemption, references to relevant Romanian tax legislation or to EC VAT Directive or any other reference demonstrating that the supply of goods or services is tax exempt
- in case the beneficiary is the person liable to pay the VAT, the invoice has to mention 'reverse charge'
- if the taxpayers are required to apply the cash accounting system for VAT, the invoice has to indicate 'cash accounting system for VAT'
- if possible, reference to other documents such as PO number, delivery note number, etc.

As of 1 January 2013, new rules regarding the invoicing procedure have been introduced establishing equal treatment for hard copy or electronic invoices meeting the same requirements. Therefore, any hard copy or electronic document is considered an original invoice if it meets the minimum mandatory requirements concerning the layout of the invoice.

An electronic invoice is defined under the Romanian VAT legislation as any invoice, containing all the elements required by domestic VAT provisions, that is issued and received in electronic format.

The type of the electronic format for the invoice is up to the company decision, (eg xml, pdf, etc). Do note that hard-copy invoices that are scanned, sent and received in electronic format qualify as electronic invoices, whilst invoices created through electronic means that are sent and received in hard copy format do not qualify as electronic invoices.

According to the Romanian VAT legislation, the manner in which the authenticity, integrity and legibility are guaranteed is, in principle, decided at the level of the taxable persons. Thus, the authenticity of origin, the integrity of the content and the legibility can be guaranteed only through management controls that set audit trails ensuring a direct connection between a transaction, the corresponding invoice and other documents issued in connection with that transaction.

The use of the electronic invoice is subject to the acceptance of the recipient. Acceptance may include the following: (i) a written agreement, received from the recipient; (ii) an implicit agreement of the recipient consisting in proceeding to the processing or the payment of the electronic invoice.

Moreover, the recipient's acceptance also represents a confirmation that it has the necessary technical resources to receive electronic invoices, as well as the capacity to ensure the authenticity of origin, integrity of the content and legibility.

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Russia

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none"> • The standard VAT rate in Russia is 18%. • VAT rate of 10% applies to certain foods, children's goods, medical and pharmaceutical products and certain books and periodicals. • 0% VAT rate is applied for export of goods, their international transportation and related freight forwarding services, international passenger transportation, etc. • Computed VAT rates (10/110 and 18/118) are applied to certain transactions including the receipt of advance, transfer of property rights and to withholding VAT by the tax agents.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Russia. It is applied to sales of goods, work and services in the territory of the Russian Federation, imports to the customs territory of the Russian Federation, transfer of goods for own consumption, performance of construction and assembly work for own purposes.
<i>Is there a registration limit for the tax?</i>	The current tax legislation does not provide for a separate VAT registration with Russian tax authorities. The established general tax registration requirements are applicable to all taxes, including VAT. All taxpayers are required to obtain tax registration and be assigned a taxpayer identification number regardless of the amount of taxable supplies.
<i>Does the same registration limit apply to non-established businesses?</i>	Not applicable.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Not applicable.
<i>How often do returns have to be submitted?</i>	VAT returns should be submitted quarterly.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Companies and individual entrepreneurs that import goods from the territory of Belarus should submit a special VAT return to the tax authorities.



<i>Are penalties imposed in other circumstances?</i>	Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No, only taxpayers, who obtained tax registration, are allowed to reclaim input VAT.
<i>Does Russian VAT law have rules for withholding VAT?</i>	Yes, a tax agent is obliged to compute, withhold the tax and transfer it to the federal budget of Russia.

What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in the Russian Federation.

VAT is a type of indirect tax which is charged on the final consumption of certain goods and services in the home market but is collected at every stage of production and distribution. Liability for VAT rests with the person supplying the taxable goods, works or services or importing goods into Russia.

However, the supplier is allowed to deduct from his VAT liability on sales made the amount of VAT paid and properly invoiced to him in relation to purchases effected by him, or VAT paid by him at importation. The actual burden of the tax is therefore borne by the final consumer.

VAT is a federal tax and is payable to the federal budget of the Russian Federation.

Taxpayers are Russian companies, foreign companies and entrepreneurs without forming a legal entity. Taxpayers with taxable supplies below RUB 2 000 000 (approx US\$ 61,000, VAT exclusive) in a three preceding months period are not recognized taxable persons unless their taxable supplies exceed the mentioned limit. Please be aware that such exemption of taxpayers does not apply to excisable supplies and to VAT payable at importation of goods to the territory of Russia.

VAT is generally levied upon:

- supply of goods, works and services in the territory of the Russian Federation, including supply on a free-charge basis
- import of goods to the customs territory of the Russian Federation
- transfer of goods for own consumption
- performance of construction and assembly works for own purposes.

VAT is payable if such supplies are made in the Russian Federation by a taxpayer and not exempt or zero-rated. Supplies of goods, works, services, which are made in the Russian Federation and not exempt, are called taxable supplies.

The Russian Federation is regarded to be the place of performing work and providing services in case the purchaser of such work and services is registered (with tax authorities) in the territory of the Russian Federation. This rule applies to advisory, legal, accounting, advertising, marketing, engineering and data processing services. There are certain rules in respect to other types of services.

Generally, VAT amounts paid to suppliers of goods, work, services shall be offset if such goods, work and services were used for the operations subject to VAT; respective goods, services are reported in the taxpayer's accounts, proper documentation is available. VAT amounts may also be offset if goods, work and services sold are subject to VAT at the rate of 0% subject to special rules. If input VAT exceeds output VAT the difference may be reclaimed from the budget.

In some cases VAT amounts paid to the suppliers of goods, work, services are added to the profits tax deductible expenses (for example, if they are used for VAT exempt operations).

There are the following rates of VAT:

- a standard rate of 18% – all goods and services standard rated unless defined to be reduced rated or exempted
- a reduced rate of 10%
- a zero rate
- computation rates of 18/118 or 10/110 – certain transactions including the receipt of advance, transfer of property rights and to withholding VAT by the tax agents.

Is there a registration limit for the tax?

Russian legislation does not provide for a separate VAT registration. A foreign legal entity that conducts business activities in Russia through a separate division (representative office, branch, construction sites and other places of business) is required to register with the Russian tax authorities within 30 days of the commencement of such activities.

Therefore, once a company with presence in Russia gets registered with the Russian tax authorities it is considered to be registered for all taxes including VAT.

Does the same registration limit apply to non-established businesses?

This is not applicable in Russia, since the Russian legislation does not provide for a separate VAT registration.

Does a non-established business need to appoint a fiscal representative in order to register?

Not applicable.

How often do returns have to be submitted?

A tax period with respect to VAT is recognised as a quarter for all the taxpayers.

A VAT return shall be completed in relation to standard-rated and reduced-rated supplies, including lists for zero-rated supplies.

A VAT return for each tax period must be completed and submitted to the local tax authorities by 20th of a month coming after the tax period (quarter). Please note that companies with number of employees exceeding 100 persons must send tax returns in electronic format. However, starting from 1 January 2014 all VAT-payers (irrespective the number of employees) will be obliged to file VAT returns electronically.

VAT is payable in the amount of 1/3 of VAT due for the quarter by 20th of each month of the following quarter. For example, VAT for the 2nd quarter 2013 must be paid by 20 July, 20 August and 20 September in equal parts.

Taxpayers must complete the regular VAT return even if no supplies were made in the tax period.

Are penalties imposed for the late submission of returns/payment of tax?

Failure by a taxpayer to submit a tax return to the tax authority entails a fine in the amount of 5% of tax which is payable (additionally payable) on the basis of that tax return for each full or partial month from the day which was established as the deadline for its submission, but not more than 30% and not less than RUB 1,000 (US\$ 30).

If a taxpayer has any underpayment of VAT, Russian tax authorities might impose late payment interest (currently late payment interest is calculated as 1/300 of the Russian Central Bank refinancing rate for each day of non-payment of outstanding taxes). Besides, non-payment of tax shall entail a fine in the amount of 20% of the unpaid tax. If understatement of VAT is committed deliberately, then a 40% fine is applied.

A tax agent may also be penalised for failure to withhold and remit VAT to the budget. A fine is equal to 20% of the amount to be withheld and remitted to the budget.

Are any other declarations required?

Companies and individual entrepreneurs that import goods from the territory of Belarus should submit a special VAT return to the tax authorities.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Tax and administrative penalties may be also applied for violation of procedure of electronic tax return's submission, failure to maintain adequate records, procedure of documents' storage, non-provision of documents to the tax authorities, repeated mistakes, unjustified reimbursement of VAT from the budget.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Russia?

No, foreign companies not registered with Russian tax authorities or foreign legal entities registered with Russian tax authorities, but not performing VAT activity are not entitled to recover Russian VAT charged by suppliers.

What information must a VAT invoice show?

Any supplies of goods and services, with exception of sale of securities, shall be reflected in VAT invoices. This applies to standard-rated, reduced-rated, zero-rated and exempted goods and services.

A supplier must issue two copies of a VAT invoice and send the original copy to the buyer within five days after the tax event occurred.

VAT invoice must also be issued by the supplier within five days after the advance is received.

Companies that apply Simplified Taxation System and Imputed Tax System do not issue VAT invoices since they are not taxpayers of VAT. Besides VAT invoices are not required in retail trading with individuals.

The following must be indicated in the VAT invoice:

- the sequential number and date of issue of the invoice
- the name, address and taxpayer's identification numbers (TIN) of the supplier and the purchaser and the Code of the Reason for Registration (CRR)
- the name and address of the consignor and of the consignee
- the number of the payment and settlement document where advance or other payments are received in respect of future supplies of goods (performance of work, rendering of services)
- a description of goods supplied (dispatched) (a description of work performed or services rendered) and unit of measurement
- the quantity (volume) of goods (work and services) supplied (dispatched) in accordance with the invoice on the basis of the accepted units of measurement
- currency name
- the price (tariff) per unit of measurement under the agreement (contract) excluding tax or, where State regulated prices (tariffs) which include tax are used, including the amount of tax
- the value of goods (work and services) for the entire quantity of goods supplied (dispatched) in accordance with the invoice (work performed, services rendered), excluding tax
- the amount of excise duty in the case of excisable goods
- the tax rate
- the amount of tax charged to the purchaser of goods (work and services)
- the value of the entire quantity of goods supplied (dispatched) in accordance with the invoice (work performed, services rendered), including the amount of tax
- the country of origin of goods
- the number of the customs declaration.

The VAT invoice shall be signed by the director and the chief accountant of the legal entity or by other officers so authorised in accordance with an internal order of the organisation. Where an invoice is issued by an individual entrepreneur, the invoice shall be signed by the individual entrepreneur indicating the particulars of the certificate of state registration of that private entrepreneur.

Please note that in case a VAT invoice has blank defects or does not indicate all required information, mentioned above, input VAT may not be reclaimed.

A VAT tax agent must issue VAT invoice indicating 'on behalf of a foreign legal entity' within five days after he withheld output VAT and transferred it to the budget.

Exempt supplies must be invoiced with indicating the words 'not VAT taxable supplies'.

VAT invoices may be issued on the hard copies or electronically.

Does Russian VAT law have rules for withholding VAT?

Yes. If a foreign company makes taxable supplies of goods and services in the territory of Russia and a foreign company is not registered with Russian local tax authorities, the purchasers of such goods and services, registered taxpayers (legal entities and individual entrepreneurs) act as tax agents.

Under provisions of the tax law individual entrepreneurs or legal entities (Russian and foreign companies), registered with Russian tax authorities, who entered into contracts with foreign companies and purchased goods and services from them, is obliged to fulfil obligations of a tax agent regarding VAT.

A tax agent is obliged to compute, withhold the tax and transfer it to the federal budget of Russia.

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Slovakia

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 20% for most goods and services.• Reduced rate of 10% for pharmaceutical products, medical products, some books and similar products.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Slovakia. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the annual turnover of taxable transactions in the Slovakia, and once the limit has (or will be) reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established in Slovakia and they will need to register as soon as they start to make taxable transactions. Different registration requirements also apply to businesses involved with 'distance sales' made within the European Union (EU), eg internet sales.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	No, however in case of the import of goods to Slovakia from a non-EU country by foreign taxable party where a dispatch or transport of the imported goods ends in another EU member state, the foreign taxable person can opt a tax representative who will represent him in Slovakia.
<i>How often do returns have to be submitted?</i>	Generally, VAT returns must be submitted on a monthly basis. There is a possibility to submit VAT return on quarterly basis if certain circumstances are met.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late, a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes. The taxpayer shall be obliged to submit a recapitulative statement (EC Sales List) for each calendar month in which he supplied goods or services from the territory of Slovakia to another EU member state to a person identified for tax purposes in another EU member state. Further there is obligation to submit inbound or outbound intrastate declaration in connection with goods moving/selling/purchasing to or from the EU on monthly basis after reaching a certain threshold.
<i>Are penalties imposed in other circumstances?</i>	Yes, penalties can be imposed for late VAT registration.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

Value added tax is an indirect tax on the consumption of goods and services and is normally borne by the ultimate consumer. This, in general, is accomplished by imposing VAT on all stages of manufacturing, wholesaling, retailing, etc., but allows the supplier to offset VAT paid on his or her business expenses against the tax payable.

