



Business Support on Your Doorstep

EU Alert

network
enterprise europe

25th September 2009

New VAT Rules for intra-EU trade from January 1st 2010

From January 1st 2010 new rules aimed at modernising and harmonising cross-border VAT rules will come into force throughout the European Community.

The following businesses WILL be affected by the changes:

- Any business supplying services to overseas businesses
- Any business receiving services from overseas businesses
- Any business supplying goods to other EC countries
- Any business wanting to reclaim VAT incurred in another EC country

The January 1st changes to cross-border VAT rules represent a dramatic reform of the current VAT regime that applies to the supply services whilst simultaneously introducing important changes to the intra-eu reporting regime for goods.

In order to meet the compliance requirements for the new VAT rules, businesses will be required to make a number of changes to their existing accounting and reporting procedures and whilst not all aspects of the new VAT rules have been finalised it is essential that businesses are aware of possible changes in order to respond more quickly and minimise impact on the business.

What are the changes to the VAT rules?

Essentially the changes to the new rules relate to the following four specific areas:

- Time of supply rules
- Place of supply rules
- ESLs (EC Sales Lists) for services & goods
- Obtaining VAT refunds

Changes to the Time of Supply Rules

From the 1st January 2010 the Time of Supply rules will apply primarily to when a service is performed and a distinction will be made between single and continuous supplies. For one-off supplies, the time of supply will be when the service is completed or when it is paid for if this is earlier - the invoice date is irrelevant. In the case of continuous supplies, the time of supply will be the end of each billing or payment period. For example, if leasing charges are billed monthly or the customer is required to pay a monthly amount, the time of supply will be the end of the month to which the bill or payment relates.

Changes to the Place of Supply Rules

As of January 1st 2010 most services provided to business customers will be treated as supplied in the country where the business customer is established and the business customer will account for VAT under the reverse charge mechanism. Where services are provided to non-business customers, liability for VAT will still generally remain in the country of the supplier. The changes to these rules will be phased in on 1st January 2010, 1st January 2011, 1st January 2013 and 1st January 2015.

For more information, contact Enterprise Europe West Midlands on 0121 455 0268

IPR: Commission Comes Forward With Practical, Non-Legislative Measures to Combat Counterfeiting and Piracy

The European Commission today adopted a Communication on enhancing the enforcement of intellectual property rights in the internal market. The Communication sets out a series of practical initiatives to respond to the dramatic and damaging effect that counterfeiting and piracy is having on EU economies and on society in general. The Commission is proposing to complement the existing legal framework by more focused enforcement through greater collaboration between the private sector, national authorities and consumers, throughout the internal market.

Intellectual property rights are a cornerstone of a creative, competitive, wealth-generating, knowledge-based society. Counterfeiting and piracy undermines this position, placing creators, business, jobs and consumers at ever-growing risk through fake products and services that pose a real threat to health and safety.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1313>

Innovative Medicines Initiative: Putting Europe at the Forefront of Biopharmaceutical Innovation

Today, the Innovative Medicines Initiative (IMI), the public-private partnership between the European Commission and the European pharmaceutical industry, represented by EFPIA, made its first major announcement of the success of the collaboration. IMI announced the topics of research of its second call for proposals. With these topics, IMI aims to accelerate the discovery and development of new medicines in the field of cancer, inflammatory and infectious disease. The funding available for the 2nd call will be €156.3 million, with €76.8 million provided by the European Commission and €79.5 million expected to be provided in kind from EFPIA member companies. IMI also introduced also its newly-appointed Executive Director, Michel Goldman, who will officially take up his post on 16 September.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1310>

EU Interim Forecast: Coming Out of Recession but Uncertainty Remains High

The economic situation has improved markedly since the second quarter, pointing to a better growth outlook for the second half of the year. But as economic activity at the end of 2008 and beginning of 2009 was worse than initially estimated, GDP is still expected to fall by 4% overall this year in both the EU and the euro area, as forecast in the spring. However, uncertainty remains rife, and while the recovery may surprise on the upside in the very short term, how sustainable it will be remains to be seen. The Commission's forecasts for inflation in 2009 also remain unchanged at 0.9% in the EU and 0.4% in the euro area, with the base effects of past hikes in energy and food prices, which were pushing prices down, fading away and no other significant inflationary pressures in view.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1309>

