



The VAT package: are you ready?*

As from 1 January 2010 the VAT package comes into effect and brings with it significant changes to key areas of the VAT legislation that impact all international businesses. By the time of introduction, businesses will need to be compliant with the new regulations in order to avoid potential penalties for incorrect accounting. Affected companies need to start addressing the issues arising from the introduction of the VAT Package quickly in order to ensure that there is sufficient time to adapt accounting systems, if necessary, and also to minimise the business disruption that these changes may cause.

The VAT Package is going to affect the following key VAT elements:

- 1. Place of supply of services:** The rules for determining the VAT treatment of international services will change. The range of services which are not deemed to be subject to local VAT when supplied internationally will increase and the principle of taxation at the place of consumption will be introduced. Therefore businesses will need to consider who will need to account for the VAT on supplies post 1 January 2010.
- 2. Electronically supplied services:** The special scheme for electronically supplied services applicable to non-EU businesses will be expanded to include telecommunication and broadcasting services. This may have a substantial impact on EU and non-EU businesses.
- 3. Reporting obligations:** Additional filing requirements will be introduced for businesses making intra-EU supplies of services. This will add significant compliance burdens for businesses and failure to comply may result in severe penalties.
- 4. 8th Directive refunds:** This mechanism, under which EU businesses can reclaim VAT incurred in Member States where they are not established for VAT purposes, will be reformed. The new system will include: electronic filing, a detailed timetable for processing refund applications and the right to interest on overdue refunds.



What needs to be identified now?

- What transactions does your business undertake that may be affected by these new rules?
- What must be included in your action plan to ensure compliance by 1 January 2010?
- What is the scope of the changes to systems and processes that the VAT Package will require?
- Do you have the technical and human capital resources required to make the necessary changes?

How can we help?

Our VAT team comprising of 25 fully dedicated VAT professionals can review the international services and associated VAT treatments you follow and advise on the impact of the package on your business and assist in the implementation of the required changes.

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