In addition, VAT is paid on the import of goods into Slovakia. A VAT-registered taxable person may recover such VAT to the extent that it relates to an economic activity carried on by him or her. Furthermore, a charge to VAT arises on goods acquired by a taxable person from another EU member state. This is commonly referred to as a tax on acquisitions also known as intra-Community acquisition.

Is there a registration limit for the tax?

Registration for VAT is obligatory for all domestic taxable persons whose turnover exceeds €49,790 for the previous consecutive 12 calendar months. This threshold will only apply to taxable persons with a registered seat or permanent address, place of business, or VAT fixed establishment in Slovakia.

The domestic taxable person can also apply for the voluntary VAT registration. In this case the domestic taxable person shall be obliged to prove their business activities carried out within the territory of Slovakia (for example by sending of business plan, issued invoices and etc.). Further the domestic taxable person can be obliged to lodge tax collateral in the form of a cash deposit made to the account of the tax office. There is an obligation for VAT registration if a taxable person who is not the taxpayer acquires goods from another EU-member state within the territory of Slovakia, whereby the total value of goods acquired from other EU-member states, excluding the tax, exceeds €13,941.45 for a calendar year. Further, if a taxable person who is not a taxpayer and has a seat, place of business, fixed establishment or domicile in the territory of Slovakia, supplies or receipts service from/to a foreign person from/to another EU-member state then such taxable person is obliged to register for VAT in Slovakia. The taxable person, registered for such 'special' VAT purposes, cannot be treated as a 'standard' VAT payer who has a right to claim input VAT levied on goods/services purchased within territory of Slovakia.

Group VAT registration

As of 1 April 2009 there exists a possibility to ask for VAT registration of group in Slovakia that enables taxable persons who have their seat, place of business or VAT fixed establishment within Slovakia and who are connected financially, economically or organisationally, to register for Slovak VAT as a single VAT payer.

As a result, transactions within the group are outside the scope of VAT. The Slovak tax authorities will register a VAT group as of 1 January of the year following that in which the registration request is filed, provided this is done by 31 October of that year. If the request for registration is filed after 31 October, the Slovak tax authorities will register the group for VAT as of 1 January of the second year following that year in which the registration request is filed.

Retroactive VAT registration

Retroactive VAT registration is possible only for taxable person that should have registered for VAT after 1 April 2009. In respect of deduction of input VAT taxable person which became VAT payer can under some conditions deduct input VAT but he should also pay output VAT from taxable supplies that occurred before official VAT registration with tax authorities.

Does the same registration limit apply to non-established businesses?

Registration of foreign taxable person

For foreign taxable person a single transaction which is subject to VAT in Slovakia, triggers the obligation to apply for VAT registration in Slovakia and to pay VAT under the Slovak VAT Act before commencing the business activities in Slovakia. The VAT registration therefore may be necessary for the taxable person without a registered seat or VAT fixed establishment in Slovakia as a result of transferring business assets to Slovakia, supplying goods or performing an acquisition of goods or an import of goods here.

Call-off stock VAT simplification

Slovak VAT Act allows a VAT simplification for foreign taxable entity, registered for VAT in another EU country (other than Slovakia) who transfers their own goods from another EU member state to a warehouse in Slovakia and these goods will be delivered to a single VAT payer. If foreign VAT payer meets law requirements stated in Slovak VAT Act, he does not have to register for VAT purposes in Slovakia. VAT liability arisen from the acquisition of goods will be paid by a Slovak customer (single VAT payer).

Long-distance sales

A foreign taxable person that makes long-distance sales in Slovakia to any persons, not registered for Slovak VAT, is obliged to register for VAT purposes at tax authorities Bratislava upon reaching a turnover of €35,000 in a calendar year. There is also a possibility of voluntary registration before reaching of law determined turnover. A foreign taxable person supplying goods into Slovakia via long-distance sales to a physical person and such goods is a subject of excise duty, must apply for VAT registration before commencing of such supplies.

Retroactive VAT registration

Retroactive VAT registration is possible only for taxable person that should have registered for VAT after 1 April 2009. In respect of deduction of input VAT taxable person which became VAT payer can under some conditions deduct input VAT but he should also pay output VAT from taxable supplies that occurred before official VAT registration with tax authorities.

Does a non-established business need to appoint a fiscal representative in order to register?

The import of goods to Slovakia from a non-EU country can be VAT exempt in case a dispatch or transport of the imported goods ends in the another EU member state. If an importer is a foreign taxable person who is not a Slovak VAT payer, he can opt a tax representative who will represent him in Slovakia. In such case the foreign taxable person does not have to register for VAT purposes in Slovakia and the tax representative applies the exemption from VAT on import of goods.

How often do returns have to be submitted?

Monthly VAT returns must be filed if annual turnover exceeds €100,000. In case turnover for the previous calendar year is less than €100,000, VAT payer is obliged to file VAT returns for the calendar quarter.

A VAT payer with turnover below €100,000 may opt for submission of VAT returns on monthly basis. VAT returns must be submitted within 25 days after the end of a tax period and the due tax must be paid within the same time limit. A VAT payer can file VAT returns in paper format via post or electronically. Since 2014 each VAT payer should be obliged to file documents with the tax authorities only in electronic format by using of:

- a guaranteed electronic signature
- a written agreement on electronic delivery of documents concluded with the VAT payer and the tax authority.

If a taxpayer is registered in Slovakia as a foreign VAT payer or if the tax payer conducts his business activity in Slovakia through distance selling and has zero transaction during the tax period then there is no obligation to submit zero VAT return.

Are penalties imposed for the late submission of returns/payment of tax?

A system of penalties exists to discourage failure to comply with the VAT system. Administrative penalties are generally either:

- penalties
- penalty interests.

Penalties and penalty interests are charged by the tax authorities via an official decision.

Late VAT returns or payments of VAT arrears

Failure to submit VAT returns on time is subject to the penalty between €30 and €16,000. Late payment of any VAT arrears results in penalty interest charge to the amount of four times the discount rate of the European Central Bank (ECB) for each day of delay, beginning with the day following the due date until the date of payment.

Incorrect VAT returns or supplementary VAT returns

Incorrect VAT returns or errors attract penalty charges to the amount of three times the discount rate of the ECB. This penalty is charged from the positive difference between the tax stated in the tax return and the tax identified by the relevant tax authorities. If the VAT payer identifies the difference themselves and file a supplementary VAT return, the penalty will be imposed in half.

Note: generally the penalties should be calculated as mentioned above, however if the three times ECB discount rate does not exceed 10%, the base for penalty will be 10%. Similarly if the four times ECB base rate does not exceed 15%, the base for penalty interest will be 15%. Tax administrator does not impose penalty which not exceeds amount of €10.

Are any other declarations required?

EC sales lists

The VAT payer will be obliged to submit EC sales lists (ECLs) in case they make:

- intra-community supplies of goods from Slovakia to another EU member state
- intra-community movements of goods from Slovakia to another EU member state
- triangulation simplification as the first receiver of supplied goods
- supply of services with the place of supply in another EU member state.

The VAT payer is obliged to submit ECLs for a calendar quarter if the value of goods does not exceed €100,000 in the respective quarter and the four previous concurrent calendar quarters. In case this law limit is reached, the VAT payer must submit a monthly ECL. ECLs must be submitted no later than within 20 days after the end of the period to which they relate. ECLs must be filled only electronically.

Intrastat

Where the VAT payer imports goods from other EU member states or delivers goods to other EU member states, they must submit the Intrastat declaration when they reach a certain threshold. The thresholds are separately monitored for import of goods and export of goods. Threshold for outbound transactions is €400,000; and for inbound transactions €200,000. Intrastat report has to be submitted on a monthly basis. The taxpayer is obliged to submit Intrastat declaration electronically.

Keeping of records on purchased motor vehicles

A VAT payer who will buy a used motor vehicle, registered in EU, from a taxable person identified for VAT purposes in another EU-member state for purposes of his further sale of this motor vehicle, he will be obliged to keep records about these goods. Such records must be prepared for each tax period in which the goods (the used motor vehicle) was purchased and they must be delivered to the tax office in the deadline for submission of VAT return (see point 5). The records must contain following information:

- first name and last name of the seller, or the name of the seller and address of his seat, place of business, fixed establishment, domicile or habitual residence and VAT number assigned in the other member state
- value of the goods (vehicle)
- identification number of the vehicle (VIN)
- number of kilometers done
- date of first put in use of the vehicle

- date of invoice
- date of acquisition
- information whether the goods were sold with exemption of tax or if the special tax treatment for sale of used goods was applied due to VAT legislation valid in the EU member state from which the vehicle will be sold.

Are penalties imposed in other circumstances?

If the taxable person does not meet the obligation to register for VAT in given time frame, the tax authorities may impose penalty; a minimum of €60 and a maximum of €20,000. Further tax authority may impose a penalty for failure of records on purchased motor vehicles on time. If the tax payer fails deliver records on purchased motor vehicles on time or with incorrect data than Slovak tax authority may impose penalty up to €10,000.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Slovakia?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances. Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

Businesses established in the EU

A foreign person who has a seat, place of business, fixed establishment or domicile in another EU-member state, and requests a tax refund through application shall be entitled to the refund of the tax on the goods and services supplied to him by the taxpayer within the territory of Slovakia. A foreign person (applicant) shall be entitled to tax refund if:

- the applicant is identified for tax purposes in the member state in which he has a seat, place of business, fixed establishment or domicile
- during the period in respect of which application for tax refund has been filed the applicant did not have a seat, place of business, fixed establishment or domicile within the territory of Slovakia
- during the period in respect of which application for tax refund has been filed the applicant did not supply goods or services within the territory of Slovakia, apart from certain limited exceptions.

The refund application must be submitted for a period of not more than one calendar year and the amount of the tax refund claimed shall not be less than €50. The refund application may be submitted for a period of less than one calendar year, but not shorter than three calendar months, provided that the amount of the tax refund claimed is not less than €400. The refund application is submitted via the electronic portal set up by the EU-member state in which he has a seat, place of business, fixed establishment or domicile and has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into the Slovakia or purchases of goods and services used in the Slovakia. A foreign person from non-EU country (third country) has a right to claim VAT refund if:

- they are not registered or liable to be registered for VAT in the Slovakia
- they are not established in any EU country
- they made no supplies of goods and services in the Slovakia other than certain specified exceptions
- where they are established in a third country having a comparable system of turnover taxes, unless the Slovak tax authority allows otherwise, that country provides reciprocal arrangements for refunds to be made to taxable persons established in the Slovakia.

A VAT application form has to be submitted to the Slovak tax authority no later than up to 30 June of the year following that in which the VAT was incurred. The tax refund claim must not be less than €50.

What information must a VAT invoice show?

In accordance with of Slovak VAT act, the following are mandatory requirements to be shown on the invoice:

- the full name and address of the customer
- the full name of the taxable person (supplier)
- VAT number of customer
- VAT number of supplier
- number of invoice
- the date of supply of goods or services provided
- the date of issue of invoice
- the quantity of goods supplied
- the taxable amount per rate, unit price exclusive VAT, any discounts or rebates if they are not included in unit price

- the VAT rate applied or exemption from the tax (in case of the tax exemption, reference to the applicable provision of EU directive or to the corresponding Slovak VAT provision or reference in wording ‘supply of goods or services is exempt’)
- the total amount of VAT payable in euros
- where appropriate, reference in wording ‘reverse charge’ in case the customer is liable for the payment of the VAT.

The VAT payer may issue a simplified invoice in following cases:

- for sales with a value €100 and less including VAT
- for sales paid in cash via cash register with a value €1,000 and less including VAT
- for sales paid by credit cards or other electronic payment means via cash register with a value €1,600 and including VAT
- for sales of stamps for usage of motorways where a tax document (invoice) is a removable part of the stamp.

VAT invoices can be issued, received and stored either in electronic either in paper format. An electronic invoice is defined as an invoice which contains all mandatory invoicing requirements stated above and it is received or issued in electronic format. The selection of the electronic format is up to the decision of the parties of the taxable transaction. It could be a structured message, e.g. xml, or other format such as email with a pdf attachment. The taxable person is obliged to ensure the authenticity of origin of an invoice, the integrity of the content of an invoice and the legibility of an invoice whether on paper or in electronic form must be ensured from the issue until the end of the period for storage of the invoice. In the Slovak VAT Act is also stated the period during which every tax payer and taxable person is obliged to archive the invoices. The basic period for storage remains ten years following the year to which the invoices relates.

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South Africa

Indirect tax snapshot

What are the current rate(s) of VAT?

- Standard rate of 14% for all goods and services, unless the transaction is specifically zero-rated or exempt.
- Zero-rated goods and services which includes but not limited to certain basic foodstuffs, fuel levy goods, farming goods, exports, certain services to non-residents, services physically performed outside South Africa, etc.
- Exempt goods and services, which includes, but not limited to financial services, donated goods or services sold by non-profit bodies, residential accommodation in a dwelling, passenger transport in South Africa by road or rail, educational services provided by recognised educational institutions and childcare services provided at crèches and after-school care centres.

Are there any confirmed or anticipated changes to these rates?

No.

