

# NEWSLETTER II / 2016



## How to access Public procurement markets in the European Union and Switzerland: focus on France and Switzerland

**TURIN Convention of May, 20th 2016**

The regulation of public procurement is facing important transformations, both at European and National levels, also due to the deadline for the transposition of the European Directives of 2014 by Member States, fixed on April 18th 2016. The Convention held in Turin on the 20th May 2016, organized by Studio CASSINIS, La Boétie and LRF as members of the European Network TRA (Tax Representative Alliance), in collaboration with the Chamber of Commerce of Turin and with the International Trade Center (GREX) of the Chamber of Commerce of Grenoble, was the opportunity for an update about the evolution of the legislation on Public Procurement at European Union level, with focus on France and Italy, compared with the specifics of Swiss legislation, and to face the most important legal and tax issues associated with the participation of Public Procurements abroad.



### Netherlands - Revised proposal for the treatment of VAT on vouchers

The Dutch presidency of the EU Council of Europe is expected to put forward revised proposal for the treatment of VAT on vouchers. The EU had drafted an amendment to EU VAT Directive to cover VAT on vouchers in 2012. However, there was a split between member states.

#### VAT on vouchers

The current Directive does not cover the VAT treatment of vouchers where they are used as consideration for a taxable supply. Member states have developed a range of conflicting treatments covering issues around the place of supply, the taxable amount and the rules on cross-border use of vouchers. The issue of vouchers on chain supplies, and their sale by intermediaries, is particularly uncertain.

In addition, the member states cannot agree on the right of providers of multi-purpose vouchers to deduct their input VAT. Over half the member states believe such vouchers are outside the scope of VAT and should therefore not enjoy the right to deduct VAT on expenses or overheads.

#### The future of VAT

On 7 April 2016 the European Commission adopted an 'Action Plan on VAT'. This action plan sets out immediate and urgent actions to tackle the VAT gap and adapt the VAT system to the digital economy and the needs of small and medium sized enterprises. It also provides clear orientations towards a robust single European VAT area in relation to the definitive VAT system for cross-border supplies and proposes options for a modernized policy on EU rules governing VAT rates.

[http://ec.europa.eu/taxation\\_customs/taxation/vat/action\\_plan/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/action_plan/index_en.htm)

### New address

Trade and Tax is very happy to announce that the company moved to  
Wolfswinkel 4  
6021 ED Budel  
on 15 September 2016.

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## Cyprus Yacht Registration

The guidelines issued by the Cypriot Tax authorities make Cyprus one of the most attractive jurisdictions for yacht registrations within the EU. Based on the new guidelines the effective tax rate can be reduced as low as 3% through the use of the Yacht Leasing Scheme.



### VAT treatment:

For VAT purposes, the leasing of the yacht is considered as a supply of services with the right of deduction of input VAT by the lessor (owner of the yacht). This supply of services by the lessor, is taxable at the basic VAT rate of 19% but only to the extent that the leased yacht is used within the territorial waters of the European Union (EU). A special condition which applies is that the lessor must be a company registered in Cyprus. The lessee (the person who leases the yacht) may be an individual or legal person, irrespective of residence and place of incorporation

### Method of calculation of the use of the yacht within EU territorial waters:

Due to the difficulty of trailing the movements of each yacht in order to determine the time that the yacht is used within the territorial waters of the EU and the time it is used outside the EU, the Yacht Leasing Guidelines provide that Cypriot VAT will only be applied on a percentage of the lease consideration.

The applicable percentages have been determined by the Cypriot tax authorities and depend on the length and type of the yacht (motor boats or sailing yachts) and indicate the presumed length of use of the yacht in EU waters. There is therefore, no need to maintain for VAT purposes, any detailed record or log books of the movements of the yacht.

