

VAT ALERT



Important VAT changes for non EU companies doing business with EU customers. Place of supply of electronic services in 2015

From January 1st, 2015 the VAT rules for the supply of telecommunications, broadcasting and electronic services to private persons within the EU will change. Now these services are taxable in the EU Member state where the supplier is established. In case of a non EU company supplying such services no VAT is due in the EU member states. As of January 1st, 2015 the supply of these services will be taxable at the place where the customer (private person) is resident. This will mean for a non EU company that it will have to charge European VAT to this type of European costumers.

Telecommunications, broadcasting and electronic services

The new rules will apply for providers who supply the following services to private persons:

- telecommunication services: the service of sending or receiving signals by wire, radio, optical or other systems. It includes fixed and mobile telephony, fax and connection to the internet.
- electronically supplied services, like building and maintaining websites or software, giving access to databases or downloading music, films or games. It can also apply to e-learning.
- broadcasting, like radio and television.

New VAT-rules

From 1 January 2015, the telecommunications, broadcasting and electronic services will be taxable at the place where the customer is resident. This means that the non EU supplier will have to deal with 28 different VAT rates and may have to register for VAT and file VAT returns in 28 different EU Member states.

To make things easier, it is possible to apply a simplified procedure which allows suppliers to register for VAT in only one EU Member state. This is regardless of the amount of service they supply to individuals in other EU Member states. This procedure is called the 'Mini-one-stop-shop' ('MOSS'). Using MOSS, the non EU supplier is only filing one VAT return for all EU Member states. MOSS is not mandatory. If a supplier does not want to make use of MOSS, he will have to register in the EU Member states where he is supplying the services stated above to individuals.

Note! The non EU supplier who uses the MOSS will have to charge the VAT-rate that is applicable in the EU Member state where the customer lives. Although the supplier is only registered in one EU Member state under MOSS, he will still have to calculate the VAT due based on the different VAT-rates of the EU Member states he supplies to.

Prepare for these changes

Suppliers will have to anticipate and act on these changes in time. IT-systems will have to be adjusted to ensure that the correct VAT-rates will be calculated. It is also important that the determination of the residence of the customer is secured in the administrative procedures. Finally, the supplier has to consider whether he wants to pass on the price increase to the customers within the EU. In some EU Member states the VAT-rates are higher than in others.

BDO in the Netherlands

As we are experienced in dealing with cross border transactions of international operating companies (Netherlands is the main port of Europe), we can assist with a MOSS registration in the Netherlands and take care of your European VAT in all 28 EU member states using MOSS.

MORE INFORMATION

For further information, please contact Rob Geurtse, VAT partner BDO Rotterdam.

Telephone +31 (0)10 24 24 600

Email rob.geurtse@bdo.nl

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