



Indirect Tax Insight Newsletter

March 2026

Brought to you by Taxand , Your Global Tax Partner



CONTENTS

- [Introduction](#)
- [Austria](#)
- [Czech Republic](#)
- [Finland](#)
- [France](#)
- [Germany](#)
- [Hungary](#)
- [India](#)
- [Italy](#)
- [Malta](#)
- [Peru](#)
- [Portugal](#)
- [Romania](#)
- [Slovakia](#)
- [Slovenia](#)
- [Switzerland](#)
- [United Kingdom](#)
- [USA](#)

INTRODUCTION

Welcome to the first quarterly edition of **Taxand's Indirect Tax Insight Newsletter for 2026**, where we bring together insights and updates from around the world on the developments shaping indirect taxation.

This edition features contributions from 17 jurisdictions, highlighting recent changes in VAT, e-invoicing and other significant indirect tax matters. As governments continue to refine tax frameworks in response to evolving economic and digital environments, keeping pace with developments across multiple jurisdictions remains essential.

Should you wish to explore any of the topics covered in more detail, our key contacts in each jurisdiction would be pleased to assist.

We trust you will find this latest edition insightful.

Enjoy Reading!

Andreas and Toni



Dr. Andreas Erdbrügger

Partner
Flick Gocke Schaumburg
Taxand Germany
E: andreas.erdbuegger@fgs.de



Toni Lewis

Partner
Leo Berwick
Taxand USA
E: toni.lewis@leoberwick.com

CASE LAW

No input VAT deduction for services not actually provided

Input VAT deduction must be denied if the invoiced services were not actually performed, even if VAT was charged and owed under Section 11(14) UStG, regardless of the recipient's good faith.

Preliminary ruling request to the ECJ on late invoicing and its impact on the Simplification for Triangular Transactions

The Highest Administrative Court (VwGH) asked the ECJ whether a later-issued invoice still can trigger the simplification for triangular transactions and if so, whether it applies only ex nunc and what proof is required to show the invoice reached the customer.

Input Tax Deduction for Preparatory Rental Activities

Input VAT on preparatory activities for future rental is deductible if they aim at a taxable activity, are supported by clear actions, and are objectively recognizable as preparation for an entrepreneurial activity under Sec. 2 of the VAT Act. It is decisive that the intention to carry out a taxable rental is objectively evident and documented, for example through concrete planning or construction measures.

TAX AUTHORITIES' PRACTICE

VAT Refund in EU Countries (Austrian VAT guidelines)

In a domestic VAT group, each member with a VAT number must apply individually for EU VAT refunds under Council Directive 2008/9/EC via FinanzOnline.

AMENDMENTS TO THE VAT ACT

VAT Exemption for "Luxury Properties"

As of 2026, renting out of high-value residential properties will be VAT-exempt with no option for taxation. High-value residential properties are defined as properties where acquisition or construction cost exceed EUR 2 million per unit (within a five years period). As a consequence, all related input VAT can not be deducted or exercised input VAT in the past must be adjusted.

GFD Guidelines on VAT treatment of immovable property effective since 1 July 2025

New General Financial Directorate guidance (issued January 2026) clarifies VAT changes effective 1 July 2025 for supplies of immovable property and introduces a unified method to calculate social-housing floor area.

The mandatory VAT “time test” for supplies of completed property is cut from 5 years to 23 months after the month of completion; afterwards, supplies are generally VAT-exempt.

Optional VAT taxation remains and is expanded to non-established sellers (outside the SME regime). Consent is required from EU VAT-registered buyers without a Czech establishment who are not in the SME regime.

Supplies of building land are taxable at 21%, while other land is generally exempt.

Housing status is determined via the RÚIAN register (Register of Territorial Identification, Addresses and Real Estate). Reduced VAT applies only to social housing; for construction/installation works, the rate depends on building type and completion stage.

Implicit VAT Assessment Does Not Preclude Subsequent Reassessment (8 Afs 9/2025-50)

In 2020, Euro Pool System CZ s.r.o. filed an additional VAT return claiming CZK 2,624,121 (approx. EUR 100,000) in input VAT based on invoices from 2016–2017. The tax authority accepted the claim through a conclusive (implicit) assessment without conducting a substantive review.

In 2022, it determined that the deduction had been claimed after the expiry of the statutory three-year time limit and initiated further proceedings, ultimately withdrawing the deduction, assessing additional VAT of CZK 2,624,121, and imposing 20% penalty.

The Supreme Administrative Court held that a conclusive assessment is mainly acceptance of what the taxpayer declared; it is not a full legal and factual review by the tax authority. The taxpayer bears full responsibility for the correctness of its claim, and the tax authority may reassess the tax within the limitation period, including imposing a statutory penalty.