What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in the South Africa. It is a tax on consumer expenditure and is collected on business transactions and imports.

Is there a registration limit for the tax?

Yes. Businesses are obliged to register for VAT when the total value of the taxable supply of goods and services exceeds, or will in terms of a contractual obligation in writing exceed, R1 million within any 12 month period. Suppliers of e-commerce services are liable to register if the total value of its taxable supplies exceed R50,000. Voluntary registration is generally allowed where the total value of taxable supplies will exceed R50,000, but is less than R1 million for any 12 month period.

Does the same registration limit apply to non-established businesses?

Yes, currently the same registration limit applies to all businesses.

Does a non-established person need to appoint a fiscal representative in order to register?

Yes. Non-resident (established) person is required to appoint a fiscal (VAT) representative who is a natural person and resident of South Africa. It is also a requirement to have a bank account with one of the major registered banks in South Africa.

How often do returns have to be submitted?

- Two-monthly tax period – standard tax period generally allocated for VAT registration where turnover is less than R30 million in any 12-month consecutive period.
- Monthly tax period – Where turnover exceeds or is likely to exceed R30 million in any 12-month consecutive period.
- Four-monthly tax period – For small business with turnover less than R1.5 million in any 12-month consecutive period.
- Six-monthly tax period – For farming businesses with turnover that is less than R1.5 million in any 12-month consecutive period.
- Twelve-monthly tax period – For inter-group letting or administration companies or trust funds.



<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a 10 % administrative penalty is imposed. Businesses that default on timeous submission of returns may also be liable for an understatement penalty which varies from 5-200%.
<i>Are any other declarations required?</i>	No.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors, omissions or incorrect declarations. Penalties can be as high as 200%.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Generally no. VAT can only to the extent that goods are exported from South Africa, the VAT incurred can based on certain requirements be claimed back from the VAT Refund Administrator at the designated border posts.

What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in South Africa.

The generally accepted essential characteristics of a VAT-type tax are as follows:

- the tax applies generally to transactions related to goods and services
- it is proportional to the price charged for the goods and services
- it is charged at each stage of the production and distribution process where there is a supply between parties
- the taxable person (vendor) may deduct the tax paid during the preceding stages as input credit against output VAT collected from customers. The burden of the tax is ultimately on the final consumer.

VAT is only charged on taxable supplies made by a vendor. Taxable supplies include supplies for which VAT is charged at either the standard rate or zero rate, but does not include:

- salaries and wages
- hobbies or any private recreational pursuits (not conducted in the form of a business)
- occasional private sale of personal or domestic items
- exempt supplies.

The mechanics of the VAT system are based on a subtractive or credit input method, which allows the vendor to deduct the tax incurred on enterprise inputs (input tax) from the tax collected on the supplies made by the enterprise (output tax). There are, however, some expenses upon which input tax is specifically denied, such as the acquisition of motor cars and entertainment related expenses.

The vendor reports to SARS at the end of every tax period on a VAT 201 return, where the input tax incurred for the tax period is offset against the output tax collected for the tax period and the balance is paid to the South Africa Revenue Service (SARS), normally by no later than the 25th day after the end of the tax period concerned.

A person who is registered, or who is obliged to register is referred to as a 'vendor'.

A person must have an enterprise to be liable to register as a VAT vendor in South Africa.

An enterprise is inter alia defined as:

- any enterprise or activity
- which is carried on continuously or regularly
- by any person
- in, or partly in, South Africa
- in the course or furtherance of which goods or services are supplied
- to any other person for a consideration (payment for the supply)
- whether or not for profit.

VAT at the standard rate of 14% is only charged on taxable supplies made by a vendor, unless it is zero rated, (ie 0% VAT is levied), or it is exempt. Taxable supplies include supplies for which VAT is charged at either the standard rate or zero rate, input tax can be claim where all the requirements are complied with.

Businesses that only make exempt supplies are unable to register for VAT and cannot claim the VAT that they incur. It follows that the VAT paid to suppliers will be a 'real' cost.

Most goods imported into the South Africa are subject to VAT. The VAT has to be paid by the importer at the time of importation of the goods into South Africa when the goods are cleared for home consumption. Where the importation is for business purposes and the importer is registered for VAT and for customs purposes, it may be possible to reclaim the VAT on importation subject to the general input tax rules.

It is also important to note the interaction between VAT and customs duty. Customs duty is levied where goods are imported into South Africa or the Southern African Customs Union (SACU). It is levied in order to bring the cost of goods produced outside South Africa or SACU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a cost to business. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty and where the goods originate outside SACU an upliftment of 10% is added to the customs value.

Is there a registration limit for the tax?

Every person who carries on an enterprise is liable to register for VAT when the total value of taxable supplies of goods and services exceeds, or will in terms of a contractual obligation in writing exceed, R1 million within any 12 month period. Suppliers of e-commerce services are liable to register if the total value of its taxable supplies exceed R50,000. Voluntary registration is generally allowed where the total value of taxable supplies will exceed R50,000, but is less than R1 million for any 12 month period.

For these purposes, a 'person' includes any public authority, any company, a body of persons (corporate or unincorporated), the estate of any deceased or insolvent person, any trust fund and any foreign donor funded project. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration.

Separate registration for separate enterprises, branches and divisions is allowed where separate independent systems of accounting are maintained, and the enterprises/ branches/ divisions are separately identifiable. This means that it is possible for a vendor to have more than one VAT registration number if the enterprise is carried on in separate branches or divisions.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

The normal VAT registration limit applies to businesses that are not established in South Africa, but conduct business in South Africa.

From 1 April 2014 non-established businesses that supply e-commerce services to South African customers should register compulsory for VAT if their turnover from such supplies exceeds R50,000 during any 12-month period.

Does a non-established business need to appoint a fiscal representative in order to register?

A non-established business is required to appoint a VAT representative, who is a natural person and resident of South Africa, to act on his behalf for VAT purposes and to assume the duties and obligations prescribed by VAT legislation. Furthermore, a non-established business must open a South African bank account.

How often do returns have to be submitted?

- Bi-monthly tax period – this is the default tax period generally allocated for VAT registration where turnover is less than R30 million in any consecutive 12-month period.
- Monthly tax period – where turnover exceeds or is likely to exceed R30 million in any consecutive 12-month period.
- Four-monthly tax period – for small business with turnover that is less than R1.5 million in any consecutive 12-month period.
- Six-monthly tax period – for farming businesses with turnover that is less than R1.5 million in any 12-month consecutive period.
- Twelve-monthly tax period – for inter-group letting or administration companies or trust funds.

Are penalties imposed for the late submission of returns/payment of tax?

Late payments of VAT attract an administrative penalty of 10% of the outstanding tax. An understatement penalty ranging from 5-200% depending on the behavioural levels may also be imposed. Interest is also charged at the prescribed rate (currently 8.5% per annum) on any late payments.

Are any other declarations required?

Where goods are imported, but not entered through Customs Controlled Areas (CCAs), for example electronic goods, end users are required to pay VAT on a reverse-charge mechanism and to complete and submit a special return. Vendors that will be entitled to claim input VAT on goods or services imported for application in course of carrying on their enterprise are exempt from the reverse-charge declarations.

Are penalties imposed in other circumstances?

Yes. Over and above the percentage based penalties, a range of penalties can be imposed where businesses do not comply with the VAT rules.

Administrative penalties

South African Revenue Service (SARS) may impose administrative penalties ranging from R250 to R16,000 per month (or part thereof) for a range of administrative defaults ranging from non-submission of returns to failure to report changes to contact details within the prescribed timeframe.

Understatement penalties

SARS may also impose these penalties, having regard to nature and seriousness of the non-compliance and/or the period of non-compliance and/or any repeat of the non-compliance). The understatement penalty is normally imposed (but not limited to) when SARS makes adjustments to vendors VAT declarations as a result of an audit or investigation.

The understatement penalty percentage table is as follows:

Behaviour	Standard case	If obstructive, or if it is a 'repeat case'	Voluntary disclosure after notification of audit	Voluntary disclosure before notification of audit
'Substantial understatement'	10%	20%	5%	0%
Reasonable care not taken in completing return	25%	50%	15%	0%
No reasonable grounds for 'tax position' taken	50%	75%	25%	0%
Gross negligence	100%	125%	50%	5%
Intentional tax evasion	150%	200%	75%	10%

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in South Africa?

The default position is that foreigners cannot claim VAT that they incur on goods and services that are purchased in South Africa.

An exception exists where goods are purchased in South Africa and subsequently removed from South Africa by the foreigner. The VAT incurred can, based on certain requirements, be claimed back from the VAT Refund Administrator at the designated border posts.

What information must a tax invoice show?

A tax invoice must contain the following information:

Consideration of R5,000 or more (full tax invoice)

- The words 'Tax invoice' in a prominent place
- Name, address and VAT registration number of the supplier
- Name, address and VAT registration number of the recipient
- Serial number and date of issue
- Full description of the goods and /or services
- Price and VAT (according to any of the three approved methods).

Consideration less than R5,000 (abridged tax invoice)

- The words 'Tax invoice' in a prominent place
- Name, address and VAT registration number of the supplier
- Serial number and date of issue
- A description of the goods and /or services
- Quantity or volume of goods or services supplied
- Price and VAT (according to any of the three approved methods).

Where a tax invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately.

Tax invoices relating to standard rated transactions must be issued in South African currency (R). With regards to zero rated transaction, tax invoices may be issued in foreign currency.

The document retention period is five years. The information should be retained as prescribed by SARS. Authorisation must be obtained from SARS where a vendor wants to retain the documentation in electronic or any other format and elsewhere than in South Africa.

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Spain

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 21% for most goods and services.• Reduced rate of 10% for a specific list which includes, for example, substances normally used for human and animal nutrition except alcoholic drinks, residential buildings or passenger transport.• Super-reduced rate of 4% for a specific list which includes, for example, ordinary bread, milk and derivatives, cheeses, eggs, fruits and cereals and books.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Spain. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	No, in general terms there is no threshold in Spain. Taxpayers that make taxable supplies in Spain have to register for VAT in Spain and submit periodic VAT returns.
<i>Does the same registration limit apply to non-established businesses?</i>	Yes. Foreign companies not established for VAT purposes in Spain, which make taxable supplies in Spain, may need to register in Spain (if the service is considered to be rendered in Spain or the good delivered in Spain).
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	In certain circumstances, a non-established person may need to appoint a fiscal representative before the tax authority.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns on a quarterly basis. For large taxpayers (revenue exceeding €6,010,121.04 in the preceding calendar year) and for taxpayers that are included in the special registry for monthly VAT refunds, VAT returns have to be filed for a monthly period.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the EU. Declarations also have to be submitted in certain circumstances in connection with goods moving to or from the EU. Taxpayers that are included in the special registry for monthly VAT refunds, also have to submit a monthly declaration related to VAT books.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed in relation to errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Spain and in other European Union (EU) countries. It is a tax on consumption which is applied on supplies of goods or services, intra-community acquisitions and imports.

VAT is ultimately borne by the consumer by being included in the price paid, although the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests, in general terms, with the business making the supply.

The supplier will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases. The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

A transaction is within the scope of Spanish VAT if the following conditions are met:

- it is a supply of goods or services
- it takes place within the Spanish territory
- it is made by a business or professional for valuable consideration, either regularly or occasionally
- it is made in the course or furtherance of any business carried on by that person or entity.

Any business that makes taxable transactions in Spain should be, generally, VAT registered in Spain.

There are three rates of VAT that are applied to goods and services in Spain; the standard rate, the reduced rate, and the super-reduced rate. In addition, some goods and services are exempted from the tax. Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost. The most important exemptions are (although they restrict deduction of input VAT):

- medical and social services
- financial and insurance transactions
- educational and sport services
- lease of some kind of real state.

Most goods imported into Spain from outside the EU are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the tax (subject to certain rules). It is also important to note the interaction between VAT and customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty.

Is there a registration limit for the tax?

Any business or professionals that make taxable supplies in Spain would have to register for VAT in Spain and submit periodic returns. In general, there is no threshold for VAT registration in Spain. If two or more entities form part of a group and all of them are established within Spain they could apply the special regime for group of entities. In this sense, it is deemed as group of entities the one formed by a parent company and its subsidiaries.

In this sense, it is considered a parent company the one meeting the following conditions:

- it has its own legal personality, also permanent establishments
- it has a participation of at least 50% in the capital of others and this participation remains during a calendar year
- it is not a subsidiary of any other entity established in Spain that could be also considered as a parent company in itself.

A corporate body cannot be treated as a member of more than one VAT group at a time. The main advantage of being part of a VAT group is the offsetting of individual self-assessments of the entities within the group. The parent company shall make the payment or receive the refund of the aggregate balances. However, each entity constituting the VAT group is jointly and severally liable for the VAT due by the VAT group. The option to apply the special regimen for group of entities is binding for three years (if the requirements continue to be met).

Does the same registration limit apply to non-established businesses?

Regarding non-established businesses in Spain, a VAT registration limit does not exist. Foreign companies, not established for VAT purposes in Spain, that intend to make taxable supplies in Spain may need to register (this obligation may apply to businesses that supply goods or services deemed rendered in Spain). Registration for VAT in the Spain may also be required where a non-established EU business are involved with distance selling.

Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a customer in another EU country who is not liable to be registered for VAT, as private individuals. The common examples of distance sales are goods supplied by mail order and via the internet.

Each EU country has the option of applying a distance selling threshold of either €35,000 or €100,000 per calendar year, or the equivalent in its own currency. Spain has adopted an annual threshold of €35,000. Distance sales from another EU country to non-taxable persons in Spain will be subject to VAT at the appropriate rate in the suppliers country. However, once the value of those distance sales to Spain exceeds the Spanish threshold:

- the supplier becomes liable to register for VAT in Spain
- Spain becomes the place of supply
- any further sales to customers in the Spain are subject to Spanish VAT.

Even if the threshold is not exceeded, the supplier can opt to waive the threshold rule. The option is binding for two calendar years.

Does a non-established business need to appoint a fiscal representative in order to register?

In general terms, non-established businesses in Spain do need to appoint a fiscal representative and to inform the tax authority, before starting taxable transactions in Spain. This obligation will not apply to taxable persons established in other EU country or a country with which there is a taxation treaty in force.

How often do returns have to be submitted?

VAT returns are normally prepared on quarterly basis. They are due for submission within 20 days of the quarter end. For large taxpayers (revenue exceeding €6,010,121.04 in the preceding calendar year) and for taxpayers that are included in the special registry for monthly VAT refunds, VAT returns must be filed for a monthly period. They are due for submission within 20 days of the period end.

Annual summary returns must be submitted by 30 January of the following calendar year.

Are penalties imposed for the late submission of returns/payment of tax?

If a VAT return is not submitted on time or the related tax is not paid by the due date, the tax authority may impose penalties or surcharges to the taxpayer. Late submission or payments without a request from the tax authority are subject to a surcharge of 5%, 10% or 15% when the payment is made within three, six or 12 months of the deadline respectively. When the payment is made after 12 months of the deadline a surcharge of 20% plus delay interest is applicable. Late submission or payments after a request from the tax authority are subject to fines of between 50 and 150%, plus interest. However, if the penalty is not disputed by the taxpayer and the payment of the penalty is made within the deadline, a 25% reduction of the penalty applies.

Are any other declarations required?

Businesses that make supplies or acquisitions of goods or services to traders registered for VAT in other EU countries are required to submit the recapitulative statement of intra-community operations. This statement will have to be submitted on monthly basis. However, if the volume of intra-community supplies of goods does not exceed €50,000, the statement will have to be submitted on quarterly basis. This statement could be also submitted annually in certain circumstances.

In addition, if the value of the intra-EU trade in goods dispatched or arriving from other EU is above an annual threshold (€250,000 for 2013), Intrastat declaration has to be submitted for either or both. These declarations have to be submitted on a monthly basis.

Companies that are included in a special regime for monthly returns, have also to submit a monthly declaration related to VAT books. This declaration includes information about all the issued and received invoices during each period.

Are penalties imposed in other circumstances?

Yes. Penalties could be imposed where businesses do not comply with the VAT rules. Penalties can be applied for errors and omissions made on tax returns, or where the tax is paid late. Penalties can also be applied where the business has failed to maintain adequate records, provide information (including in requests from the tax authority) or when a VAT refund is claimed improperly. Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Spain?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances. Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member State. To be eligible to make a claim, the claimant must be a taxable person established in an EU member State other than the one from which the claim is to be sought. In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment, seat of economic activity, place of business or other residence there involved in the supply of goods or services performed during the period covered by the claim
- during the refund period he must not have supplied any goods or services in the member State of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically to the tax authority from whom the repayment is being sought. The refund period must cover a quarter or a calendar year – or a shorter period where it represents the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into Spain or purchases of goods and services where Spanish VAT has been charged. The scheme is available to any person carrying on a business established outside the EU, provided that in the period of the claim:

- they were not registered or liable to be registered for VAT in Spain
- they were not established in any EU country
- they made no supplies of goods and services in Spain other than certain specified exceptions
- they are not the addresser of supplies of goods and services where reverse charge is applicable
- they comply with the requirements and limitations for deducting VAT
- they are established in a third country that provides reciprocal arrangements for refunds to be made to taxable persons established in Spain. Spain has arranged reciprocal agreements with Canada, Israel, Japan, Monaco, Norway and Switzerland; this agreements states specific operations in which VAT could be claimed back.

The claim is also submitted electronically and must cover a quarter or a calendar year – or a shorter period where it represents the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address
- the seller's VAT registration number
- the invoice date
- the time of supply (also known as tax point) if this is different from the invoice date
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer
- VAT rate applied
- the total amount of VAT charged expressed in euros.

For each different type of item listed on the invoice, it must be shown separately its corresponding taxable base. Where a VAT invoice includes exempt goods or services, it must specifically state the applicable articles of the Spanish legislation or the EU Directive. Where a VAT invoice includes certain operations as those where reverse charge rule applies, special regime for travel agencies or special regime for artworks, this must be mentioned on the invoices.

Where a business makes sales of goods or services not exceeding €400, a simplified VAT invoice can be issued. Simplified VAT invoices could be also issued in certain operations where the value does not exceed €3,000 euros. VAT invoices can be issued, received and stored in electronic format. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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Sweden

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 25% for most goods and services.• Reduced rate of 12% for food stuff, hotel, restaurant and catering services.• Reduced rate of 6% for books and printed matter, concerts and performances at cinemas, theatres, operas, sporting activities, animal parks and passenger transport.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Sweden. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	No.
<i>Does the same registration limit apply to non-established businesses?</i>	Yes. They will need to register as soon as they start to make taxable transactions. Different registration requirements also apply to businesses involved with 'distance sales' made within the European Union (EU) e.g. mail order and internet sales.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	In certain circumstances businesses outside the EU must appoint a fiscal representative. The fiscal representative must be approved by the tax authorities.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns covering three month accounting periods. However, returns must be submitted on a monthly basis if your turnover in Sweden exceeds SEK 40,000,000.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty fee will be imposed. Late payment will render an interest cost.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the EU. Declarations also have to be submitted in certain circumstances in connection with goods moving to or from the EU.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Sweden and in other European Union (EU) countries.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply, ie the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund will be credited to your tax account and later on repaid to your business.

A transaction is within the scope of Swedish VAT if the following conditions are met:

- it is a supply of goods or services. Although the term ‘supply’ is not defined in the legislation, it has a broad interpretation
- it takes place in Sweden
- it is made by a taxable person. For these purposes, a taxable person is a person or entity who is registered for VAT in Sweden, or has a liability to become registered
- it is made in the course or furtherance of any business carried on by that person or entity.

There are three rates of VAT that are applied to goods and services in Sweden; the standard rate, the reduced rate of 12 % and the reduced rate of 6 %. In addition, some goods and services are exempted from the tax.

Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a ‘real’ cost.

Most goods imported into Sweden from outside the EU are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the tax (subject to certain rules).

It is also important to note the interaction between VAT and Customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in ‘free circulation’ and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied and that it is only the importer that can report the import VAT as input VAT. VAT is charged on the value of the importation, including any custom duty.

Is there a registration limit for the tax?

A ‘person’ who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT – there are no limits.

For these purposes, a ‘person’ includes any legal entity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration – even if the nature of some of those activities are very different.

Two or more corporate bodies in the financial and/or insurance sector can be registered together as a VAT group if they belong to the same group of companies. The main advantage of VAT group registration is that any supply of VAT liable goods or services (for example administration and IT) by a member of the group to another member of the group is disregarded for VAT purposes. This reduces the VAT costs to zero within the group.

Does the same registration limit apply to non-established businesses?

There is no VAT registration limit concerning businesses who are not established in Sweden. Those businesses will need to register for VAT as soon as they commence trading in Sweden.

Registration for VAT in Sweden may also be required where a non-established EU business is involved with distance selling. Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a customer in another EU country who is not registered or liable to be registered for VAT. Such customers are known as non-taxable persons, and include private individuals and businesses and other organisations that are not registered for VAT (either because of their size, or the fact that they are exempt from having to register due to the nature of their activities). The common examples of distance sales are goods supplied by mail order and via the internet.

Each EU country has the option of applying a distance selling threshold of SEK 320,000 or the equivalent in its own currency.

Distance sales from another EU country to non-taxable persons in Sweden will be subject to VAT at the appropriate rate in the suppliers country. However, once the value of those distance sales to Sweden exceeds the Swedish threshold of SEK 320,000:

- the supplier becomes liable to register for VAT in Sweden
- Sweden becomes the place of supply
- any further sales to customers in Sweden are subject to Swedish VAT.

Suppliers can choose to make Sweden the place where the goods are supplied by registering for VAT voluntarily before the threshold is reached.

Does a non-established business need to appoint a fiscal representative in order to register?

The tax authority in Sweden may direct a person to appoint a VAT representative to act on his behalf for VAT purposes where the person:

- is a taxable person or makes taxable supplies or acquires goods in Sweden from one or more other EU countries
- is not established, and does not have a 'fixed establishment' in Sweden
- is established in a country or territory which is not an EU country (or part of such a country) and where it appears to the Swedish tax authority that there is no provision for mutual assistance similar to that which provided between Sweden and other EU countries.

How often do returns have to be submitted?

The option to report VAT in the income tax return is abolished. Instead, reporting is to be done in a VAT return. The first complete tax year where VAT must be reported in a VAT return for an entire year will be the tax year running from 1 February 2012 to 31 January 2013.

The accounting period is a calendar month if the taxable amount, excluding intra-EU acquisitions and imports, is estimated to exceed SEK 40 million for the tax year.

The accounting period is three months (a calendar quarter) if the taxable basis excluding intra-EU acquisitions and imports is estimated to total a maximum of SEK 40 million for the tax year.

The accounting period is an entire tax year if the taxable basis, excluding intra-EU acquisitions and imports, is estimated to exceed SEK 1 million for the tax year.

If you so request, the Swedish tax agency shall decide that the accounting period should be one calendar month instead of a calendar quarter. If the accounting period should be an entire tax year, you may request to be allowed to report VAT once per calendar month or once per calendar quarter. Normally, such a decision will apply for at least 24 consecutive calendar months. If there are special reasons, the Swedish tax agency shall decide that you must report VAT every calendar month or calendar quarter without your having requested this.

Are penalties imposed for the late submission of returns/payment of tax?

A default surcharge penalty of SEK 500 will be imposed by the tax authority if VAT returns are not submitted on time. If the related tax is not paid by the due date the tax authority will charge you interest.

Are any other declarations required?

Businesses that are registered for VAT in Sweden, and make supplies of goods or services to traders registered for the tax in other EU countries are required to complete and submit EC Sales Lists (ESLs). The ESLs must show details of the recipients of the goods and services. Goods are to be submitted monthly and services quarterly. There are exemptions. Late filing fee is SEK 1,000.

Are penalties imposed in other circumstances?

Yes. A penalty of 20 % of the not reported/wrongly reported VAT will be applied. There are no penalties for late payment of the tax other than a quite high interest rate.

Criminal proceedings may be brought in the case of more serious matters. However, criminal proceedings cannot be combined with the above penalty (so called double punishment is not allowed).

Can the VAT incurred by overseas businesses be claimed if they are not registered in Sweden?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member State. To be eligible to make a claim, the claimant must be a taxable person established in an EU member State other than the one from which the claim is to be sought. In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment from which: VAT liable transactions are performed (ECJ C 318/11 och C 319/11 Daimler and Widex A/S 2012-10-25), seat of economic activity, place of business or other residence
- during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically to the tax authority from whom the repayment is being sought.

The refund period must not cover more than one calendar year or less than three calendar months – unless it is covering the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into Sweden purchases of goods and services used in Sweden. The following conditions must be fulfilled for the VAT to be refunded:

- VAT must be on the purchase (acquisition) or import of goods or services for the business in countries other than Sweden
- sale (turnover) would have been subject to VAT, or would have entailed the right to a refund if it had taken place in Sweden
- sale (turnover) takes place in another EU country then it is subject to VAT or entitles the taxpayer to a refund in that country
- As a foreign entrepreneur, a VAT refund can be obtained for goods or services that are sold (turn over) in Sweden when a VAT-registered buyer is tax-liable for the turnover (known as ‘reversed charge’).

Taxpayers are not entitled to repayment if the Swedish VAT regulations prohibit deduction. In Sweden, there are limitations on the right to deductions for, among other things, cars and business entertainment. A travel agency business is not entitled to a refund for goods and services that directly benefit the traveller, such as hotel rooms, restaurants services and personal transport.

The claim period in Sweden is from 1 July to 30 June each year. Claim forms have to be submitted to the Swedish tax authority no later than six months from the end of the relevant designated year, ie by 31 December each year.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller’s name and address
- the seller’s VAT registration number
- the invoice date
- the time of supply (also known as tax point) if this is different from the invoice date
- the customer’s name and address
- a description sufficient to identify the goods or services supplied to the customer
- the rate of any cash discount
- the total amount of VAT charged expressed in SEK.

For each different type of item listed on the invoice, the following must be shown:

- the unit price or rate, excluding VAT
- the quantity of goods or the extent of the services
- the rate of VAT that applies to what’s being sold
- the total amount payable, excluding VAT.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately.

