

AUSTRIA

Amendments to the VAT Act

- As of 1st January 2017
 - Implementation of the rules and definitions laid down in the Implementing Regulation 1042/2013/EU regarding supplies in connection with immovable properties.
 - Short term renting out of immovable properties (less than 14 days) is excluded from the tax exemption (particularly relevant e.g. for hotels renting out seminar rooms).
 - The calculation of the threshold of EUR 30,000.00 regarding the tax exemption for small entrepreneurs does not include most of tax exempt transactions anymore.

Supply with transportation in a chain transaction

- The Austrian Supreme Administrative Court confirmed that in an A-B-C chain transaction with three taxable persons the second supply B-C qualifies as supply with transport (Art 32 EU VAT Directive) if the final customer C organizes the transport (VwGH 29.6.2016, 2013/15/0114).

Remedy for safety net acquisition

- According to the Austrian tax authorities (BMF) a safety net acquisition (without input VAT deduction) of an intermediary due to an incorrect application of the simplification for triangulation (wrong invoice or declaration in the Austrian VAT return or Recapitulative statement) can be eliminated in case the intermediary corrects his mistake and proves the taxation of the iC acquisition in the Member State of destination in concrete or on a general basis (BMF 1.3.2016, BMF-010219/0105-VI/4/2016; BMF 13.7.2016, BMF-010219/0255-VI/4/2016).
- According to the latest opinion of the BMF the intermediary only has to correct his mistake but does not have to prove the taxation in the Member State of destination for the concrete transaction in case one of 24 listed Member States (all except CZ, DK and MT) is the Member State of destination (BMF 19.10.2016, BMF-010219/0396-VI/4/2016).



BULGARIA

Amendments to the VAT Act

- As of 1st January 2017
 - Introduction of a tax exemption for donations of certain kind of food for charitable purposes, which is bound inter alia to the following conditions:
 - Expiring date of the food is within 30 days of the donation date
 - Value of the donations does not exceed 0.5 % of the annual turnover
 - No outstanding tax, social security or public liabilities of the donator
 - In case a VAT registered natural person in Bulgaria dies, the successors who continue the business-activities have to VAT register within six months after the death of the predecessor.
 - Supplies performed by a tour operator to another tour operator shall be treated and taxed as a supply of a single service to tourists.
 - The tax liability for supplies carried out in milestones arises on the date of acceptance of the individual milestone.
 - The zero-rating related to transportation of goods or passengers on high sea vessels is not applicable in case the vessels are used for entertainment, sporting or personal purposes.
 - Credit notes for refunded or offset advance payments have to be issued within five days.
 - Input VAT deduction for immovable properties, transport vehicles (with certain exemptions) and other long-term assets with a value over BGN 5,000.00 has to be made pro rata in case the assets are used for private and business purposes. Furthermore, a voluntary application of the pro rata input VAT deduction for all other assets was introduced.



CROATIA

Amendments to the VAT Act

- As of 1st January 2017
 - Application of the reduced VAT rate of 13 % on supplies of certain agricultural goods (i.e. seeds, seeding, fertilizer, pesticide), electricity, child seats for cars, coffins, urns and garbage collection.
 - Application of the standard VAT rate of 25 % on restaurant and catering services and supplies of sugar (previously 13 %).

Planned amendments to the VAT Act

- As of 1st January 2018

- Increase of the threshold for VAT registration to HRK 300,000.00.
- Input VAT deduction for costs related to passenger cars (purchase, fuel, insurance) in the extent of 50 % (currently no input VAT deduction). However, no input VAT deduction for the purchase price exceeding HRK 400,000.00.
- Possibility to record in- and output VAT related to imports of specific goods with value over HRK 1,000,000.00 in the same calculation period without any payment.
- As of 1st January 2019
 - Implementation of the regulations stated in the EU VAT Directive regarding the VAT treatment of vouchers (single- and multi-purpose vouchers).



CZECH REPUBLIC

Amendment of the Czech VAT Act

- As of 1st January 2017
 - Introduction of the taxation of gambling including a definition of the term "gambling".

Planned amendment of the Czech VAT Act

- Expected as of 1st April 2017 (after approval by the Czech parliament):
 - The special regime for partnerships will be cancelled (i.e. each member of a partnership will have to fulfil its VAT obligations on its own).
 - Provisions regarding the place of supply of services connected to immovable property will be adjusted in line with Regulation 1042/2013/EU.
 - The obligation to declare and pay VAT from advance payments will be adjusted in line with ECJ 419/02, *BUPA Hospitals* (i.e. obligation to declare and pay VAT will arise only if the goods or services are precisely identified at the time of advance payment).

Electronic records of cash sales

- Cash sales must be electronically registered. On the receipt a special code form confirming the registration of the cash sale must be stated. As of 1st December 2016 it applies on accommodation and food services. As of 1st March 2017 it will be extended on retail trade and wholesale and as of 1st March 2018 and 1st June 2018 further extensions are planned.

Intrastat declaration

- As of 1st August 2016 the exchange rate applicable for Intrastat declarations is the same exchange rate, which is applicable for the VAT return.