Your Taxand Partners in Czech Republic: Martin Valášek E: martin.valasek@leitnerleitner.com , Kristián Pospíšil E: kristian.pospisil@leitnerleitner.com
Kateřina Hlavatá E: katerina.hlavata@leitnerleitner.com

VAT securing orders and the right to interest under EU law (2 Afs 48/2024 - 26)

The Supreme Administrative Court (SAC) decided to refer a preliminary question to the Court of Justice of the EU regarding whether taxpayers are entitled to interest on amounts collected under a VAT securing order if the finally assessed tax is lower. The case addresses a situation where the tax authority enforced and collected a secured VAT amount, which it later reduced without paying interest on the over-collected part.

The key question is whether the EU principles of VAT neutrality and proportionality require interest to be paid when funds were retained in excess of the final VAT liability.

The SAC also raised doubts as to whether Czech legislation, which does not automatically provide interest in such cases, is compatible with EU law.

The proceedings have been stayed pending the CJEU's decision, which may materially affect the financial rights of taxpayers in securing order cases.

Your Taxand Partners in Czech Republic: Martin Valášek E: martin.valasek@leitnerleitner.com , Kristián Pospíšil E: kristian.pospisil@leitnerleitner.com
Kateřina Hlavatá E: katerina.hlavata@leitnerleitner.com

Supreme Administrative Court clarifies VAT exemption of export sales in chain transactions

In a new precedent, SAC 2026:3, the Supreme Administrative Court (“**SAC**”) confirmed that the VAT exemption for supplies of goods transported outside of the Community by or on behalf of a foreign customer applies even where the goods are transported on behalf of a second customer. The case concerned a company that supplied goods from Finland to its sales companies abroad, which supplied the goods to end customers outside of the Community using FCA incoterms. The goods were picked up and transported outside of the Community on behalf of the end customer with the company selling the goods as the exporter.

The SAC held that all preconditions for a VAT exempted export sale were present even though the wording of the Finnish VAT Act suggested a narrower interpretation, namely that the transportation of the goods outside of the Community should take place by assignment of the purchaser, if the goods are transported by an independent transportation firm. In the case at hand, the goods were transported outside the Community by an independent transportation company by assignment of the second purchaser.

Supreme Administrative Court Confirms that Factoring Activities Constituted VAT Taxable Debt Collection

The SAC has issued a precedent, SAC 2026:8, confirming that factoring activities constitute a VAT taxable debt collection service. The case concerned both invoice factoring, where the receivables serve as collateral for financing and the customer retains risk, as well as trade factoring, where the receivables are sold and the factor assumes insolvency risk.

The SAC gave the ruling following the advance ruling from the European Court of Justice (“**ECJ**”), which had resolved the issue in C-232/2024, *Kosmiro*. The new SAC precedent clarifies how the *Kosmiro* judgment affects the VAT treatment of factoring in Finland.

The SAC held that factoring commission, arrangement fees and other fees charged by the supplier of factoring services constituted, in their entirety, consideration for VAT taxable debt collection services. The SAC confirmed that although the VAT Act does not contain a specific provision on the taxability of debt collection, the VAT Directive has direct effect in accordance with the ECJ's judgement, and therefore the VAT Act must be interpreted in accordance with the VAT Directive and ECJ case law.

Accepted and Proposed Changes to Electricity Taxation

The Finnish Parliament has approved moving mining and datacentres from the lower electricity tax bracket of 0.05 cents per kWh to the general tax bracket of 2.24 cents per kWh. The changes for mining took effect on 1 January 2026, whereas the changes for datacentres will take effect on 1 July 2026.

A proposal to increase the electricity supply security fee, charged in connection with electricity tax, is currently pending in the Parliament. The fee would rise from the current 0.013 cents to 0.085 cents per kWh and the increase is scheduled to take effect on 1 April 2026.

The Government is planning on introducing a new electricity tax related aid scheme for datacentres with a draft proposal expected to be published in March 2026.

Your Taxand Partner in Finland: Henna Jovio, E: henna.jovio@borenius.com, T: +358 20 713 3465

New Small Parcel Tax (SPT)

Since March 1st, 2026, until the entry into force—planned for **November 2026**— of the future European levy known as the “handling fee”, the Finance Bill for 2026 introduced a **New Small Parcel Tax (SPT)** applicable upon importation when (i) customs clearance of the goods is carried out **in France**, (ii), the simplified Customs procedure known as “**H7**” is used and (iii) the value of the consignment is **below €150 (B2B, B2C and C2C flows)**. The tax is set at **€2 per item**, meaning per product identified by its **HS6 tariff code** and is due by the person who is **liable for import VAT** through the **H7 declaration**, if the Company is **not registered for VAT in France** or through an **annex to the VAT return**, if the Company is **VAT-registered in France**. If the Company is not registered for VAT in France, due to IOSS registration in another EU member State, it must ask for a VAT registration in France for the needs of the SPT.

