

VAT Flash

VAT Flash is an electronic newsletter prepared by PricewaterhouseCoopers Česká republika, s.r.o. to keep you up to date on the latest tax and legal news. A more complex look at key tax changes and their impact on your business is provided in our monthly newsletter, Tax & Business News.

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Important information relevant for VAT payers

The European Court of Justice has released a new [decision](#) (C-7/13 Skandia America Corporation), which is very important in the context of VAT groups and international structures. In summary, if there is a branch of an overseas entity in a VAT group, charges from the head office to the branch are to be regarded as subject to VAT. This is applicable on the basis that the charges are actually from the head office to the VAT group as a whole. As the head office and the VAT group are (for VAT purposes) different entities, charges from the head office to the VAT group are supplies within the scope of VAT.

In many cases, this will mean that VAT charges will be created where previously there have been none, and in partly exempt businesses (especially those providing financial services) these VAT charges will create significant additional costs. For all businesses with international operations, it is important to understand the decision, and what this means for their business. We would be pleased to provide you with additional comments. Further, we would like to point out that you may watch the [webcast](#) related to this topic.

For a discussion of how this new rule might affect your business, please contact our **VAT experts**:



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