Tax base reduction in case of insolvency proceedings

- A taxable person is entitled to correct its VAT liability in case the claim against its customer arose at least six months before the decision on recipient's insolvency.



GERMANY

Administrative fine due to late submission

- As of 1st January 2019 the assessment of an administrative fine due to late submission of an annual VAT return is no longer at the discretion of the tax office. If the (extended) deadline is missed, an imposed fine will amount to 0.25 % of the tax payable.



HUNGARY

Amendments to the VAT Act

- As of 1st January 2017
 - Obligation to indicate the customer's VAT ID number on invoices with a VAT amount over HUF 100,000.00.
 - Changes concerning the application of the reduced VAT rates of 5 % and 18 % regarding various food products and internet connection and restaurant services.
 - Extension of the list of goods for which reverse charge concerning waste and scrap applies.

Extension of the VAT exempt status

- As of 1st January 2017 the threshold for the personal VAT exempt status (not granted automatically, applicable by taxpayer) is raised from THUF 6,000.00 to THUF 8,000.00. By the threshold-calculation all income realized from supplies of goods and services of the previous calendar year as well as the planned income of the actual calendar year should be considered. E.g. for 2017 the income of 2016 and the planned/realized income of 2017 should be considered for the calculation of the threshold.

Change to the EKÁER system

- As of 1st October 2016 economic operators (AEO) can make a simplified EKÁER declaration. It is sufficient to

provide information regarding the supplier, the recipient and the license plate of the transport vehicle when applying for the EKÁER number (Decree of the Minister of National Economy Nr. 38/2016).



POLAND

Amendments to the VAT Act

- As of 1st January 2017
 - The scope of the reverse charge mechanism in domestic transactions is extended to numerous construction services supplied (by subcontractors) between taxable persons and supplies of certain new types of goods (e.g. unprocessed gold and silver).
 - Introduction of new penalty surcharges of 20 %, 30 % and 100 % of the VAT liability in case of a deviation between the declared amount and actual tax liability.
 - Elimination of the option to file quarterly VAT returns (except for small entrepreneurs).
 - Obligation to submit VAT returns and Recapitulative statements electronically.
 - Excess input VAT is refunded within 60 or 180 days from the date of filing a tax settlement. A refund within 25 days can be applied in case of minor input VAT amounts or if the excess input VAT results from invoices where the amount due had been fully paid by bank transfer.

Restricted input VAT deduction for passenger cars

- Poland is further entitled to limit the right to deduct input VAT to 50 % for costs related to certain vehicles other than passenger cars not used solely for business purposes ([Council Implementing Decision 2016/1837/EU](#) of 11th October 2016; expiring on 31st December 2019).

Increased registration threshold for small businesses

- Poland was authorized to raise the threshold for the tax exemption of small entrepreneurs to EUR 40,000.00 (Council Implementing Decision 2016/2090/EU of 21st November 2016; expiring on 31st December 2018).



ROMANIA

Amendment to the VAT Act

- As of 1st January 2017
 - The standard VAT rate is reduced from 20 % to 19 %.
 - The Informative statement regarding domestic transactions (Form 394) is extended to supplies to private individuals.
 - Introduction of a special VAT regime for farming activities carried out by natural persons.

Reverse charge mechanism to domestic supplies of wood products

- Romania is authorized to derogate from Art 193 [EU VAT Directive](#) and applies the reverse charge mechanism to domestic supplies of wood products until 31st December 2019 ([Council Implementing Decision 2016/1206/EU](#) of 18th July 2016).



SERBIA

New rulebook on VAT

- As of 1st January 2017
 - Foreign suppliers are required to register for VAT if they make any taxable supplies to non-taxable persons irrespectively of the turnover.
- As of 1st April 2017
 - The rules for the place of supply of services have been amended in accordance with the EU VAT rules. Consequently, the general B2B and B2C rules (Art 44 and 45 EU VAT Directive) are in the same way applicable in Serbia.
- As of 1st January 2018
 - Taxable persons have to provide more detailed information (e.g. date of occurrence of the tax liability and the conditions for tax exemptions) divided in the different types of transactions (e.g. supply with right to deduct input VAT, purchase of goods and services etc.) to the tax authorities in the form of VAT calculations together with the VAT returns.



SLOVAKIA

Interest on the excess VAT

- As of 1st January 2017 interest of 1.5 % p.a. is payable on input VAT refunds in case the refund has not been paid within six months of the time at which the right to deduct arose.



SLOVENIA

Place of taxation regarding passenger transport services

- According to the Slovenian tax administration the renting out of vehicles (e.g. busses) with drivers has to be treated as passenger transport service also in case the service is not directly provided to the passengers but to a third party (e.g. tour operator).
- Therefore, taxable persons renting out vehicles with drivers have to register in Slovenia for VAT purposes in case the transportation actually takes (partly) place in Slovenia (Explanation of Financial Administration No. 4230-308/2016-6 of 12th August 2016).



FOR FURTHER INFORMATION, PLEASE CONTACT:

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