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Global Indirect Tax News

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August 2015

Country summaries

Americas

Asia Pacific

EMEA

Eurasian Economic Union

Welcome to the August 2015 edition of GITN, covering updates from the Americas, Asia Pacific and EMEA regions.

Highlights of this edition include an update from China on the VAT Reform, the release of a discussion document in New Zealand on the collection of GST for online purchases, a Court of Justice of the European Union judgment on the ability of holding companies to reclaim input VAT, and the finalization by Ukraine and Canada of negotiations on a Free Trade Agreement.

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If you have any queries or comments about the GITN, I would be delighted to hear from you.

David Raistrick
Deloitte Global
Indirect Tax Global Leader

Back to top

Country summaries

World Trade Organization

Latest developments concerning the Information Technology Agreement.

Americas

Argentina

Argentina ratifies the International Convention on the Simplification and Harmonization of Customs Procedures (revised).

United States

Proposed ITAR/ EAR definition changes and impact on technology transfers and cloud computing.

Cuba removed from State Sponsor of Terrorism list.

Generalized System of Preferences renewed by Customs and Border Protection after multi-year lapse.

Trade Preferences

Canada-Ukraine

Ukraine and Canada have finalized negotiations on a Free Trade Agreement.

Mexico-Argentina

The Agreement between Mexico and Argentina regarding Cooperation, Mutual Administrative Assistance and the Exchange of Information on Customs Issues has been published.

Mexico-Panama

The Mexican authorities published General Rules regarding the application of the customs provisions of the Mexico-Panama Free Trade Agreement.

Back to top

Asia Pacific

Australia

'Authorised economic operator' program introduced.

China

Status of China VAT Reform.

Judgments on Tariff Classifications of 2015.

India

VAT on the right to use of intangibles.

Amendment to the Maharashtra Municipal Corporations (Local Body Tax) Rules.

Exemption from Central Sales Tax denied on the sale of packing materials preceding the export of goods.

Indonesia

Increased import duties on consumer goods.

New Zealand

The government has released a discussion document on the collection of GST for online purchases in New Zealand.

Philippines

Stricter controls expected on dual-use, controlled goods and technologies.

Singapore

Customs update the allowable activities at the Offshore Marine Centre.

Upcoming updates to Singapore's Strategic Goods Control List.

Trade Preferences

EU-Vietnam

The EU-Vietnam Free Trade Agreement was concluded on 4 August 2015, with Vietnam being the second in the ASEAN region after Singapore to reach a comprehensive FTA deal with the EU.

Back to top

EMEA

Finland

VAT on cost of legal due diligence services related to properties.

Germany

CJEU decides that holding companies can reclaim input VAT.

Greece

New rules have been introduced regarding VAT adjustments in respect of investment assets and changes to the pro-rata percentage.

Gulf Cooperation Council

Deloitte Middle East has published a report: **VAT in the GCC – Old news or new chapter?**

Italy

Supreme Court decision on joint liabilities of a customer in case of omitted or incorrect invoicing by a supplier.

Supreme Court decision regarding the VAT warehouse regime.

Assonime circular letter provides clarification regarding five draft decrees, in particular in relation to penalties.

Controls on electrical energy meters.

New excise data to be communicated to Customs.

Kazakhstan

Special customs procedures rules approved.

Temporary ban on petroleum product exports introduced.

List approved of vehicles for which exclusive rights are provided for import into Kazakhstan from EEU countries.

Export customs duties.

Excise and control stamps on alcohol products.

Malta

VAT Act amended to enable taxpayers to enter into negotiations with the tax authorities for an alternative method of partial attribution calculation.

Guidance on the VAT treatment of road assistance services.

Netherlands

Dutch tax authorities cease SMS alerts for VAT returns.

Poland

The Constitutional Tribunal has decided to ask the CJEU about the legality of the Principal VAT Directive, in particular, regarding the differentiation of VAT rates on similar goods (paper and electronic books).