E-invoicing and e-reporting applicable as from September 1st, 2026

- The **calendar** of the reform has been **confirmed** :
- **Receipt of electronic invoices**: mandatory for all taxable persons as from **1 September 2026**.
- **Issuance of electronic invoices and e-reporting**:
- **September 1st 2026**: large enterprises, members of a VAT group, and mid-sized companies (ETIs);
- **September 1st 2027**: very small enterprises (VSEs), small and medium-sized enterprises (SMEs), and micro-enterprises.

There is a **tightening of penalties** :

- Failure to comply with e-invoicing requirements: fine increased to €50 per invoice.
- Failure to comply with e-reporting requirements: €500 per infringement (cap of €15,000 per calendar year).
- Accredited platforms: fine of €750 per transmission, with the annual cap increased to €100,000 per calendar year.
- Introduction of a new penalty regime in the event of failure to designate a receiving platform.

Finally, the scope of application of e-reporting has been revised in order to exclude some transactions (e.g. Intra-EU deliveries of goods, transactions located outside the EU) and to add others transactions (e.g., triangular transactions, supplies with Monaco).

Withdrawal of the reform of the VAT exemption for small businesses

In 2025, a reform aiming to lower the threshold for small businesses to **€25,000** has been discussed. However, this measure has been subject to major controversy. The reform has been repealed by the Finance Bill for 2026. The applicable thresholds in France for small businesses remain the ones in force before March 1st, 2025.

Your Taxand Partners in France: Brice Picard, E: brice.picard@arsene-taxand.com, T: +33 1 70 38 47 70; Audrey Vivaldi, E: Audrey.Vivaldi@arsene-taxand.com, T +33 1 70 38 92 66

TOMS - German Administrative Guidelines violate (German/EU) VAT legal requirements

The tour operators' margin scheme (**TOMS**) in EU VAT law means that travel facilities are taxable in the Member State in which the travel agent or tour operator has established his business or has a fixed establishment

In the German tax authorities' opinion, TOMS does not apply for taxable persons established outside the EU who do not have a fixed establishment in the EU. After the grace period expires at the end of 2026, the travel services provided by them in Germany will be considered taxable.

A recent ruling by the Finance Court in Niedersachsen the judges come to the conclusion that the relevant **opinion** of the **authorities** in the Administrative VAT Guidelines is **not in accordance** with the (German/EU) **VAT legal requirements**.

Although the tax authorities are still bound by the Guidelines, this case may be helpful to proactively approach the German tax authorities to discuss the matter with them.

This ruling is already relevant in practice because advance payments for future travel services must be taxed now if the services are to be provided from 2027 onwards.

cf. FG Niedersachsen, 13.11.2025 – 5 K 42/25

The VAT Directive does not preclude the German separation requirement for accommodation services

Germany applies the **reduced rate** of VAT to short-term **accommodation services**. Generally, ancillary services and the principal supply constitute a **single taxable service**. Its treatment depends on the principal supply. Nevertheless, the German VAT Act excludes those ancillary services from the scope of the reduced VAT rate applicable to short-term accommodation, which are not directly used for that accommodation, e.g. parking spaces, gyms, wellness facilities, access to wi-fi networks and breakfast. The ECJ ruled, that the VAT Directive does not preclude this separation requirement at tax rate level because in the ECJ's view Germany applies objective, clear and precise criteria by distinguishing between services that directly serve the purpose of renting and those that do not.

Even though **catering services** (like breakfast) are also subject to the reduced tax rate in Germany since **2026**, the decision remains relevant because the other types of transactions mentioned are still not eligible for the reduced rate. The ECJ continues the path it began with the judgements C-94/09 and C-251/05 but breaks with its judgement C-516/21. It is remarkable that, on the one hand, the court assumes a single economic supply but on the other hand does not apply uniform legal consequences. It is unclear how the court will rule in similar cases in other member states.

cf. ECJ, 5.3.2026, C-409/24, ECLI:EU:C:2026:149

Milestone in VAT deduction right

Curia's new 1/2025 KK opinion overrules the previous strict practice. To deny VAT deduction, the Tax Authority can no longer rely on the taxpayer's "passive negligence." It must provide objective evidence of active involvement in fraud or identify specific, reasonable measures that the taxpayer failed to take to prevent the abuse.

