VAT*trends*

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Czech Republic

Czech Cabinet Approves VAT Increase

The Czech government has approved further VAT rate increases which are expected to come into force on 1 January 2013. The changes will see the standard VAT rate increase from 20% to 21% and the reduced VAT rate increase from 14% to 15%.

These changes are subject to approval by the Czech Parliament, and then need to be signed into law by the President, therefore it is possible that the plans may change as the year progresses.

Finland

VAT rates set to increase in January 2013

The Finnish government has announced its intention to increase all three VAT rates with effect from 1 January 2013. Although no firm proposal is expected to be issued until the autumn, the current plan would see all three rates increase by one percentage point each, from 9%, 13% and 23% to 10%, 14% and 24% respectively.

Germany

Entitlement to reclaim input VAT

The German Supreme Tax Court (OFD) in Niedersachsen has ruled that an input VAT deduction can still be granted to German taxpayers in individual cases on grounds of Equity, even if all of the formal legal requirements (as laid out in §1.Abs 1. Nr 1 of the German VAT legislation) have not been met, e.g. if purchase invoices are missing.

No input VAT deduction will be allowed for reasons of equity, however, if certain other legal conditions are not met, such as the supplier owes VAT to the tax office under §14c of the German VAT legislation. This is the case even where the recipient of the invoice has taken all possible steps to ensure that he is not caught up in any fraudulent behaviour.

Italy

Italy delays planned VAT rate increases

Following a recent spending review, Italy has decided to postpone increasing its VAT rates further until 1 July 2013.

It was originally intended that the standard rate of VAT would increase from 21% to 23%, and the reduced rate from 10% to 12%, with effect from 1 October 2012. These changes will now take effect on 1 July 2013.

It was also originally intended that these rates would then increase further, by an additional 0.5%, in 2014. Instead, they will now be decreased by 1 percentage point each with effect from 1 January 2014, i.e. from 23% to 22% and from 12% to 11%.

These plans may be subject to further changes, however, depending on the success of other measures that are to be introduced to tackle Italy's budget deficit in the meantime.

Ireland

Making VAT payments

The Irish tax authorities (the Irish Revenue) have limited the ways in which taxpayers can make VAT payments to them. VAT payments must now be made electronically through the Revenue Online Service (ROS) either by debit instruction (RDI) or by credit card (limited to VISA and MasterCard).

As this change will impact foreign companies that are registered for VAT in Ireland, and that need to make VAT payments, we are currently discussing this matter with the Irish Revenue to see if they will continue to accept alternative means of payment from such businesses.

Japan

JCT rate set to double by 2015

Japan's consumption tax is set to rise from 5% to 10% by the end of 2015. The lower house has passed the bill and it is expected that the upper house will follow.

The plan is to increase the consumption tax rate to 8% on 1 April 2014 and then to 10% on 1 October 2015.

Latvia

VAT rate decreased to 21% with effect from 1 July 2012

The standard rate of VAT in Latvia has been decreased from 22% to 21% with effect from 1 July 2012.

The reduced VAT rate of 12% has remained unchanged.

The Netherlands

Reverse-charge introduced for computer components and mobile phones

With effect from 1 June 2012, suppliers of certain computer components and mobile phones can now opt to have their customers account for the Dutch VAT that is due on their supplies using the reverse-charge mechanism. The use of the reverse-charge mechanism for these types of supplies is optional, not mandatory, and it only applies to transactions with a value of more than EUR 10,000. It is intended that the reverse-charge will become mandatory once the necessary EU approvals have been obtained.

Standard VAT rate to increase from 19% to 21%

The standard rate of VAT is set to increase from 19% to 21% with effect from 1 October 2012. Transitional measures have now been put forward to deal with the change in rate.

Spain

VAT rate increases announced

The Spanish President has announced that the standard rate of VAT is to be increased from 18% to 21%. The reduced rate of VAT will also increase from 8% to 10%. The super reduced rate of 4% will remain unchanged. In addition to these rate increases, there will also be (as yet unannounced) changes to the scope of the reduced rates. These changes will come into effect on 1 September 2012.

Keep up to date without having to search for the information

Install the VAT Widget

VAT Widget has been designed to keep you up to date without having to search for the information. It will provide you with the following benefits straight to your desktop:

News: all the latest VAT developments and news delivered daily to your desktop

Country profiles: access to key information on VAT in all EU countries and beyond.

Ask the expert: a facility that will allow you to post questions to one of our International VAT consultants, directly from the desktop application.

EU takes legal action against France and Luxembourg

The EU Commission has started legal proceedings against France and Luxembourg with regard to the rate of VAT that they apply to digital books. Both countries apply a reduced rate of VAT to e-books (7% in France and 3% in Luxembourg) which is not allowed under current EU law. According to the EU VAT legislation, Member States are not entitled to apply a reduced rate of VAT to “electronically supplied services” which is how digital books are regarded for VAT purposes in the EU. If France and Luxembourg do not amend their legislation the Commission may ultimately refer the matter to the European Court of Justice.

Top tips and takeaways from The 3rd Annual Conference for VAT Compliance Control in SAP®

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