## TRA announces new member in Russia

Company UNICONS LLC (2009) and IBizPro Company LLC (2011) are a group of companies which were established to offer accounting, tax consulting, legal and other services and fulfil the functions of a chief accountant, a tax consultant, an auditor, a lawyer, or other specialists and make you feel at home doing business in the Russian Federation.

**Company will resolve most of your business issues related to in-house non-profitable departments and save your costs!**

### *Bookkeeping and Accounting Services*

Business accounting in compliance with the Russian legislation, reconstruction of financial accounts, accounting in accordance with IFRS, financial statements in accordance with GAAP Russia.

### *Taxation and Tax Accounting Services*

Tax accounting and taxation of legal entities, tax accounting services for individuals, other advisory services.

### *Payroll and Personnel Records Services*

Consulting services on personnel records and personnel record keeping, payroll and tax accounting services, preparation of payroll statements for tax authorities and funds.

### *Business and Tax Accounting in Foreign Companies*

Accounting in accordance with peculiarities of foreign businesses for branches and representatives, advice on doing business in Russia and filling in tax returns both for legal entities and individuals.

### *Managerial Accounting*

Management accounting according to the client's request, budgeting, planning, plan-fact analysis, financial rates analysis, monthly managerial reports.

### *Legal Services*

Preparation of agreements and contracts; registration of branches and representative establishments of foreign legal entities; registration of Russian legal entities; opening and termination of bank accounts; consulting on other legal issues.

### *Other Services*

Preparation of business-plans; visa support; obtaining work permit for foreign citizens;

In case of signing a service agreement with company you will benefit from the following: costs saving and maximization of your resources, continuous accounting, quality of services, security and confidential treatment of information, protection from the risk of conflict of interests in your company. For more information please visit web-page [www.uniconsphr.com](http://www.uniconsphr.com)

## German VAT registration for foreign companies

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There are some important exceptions which are complicated by inconsistent interpretation of the rules from member state to member state. If one of these exceptions is applicable, a foreign company must register for VAT in Germany, even if the foreign company has no branch or place of business in Germany.

Here are some examples of when companies with business activities in a foreign country must register although they have no branch there ("are not based there"):

- Holding stocks in a warehouse in Germany and then selling them to German customers
- Maintaining a German consignment warehouse and selling products to German customers
- Use of the German Amazon Fulfilment Service (FBA) as a foreign Amazon trader with delivery via the German warehouse
- Buying and selling products in Germany without the goods leaving the country
- Organising live events (conferences, art, education) in Germany
- Distance selling of goods to individual persons (e.g. internet retailing, Amazon traders) and exceeding the German delivery threshold

We have provided more detail regarding "Distance Selling" below:

### Distance Selling into Germany / VAT Threshold

If you are a VAT-registered business outside Germany but in another European Union (EU) country and you sell and deliver goods to customers in Germany who are not VAT-registered - and do not have to be registered - then you are 'distance selling'. For example, you might sell goods through the Internet or through a mail order catalogue. Sales you make to customers who are VAT-registered do not count as distance sales.

### Sales into Germany

In the case of being a supplier from another EU country selling to customers who are not registered for VAT in Germany, until the value of your distance sales goes over the German distance selling registration threshold - currently EUR 100,000.00 - you pay VAT in the Member State in which you are registered.

If the value of your distance sales to German customers in a calendar year from 1 January is more than EUR 100,000.00, then you must register and account for VAT in Germany as soon as they go over the threshold. You may apply to be registered for your distance sales in Germany before they reach the threshold. If your distance sales to Germany include excise goods, such as tobacco or alcohol you must register for VAT whatever their value.

You can apply to cancel your registration if the annual value of your distance sales to Germany falls to EUR 100,000.00 or less and does not include excise goods or you expect that your distance sales will be less than EUR 100,000.00 in the current year.

### Sales or movements to other EU countries

Each EU country has a distance selling threshold. If you are registered for VAT in Germany and supply goods from Germany to customers in another EU country who are not VAT registered, you must charge VAT at German rates until your sales exceed the threshold for that country. Once they exceed the threshold, you must register for VAT in that country and charge their rate of VAT on the sales. You will have to record your sales for every EU country and check regularly to see if they go over that country's threshold.