If the right to deduct VAT has been denied on similar grounds, **LeitnerLeitner is ready to assist in reviewing such cases and exploring available legal remedies, and it is therefore worth reassessing these matters with professional support.**

HTA's audit programme for 2026

The Hungarian Tax Authority (HTA) has released its 2026 audit programme, indicating a more data-driven enforcement approach. According to the plan, the HTA will increasingly rely on its extensive data sources – enhanced by AI-supported risk-analysis tools – to identify taxpayers who exhibit potential risk signals. In practice, this means that in 2026 the authority will systematically review and reconcile inconsistencies between tax returns and real-time reporting obligations, such as online invoicing data and VAT filings, and will initiate corrections where discrepancies arise.

Patterns of non-compliance or unexplained deviations may result in targeted tax or customs audits, which makes proper and timely compliance essential.

LeitnerLeitner offers assistance with tax audits and representation in front of the HTA.

Transitioning to digital tax returns

2026 marks a particularly important moment for Hungarian VAT compliance due to the phase-out of the ÁNYK system. – which is the long-standing, state-developed electronic filing platform used for submitting all tax returns and forms in Hungary. For decades, it provided a uniform, template-based method for VAT reporting. Its retirement is therefore a major structural change, forcing all businesses to rethink how they prepare, validate and submit their Hungarian VAT returns.

The replacement of ÁNYK is not a mere technical migration. Instead, it requires companies to transition to a more structured and more transparent compliance ecosystem – including redesigned data flows, enhanced internal controls, revised VAT logic, and updated invoicing/reporting systems. In practice, businesses need to conduct a full VAT process review, including governance, partner checks, and end-to-end VAT treatment workflows.

The shift away from ÁNYK can be seen as a precursor to the broader EU-level reforms under VIDA with increased and transaction-based audit-ready transparency. For multinational groups, this means that preparing for the Hungarian changes now can significantly ease the later adjustment to the upcoming EU-wide digital reporting framework.

Please contact LeitnerLeitner for assistance in the preparation for the ANYK transition. We also support you in VAT digitalization and provide advisory assistance for in-house software developments.

Your Taxand Partner in Hungary: Judit Jancsa-Pék, E: Judit.Jancsa-Pek@leitnerleitner.com, T: +36 1 279 29-30

India Union Budget 2026-2027

Each year, the Union Budget is announced in India which marks a critical moment in India's fiscal, regulatory and policy trajectory. The key highlights of the Union Budget presented on 01.02.2026 from a GST and Customs perspective are as under:

GST:

- Place of supply rule for intermediary services to be determined based on general recipient-based default rule
- Post-sale discounts through GST credit notes allowed without mandatory linkage to prior agreement
- Credit notes provisions amended to align with valuation rules under Section 15
- Provisional refund facility extended to refunds arising from inverted duty structure

CUSTOMS:

- Advance rulings under Customs proposed to remain valid for five years (extendable for existing rulings)
- Prior permission requirement removed for transfer of warehoused goods between bonded warehouses
- Tariff rate on all dutiable goods imported for personal use reduced from 20% to 10%

Your Taxand Partner in India: Harsh Shah: HarshShah@elp-in.com, +91 98204 62123

Italian Revenue Agency rules on VAT deductibility of transaction costs in MLBO

Since 2016 the Italian Revenue Agency's considered Special Purpose Vehicles (SPVs) as passive holding companies, that were not carrying out economic activities. This created restrictions on the right to deduct VAT on costs incurred during leveraged buy-out acquisitions.

With Resolution No. 7/2026, the Revenue Agency confirmed that SPVs are VAT taxable persons and can deduct VAT on transaction costs. This interpretation provides greater certainty by recognizing the SPVs' preparatory and preliminary role in facilitating the acquisition and future management of the target company. As a result, a direct link is established between transaction costs and the taxable output transactions of the company resulting from the merger, determining the right to deduct input VAT for SPVs involved in MLBO transactions.

VAT Treatment of Taxi Operators Using Online Ride-Hailing Platforms

Effective 25 January 2026, the Malta Tax and Customs Administration published explanatory notes outlining the VAT treatment applicable to taxi operators using online ride-hailing platforms. The notes clarify that taxi operators remain responsible for charging VAT on the full fare, even when bookings are facilitated through digital platforms, and that platform commissions may trigger self-charged VAT depending on the operator's VAT registration status. The guidelines explain the different implications for operators registered under Article 10, Article 11 (exempt SME) and Article 12, and addresses issues such as VAT recovery on vehicle-related expenses, VAT on the transfer of a taxi, private use adjustments, and obligations when cancelling an Article 10 registration.

Your Taxand Partners in Malta: Frederick Aquilinar: E: frederick.aquilina@tmf-group.com, M: +35679201506

Peru extends until 2028 VAT exemptions under Appendices I and II

Law No. 32542, published on December 31, 2025, extends until December 31, 2028 the VAT exemptions provided under Appendices I and II of Peru's VAT and Excise Tax Law. These exemptions apply, among others, to basic agricultural products, certain real estate transactions, domestic land passenger transport services, and specific public-interest activities. The extension provides short-term legal certainty for affected sectors while deferring a broader policy discussion on the efficiency, neutrality and fiscal cost of VAT exemptions within Peru's indirect tax system.

