



New rules for the VAT treatment of goods in the continental shelf and exclusive economic zone

A draft Bill for Amending and Supplementing the CIT Act has been introduced for public debate. The draft bill proposes the introduction of explicit rules regarding the VAT treatment of supplies of goods intended for activities in the continental shelf and exclusive economic zone of the country.

The receipt of such goods in the continental shelf and the exclusive economic zone will be subject to VAT under the general rules, including when they are placed under re-export and export. VAT will be charged through the issuance of a protocol for self-assessment by:

The requirements will impact largely exploration activities in the Black Sea

- **the person for whom these goods have been placed under a customs procedure of re-export** and, when brought into the territory of the country, have been temporarily stored, placed in a free zone or under any of the special customs regimes (customs warehousing, inward processing, temporary admission with full relief from import duties and external transit);
- **the recipient when the goods arrive directly in the continental shelf and exclusive economic zone** from a third country or territory, or from another EU Member State, where there has been no intra-Community acquisition.

In the first case VAT will become chargeable on the date when the goods are placed under a customs procedure of re-export, and in the second case – on the date when the goods arrive in the continental shelf and exclusive economic zone.

Taxpayers are also required to notify the NRA electronically of their intention to levy tax on goods intended for the continental shelf and the exclusive economic zone. They will be entitled to deduct input VAT under the general rules.

If the draft bill is adopted as it is at present, any practical questions regarding the its implementation and the reporting of these supplies will likely be clarified by amendments in the Regulation for the Implementation of the VAT Act. It is possible that the amendments will lead to changes in the structure of the sales and purchase ledgers and to a need to align accounting software with the new rules.

VAT will be reported in a protocol



An obligation to notify the tax authorities

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