

# VAT Agenda

## Cross Border VAT changes 2010

Firstly the changes come into effect from 01 January 2010. Further changes come into effect in 2011, 2013 and 2015.

Secondly the changes apply to businesses supplying and receiving services from overseas businesses, businesses supplying goods to other EC countries and those businesses that want to reclaim VAT incurred in other EC country.

Thirdly the changes alter the Place of Supply rules.

- Most services provided to business customers will be treated as supplied in the country where the business customer is established. The business customer will account for VAT under the 'reverse charge' mechanism.
- Services provided to non-business customers will still be liable to VAT in the country of the supplier.

## New EC Sales Listings for services and changes to ESLs for Goods

UK VAT registered businesses that supply **services** to EU businesses, where the supply is the customers country, will have to complete ESLs for each calendar quarter and submit these within 14 days for paper returns and 21 days for electronic returns.

UK VAT registered businesses that supply goods to other EU countries already submit ESLs. From 01 January 2010 there will be new rules reducing the time limits in line with those above and anti fraud measures which reduce the threshold from £70,000 to £35,000 already introduced in January 2012.

## Refunds of VAT from other EU member states

A new electronic VAT refund process will be introduced across the EU for all claims submitted after 01 January 2010 to replace the current paper based system. UK based businesses will be able to submit claims on a standard form through the Government Gateway rather than to the Member State of Refund as at present.

## What must be done now?

Businesses need to consider whether they will be affected by the changes and what changes to their accounting systems will be required to implement these new rules from 01 January 2010 to account for VAT under the reverse charge and/or to capture the information needed to

submit ESLs. They should also consider obtaining the VAT Registration Numbers of regular business customers in other EU countries.

If you require further information regarding any of the points above please do contact us.

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