Where a business makes retail sales and makes a sale of goods or services within Sweden for SEK 2,000 or less including VAT, a simplified VAT invoice can be issued.

VAT invoices can be issued, received and stored in electronic format and there is no need to tell the tax authority. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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Switzerland

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 8% applicable to all supplies of goods and services not explicitly subject to the reduced rate or the special rate.• Reduced rate of 2.5% applicable, inter alia, to foodstuff and non-alcoholic beverages, water in conduits, news-papers, books, medicine, etc.• Special rate of 3.8% applicable to hotel and similar accommodation.
<i>Are there any confirmed or anticipated changes to these rates?</i>	The rates are generally valid until 31 December 2017.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Switzerland. It is a tax on consumer expenditure which is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the annual turnover of taxable transactions in Switzerland, and once the limit has (or will be) reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	Yes. There is generally the same registration limit for businesses that are not established in Switzerland.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Yes, a non-established person will be required to appoint a fiscal representative in order to be able to register for VAT purposes in Switzerland.
<i>How often do returns have to be submitted?</i>	VAT returns are generally to be submitted on a quarterly basis. If certain conditions are met, returns can also be submitted on a monthly basis or semi-annual.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Generally, no penalties are imposed if a VAT return is submitted late. However, interest for late payment (currently 4% p.a.) will be levied on late payment on the VAT amount due.
<i>Are any other declarations required?</i>	The submission of an additional annual reconciliation VAT return is required in case deviations, between the VAT returns submitted and the annual financial statements, are detected.
<i>Are penalties imposed in other circumstances?</i>	Penalties may generally be imposed in the case of negligent tax evasion, unjustified exoneration or refund.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

VAT is a turnover tax levied at each stage of the production and distribution. Liability for VAT rests with the person supplying the taxable goods or services or importing goods into Switzerland. However, the supplier is allowed to deduct from his VAT liability on sales made the amount of VAT paid and properly invoiced to him in relation to purchases effected by him, or VAT paid by him at importation. The actual burden of the tax is therefore borne by the final consumer.

Swiss VAT (MWST / Mehrwertsteuer) is levied on taxable supplies which take place in Switzerland, self-supplies, acquisition of certain services from foreign entrepreneurs and importation of goods. For VAT purposes, the Principality of Liechtenstein is part of the Swiss territory. VAT is collected by the Swiss Federal tax administration.

A transaction is within the scope of Swiss VAT if the following conditions are met:

- it is a supply of goods or services
- the place of supply is considered to take place in Switzerland
- it is made by, or under certain circumstances, received by a taxable person. For these purposes, a taxable person is a person or entity who is registered for VAT in Switzerland, or has a liability to become registered.

There are three rates of VAT that are applied to goods and services in Switzerland; the standard rate, the reduced rate and the special rate. In addition, some goods and services are exempted from VAT.

Exemptions without the right to deduct input tax include, inter alia, hospital and medical treatments, services supplied by social services, welfare institutions and social security institutions, child and youth education, schooling, job education etc., cultural services and sports events, insurance transactions, certain banking transactions, transfer and letting of real estate (with exceptions), operations connected with betting and other games of chance involving money, etc.

The supplier of exempt services or deliveries may opt for taxation. Please note that an option is not possible for financial and insurance services. In certain cases, option is only possible if the customer is a taxable person.

VAT borne by a taxable person on the purchase and importation of goods and services which are connected to taxable operations (also if zero rated) or to operations located abroad which would be taxable if located within Switzerland can be deducted/refunded. A proper VAT invoice and, in case of importation, original import documents are required. VAT on the acquisition of goods and services directly affected to exempt activities, on operations which are not commercially justified (for instance entertainment expenses) or on private activities is not deductible.

As a general rule, VAT is payable to the customs at the time of importation. However, taxpayers who have given security for the tax amount may pay import VAT within 60 days based on the invoice issued by the Federal Customs Administration.

Is there a registration limit for the tax?

Any person running a business is basically liable to VAT irrespective of the realisation of a turnover. Thus tax liability is not depending on the realisation of a taxable turnover. Swiss VAT law allows for an exemption from tax liability if the taxable turnover is below CHF 100,000. Each enterprise will be able to explicitly abstain from the afore mentioned exemption and therefore become tax liable. The limit is CHF 150,000 for sport or culture clubs (if they do not strive to make profit and are managed in an honorary capacity) and for institutions of public interest.

Companies, partnerships and individuals having their domicile or permanent establishment in Switzerland (not in the Principality of Liechtenstein) and who are closely related to each other, may request to be treated as a fiscal unity for VAT purposes, with one single VAT number. As a consequence, intra-group supplies are not taxable.

Any person whose domicile, registered office or permanent establishment is located in Switzerland, has to pay VAT on certain services (or under certain circumstances also delivery of goods) provided by foreign entrepreneurs who are not registered for VAT purposes in Switzerland, if the value of such services exceeds CHF 10,000 during the calendar year. Please note that for already registered persons, no threshold is applicable, i.e. these persons will have to pay VAT on any import of services/goods acquired from a not registered foreign person.

Does the same registration limit apply to non-established businesses?

Non-resident entities supplying goods or services within Switzerland are generally subject to the same registration rules. However, foreign entities supplying on Swiss territory only services which are subject to service import tax (i.e. services taxable at the place of the domestic recipient, excluding telecommunication services or electrical services provided to non taxable recipients) are not obliged to register for Swiss VAT purposes and the reverse charge treatment will be applicable.

In case of registration, the foreign firm must designate a fiscal representative in Switzerland and provide guarantees (usually a bank guarantee) to the Federal Tax Administration in respect of likely tax debts.

Does a non-established business need to appoint a fiscal representative in order to register?

Yes, a non-established person will be required to appoint a fiscal representative in order to be able to register for VAT purposes in Switzerland.

How often do returns have to be submitted?

The VAT returns generally have to be filed on a quarterly basis. The VAT return must be filed and the corresponding payment made within 60 days after the accounting period. However, for small businesses, the tax period is semi-annual. In certain cases, the tax period is monthly. Late payments are subject to interest, at the rate of currently 4% p.a.

Are penalties imposed for the late submission of returns/payment of tax?

In case of intentional or negligent tax evasion, unjustified exoneration or refund, the taxpayer is punished by a fine up to five times the amount of the unlawful advantage. Persons jeopardizing the levy of the tax (for instance by not fulfilling the duty to register) are punished by a fine up to CHF 800,000 (doubled in severe circumstances) or can be prosecuted according to the Swiss Penal Code or the Federal Act on Administrative Penal Law.

Are any other declarations required?

At the end of the business year, a turnover and input VAT reconciliation must be made. In case deviations between the VAT returns filed and the annual financial statements are detected, the entity is obliged to submit an additional annual reconciliation VAT return until 31 August of the following year.

Are penalties imposed in other circumstances?

Penalties may generally be imposed in the case of negligent tax evasion, unjustified exoneration or refund.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Switzerland?

Foreign taxable persons who are not established in Switzerland and who do not supply taxable goods or services on the Swiss territory may, under certain conditions, claim refund of Swiss VAT incurred on their business costs. The claim can be made once a year and must be filed by a Swiss fiscal representative within a period of six months following the end of the calendar year in which the goods and services were bought. There is no refund if the annual amount does not reach CHF 500.

What information must a VAT invoice show?

The seller of the service/goods must produce an invoice to the recipient on request. This invoice must clearly identify provider and recipient as well as the kind of the service provided or good(s) supplied.

Invoices or other accounting documents for taxable recipients as well as for recipients with residence abroad (which are entitled to VAT recovery) should generally include the following:

- the seller's name and address
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer
- the seller's VAT registration number (eg CHE-xxx.xxx.xxx MWST)
- the time or period of supply if this is different from the invoice date
- the invoice amount (must not be in CHF)
- the applicable VAT rate.

Electronic invoices must comply with the requirements regarding proof of origin and integrity. Therefore, e-invoices must include a digital signature by a certified provider.

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Taiwan

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 5% for all taxable supplies not otherwise specified.• Special rates for specified industries:<ul style="list-style-type: none">– 2% for financial institutions– 20/25% for special food and beverage service enterprises– 1% for small traders• VAT-exempted: includes certain essential and unprocessed foods, land, post office stamps, hospital care, educational services• Zero-rated VAT: includes export of goods and services, sales made by duty free shops to passengers, sales made to business enterprises located in export zone or science park, international telecommunication related business, sales made by international transportation related business (subject to the same reciprocal treatment be given by counter country) and others.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	The principal indirect tax in Taiwan is value added tax (VAT). It is charged on taxable supplies that take place in Republic of China (Taiwan).
<i>Is there a registration limit for the tax?</i>	Article 28 of VAT regulations state 'The head office of a business entity and its branches with fixed places of business shall each file an application for business registration individually with the competent tax authority before commencement of business'.
<i>Does the same registration limit apply to non-established businesses?</i>	Yes.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Yes, the non-established business entity needs to appoint a business agent to register VAT in Taiwan.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns bi-monthly. Based on application this can be changed to monthly.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. Late returns and late payment are subject to penalties. The penalty is based on 1% of the tax payable for every two days overdue, provided that the filing is less than 30 days past due. If filing is made after 30 days, there will be other penalties applicable. Late payment of tax is also subject to a 1% surcharge on late payment for every two days in arrears, starting from the day immediately following the date the time limit expires.
<i>Are any other declarations required?</i>	Not applicable.



Are penalties imposed in other circumstances?

Failure to register for VAT or failure to issue Government Unified Invoices in correct manner can also be subject to penalties.

Can the tax incurred by overseas businesses be claimed if they are not registered in your country?

In general, no.

What is the principal indirect tax?

The main indirect tax in Taiwan is value added tax (VAT).

Article 1, of Value Added and Non-Value Added Tax law states ‘Business tax, in the form of value-added or non-value-added, shall be levied in accordance with this Law on the sale of goods or services within the territory of the Republic of China (R.O.C.) and the import of goods’.

Based on the above, VAT is charged on taxable supplies that take place in Republic of China (Taiwan). The fact that one party to the transaction may not be located in Taiwan is not relevant.

VAT registrants collect the VAT from counter parties to the transactions and pass on the tax to the government via VAT filings as required by local law.

Once an application has been approved for the set-up of a business entity, registrar of a company will automatically pass on related information to tax office for VAT registration. The tax office will notify responsible person of the profit seeking enterprise to report to tax office to purchase the first set of Government Unified Invoice (GUI) books.

District VAT officers on regular basis will also visit registered business entities in the district. If a business entity appears to be non-existing or non-trading, tax officer may at his or her discretion suspend an entity’s right to purchase GUI invoice books.

Through control over the serial numbers on GUI, the government can track invoices issued by one business to another. Through cross checking VAT filings to income tax returns, it is difficult for businesses in Taiwan to under-report income.

Is there a registration limit for the tax?

Article 28 of VAT regulations state ‘The head office of a business entity and its branches with fixed places of business shall each file an application for business registration individually with the competent tax authority before commencement of business’.

Failure to register for VAT is subject to a fine of NT\$3,000 ~ NT\$30,000.

Does the same registration limit apply to non-established businesses?

As long as the non-established business entity has a permanent establishment conducting trading activities in Taiwan, then there is a need to register for VAT.

Does a non-established business need to appoint a fiscal representative in order to register?

Yes, the non-established business entity needs to appoint a business agent to register for VAT in Taiwan. If such person is not appointed, the following people could be deemed to be the tax agent for the business entity:

- where the agent, in addition to representing its principal in the purchase of goods, is authorised to regularly represent the principal in making business arrangements and in signing contracts
- where the agent regularly keeps in store goods of its principal and delivers the same, for its principal, to others
- where the agent regularly accepts, for its principal, orders of goods.

How often do returns have to be submitted?

A VAT filing must be filed at least once every two month and is due on the 15th day following the end of the period. Zero rated taxpayer may apply to file VAT on a monthly basis.

Where the VAT refund is needed, the government will give priority assessment if the VAT filing has been audited by a CPA firm.

Are penalties imposed for the late submission of returns/payment of tax?

Both late returns and late payment of tax are subject to penalties.

In the event that a business entity fails to file the sales amount or a detailed list of uniform invoices used within the time limit, the business entity shall be liable to a surcharge for late filing or non-filing:

- if the filing is less than 30 days past due, the surcharge shall be equivalent to 1% of the tax payable for every two days overdue. The administrative fine shall not be less than NT\$1,200 or more than NT\$12,000
- if the filing is in excess of 30 days past due, the business entity shall be liable to a non-filing surcharge equivalent to 30% of the tax payable, as determined by the competent tax authority. The amount of this surcharge shall not be less than NT\$3,000 or more than NT\$30,000
- where there is no tax payable, the surcharge for belated filing or non-filing shall be NT\$1,200 and NT\$3,000 respectively.

A taxpayer, failing to pay any tax or surcharge for late filing or non-filing within the specified time limit:

- if the payment made less than 30 days past due, it shall be subject to a 1% surcharge on late payment for every two days in arrears, starting from the day immediately following the date the time limit expires
- if the payment is late thirty days after the time limit, the taxpayer shall be pursued for payment of taxes owed and be fined no more than five times the amount of tax evaded, and the operation of the taxpayer's business may be suspended by the competent tax authority.

