2015 changes to European Union VAT place of supply rules

From 1 January 2015, electronic services, telecoms, and broadcasting supplied to consumers in the European Union (EU) will be subject to VAT in the country where the consumer lives.

Currently these services, when bought by consumers in the EU, are subject to VAT in the country where the supplier is established.

The 2015 changes are important because:

1. They affect services that are commonly delivered internationally
2. Consumers cannot self-account for VAT on their purchases in the way that suppliers can
3. Multinationals become responsible for declaring VAT in the countries where their customers live

The EU Commission has proposed a mini ‘one-stop-shop’ scheme that will be introduced in all EU member states. This will be similar to the scheme already created for non-EU suppliers who are required to collect VAT from customers in the EU. Rather than registering for VAT in each of the 28 EU member states, businesses will be given the option of declaring VAT at the appropriate rate for each country on one special VAT return, to be filed in the EU member state where the business is established.

While the ‘one-stop-shop’ should simplify compliance, multinationals affected by the new rules still need to start planning because they will need to collect and declare VAT at several different rates. For example, how will you:

1. Determine whether your customer is a business or consumer?
2. Establish where each of your customers live?
3. Adapt your billing systems to collect VAT at multiple rates?
4. Keep your systems up to date by monitoring when VAT rates change?
5. Adapt your compliance processes to report VAT at multiple rates?
6. Alter your pricing information in contracts, marketing materials and on websites?

Practical advice, responsively delivered

Almost every business decision you take affects your VAT position and as a result, your ability to be compliant. With changes to place of supply effective from 1 January 2015, now is the time to review the impact on your business to mitigate future risk of non-compliance. Our indirect tax experts give more than advice: we stand by you and assist with implementation to ensure you get the best results from our engagement.
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How can multinationals take action?

Here is a best practice systematic and timely approach to identifying the potential effects of the impending VAT changes on your business. Putting together a team of IT and tax advisory experts to deliver this approach is key to achieve compliance and efficiencies.

About Taxand

Taxand provides high quality, integrated tax advice worldwide. Our tax professionals, more than 400 tax partners and over 2,000 tax advisors in nearly 50 countries - grasp both the fine points of tax and the broader strategic implications, helping you mitigate risk, manage your tax burden and drive the performance of your business.

About Taxand indirect tax

Taxand’s global indirect tax team brings together experts with a sound understanding of local regulations, systems and their cross-border implications. Our focus is on helping you boost profitability and minimise your risk of non-compliance.

Taxand’s commitment to client service excellence ensures we deliver responsiveness, and assistance with implementation, from start to finish on every engagement. Taxand’s independence ensures freedom from audit-based conflicts of interest. Drawing on broad industry knowledge, Taxand provides indirect tax support, advice and implementation services to the largest corporations worldwide with clients throughout the Global 1,000 and beyond.

To discover how Taxand can deliver your global indirect tax advantage, contact your nearest Taxand indirect tax advisor.

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