

# PwC VAT Broadcast

## Austria

Issue 3, November 2007

### The VAT year 2007 – retrospective and outlook

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#### Investment Management / Management of Special Investment Funds

Services in connection with the management of special investment funds as defined by the Austrian Act on Investment Funds and as defined by the other Member States were included in the catalogue of services, which are subject to VAT where the recipient (qualifying as a taxable person) is established. This rule came into force on May 24, 2007.

#### Extension of the Reverse Charge Mechanism

According to a VAT Decree announced on June 15, 2007 the VAT must be accounted for by the recipient of a supply of scrap-iron, scrap-metal as well as scrap and waste of iron and metal under the reverse charge mechanism, if the recipient qualifies as a taxable person for VAT purposes. The Decree came into force on July 1, 2007.

#### Invoices transmitted by Fax – Extension until the End of 2008

Electronic invoices are only accepted as VAT invoices, which entitle the recipient to input VAT deduction, if these invoices are either provided with an advanced electronic signature (AES) or transmitted by means of electronic data interchange (EDI – the latter covered by a summary paper invoice or an electronic invoice with AES). These requirements practically mean the end of invoices transmitted by fax. As many businesses are still faced with problems

regarding the reorganisation of the electronic invoicing (AES, EDI), the Austrian Ministry of Finance decided to extend the possibility to deduct input VAT based on invoices transmitted by fax until the end of 2008.

#### New Reporting Obligations

As of January 2008, businesses whose sales exceeded EUR 30,000 (instead of EUR 100,000) in the previous calendar year are required to (electronically) file monthly VAT returns. If the sales do not exceed EUR 30,000 in the financial year, the taxable person is required to prepare but not to file the monthly resp. quarterly VAT returns.

#### Evidence on the Export

The evidence on the export of goods to a non-EC Member State can also be provided by an export certificate of a freight forwarder who is established in the EU. As of January 1, 2007 the requirements of such a certificate have substantially been extended.

#### Cross-Border Leasing of Cars

Austrian businesses which lease their cars abroad and recover the input VAT incurred in the other Member State should account for Austrian VAT under the self-supply rules.

The European Court of Justice ruled on September 11, 2003 (C-155/01, “Cookies World”) that the self-supply

rules were contrary to Community law. However, Austria implemented a new legislation and prolonged it now to leasing expenditure incurred before January 1, 2008. A government bill now even provides the prolongation until December 31, 2010.

A new decision of the ECJ against Austria is considered likely.

### Amendments according to a Government Bill

The new legislation is introduced to protect against VAT fraud.

- A taxable person should be obliged to notify the tax office of all relevant circumstances which are material to the issue of a VAT identification number within one month.

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- The tax authorities may disallow input VAT deduction in the case a taxable person was or should have been aware of VAT fraud within the supply chain.
- The government bill introduces an obligation to issue invoices in the case a business carries out installation supplies/services in connection with real estate to non-taxable persons. Otherwise surcharges of up to EUR 5,000 could be imposed.

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