Furthermore, any amount of the above tax or surcharges shall be subject to interest charge calculated on a daily basis at the local bank's prevailing rate of one-year term time deposit.

Are any other declarations required?

Not applicable.

Are penalties imposed for the late submission of returns/payment of tax?

Failure to register for VAT or failure to issue Government Unified Invoices in correct manner can also be subject to penalties.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Taiwan?

In general, no.

What information must a VAT invoice show?

A GUI (VAT invoice) must show:

- an GUI number which is unique and sequential which is pre-printed on invoice book purchased from the government
- the purchaser's registered name
- the purchaser's GUI number
- the invoice date
- the customer's name and GUI number
- an item description sufficient to identify the goods or services supplied
- the quantity of goods or the extent of the services
- the unit price excluding VAT
- item subtotal
- the rate of VAT that applies to what's being sold
- the amount of VAT charged expressed in new Taiwan dollar
- the grand total of the transaction.

The GUI number is generally viewed as the identity number of a business entity in Taiwan.

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Ukraine

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 20%, for all goods and services unless defined to be zero-rated or exempted. From 1 January 2015 the standard rate will be 17%.• Zero-rated for some operations.• Exempt operations.• Operations aren't subject to taxation.
<i>Are there any confirmed or anticipated changes to these rates?</i>	From 1 January 2015 the standard rate will be 17%.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Ukraine. It is a tax on consumer expenditures, and is collected on business transactions and imports. VAT is charged on the final consumption of certain goods and services in the home market but is collected at every stage of production and distribution.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the annual turnover of taxable transactions in Ukraine in the amount of 300,000 UAH (without VAT), and once the limit has (or will be) reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	In accordance with Ukrainian legislation non-resident can be registered as a taxpayer in Ukraine only if such non-resident registers the permanent establishment. The registration limit of UAH 300,000 taxable operations applies to permanent establishments.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	A non-established business do not need to appoint a fiscal representative in order to register.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns on a monthly basis. Some businesses can submit VAT returns covering three month accounting periods.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. Penalties apply in case of non or late VAT return submission, and the amount of fines increases if the taxpayer has already been fined in this tax period.
<i>Are any other declarations required?</i>	In addition to VAT declarations, businesses must provide revised VAT and customs declarations at the time of importing goods.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for an understatement of tax and for increasing budget compensation.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No. VAT incurred by overseas businesses can not be claimed if they are not registered in Ukraine.



What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in Ukraine. VAT is a state tax and is payable to the state budget of Ukraine.

It is a tax on consumer expenditures, and is collected on business transactions and imports. VAT is charged on the final consumption of certain goods and services in the home market but is levied at every stage of production and distribution. The person supplying the taxable goods or services, or importing the same into Ukraine is responsible for VAT returns.

Although VAT is eventually paid by the consumer by being included into the price, the liability for charging, collecting and paying it to the tax authorities at each stage of the process is on the business making the supply i.e. the sale. Therefore, the actual burden of the tax is on the final consumer.

Taxpayers are Ukrainian companies, foreign companies and entrepreneurs. Taxable shall be the Sales of goods, works and services on the territory of Ukraine, imports/exports to/from the territory of Ukraine, exports from the customs territory of Ukraine, supply of services for international transport of passengers and various types of transport are taxable.

Ukraine is regarded to be the place of performing works and providing services in case the purchaser of such works and services is registered (with the tax authorities) on the territory of Ukraine. This rule applies to advertising, advisory, engineering, legal (including advocate services), accounting, auditing, actuarial services, data processing services and providing information and other services in the field of information.

The Ukrainian Tax Code establishes goods, works and services that are taxed at a standard rate of 20%, that are taxed at a zero-rate, the ones that are not subject to taxation and operations that are exempt from the VAT.

The tax reporting period of VAT is one calendar month and in some cases it is a calendar quarter.

Generally, VAT paid to suppliers of goods, work or services will be offset if such goods, work and services were used in the operating activity of the company who pays VAT. In some cases VAT amounts paid to the suppliers of goods, work or services are added to the profits tax deductible expenses (for example, if they are used for VAT exempt operations).

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

Most goods imported into Ukraine from other countries are subject to VAT. The tax will have to be paid by the importer at the time of border crossing.

There is a close relationship between VAT and customs duty. Customs duty is levied at the place where goods are imported into the country. Once duty (and VAT) has been paid by the importer, the goods can then be released for use in the home market. VAT is charged on the value of the importation.

Is there a registration limit for the tax?

If the total amount of taxable operations regarding delivery of goods/services, which are subject to taxation, in aggregate exceeds UAH 300,000 (excluding VAT) such person is required to register as a taxpayer with the tax authorities at its location.

A business can register on a voluntary basis even if the registration limit has not been exceeded.

If a person, that is not registered as a taxpayer, imports taxable goods into the territory of Ukraine, such person shall pay the tax at the time of customs clearance of goods without registering as a taxpayer.

Group registration does not apply in Ukraine.

A penalty may be imposed by tax authorities, if a business fails to register within the prescribed time frame.

Does the same registration limit apply to non-established businesses?

In accordance with Ukrainian legislation non-resident can be registered as a taxpayer in Ukraine only if such non-resident registers the permanent establishment. The registration limit of UAH 300,000 taxable operations applies to permanent establishments.

Does a non-established business need to appoint a fiscal representative in order to register?

In accordance with Ukrainian legislation non-resident can be registered as a taxpayer in Ukraine only if such non-resident registers the permanent establishment. A non-established business does not need to appoint a fiscal representative in order to register. Naturally, any non-resident can set up a subsidiary in Ukraine.

How often do returns have to be submitted?

If you are obliged to charge VAT, you must also report and pay VAT to the state, regardless of the amount of sales. The obligation to report also applies to those who are registered for VAT and have the right to make deductions (right to repayment) despite not needing to charge VAT.

In Ukraine the tax reporting period for VAT is one calendar month and in some cases specified by the tax code – a calendar quarter, taking the following into account:

- if the person is registered as a taxpayer on the day other than the first day of the calendar month, the first reporting period is the period that begins on such registration date and ends on the last day of the first full calendar month
- if the tax registration of person is cancelled on the day other than the last day of the calendar month, the last reporting period is the period that begins on the first day of the month and ends on the day of such cancellation.

Taxpayers who are eligible for the zero income tax rate for the period starting from 1 April 2011, through 1 January 2016, and taxpayers who pay the single tax may choose quarterly tax reporting period. At the same time, quarterly tax reporting period shall apply starting from the first tax reporting period of the next calendar year.

A tax return for the base tax reporting period which is equal to a calendar month shall be filed within 20 calendar days following the last calendar day of the tax reporting month.

The taxpayer shall pay the amount of the VAT liabilities specified in the VAT return within ten calendar days following the relevant deadline.

Are penalties imposed for the late submission of returns/payment of tax?

Taxpayers shall pay a penalty of 170 UAH for failure to submit VAT returns or late submission of the same on a case by case basis. Repeated violations committed by the taxpayer during the year shall incur a penalty of 1,020 UAH for each such failure to submit or late submission. If the taxpayer does not pay its tax liabilities on time, such taxpayer shall pay a penalty as follows:

- in case of delay of up to 30 calendar days inclusive following the last day of deadline for payment of such liabilities – at the rate of 10% of repaid amount of the tax debt
- in case of delay of more than 30 calendar days following the last day of deadline for payment of such liabilities – at the rate of 20% of repaid amount of the tax debt.

Are any other declarations required?

In addition to VAT declarations businesses must provide revised VAT and customs declarations at the time of importing goods.

Are penalties imposed in other circumstances?

Yes. Penalties can be imposed for an understatement of tax and for increasing budget compensations.

Penalties and interest can be applied in case of errors and omissions made in tax returns, or when the tax is paid late. Penalties can also be applied when the businesses fail to maintain adequate records, provide information (including additional declarations) to the tax authorities or make repeated mistakes.

Criminal proceedings may be brought in the case of intentional evasion of taxes, duties and other payments in the system of taxation imposed in accordance with the law.

Can the VAT incurred by overseas businesses be claimed if they are not registered in the Ukraine?

No. VAT incurred by overseas businesses cannot be claimed if they are not registered in Ukraine.

What information must a VAT invoice show?

Required details of the VAT invoice:

- an invoice number which is unique and sequential
- invoice date
- seller's and customer's full or short names
- seller's and customer's VAT registration numbers
- seller's and customer's addresses and phone numbers
- a description sufficient to identify the goods or services supplied to the customer
- supply price exclusive of VAT
- the rate of VAT and amount of VAT in numeric value
- total amount, including VAT.

For each different type of item listed on the invoice, the following must be shown:

- unit price, excluding VAT
- quantity of goods or scope (volume) of services
- VAT rate that applies to what's being sold
- the total amount payable, excluding VAT
- type of civil contract
- commodity code according to Ukrainian classification of goods for foreign economic activities.

Where a VAT invoice includes zero-rated or exempt from VAT goods or services, it shall:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately.

The registration of the VAT invoices in the Unified Register is mandatory for those invoices where the amount of VAT exceeds UAH 10,000 in a single invoice, and also for tax invoices issued during the supply of excisable goods and goods imported into the territory of the Ukraine, regardless of the size of the VAT in the tax invoice.

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United Kingdom

Indirect tax snapshot

<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in the UK. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the annual turnover of taxable transactions in the UK, and once the limit has (or will be) reached it is necessary to register.
<i>Does the same registration limit apply to non-established businesses?</i>	No. There is no registration limit for businesses that are not established in the UK and they will need to register as soon as they start to make taxable transactions. Different registration requirements also apply to businesses involved with 'distance sales' made within the European Union (EU), eg mail order and internet sales.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	In certain circumstances, a non-established person may be directed by the UK tax authority to appoint a fiscal representative.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns covering three month accounting periods. Returns can also be submitted on a monthly basis.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of certain supplies made to customers who are registered for VAT elsewhere in the EU. Declarations also have to be submitted in certain circumstances in connection with goods moving to or from the EU.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	Yes, in certain circumstances and subject to certain conditions.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in the UK and in other European Union (EU) countries.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply, ie the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

A transaction is within the scope of UK VAT if the following conditions are met:

- it is a supply of goods or services. Although the term 'supply' is not defined in the legislation, it has a broad interpretation
- it takes place in the UK
- it is made by a taxable person. For these purposes, a taxable person is a person or entity who is registered for VAT in the UK, or has a liability to become registered
- it is made in the course or furtherance of any business carried on by that person or entity.

There are three rates of VAT that are applied to goods and services in the UK; the standard rate, the reduced rate, and the zero rate. In addition, some goods and services are exempted from the tax.

Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

Most goods imported into the UK from outside the EU are subject to VAT. The tax will have to be paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it may be possible to reclaim the tax (subject to certain rules).

It is also important to note the interaction between VAT and customs duty. Customs duty is levied across the EU at the place where goods are imported into the community. It is levied in order to bring the cost of goods produced outside the EU up to the same level as those produced within it. Once duty (and VAT) has been paid by the importer, the goods are in 'free circulation' and they can then be released for use in the home market. Unlike other indirect taxes, such as VAT, once duty has been paid it is not usually recoverable by the importer. It therefore represents a bottom line cost to the importing business if it cannot be passed on in higher prices. It is therefore very important to ensure that the correct rate of duty is applied. VAT is charged on the value of the importation, including any custom duty.

Is there a registration limit for the tax?

A 'person' who either makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT if the value of its taxable supplies in the UK exceeds the annual registration limit, or is expected to exceed the limit in the near future. A business can register on a voluntary basis even if the registration limit has not been exceeded.

For these purposes, a 'person' includes any legal entity. Therefore, once a person is registered for VAT, all of his business activities will be covered by the registration – even if the nature of some of those activities are very different.

Two or more corporate bodies can be registered together as a VAT group if:

- each of the bodies is established, or has a fixed establishment, in the UK
- they satisfy the 'control' test, ie one of them controls each of the others, or one person or a business partnership controls all of them
- they satisfy anti-avoidance rules that apply in certain circumstances.

A corporate body cannot be treated as a member of more than one VAT group at a time.

The main advantage of VAT group registration is that, apart from a few limited exceptions, any supply of goods or services by a member of the group to another member of the group is disregarded for VAT purposes. This reduces the risk of VAT being accidentally omitted on supplies between separately registered connected companies.

However, there are some disadvantages and any decision on whether to group register should be taken with care. For example, all VAT group members (including former members) are jointly and severally liable for the VAT debt of the group during the period of their membership.

A penalty may be imposed by the tax authority if a business fails to register at the correct time.

Does the same registration limit apply to non-established businesses?

The normal VAT registration limit does not apply to businesses who are not established in the UK, but for the purposes of the tax are making taxable supplies there. Those businesses will need to register for VAT as soon as they commence trading in the UK, irrespective of the level of turnover.

