

Flash Report

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VAT exemption on consulting services cancelled



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VAT exemption on consulting services cancelled

The Parliament adopted the Law* under which the VAT exemption on consulting, engineering, legal, audit, IT, etc. services is cancelled.

It is expected to be signed by the President in the coming days and published by the end of May. On this basis, the Law will become effective starting 1 June 2011.

This would mean that:

- local supply of such services will be subject to 20% VAT
- supply of such services by non-residents will be subject to 20% VAT under the reverse-charge procedure
- supply of such services to non-residents still will not be subject to VAT (but pro-rata of input VAT will be required)

PwC will continue to monitor this issue and provide additional information as soon as it is available.

** Draft Law #8321 dated 31 March 2011*