You might transfer your own goods to another part of your organization, or put them in storage, in another EU country. This is treated as if you would made an acquisition there and you will have to account for VAT in that country.

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## Greece - Increase of standard VAT rate

A new law passed on 23 May 2016 has made the following changes to VAT:

- the standard VAT rate will be increased from 23% to 24% on 1 June 2016
- the lower standard rate of 16% will be abolished on 1 June 2016 for the islands of Thasos, Andros, Tinos, Karpathos, Milos, Skyros, Alonissos, Kea, Antiparos and Sifnos. Thus, the standard rate there will increase from 16% to 24%.



Other indirect taxes are also affected by the new law:

- 10% flat-rate tax is imposed on paid TV from 1 June 2016 onwards
- 5% flat-rate tax is imposed on internet connections from 1 January 2017 onwards
- a retroactive increase of flat-rate tax (from 30% to 35% with effect from 1 January 2016) will apply to gambling companies, irrespective of the amount of their profits
- a flat-rate tax of 0.10 EUR per 100ml of liquid for e-cigarettes will be applied from 1 January 2017 onwards

## New tax rate in Austria:



Starting in 2016 a tax rate of 13% will be introduced in Austria for the following supplies of goods and services:

- supply and import of certain services like living animals, seeds, plants, flowers, animal feed, wood, paintings, drawings, printings, postage stamps, collectors' items, antiques, etc.
- breeding, fattening, holding of animals as well as cultivation of plants, etc
- selling wine in farmhouse shops
- operation of swimming pools and thermal treatment
- activity as an artist
- cultural services (like theatre and musical performances, museum, zoo, screening, circus)
- youth services provided to persons up to their 27th birthday (the services have to consist of care, lodging, meals and usual accessorial services)
- lodging in furnished living spaces and bedrooms and related ancillary services (including heating). However breakfast customary in the location is still subject to 10 % VAT and beverages are subject to 20 % VAT.
- renting of land for camping and usual accessorial services
- passenger transport by aeroplane
- tickets for cultural and sports events

Usually the new tax rate is applicable from the 1 January 2016. For the following services the VAT rate of 13 % is applicable from 1 May 2016:

- Lodging (there is also a transitional rule: If booking and prepayment was before 1 September 2015, reduced VAT rate of 10 % for lodging is applicable until 31 December 2017)
- renting of land for camping (the same transitional rule as for lodging is applicable)
- tickets for cultural services (the same transitional rule as for lodging is applicable)

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## New approach to cash sales recording in the Czech Republic from 2016

Since the beginning of 2016, the Czech Republic has been successively introducing the system of the electronic records of cash sales of goods and services called e-sales (in Czech "E-tržby" - "EET"). EET is a new way of prompt communication between entrepreneurs and the Tax Authorities.

In principle, the communication starts at the moment of payment, when every cash receipt is recorded through the internet in the central data repository of the Tax Authorities. Then, a unique code for confirmation is immediately sent back and recorded on the bill. Subject of the recording are all cash payments including means that de facto represent money tokens, vouchers and payments by meal vouchers or cheques. The system does not cover payments via wire transfers or by debiting. There is also an off-line solution for cases of temporary internet connection failure or simplified version of the records for selected businesses.

The purpose of EET is to prevent fraudulent actions and to increase efficiency of audits, which should be aimed only at businesses with inconsistency in their bookkeeping.

The new approach to sales recording will be compulsory for legal persons carrying on business activities and for natural persons with business activities having tax residency in the Czech Republic.