Registration for VAT in the UK may also be required where a non-established EU business is involved with distance selling. Distance selling occurs when a taxable supplier in one EU country supplies and delivers goods to a customer in another EU country who is not registered or liable to be registered for VAT. Such customers are known as non-taxable persons, and include private individuals and businesses and other organisations that are not registered for VAT (either because of their size, or the fact that they are exempt from having to register due to the nature of their activities). The common examples of distance sales are goods supplied by mail order and via the internet.

Each EU country has the option of applying a distance selling threshold of either €35,000 or €100,000 euros per calendar year, or the equivalent in its own currency. The UK has adopted an annual threshold of £70,000 which equates to the upper threshold in euros.

Distance sales from another EU country to non-taxable persons in the UK will be subject to VAT at the appropriate rate in the suppliers country. However, once the value of those distance sales to the UK exceeds the UK threshold of £70,000:

- the supplier becomes liable to register for VAT in the UK
- the UK becomes the place of supply
- any further sales to customers in the UK are subject to UK VAT.

Suppliers can choose to make the UK the place where the goods are supplied by registering for VAT voluntarily before the threshold is reached.

Does a non-established business need to appoint a fiscal representative in order to register?

The tax authority in the UK may direct a person to appoint a VAT representative to act on his behalf for VAT purposes where the person:

- is a taxable person or makes taxable supplies or acquires goods in the UK from one or more other EU countries
- is not established, and does not have a 'fixed establishment' in the UK
- is established in a country or territory which is not an EU country (or part of such a country) and where it appears to the UK tax authority that there is no provision for mutual assistance similar to that which provided between the UK and other EU countries
- in the case of an individual, he does not have his 'usual place of residence' in the UK.

How often do returns have to be submitted?

VAT returns normally cover an accounting period of three months, ending on the last day of a calendar month, a business can request a specific accounting cycle to coincide with its financial or management reporting. Businesses that are in a net repayment position (because of the nature of their activities) and those incurring exceptionally high expenditure (for example, as a result of set up costs or a capital project) can apply to submit returns on a monthly basis to improve cash flow.

All VAT returns have to be submitted within 30 days of the end of the relevant accounting period, together with any tax due. As all returns and payments have to be submitted electronically, taxpayers get a further seven days (in addition to the normal 30 days) in which to submit the return and pay the tax due.

Businesses that had a taxable turnover exceeding £2.3m in the preceding calendar year, must make interim VAT payments every month. An interim payment must therefore be made at the end of the second and third months in each accounting period. A balancing payment for the quarter is then made when the return is submitted.

Are penalties imposed for the late submission of returns/payment of tax?

A default surcharge penalty may be imposed by the tax authority if VAT returns are not submitted on time, or the related tax is not paid by the due date.

For the first late submission or payment, the tax authority will issue a notification to the taxpayer confirming that a penalty may be imposed in the future. If another submission or payment is late within the next 12 months, a fixed percentage penalty is imposed on that occasion. The percentage penalty is increased for subsequent defaults (up to a specified maximum), unless returns and the related payments are made on time for a 12 month period.

Are any other declarations required?

Businesses that are registered for VAT in the UK, and make supplies of goods or services to traders registered for the tax in other EU countries are required to complete and submit EC Sales Lists (ESLs). The ESLs must show details of the recipients of the goods and services.

Generally, where the value of goods supplied to businesses in other EU member states exceeds £35,000 in the current or four previous quarters, the ESLs must be submitted each calendar month. Otherwise the document for goods is submitted for each calendar quarter.

ESLs for services should be submitted for each calendar quarter.

In addition, if the value of the intra-EU trade in goods dispatched or arriving from other EU countries is above an annual threshold, a supplementary declaration (referred to as an Intrastat declaration) has to be submitted for either or both. These declarations have to be submitted on a monthly basis.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Civil penalties and interest can be applied for errors and omissions made on tax returns, or where the tax is paid late. Penalties can also be applied where the business has failed to maintain adequate records, provide information (including additional declarations), or makes repeated mistakes.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in the United Kingdom?

Yes, it may be possible to reclaim the VAT incurred in certain circumstances.

Two schemes exist, one for businesses established in the EU and another for businesses established elsewhere.

The EU cross border refund scheme is available in all EU member states, and enables a business established in an EU country to recover VAT incurred in another member state. To be eligible to make a claim, the claimant must be a taxable person established in an EU member state other than the one from which the claim is to be sought. In addition, the claimant:

- must not be registered, liable, or eligible to be registered in the member state from which he is claiming the refund
- must have no fixed establishment, seat of economic activity, place of business or other residence there
- during the refund period he must not have supplied any goods or services in the member state of refund, apart from certain limited exceptions.

The amount that is refundable is determined by the deduction rules that apply in the country making the refund. The claim is submitted electronically to the tax authority from whom the repayment is being sought.

The refund period must not cover more than one calendar year or less than three calendar months – unless it is covering the remainder of a calendar year. The claim has to be made by 30 September of the year following that in which the VAT was incurred.

Businesses established outside of the EU can, subject to certain conditions, also reclaim the VAT incurred on imports into the UK or purchases of goods and services used in the UK. The scheme is available to any person carrying on a business established in a third country, ie outside the EU, provided that in the period of the claim:

- they were not registered or liable to be registered for VAT in the UK
- they were not established in any EU country
- they made no supplies of goods and services in the UK other than certain specified exceptions
- where they are established in a third country having a comparable system of turnover taxes, unless the UK tax authority allows otherwise, that country provides reciprocal arrangements for refunds to be made to taxable persons established in the UK.

The claim period in the UK is from 1 July to 30 June each year. Claim forms have to be submitted to the UK tax authority no later than six months from the end of the relevant designated year, ie by 31 December each year.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address
- the seller's VAT registration number
- the invoice date
- the time of supply (also known as tax point) if this is different from the invoice date
- the customer's name and address
- a description sufficient to identify the goods or services supplied to the customer
- the rate of any cash discount
- the total amount of VAT charged expressed in sterling.

For each different type of item listed on the invoice, the following must be shown:

- the unit price or rate, excluding VAT
- the quantity of goods or the extent of the services
- the rate of VAT that applies to what's being sold
- the total amount payable, excluding VAT.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately.

Where a business makes retail sales and makes a sale of goods or services for £250 or less including VAT, a simplified VAT invoice can be issued.

VAT invoices can be issued, received and stored in electronic format and there is no need to tell the tax authority. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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Uruguay

Indirect tax snapshot

What are the current rate(s) of indirect tax?

- Standard rate of 22% for most goods and services within national territory, the introduction of goods into the country, and the value added over real property from works by means of administration performed by those who are not Income tax on Economic Activities (IRAE) taxpayers, at a basic rate of 22%.
- Reduced rate of 10% for some goods as the ones from the family food basket, the first sale of real estate, and certain services such as health services.
- Zero-rated for exports of goods and services and for sales of agricultural goods in some cases.

Are there any confirmed or anticipated changes to these rates?

Yes, it is supposed that the standard rate will be 20% in the future.

What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in Uruguay.

Is there a registration limit for the tax?

No.

Does the same registration limit apply to non-established businesses?

No.

Does a non-established person need to appoint a fiscal representative in order to register?

No, in case of those taxes.

How often do returns have to be submitted?

Most businesses are required to submit VAT and IMESI returns on a monthly basis.

Are penalties imposed for the late submission of returns/payment of tax?

Yes.

Are any other declarations required?

In some cases, special declarations are required (i.e. VAT in case of a vehicle acquisition in order to deduct the VAT).

Are penalties imposed in other circumstances?

Yes. Penalties can be imposed in other circumstances.



What is the principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in Uruguay.

VAT is levied on operations dealing with the domestic circulation of goods, the rendering of services within national territory, the introduction of goods into the country, and the value added over real property from works by means of administration performed by those who are not Income tax on Economic Activities (IRAE) taxpayers, at a basic rate of 22%.

Goods integrating the family food basket, the first sale of real estate, and certain services such as health services shall pay taxes at a 10% minimum rate

Exportation of goods is subject to this tax at a rate of zero % in all cases. Additionally, exportation of services is subject to this tax at a rate of zero % if the services are included in a specific list (list that can be increased by a decree of the Uruguayan executive power). Following are some examples of services considered exportation:

- international freight of goods (in transit) outside Uruguay
- services for construction of airplanes and boats
- services in the free port and Uruguayan free zones, only if it is necessary to render the service in these zones
- services rendered to non-residents regarding specific sectors, (eg, TV, cinema, logistical services, etc.)
- advisory services rendered to foreign entities, involving activities developed, goods situated or rights used outside Uruguay, when the services are used economically outside Uruguay
- advertising services rendered by advertising agencies to foreign clients, if the material is used exclusively abroad.

If the service is not included in the list, the service will be taxed at a rate of 22%.

This tax operates according to the tax against tax system.

VAT credit for exportation can be recovered.

If the goods a corporation sells or services are VAT exempted, the corporation has nothing to deduct from and the VAT paid on its purchases of goods or services will become part of cost. In case of exports – VAT rate zero % – the VAT credit is still available against other taxes.

Is there a registration limit for the tax?

No.

Does the same registration limit apply to non-established businesses?

Not applicable, there is no registration limit.

Does a non-established business need to appoint a fiscal representative in order to register?

Regarding VAT, there is no obligation to appoint a fiscal representative. In almost all cases, a withholding agent is appointed.

How often do returns have to be submitted?

The tax is calculated and paid either monthly or annually, depending on the taxpayer's volume of business. In the case of annual calculation, payments are to be made on account, based on transactions for the month.

Sworn tax returns are to be submitted monthly or annually, depending on whether the tax is calculated monthly or annually, with accumulated data for the year underway and, at year-end, the outstanding balance is calculated and paid (or a tax credit is carried over to the following year).

Are penalties imposed for the late submission of returns/payment of tax?

Yes. In case of late submission of the tax return a penalty (not significant) is imposed. In case of late payment, a penalty of 5%, 10% or 20% is imposed over the tax not paid (depending how long), and then surcharges are also imposed. Surcharges are generated every day.

Are any other declarations required?

In some special cases, some declarations need to be issued.

Are penalties imposed in other circumstances?

In some cases, if the VAT is not paid with the intention to avoid and hide the taxable event before the tax authority, our law states the existence of tax fraud as a monetary penalty and as a penal crime (defraudación tributaria).

If a company incurs in formal deficiencies regarding formal requirements only if it is possible to understand that the company has the intention to commit tax fraud, our law states a judicial procedure in order to close the company for a certain period of time (six working days or more, depending the case).

Please note that according to our law, in some cases (not all of them) the penalty of ‘contravención’ could be applicable over each document which may contain a formal deficiency with a limitation of 1,000 penalties.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller’s name and address
- the seller’s tax registration number
- the invoice date
- the customer’s name and address, and sometimes the identification number in case of individuals
- a description sufficient to identify the goods or services supplied to the customer
- the rate of any cash discount
- the total amount of VAT charged.

Additionally the details of the print house shall be included in the invoice, as well as a QR code.

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Uzbekistan

Indirect tax snapshot

<i>What are the current rate(s) of VAT?</i>	<ul style="list-style-type: none">• The 20% standard rate of value-added tax (VAT) applies to most transactions.• Exports and certain agricultural inputs such as fertilisers, fuel and lubricants are zero-rated.
<i>Are there any confirmed or anticipated changes to these rates?</i>	No.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Uzbekistan. It is a tax on consumer expenditure, and is collected on business transactions and imports.
<i>Is there a registration limit for the tax?</i>	Yes. The following entities do not pay the value added tax: <ul style="list-style-type: none">• non-profit organisations, with the exception of turnover from the sale of goods (works, services) within the business• legal entities under the simplified tax regime.
<i>Does the same registration limit apply to non-established businesses?</i>	No. Works and services provided by non-residents of the Republic of Uzbekistan, are taxable turnover of Uzbekistan taxpayer who receives works and services if the place of realization is the Republic of Uzbekistan, and shall be subject to value added tax in accordance with the tax code.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	No.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns covering three month accounting periods.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed.
<i>Are any other declarations required?</i>	Yes. Taxpayers also provide registers of invoices for goods (works, services) purchased and sold during the fiscal period.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No.



What is the principal indirect tax?

The VAT being one of the main indirect tax in Uzbekistan, was introduced from 1 January 1992. VAT – an indirect tax that is included in the price of goods and services and, accordingly, must be paid to the budget at the expense of customers. During the course of VAT in the Republic of Uzbekistan there were resizing the tax rate, which was originally 30% in 1992, 25 % in 1993-1994, and from 1998 to the present day rate is 20%.

At the same time, also there is VAT at the zero rate, and there is, as in all countries, the VAT exemptions. Exports and certain agricultural inputs such as fertilisers, fuel and lubricants are zero-rated. Exemptions include financial services, public utilities, municipal passenger transport and public education services.

Payers of value added tax are:

- legal entities, which have taxable turnover
- legal entities, which are obliged to pay the value added tax for the taxable turnover carried out by non-residents of the Republic of Uzbekistan
- legal entities and individuals importing goods into the territory of the Republic of Uzbekistan
- partner (member) – a legal entity entrusted with the conducting business of a partnership (the trustee) in carrying out taxable turnover.

The objects of taxation are:

- turnover on the sale of goods (works, services)
- import of (works, services).

