



VAT Evening Business Forum 25th February 2015



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VAT Evening Business Forum

- Latest VAT updates
- Indirect Tax opportunities for the logistics sector
- Freeport



Latest VAT updates

VAT trends in Luxembourg / Taxable persons

2014 : 66.460 VAT registered taxable persons*

Most frequently met issues

- Lack of understanding / Incorrect application of VAT rules
- Incorrect implementation of advices received
- Wrong setting of IT systems (order, invoicing, accounting)
- Organization of the VAT function : Lack of internal control

* Source : 2013 & 2014 Report of activity published by the AED



Latest VAT updates

VAT trends in Luxembourg / VAT authorities

Main trends in the practice of the VAT authorities*

- 2010 : Specialization of VAT offices
- Increase of checks based on periodic VAT declarations (Early Warning System used since 2013)
- Total of audits on site : **894 (+11% vs 2013)**
- VAT assessments : **58.847.671,91 EUR**
- Penalties 2014 : **3.304.395 EUR**
 - ✓ Lack of VAT returns filing : 2.983.500 EUR
 - ✓ Other issues : 320.895 EUR (+65% VS 2013)

* Source : 2013 & 2014 Report of activity published by the AED



Latest VAT updates

New regulations applicable starting January 1st, 2015

- Law dated 26th May 2014
 - ✓ Implementing the article 5 of Directive 2008/8/EC « VAT Package »
 - ✓ Amending the amended law of 12th February 1979
- Budget Law dated 19th December 2014
 - ✓ Amending the amended law of 12th February 1979
- Grand Ducal Regulations dated 19th December 2014
- Bill of Law 6713
 - ✓ Proposal to amend the amended law of 12th February 1979



Latest VAT updates

VAT rates in Luxembourg - Budget Law 19/12/14

| Rate (until 31/12/14) | Rate (starting 1/1/15) | Applies <i>inter alia</i> to |
|----------------------------------|------------------------|---|
| Standard 15% | 17% | Supply of goods and services where a reduced rate does not apply |
| Intermediate 12% (annex C LTVAl) | 14% | Some wines, advertising print and commercial brochure, etc |
| Reduced 6% (annex A LTVAl) | 8% | Electricity, gas, flowers, haircutter, cleaning of private housing, importation of works of art, etc |
| Super reduced 3% (annex B LTVAl) | 3% | Books, foodstuffs including at restaurant (but excluding alcoholic beverages), construction work on new building to be used as a primary residence by the owner , beverages excluding alcohol, assigning water distribution, some pharmaceutical products, hotel, transport of passengers, access to concert and theatres, broadcasting and television services, clothes for children under 14 years , etc |







Latest VAT updates

Refund of excess of VAT credit - Budget Law 19/12/14


New article 55 of VAT Law defines :

- **The formal way to introduce a VAT refund**
- **Deadlines** for the treatment of the VAT refund request by the VAT authorities

| Receipt of VAT refund request by the Recette Centrale by registered letter with acknowledgment of receipt | | | |
|---|--|----------------------------------|---|
| 4 months |  LE GOUVERNEMENT DU GRAND-DUCHÉ DE LUXEMBOURG Administration de l'enregistrement et des domaines | Accept | Proceed to refund within 10 days  LE GOUVERNEMENT DU GRAND-DUCHÉ DE LUXEMBOURG Administration de l'enregistrement et des domaines |
| | | Refusal | Claim against the refusal within 3 months |
| | | No answer = refusal | |
| | | Ask additional information | Provide information within 1 month |
| | | No answer Provide information | 1 month |
| 2 months |  LE GOUVERNEMENT DU GRAND-DUCHÉ DE LUXEMBOURG Administration de l'enregistrement et des domaines | Accept | Proceed to refund within 10 days  LE GOUVERNEMENT DU GRAND-DUCHÉ DE LUXEMBOURG Administration de l'enregistrement et des domaines |
| | | Refusal | Claim against the refusal within 3 months |
| | | No answer = refusal | |

Latest VAT updates

Claim against a VAT assessment – Law 26/05/2014

- After the review of the annual VAT return, the taxable person receives :
 - An information report (*bulletin d'information*) : the VAT return is accepted without any change
 - Or a VAT assessment (*taxation d'office*) : the VAT return has been amended by the VAT authorities
- The taxpayer has the possibility to claim against these decisions within 3 months from their notification date
- The Law dated 26th May 2014 introduces the article 76.4. 
applicable starting 1st January 2015
 - In case no action has been undertaken within the 3 months deadline, a reasoned request may be addressed to the Director of the AED asking to reopen the deadline if the taxable person was unable to act within 3 months without having committed any fault