Peru allows tax agency to seize funds held in VAT withholding accounts for overdue tax debts

Under Peru's VAT withholding system (*Sistema de Pago de Obligaciones Tributarias – SPOT*), a percentage of the consideration paid for certain goods and services is withheld by the purchaser and deposited into a ring-fenced bank account in the supplier's name, with the funds generally restricted to the payment of tax liabilities or released only upon meeting specific statutory conditions. Through Legislative Decree No. 1713 (published February 4, 2026), Peru amends the SPOT to introduce a new ground for the entry of funds held in VAT withholding accounts as tax revenue, allowing SUNAT to directly apply those balances to the payment of enforceable (overdue and unpaid) tax debts without initiating formal enforcement or collection proceedings

Peru tightens VAT perception regime on imports through risk-based criteria

Under Peru's VAT perception regime on imports, certain importers are required to make an advance VAT payment at customs, which is credited against future VAT liabilities and primarily serves as a risk-based collection mechanism. Through Legislative Decree No. 1714 (published February 4, 2026), Peru introduced significant amendments to this regime, expanding the circumstances under which a 10% VAT perception applies and allowing SUNAT to impose the perception based on the importer's tax and customs risk profile, including non-filing of VAT or income tax returns, classification as a non-operative taxpayer, or first-time imports linked to a single cargo manifest

Peruvian tax agency clarifies VAT refund offset rules for exporters despite formal non-compliance

Under Peru's VAT refund system for exporters, excess input VAT generated by zero-rated export transactions gives rise to a refundable or offsettable credit (*Saldo a Favor Materia de Beneficio – SFMB*), which may be applied against other tax liabilities subject to statutory requirements. Through Ruling No. 000131-2025, SUNAT clarified that the late filing or non-filing of the Exporters' Benefits Declaration (PDB) does not prevent exporters from offsetting their SFMB against corporate income tax liabilities, including advance payments and annual settlements, reinforcing a substance-over-form approach that provides relief in cases of formal non-compliance while remaining consistent with Article 35 of the VAT Law.

Tax incentives package on the sale and lease of residential properties

The Portuguese Government has put forward a package of measures aimed at mitigating the impact of the significant increase in housing prices verified in the last years in Portugal, which is waiting for publication at the official gazette.

We highlight below the most relevant tax changes included in this proposal on indirect taxes to become effective on 1 January 2026.

- **Application of the reduced VAT rate**

This proposal foresees the application of the reduced VAT rate (currently 6% in mainland Portugal and 4% in the Autonomous Regions) to works contracts for the construction or rehabilitation of residential properties until 31 December 2032 (but limited to urbanist operations initiated from 23 September 2025 to 31 December 2029), where such properties are intended for:

- a) Sale for the purchaser's own permanent residence; or
- b) Residential leasing.

The application of the reduced VAT rate will be conditional upon the sale price not exceeding EUR 660,982 and the monthly rent not exceeding EUR 2,300. These thresholds are linked to the concepts of "moderate sale price" and "moderate monthly rent", as defined by reference to, respectively, the Real Estate Transfer Tax (RETT) Code and the guaranteed minimum monthly remuneration. These thresholds may be subject to subsequent updates.

It will be further dependent on the cumulative fulfilment of the following conditions:

- a) In the case of sale:
 - i. The acquisition of the property should be subject to the RETT rates applicable to the acquisition of a purchaser's own permanent residence;
 - ii. The sale of the property should be completed within a maximum period of 24 months following the issuance of the documentation relating to the use of the property.
- b) In the case of leasing:
 - i. The leasing must be exempt from VAT;
 - ii. The lease agreement should have been reported to the Tax Authority;
 - iii. It must be the first lease agreement entering into force within a maximum period of 24 months following the issuance of the documentation relating to the use of the property;
 - iv. During the first five years following the issuance of the documentation relating to the use of the property, the property must be leased for a minimum period of 36 months, whether consecutive or non-consecutive.

- **Refund of the VAT borne by individuals in construction works**

A partial refund is provided for VAT borne by individuals, outside the scope of any professional or business activity, on the acquisition of construction services relating to properties intended for their own permanent residence (i.e. where they have their tax residency), provided that the VAT becomes chargeable by 31 December 2032.

This regime will apply exclusively to situations in which the acquisition value of the land for construction, or the corresponding taxable patrimonial value if higher, plus construction costs, does not exceed EUR 660,982 (as defined by reference to the RETT Code).