Is there a registration limit for the tax?

A single, general tax registration encompasses VAT registration. There is no separate VAT registration requirement in Uzbekistan. The following entities do not pay the value added tax:

- Non-profit organisations, with the exception of turnover from the sale of goods (works, services) within the business
- legal entities under the simplified tax regime.

The legal entities payers of unified tax payment, may pay the value added tax on a voluntary basis by written notification submitted to the state tax service in place of tax registration no later than a month before the beginning of the next quarter, and for the newly created entities – before the beginning of the activity.

Does the same registration limit apply to non-established businesses?

Works and services provided by non-residents of the Republic of Uzbekistan, are taxable turnover of Uzbekistan taxpayer who receives works and services if the place of realization of the works and services is the Republic of Uzbekistan, and shall be subject to value added tax in accordance with the tax code.

The taxable base is determined based on the amount payable to the non-residents of the Republic of Uzbekistan, without deducting the amount of income tax to be withheld at source on income derived from sources in the Republic of Uzbekistan.

Does a non-established business need to appoint a fiscal representative in order to register?

No.

How often do returns have to be submitted?

The value added tax returns are submitted to state tax authorities at the place of tax registration on a quarterly basis no later than the 25th of the month following the reporting quarter, and the annual value added tax returns – by the date of submission of annual financial statements.

Value added tax due to be paid by:

- micro-firms and small enterprises, who are subject to value added tax – not later than the date for submission of the value added tax returns
- taxpayers who do not belong to the micro-firms and small enterprises – monthly no later than the 25th of the following month, and by the end of the year – no later than the deadline for submission of annual financial statements.

Payment of value added tax on imported goods should be made in the terms established by the customs legislation.

Are penalties imposed for the late submission of returns/payment of tax?

Late submission of tax reports made repeatedly during the year after the application of administrative penalties is punishable by a fine. Late submission of tax reports punishable by a fine in the amount of 1% for each day of delay, but not more than 10% of the amount of vat payable by the date of payment with exemption of previously accrued amounts for the reporting period.

Violation of the terms of payment of taxes and other mandatory payments is punishable by a fine in the amount of 0.05% for each day of delay, starting from the day after the due date of payment to the date of payment, inclusive.

Are any other declarations required?

Taxpayers also provide registers of invoices for goods (works, services) purchased and sold during the fiscal period. Form of the register of invoices established by the State Tax Committee of Uzbekistan.

Are penalties imposed in other circumstances?

Yes. Reflection the VAT on the invoice of sales of goods (works, services) that are not subject to value added tax, as well as the sale of goods (works, services) by suppliers who are not payers of value added tax, shall result in the fines on suppliers in the amount of 20% of the value added tax indicated in the invoice. In this case, the supplier shall also make the payment in amount of tax specified in the invoice.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Uzbekistan?

No.

What information must a VAT invoice show?

An invoice is a document of strict accountability, which contains the following information:

- the number and date of issue of the invoice
- the number and date of shipping documents or the contract, which the invoice is attached
- the name, address (postal address), and identification number of the taxpayer and the buyer of goods (works, services)
- the name of goods sold, works and rendered services and units of measure (if possible)
- the amount (volume) of goods sold, work performed, services rendered by the invoice based on units of measure (if possible)
- price (tariff) for the unit under the agreement (contract), excluding value added tax, as in the case of state-controlled prices (tariffs), including the value added tax – given the amount of value added tax
- the value of the total amount (volume) of the traded goods, works, services rendered without value added tax
- the rate and amount of excise duty on excisable goods
- the rate and amount of value added tax, is offered to the buyer of goods (works, services)
- the total amount (volume) of the traded goods, works, services rendered, including the excise tax on excisable goods and the value added tax.

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Zimbabwe

Indirect tax snapshot

<i>What are the current rate(s) of indirect tax?</i>	<ul style="list-style-type: none">• Standard rate of 15% for most goods and services.• Zero-rated goods and services including most basic food stuffs.
<i>Are there any confirmed or anticipated changes to these rates?</i>	Not at this time.
<i>What is the principal indirect tax?</i>	Value Added Tax (VAT) is the principal indirect tax in Zimbabwe. It is a tax on consumer expenditure, and is collected on goods and services consumed in Zimbabwe. It is also charged on imports into Zimbabwe.
<i>Is there a registration limit for the tax?</i>	Yes. It relates to the annual turnover of taxable transactions, and once the limit has (or will be) reached it is necessary to register. The current registration threshold is US\$60,000.
<i>Does the same registration limit apply to non-established businesses?</i>	Yes. All businesses operating in Zimbabwe are required to reach that threshold to qualify for tax registration.
<i>Does a non-established person need to appoint a fiscal representative in order to register?</i>	Whether the business is an established business or not, a representative or a public officer is required when a company applies for VAT registration.
<i>How often do returns have to be submitted?</i>	Most businesses are required to submit VAT returns covering two month accounting periods. Returns can also be submitted on a monthly basis for large corporates.
<i>Are penalties imposed for the late submission of returns/payment of tax?</i>	Yes. If a VAT return, or the corresponding payment, is submitted late a penalty can be imposed. Presently the penalty for late submission of a return is \$30 per day delayed.
<i>Are any other declarations required?</i>	Yes. Additional declarations have to be submitted in respect of all expenses on which a VAT input claim is being made.
<i>Are penalties imposed in other circumstances?</i>	Yes. Penalties can be imposed for a range of errors or omissions.
<i>Can the tax incurred by overseas businesses be claimed if they are not registered in your country?</i>	No, only VAT that has been incurred in Zimbabwe is claimable in Zimbabwe.



What is the principal indirect tax?

Value Added Tax (VAT) is the main type of indirect taxation in Zimbabwe.

It is a tax on consumption which is applied during the production and distribution process to most goods and services. It is also applied to goods, and certain services, entering the country. Although VAT is ultimately borne by the consumer by being included in the price paid, the responsibility for charging, collecting and paying it to the tax authority at each stage of the process rests with the business making the supply, ie the sale.

A business registered for the tax will charge VAT (output tax) on its sales, and incur VAT (input tax) on its purchases (including any VAT paid at importation). The difference between the output tax and the deductible input tax in each accounting period will be the amount of VAT payable by the business to the tax authority. Where the input tax exceeds the output tax, a refund can be claimed.

A transaction is within the scope of Zimbabwean VAT if the following conditions are met:

- it is a supply of goods or services. The term 'supply' is defined in the legislation, and includes all forms of supply irrespective of where the supply is effected, (even including things that happen by law, eg expropriation) and any derivative of supply is construed accordingly
- it takes place in Zimbabwe
- it is made by a registered operator. For these purposes, a registered operator is a person or an entity that is registered for VAT in Zimbabwe, or has a liability to become registered under the VAT act
- it is made in the course or furtherance of any business carried on by that person or entity.

There are two rates of VAT that are applied to goods and services in Zimbabwe; the standard rate and the zero rate. In addition, some goods and services are exempted from VAT.

Businesses that make exempt supplies are unable to claim all of the input tax that they incur, so the VAT paid to suppliers will be a 'real' cost.

VAT on imports

Most goods imported into Zimbabwe are subject to VAT at the standard rate. The tax is paid by the importer at the time of importation. Where the importation is for business purposes and the importer is registered for VAT, it is possible to reclaim the input tax using the bill of entry as the supporting document.

Time of supply

The time of supply for goods imported into Zimbabwe shall be the date on which the goods are deemed to have been imported in terms of the customs and excise legislation. Where the goods are entered for home consumption in terms of the customs and excise act, they are deemed to have been imported on the date on which they are so entered. In the case of goods that are imported and are entered into a bonded warehouse; no VAT is chargeable until they are released for home consumption.

Value of supply of imported goods

The value of supply for goods imported into Zimbabwe is the value for duty purposes. The value for duty purposes will include insurance charges and transport charges.

VAT on imported services

VAT is also charged on imported services. An imported service is a supply of services by a non-resident to a resident of Zimbabwe to the extent that such services are used for making non-taxable supplies.

The time of supply for imported services is the earlier of an invoice being issued or any payment being made for the supply of the service. The responsibility to pay VAT on imported services lies with the recipient of the imported. This must be declared and paid for within 30 days from the time of importation.

Deemed sales

The act provides for both actual and deemed supplies of goods or services. The deeming provisions widen the range of transactions subject to VAT and clarify the fact that certain transactions are indeed taxable. Some of the deemed transactions that are deemed to be taxable supplies include sales in execution of a debt deregistration, door-to-door credit sales, subsidies by the local or public authority, sale of a going concern, receipt of an insurance indemnity and repossession of goods.

Is there a registration limit for the tax?

A 'person' who makes or intends to make taxable supplies of goods or services in the course or furtherance of a business must register for VAT if the value of its taxable supplies in Zimbabwe meets or exceeds the annual registration threshold, or is expected to exceed the limit in the near future.

However, a business can register on a voluntary basis even if the registration limit has not been exceeded under certain conditions. A penalty may be imposed by the tax authority if a business fails to register at the correct time.

In terms of the VAT act a 'person' includes:

- sole proprietor, ie an individual carrying on business in his own name or under a trade name
- a company
- a partnership or joint venture
- a deceased estate or insolvent estate
- trusts
- incorporated body of persons, eg an entity established under its own enabling act of parliament
- unincorporated body of persons, eg club, society or association with its own constitution
- local and public authorities.

Requirements for voluntary registration

An application for voluntary registration can be disapproved by the commissioner in the following instances:

- if the person has no fixed place of abode or business
- if the person does not keep proper accounting records.
- if the person has not opened a bank account with any bank or similar institution for the purpose of his trade.

Does the same registration limit apply to non-established businesses?

All businesses making taxable supplies in the course of furtherance of a business are eligible for VAT registration on attaining the registration limit. There is no differentiation between an established business and a non-established business.

Does a non-established business need to appoint a fiscal representative in order to register?

The tax authority in Zimbabwe requires that every company applying for VAT registration appoints a person to represent the company on VAT and all other tax affairs.

How often do returns have to be submitted?

The general rule is that all registered operators will account for VAT on the invoice basis, unless the commissioner, on written application by the registered operator, has directed otherwise. Returns together with the payments are submitted on the 25th of the following month after the end of the tax period.

A tax period is two calendar months for most registered operators, while for large registered operators it is a monthly tax period.

This implies that a registered operator is required to account for VAT at the earlier of:

- the time an invoice is issued
- the time any payment is received by the supplier.

Therefore a registered operator accounts for both cash and credit transactions.

Payments basis

The act also provides for an alternative accounting basis namely the payment basis. Registered operators in this category will account for VAT only to the extent they have received payment from such sales and claim input tax to the extent of payments made on purchases and expenses. The payment basis is only limited to public authorities, local authorities and associations not for gain. These registered operators, who wish to account for VAT on the payments basis, must apply to the commissioner in writing.

Are penalties imposed for the late submission of returns/payment of tax?

A default penalty may be imposed by the tax authority if VAT returns are not submitted on time, or the related tax is not paid by the due date.

For the first late submission or payment, the tax authority will issue a notification to the taxpayer confirming that a penalty may be imposed in the future. If another submission or payment, a fixed percentage penalty is imposed on that occasion. The percentage penalty is increased for subsequent defaults (up to a specified maximum), unless returns and the related payments are made on time.

Are any other declarations required?

Businesses that are registered for VAT in Zimbabwe are required to submit input tax schedules to accompany each VAT return submitted. The input tax schedule must show:

- the name of supplier
- a description of goods/services supplied
- amount excluding VAT
- amount of VAT charged
- invoice number/bill of entry number in the case of a bill of entry being used
- date of supply of the goods or services.

Are penalties imposed in other circumstances?

Yes. A range of penalties can be imposed where businesses do not comply with the VAT rules.

Civil penalties and interest can be applied for errors and omissions made on tax returns, or where the tax is paid late. Penalties can also be applied where the business has failed to maintain adequate records, provide information (including additional declarations), or makes repeated mistakes.

Criminal proceedings may be brought in the case of more serious matters.

Can the VAT incurred by overseas businesses be claimed if they are not registered in Zimbabwe?

No, VAT can only be claimed if it has been incurred in Zimbabwe. The tax authority will not refund VAT that has been incurred in other tax jurisdiction even where the goods are eventually consumed in Zimbabwe.

What information must a VAT invoice show?

A VAT invoice must show:

- an invoice number which is unique and sequential
- the seller's name and address
- the seller's VAT registration number
- the invoice date
- the customer's name and address
- a description of goods or services supplied to the customer
- the customer's VAT number
- amount excluding VAT
- the total amount of VAT charged.

For each different type of item listed on the invoice, the following must be shown:

- the unit price or rate, excluding VAT
- the quantity of goods or the extent of the services
- the rate of VAT that applies to what's being sold
- the total amount payable, excluding VAT.

Where a VAT invoice includes zero-rated or exempt goods or services, it must:

- show clearly that there is no VAT payable on those goods or services
- show the total of those values separately.

Where a business makes retail sales, a simplified VAT invoice can be issued.

VAT invoices can be issued, received and stored in electronic format. Electronic invoices must contain the same information as paper invoices. The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

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