Latest VAT updates

New place of taxation for e-services - Law 26/05/2014

| Location and VAT status of the client | EU Client | | Non EU Client | |
|---------------------------------------|---|--|---------------|-----|
| | B2C (& B2B Lux) | B2B (not Lux) | B2B | B2C |
| VAT treatment Until 31/12/14 | Lux VAT 15% | No VAT (if client provides a valid EU VAT number) | No VAT | |
| VAT treatment Starting 01/01/15 | EU VAT corresponding to the country of the client (LU VAT if LU client) | | | |

► **Telecommunication, radio and television broadcasting and electronically supplied services**

EU Regulations 282/2011 and 1042/2013 define the nature of evidences to keep in order to determine the location and VAT status of clients



Latest VAT updates

Use of the VAT MOSS (« Mini One Stop Shop »)

Starting 1st January 2015, Luxembourg established companies can declare and pay EU VAT charged to EU consumers (B2C) using a centralized “Mini One Stop Shop” (MOSS) located in Luxembourg



Latest VAT updates

Bill of Law 6713

- Extends the application of reduced VAT rate upon importation to antiques and second hand goods
- Implements a specific VAT regime to auction sales
- Extends the scope of article 60bis (suspended VAT regime) to additional customs suspended regime : temporary import and transit procedures