The EET system is being introduced gradually:

1st phase - (i.e. since the initiation of the system on the 1st of December 2016) persons providing catering and accommodation services;

2nd phase - (1st of March 2017) persons performing retail and wholesale business;

3rd phase - (1st of March 2018) other business activities with exception of those included in the next phase;

4th phase - (1st of June 2018) selected crafts and business activities (e.g. farming, transport, freelancers)

## "Development strategy in Europe: Switzerland, Belgium, Romania and Italy" - Marseille, November, 18 2016

On November 18, the international alliance of VAT specialists TRA (Tax Representative Alliance) with the cooperation of Marseille Chamber of Commerce de Marseille, will hold a workshop with the following topic "Development Strategy in Europe : Switzerland, Belgium, Romania and Italy" at Palais de la Bourse à Marseille. For every market, the members concerned will introduce the different possibilities proposed by the local law and the international law so that the French companies develop their business as well as the corresponding tax rules.

### Poland: E-audits

As of the 1st of July 2016 tax offices in Poland will perform tax audits electronically, using a Standard Audit File for Tax/ Jednolity Plik Kontrolny (SAFT/JPK). These changes require companies to adjust their systems. The Ministry of Finance published on its website the specifications of interfaces of JPK.

Data for the audits (JPK) will be prepared by the taxpayers in the form of XML files conforming to the XSD schema published by the Ministry of Finance. Each of the documents described by the appropriate diagram is to be a separate XML file.

The published specification of the Ministry of Finance explains how to proceed with the transfer of data from computer systems of companies to the tax authorities. First, the data created in the form of XML files will be encrypted and compressed, and then divided into parts. This aims to facilitate the transfer of files of large size.

After preparing the documents they are now compatible with the schedule allowing the taxpayer to send the data, the taxpayer will also have to prepare the authentication data.

Specification of interfaces of JPK is available on the website of the Ministry of Finance.



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## TRA Meeting 2016 In Geneva

The last annual meeting of the Tax Representative Alliance (TRA) took place in Switzerland, on 1st April 2016. The meeting was organized by the Swiss TRA member, LA BOETIE.



Every TRA member attended the annual meeting in Le Brassus, in the Valley of Joux, next to the French border. They discussed the actions performed during the previous year and the new actions to come, introducing the new members joining the alliance and mention the new markets to explore in VAT matters.



This year, TRA's annual meeting has also been preceded by an event dedicated to their own Swiss clients on March, 31 2016 in Starling Hotel, in Geneva. During an afternoon, the clients had the opportunity to have face-to-face meetings with the different members in order to learn more about them and VAT matters.



Then, the Swiss members held a conference called "Managing VAT relating to cross-border transactions -Experience based feedback" before a final cocktail and a departure to Le Brassus for the annual meeting.

## New TRA member: ITL Group Kft., Hungary



Picture your ideal world: a place where quick and exhaustive answers to all your questions are always within reach. Impossible? Think again. As a one-stop shop, the ITL Group can meet all your demands and promote your growth in Hungary. Our main asset is our close-knit group of local and international experts: they'll provide your company with targeted solutions for every step of the journey. Flexible, tailored services where an ethical approach, transparency, and respect are key, all consolidated by our dedication and passion for what we do. Our wide experience is based on over 20 years of supporting a considerable number of companies and projects. Will you be our next success story? There's only one way to find out...

ITL Group is a consulting company set up in Budapest in 1995 that is made up of over 50 professionals (Italians and Hungarians), split across 10 different service areas:

- ITL Accounting
- ITL Tax Advisor
- ITL Audit
- ITL Consulting
- ITL EU Finance
- ITL HR Solutions
- ITL Real Estate
- ITL Marketing (Economia.hu)
- Lajos Law Firm

By now, ITL Group has become the largest Italian private consulting company operating in Hungary.

### Contact data:

ITL Group Kft.  
Alessandro Farina  
Váci utca 81  
1056 Budapest  
Hungary  
Phone +36 1 269 56 79  
Fax: +36 1 269 56 25  
a.farina@itlgroup.hu  
www.itlgroup.hu