The amount to be refunded will correspond to the difference between the VAT charged at the standard rate and the VAT that would result from applying the reduced rate to the construction works services.

- **Reverse-charge mechanism in the construction sector**

This proposal also provides for an extension of the reverse-charge mechanism applicable to the acquisition of constructions services on residential and non-residential properties to exempt VAT taxpayers.

Whereas, under the regime currently in force, the reverse-charge mechanism only applies where the recipient of the construction services is a taxable person with full or partial entitlement to deduct VAT, this proposal foresees the elimination of this requirement, requiring instead only that the recipient is a taxable person established in the Portuguese territory.

If approved, this amendment will result in the reverse-charge mechanism applying to all acquisitions of construction services carried out under works contracts or sub-contracts, including those performed for taxable persons who are exempt or who have no right to deduct VAT, thereby transferring to such persons the obligation to self-assess the tax.

- **Real Estate Transfer Tax (RETT)**

Acquisitions of urban real estate or autonomous units for residential use by non-residents individuals will become subject to a flat RETT rate of 7.5%, not being eligible for exemptions or reduced rates, instead of being subject to the progressive rates from 1% to 7.5% applicable to resident individuals.

An exception is foreseen where (a) the purchaser has already been a Portuguese tax resident; (b) the purchaser becomes a Portuguese tax resident within two years of the purchase; or (c) the property is put into residential lease within six months and the rent is deemed *moderate*, and remains leased for at least 36 months during the first five years from the acquisition. However, the relief is granted via refund whereby RETT is paid on acquisition and the buyer should claim the difference between the rate for non-resident individuals and the rate applicable to residents.

Tax compliance & reporting

The threshold for applying the VAT cash accounting system will be increased gradually:

- to 5.000.000 RON starting with March 1, 2026 and
- to 5.500.000 lei starting with January 1, 2027

Transitional measures are introduced for persons eligible for the application of the VAT cash accounting system.

RO e-Invoicing for suppliers identified by personal numeric code (CNP)

Rules regarding the enrollment and use of the RO e-Factura system for suppliers identified by personal numeric code (CNP) were postponed until June 1, 2026 (previously January 15, 2026). As of this date, invoices issued by the respective categories of suppliers must be transmitted mandatorily through the RO e-Factura system.

Amendment to the VAT Act adopted

In previous Newsletter (December 2025), we informed you about expected legislative changes. Meanwhile, the amendment to the VAT Act has been adopted by Slovak Parliament and **has been in force since 1 January 2026**. Compared to the originally proposed legislative text, the adopted wording did not bring any major surprises. Please find below the overview of the most significant changes adopted:

1) Input VAT deduction on motor vehicles and related expenses

A flat-rate input VAT deduction of 50% has been introduced for selected categories of passenger cars, regardless of the actual extent of use for private and company purposes. Vehicles for which a 100% input VAT deduction is claimed (used solely for business purposes) must be reported to the tax authority via an electronic form. The amendment also affects expenses related to the use of vehicles, in particular fuel costs, maintenance, spare parts and vehicle-related services. A 50% input VAT deduction applies also to rental or leasing of the vehicles. Guidance on the practical application of the deduction has already been issued, too.

2) Return of "unhealthy" food/beverages to the standard 23% rate

The standard VAT rate of 23% again applies to selected goods – those with a higher content of sugar, salt or sweeteners. This includes, e.g. ice cream, sweetened non-alcoholic beverages, syrups, jams, etc.

3) Ex officio group registration for VAT

As of January 2026, the tax authorities may carry out a group registration ex officio where an economic activity is split among several legal entities with the aim of avoiding the payment of VAT, in particular by artificially staying below the turnover threshold for mandatory domestic VAT registration (EUR 50,000/year). This measure constitutes one of the tools available to the tax authorities to combat artificial arrangements and the circumvention of VAT obligations.

4) Electronic invoicing from 2027/2030

As of **2027**, the mandatory issuance of electronic invoices for **domestic supplies** will be introduced (subject to certain exceptions). At the same time, the obligation on the recipient's side is emphasized: the customer must be able to receive an electronic invoice transmitted via a delivery service. According to information from the Financial Directorate, a project enabling voluntary participation in electronic invoicing is expected to be launched during 2026. **From 2030, mandatory electronic invoicing will also apply to intra-Community transactions.**

Your Taxand Partners in Slovakia: Eva Kusá, E eva.kusa@bmb.sk, T: +421 2 2129 9000; Kristína Reguliová, E: kristina.reguliova@bmb.sk, T: +421 2 2129 9000

Extended use of Article 76a of the VAT Act (ZDDV-1)

At the beginning of this year an amendment of the Rules on the VAT Act came into force, bringing important changes to the application of Article 76a of VAT Act. The key amendment concerns **construction services**, for which the **reverse charge mechanism** (domestic reverse charge) is used.