Guidance Documents on Classification, Labelling and Packaging (CLP) of Substances and Mixtures

This Guidance package was prepared by the European Commission. It aims to assist industry and authorities in implementing the new rules of Regulation EC/1272/2008 (CLP Regulation) and to classify package and label chemical substances and mixtures in accordance with the CLP criteria. The Regulation integrates the classification and labelling criteria of the United Nations Globally Harmonised System (UN GHS). The Guidance consists in two documents, an Introductory Guidance and a Guidance on the application of the CLP Criteria. The Guidance documents, the text of Regulation EC/1272/2008 as well as Questions and Answers on the Regulation are available in English on the website of the European Chemicals Agency (ECHA)

http://echa.europa.eu/classification_en.asp

Flower Power: Commission Rewards EU Companies for Spreading the Environmental Message

The European Commission will present the first EU Ecolabel Communication Award at a ceremony in Brussels tomorrow. The award recognises outstanding achievement in increasing public awareness of the EU Ecolabel – the European Union's label for environmentally-friendly products and services. The fast-growing label can now be found on almost 20,000 products and tourist accommodation services throughout the European Union and beyond.

Environment Commissioner Stavros Dimas said: "The EU Ecolabel is a label of excellence that EU citizens can trust. When they see the Flower logo they can be sure that the product or service they are choosing is kind to the environment. Organisations whose products and services carry the EU Ecolabel are proving their commitment to the environment and I congratulate them on their efforts to spread this message to their customers."

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1343>

Financial Supervision in Europe

The European Commission has adopted an important package of draft legislation to significantly strengthen the supervision of the financial sector in Europe. The aim of these enhanced cooperative arrangements is to sustainably reinforce financial stability throughout the EU; to ensure that the same basic technical rules are applied and enforced consistently; to identify risks in the system at an early stage; and to be able to act together far more effectively in emergency situations and in resolving disagreements among supervisors. The legislation will create a new European Systemic Risk Board (ESRB) to detect risks to the financial system as a whole with a critical function to issue early risk warnings to be rapidly acted on.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1347>

Fight Against Tax Fraud: Commission Proposes Measures for a More Efficient Cooperation Between Tax Authorities

In the framework of its strategy to combat tax evasion and fraud, today the European Commission adopted a proposal for a recast of the Regulation on administrative cooperation in the field of valued added tax, extending and reinforcing the legal framework for the exchange of information and cooperation between tax authorities. One of the key elements of the proposal is the creation of a legal base to set up Eurofisc: a common operational structure allowing Member States to take rapid action in the fight against cross border VAT fraud. The Commission today also adopted a report on the functioning of the administrative cooperation.

László Kovács, Commissioner for Taxation and Customs, said: "In the current economic situation it is more important than ever to fight tax fraud efficiently and a fully functioning administrative cooperation between tax administrations is key in that respect. My objective is to ensure that tax authorities have all technical and legal means to take action against European Union wide VAT fraud and to ensure that each tax administration is prepared to protect other Member States' tax revenue as effectively as their own."

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1239>

Consultation: Community Innovation Policy

The Communication "Reviewing Community innovation policy in a changing world" presents an assessment of the achievements and shortcomings in implementing Community policies in support of innovation in recent years. Together with a series of more detailed Commission staff working papers, it serves as an input to the preparation of a new European innovation plan, as called for by the European Council. The objective is to put in place new ambitious policies to foster innovation in Europe. The new policy will be presented in the context of the forthcoming post-2010 Lisbon strategy for growth and jobs, taking into account the global economic crisis.

http://ec.europa.eu/enterprise/policies/innovation/policy/future-policy/consultation_en.htm

If you have any queries about the EU Alert bulletin, or would like some more information about any of the topics in this edition, please contact Enterprise Europe West Midlands on 0121 455 0268

www.een-midlands.org.uk