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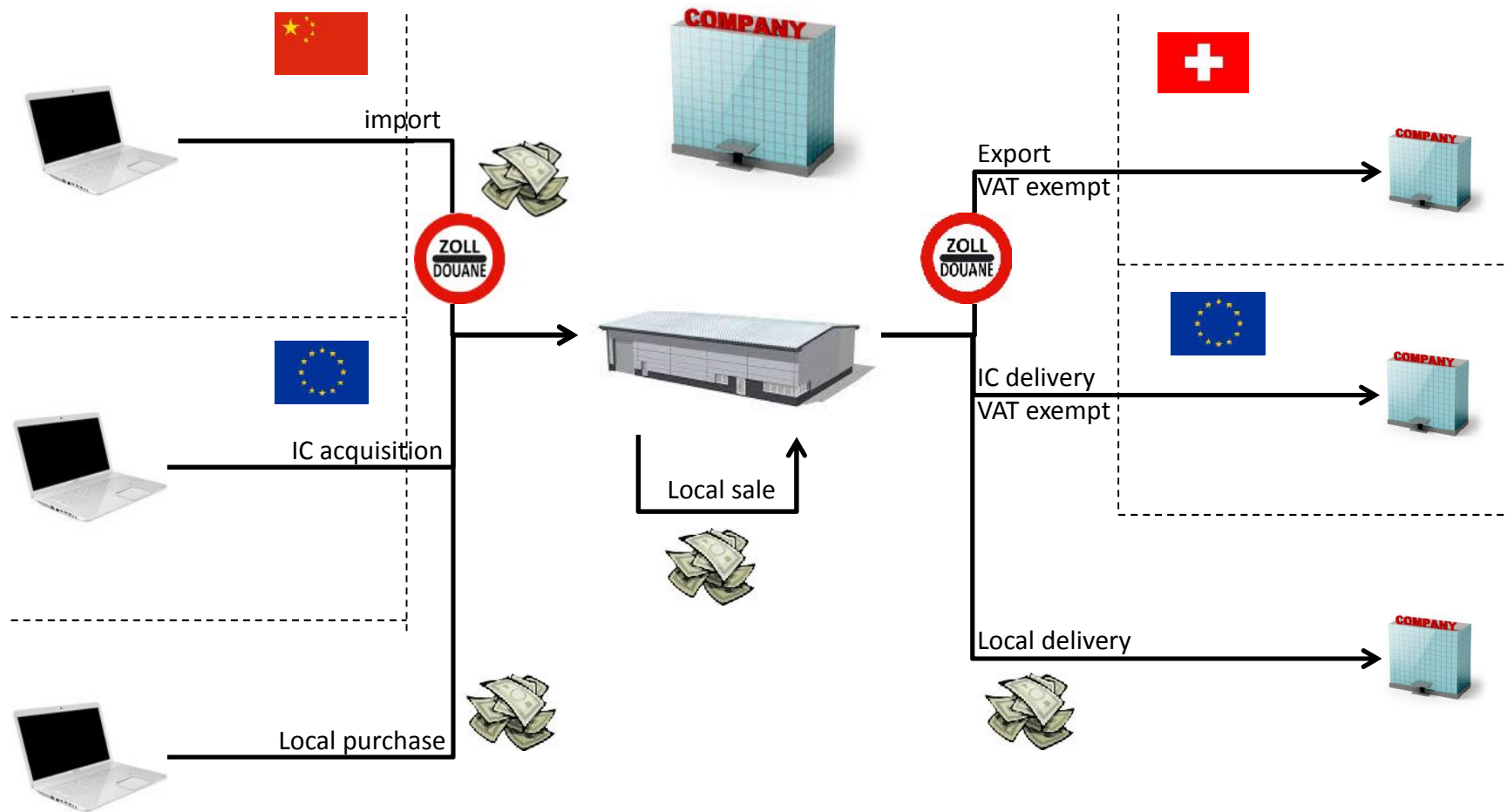
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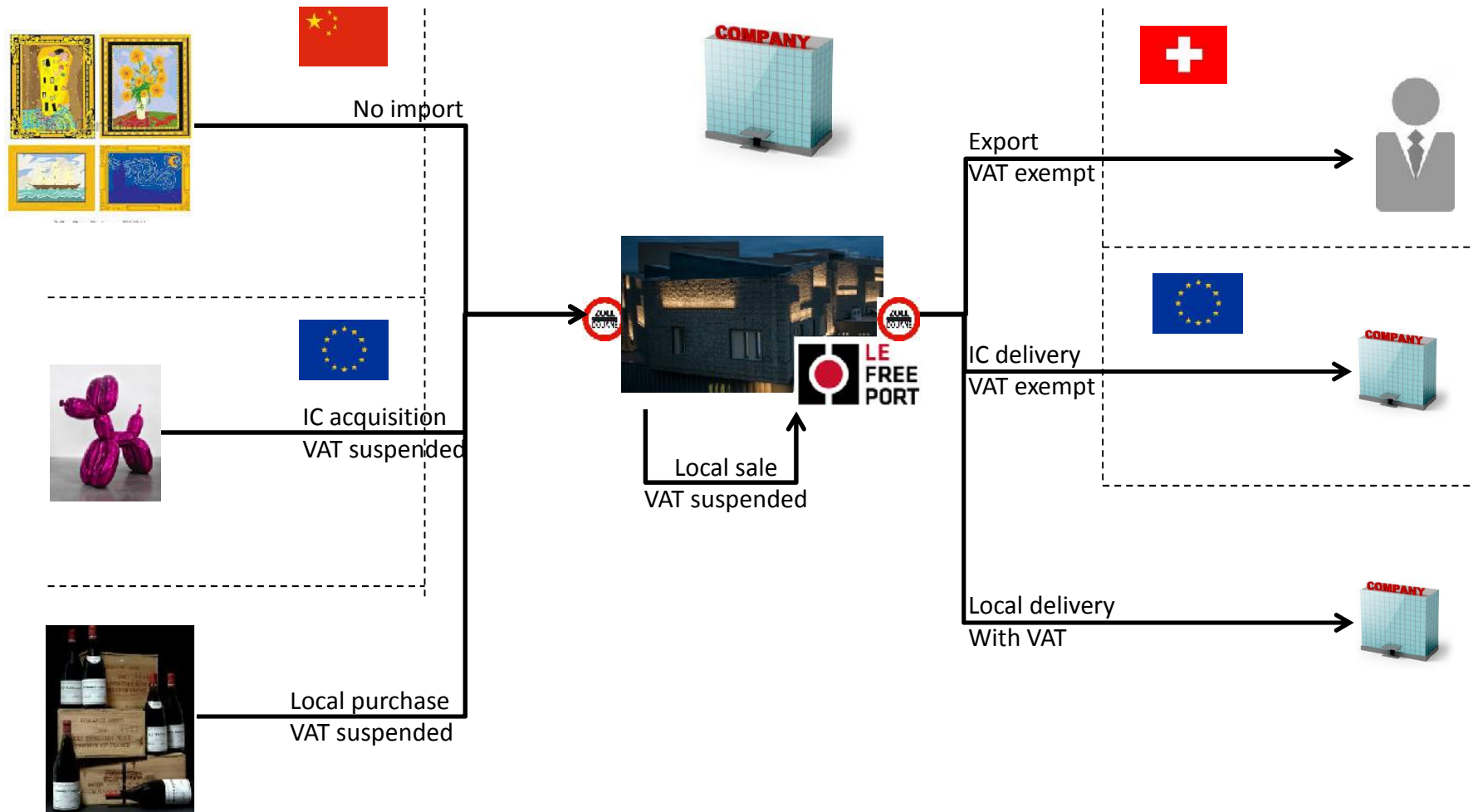
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Indirect Tax opportunities for the Logistic sector

Main VAT rules on international delivery chains



Le Freeport VAT and Customs environment



Questions ?



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Thank you for your attention

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