Until now, Article 76a in case of construction works was applied exclusively to services that fell under **Group F – Construction** according to the Standard Classification of Activities (SCA). Under the new rules, the scope of Article 76a is expanded to two **additional activity codes**:

- M/68.120 – Development of building projects
- O/81.220 – Cleaning of newly built premises immediately after the completion of construction work

Whenever these services are performed **between two VAT registered taxable persons**, the use of Article 76a is **mandatory**.

Proposed extension of Platform Taxation to electronic services

Switzerland is considering extending its existing platform taxation regime, currently solely applicable to sales of goods, to electronic services such as software downloads, apps, streaming of films or music; the gig and sharing economy would not be subject to platform taxation. Under the proposal, online platforms would be deemed as service providers for VAT purposes, meaning they would be responsible for charging and remitting Swiss VAT instead of the legal service providers.

The reform aims to improve VAT enforcement, particularly where foreign providers supply digital services to Swiss consumers. Today, many foreign providers must register for Swiss VAT, but monitoring compliance across numerous global suppliers is difficult, which may create taxation gaps and competitive distortions.

Considering the significant challenges for online platforms under the currently applied limited platform taxation, it is questionable if an extensions of the regime is sensible. However, the proposal is currently subject to consultation and the extended platform taxation is not expected to enter into force before 2029.

Your Taxand Partner in Switzerland: Urs Kipfer, E: urs.kipfer@taxpartner.ch, T: +41 44 215 77 17

UNITED KINGDOM (1/2)

VAT: Input recovery on deal costs – *Hotel La Tour*

The UK Supreme Court has rejected a taxpayer’s argument that selling shares to help finance a new hotel development allowed it to recover input VAT on professional fees as cost associated with the company’s wider taxable business activities.

The Court applied a restrictive approach, ruling that the advisory costs were “directly and immediately” linked to the share sale, an *exempt supply* meaning the input VAT incurred was irrecoverable, regardless of any wider commercial purpose or subsequent use of sale proceeds.

The ruling reaffirms the principle that input VAT can only be recovered where the services are used for taxable supplies, and that once a ‘direct and immediate’ link to an exempt supply is established no further analysis of any wider overall business activities is possible. However, fees share sales to non-UK buyers may fall outside the scope of VAT (under “specified supplies” rules), potentially enabling the recovery of any related input VAT.

Businesses should reassess their VAT treatment on deal-related professional fees and their VAT assumptions for corporate transactions, especially where share sales, acquisitions, or fundraising are involved.

For the decision, see: HMRC v Hotel La Tour Ltd [2025] UKSC 46

For more, please see our briefing: VAT recovery on deal costs restricted | Travers Smith

VAT: Telecommunication services – *Lycamobile*

The UK Upper Tribunal has upheld the decision of the lower (First tier) Tribunal on the VAT treatment of “plan bundles” for mobile services.

The plan bundles provided fixed-period (typically 30 days) ‘allowances’ for calls, texts and data (and sometimes roaming and other value-added services). Most customers only used 5–10% of their allowances.

Lycamobile had accounted for output VAT only the actual usage (consumption) of the allowances. HMRC assessed that an additional £50m of tax was due on the basis that VAT become due at the point of sale of the plan bundle.

The First tier Tribunal had agreed with HMRC’s analysis, and the Upper Tribunal has now affirmed that the “real supply” was to the right to the guaranteed availability of telecommunications services for a fixed period at a fixed price. As a result, the VAT become payable at the point of sale of the plan bundle, regardless of any subsequent utilisation.

The case also considered whether additional, ‘value-added services’ (VAS), constituted a separate supply. Again affirming the decision of the lower court, the Upper Tribunal held that the plan bundles were a single composite supply, with the VAS being ancillary to the core supply of allowances.

For the decision, see: Lycamobile UK Limited v HMRC [2026] UKUT 00074 (TCC)

UNITED KINGDOM (2/2)

VAT: EU Import One Stop Shop (IOSS) - Registering as an intermediary in Northern Ireland

As part of the post-Brexit arrangements, HMRC has announced that UK registrations to act as an intermediary under the EU VAT Import One Stop Shop (IOSS) for distance sales of low-value goods will open on 1 April 2026.

Intermediaries can register to represent any client making distance sales of low-value goods imported to consumers in the EU or Northern Ireland (or both). There is no limit on the number of clients an IOSS intermediary may represent but each client can only have one intermediary in Northern Ireland or an EU country at any time.

To register with HMRC as an IOSS intermediary, a person must both (a) be registered for UK VAT themselves, and (b) have a business address in Northern Ireland. An intermediary will need to register for the IOSS scheme before registering any client they wish to represent and, since only one intermediary registration is allowed at any time, if a person is already registered as an IOSS intermediary in an EU country, they will have to cancel that registration before applying to HMRC.

Intermediaries are required to submit monthly IOSS VAT returns for each client, make monthly payments to HMRC of the total VAT due on their clients' low-value goods imports, ensure clients keep appropriate records (and can provide them electronically on request), and keep registration details up-to-date.

Intermediaries are jointly and severally liable with their clients for IOSS VAT debts and so are advised to undertake appropriate due diligence before agreeing to represent any client.

For more, see: HMRC Guidance: Check if you can register to act as an intermediary for the VAT Import One Stop Shop scheme

HMRC: Mandatory Registration of Tax Advisers (from May 2026)

Finance Act 2026 will introduce a mandatory registration regime that prohibits any paid "tax adviser" from interacting with HMRC on behalf of clients. There are very limited exceptions to the regime.

Unregistered dealing with HMRC will trigger a compliance notices and likely lead to sanctions including fines, suspension, ineligibility orders, and 'name and shame' publication in some cases.

A "tax adviser" is (very broadly) any organisation, whether in the UK or overseas, that is paid to assist clients with their tax affairs. The obligation is activity (not profession or sector) based. Interaction with HMRC is equally widely defined and so covers most forms of communication.

To register, advisers will need to provide certain organisational details, a list of "relevant individuals" (broadly those involved in managing or making decisions about the adviser's tax business), and a statement that it, and each relevant individual meets a long list of minimum standards. Overseas advisers will need to submit authenticated, notarised documents (with certified English translations) to support their application.

The minimum standards include: the tax adviser organisation being subject to anti-money laundering supervision and each relevant individual meeting a series of tax-compliance standards (including having no overdue tax or outstanding returns).

Registration will be required from 18 May 2026 with advisers given a three-month window to complete their registration. Advisers with existing tax accounts or agent status with HMRC will be given more time.

For more, contact us: Tax | Travers Smith

Your Taxand Partner in the UK: Madeline Gowlett, E: Madeline.Gowlett@traverssmith.com, T: +44 20 7295 3411

Sales Tax Implications on Bundled versus Separately Stated Transactions

Most states, with the exception of Hawaii, New Mexico, South Dakota, and West Virginia, do not broadly impose sales tax on services. However, all states that impose a sales tax impose it on sales of tangible personal property. Note that in most states SaaS is not treated as service and is often taxable.

When an invoice includes both tangible personal property and services—such as repair or maintenance transactions, the tax treatment of each component depends on state law and how the charges are presented. In many jurisdictions, when charges for services (e.g., labor) are separately stated from charges for tangible personal property, sales tax generally applies only to the tangible personal property component, while the service component remains non-taxable.

Conversely, when services and tangible personal property are bundled into a single line item, the taxability of the tangible personal property often governs the treatment of the entire charge. In such cases, states may impose sales tax on the full bundled amount. Similar considerations apply to delivery or shipping charges. Although delivery and shipping fees are frequently non-taxable when separately stated, bundling these charges with taxable tangible personal property on a single line item may result in taxation of the entire amount.

Accordingly, separately stating charges for services, tangible personal property, and delivery or shipping on invoices is a critical step in managing and potentially minimizing the overall sales tax due on a transaction.

Taxability of Streaming Services

States are increasingly imposing sales tax on television and video streaming services as the digital entertainment sector continues to grow. Notably, several jurisdictions that historically have not imposed sales tax on traditional digital products or software are nevertheless moving to tax streaming services, reflecting the expanding economic significance of these platforms.

Recently, Colorado concluded that Netflix and similar streaming platforms are not merely digital products but constitute taxable tangible personal property. The state's analysis reasoned that "corporeal" property—traditionally understood as physical or earthly property—may encompass digital goods that are perceptible through senses other than touch, thereby bringing streaming services within the scope of taxable tangible personal property.

Additional states have determined that streaming services should be characterized as taxable tangible personal property rather than as non-taxable digital goods. Jurisdictions continue to evaluate the proper tax classification of these services, leading to an evolving and increasingly complex sales tax compliance landscape.

Given the evolving state positions in this area, taxpayers should closely monitor developments related to the taxation of streaming services to ensure continued compliance with U.S. sales tax obligations.

Your Taxand Partner in USA: Toni Lewis, E: toni.lewis@leoberwick.com, T: +1 (408) 858 5874



Taxand is a global organisation comprising top tier local independent tax advisory firms who together provide high quality, integrated tax advice to clients worldwide.

Overall there are more than 700 tax partners and over 3,000 tax advisors across 51 countries, focussed on understanding you and your business needs; collaborating to deliver tailored, practical local and international tax advice, in consideration of your strategic goals.

www.taxand.com

Your Global Tax Partner