There are ongoing doubts as regards the application of the reverse charge mechanism on game consoles.

Portugal

The tax authorities have clarified the documents required to support the VAT exemption on exports.

Russia

Amendment to the list of medical goods which are subject to VAT at the rate of 10% upon importation.

Accounting for revenues gained from participation in the share capital of subsidiaries and affiliated companies for the purposes of VAT separate accounting.

VAT on the transfer of inseparable property improvements to lessors.

VAT on the sale of assets of an organization recognized bankrupt.

VAT exemption on the conclusion of swap contracts whose underlying assets are goods subject to VAT.

Recovery of VAT paid to the customs authorities.

Establishing a new area of priority development – the Vladivostok free port.

Sweden

CJEU Advocate General opinion that trading in Bitcoins is exempt from VAT.

United Kingdom

Court of Appeal rules that overhead VAT was not linked just to the finance element of HP deals.

An Upper Tribunal decision on the VAT default surcharge.

An Upper Tribunal decision confirming that the sale of a business to a VAT group was a TOGC.

VAT treatment of direct marketing services using printed matter.

Aggregates Levy refund claims.

Trade Preferences

EU-Vietnam

The EU-Vietnam Free Trade Agreement was concluded on 4 August 2015.

Canada-Ukraine

Ukraine and Canada have finalized negotiations on a Free Trade Agreement.

Back to top

Eurasian Economic Union

There have been amendments to the Eurasian Economic Union Common Customs Tariff, including a reduction of the import customs duty rate in relation to components for gas turbines.

There have been resolutions adopted to classify goods according to the EEU Common FEA CN.

Back to top

World Trade Organization

Latest developments concerning the Information Technology Agreement

In 1997 the Information Technology Agreement entered into force; goods covered by the Agreement should be duty free.

Although technology is developing rapidly, the list of products covered by the Agreement has never been updated. In July 2015, 54 members of the World Trade Organization agreed to expand the range of products covered by the Information Technology Agreement. This expansion concerns the following products: electronics, medical equipment, videogames, routers and switches, microscopes, weighing and money-changing machines, loudspeakers, microphones and headphones, and telecommunication satellites.

It is expected that the elimination of tariffs on these products will start at the beginning of 2016 over a period of three years. For now, the participating WTO members will start to plan the implementation of this elimination in their legislation.

The implementation plans will be presented by the end of the year in a Ministerial Conference of the WTO. When the agreement is approved, it is expected that the documents will be published shortly after this conference and it will then be clear which countries will eliminate tariffs and for which products.

Although most IT products and medical equipment already enjoy duty free access in the European Union, this expansion could mean that more products around the globe are granted duty free access from which trading companies can benefit.

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Back to top

Americas

Argentina

Argentina ratifies WCO Revised Kyoto Convention

The Argentinian Act N° 27138, enacted on 15 May 2015, joined the country without reservations to the International Convention on the Simplification and Harmonization of Customs Procedures (revised), signed in 1973 in Kyoto.

It intends to achieve simplification of customs procedures and to avoid divergences between the contracting countries.

Implementation of the revised Kyoto Convention should yield results by improving the effectiveness and efficiency of customs administrations and, therefore, economic competitiveness. It will also encourage investment and the development of industry and may increase the participation of small and medium-sized enterprises in international trade.

Contracting Parties undertake to promote the simplification and harmonization of customs procedures and to conform to the standards, transitional standards and recommended practices in the annexes to this Convention. The parties may grant facilities greater than those laid down in the Convention.

Silvina Gottifredi, sgottifredi@deloitte.com, Deloitte Argentina

United States

Proposed ITAR/ EAR definition changes and impact on technology transfers and cloud computing

Another wave of changes resulting from U.S. Export Control Reform (ECR) was released on 3 June 2015, as a proposed rule that would affect technology exports related to transfers, deemed exports and cloud computing. Although not yet binding, these proposed regulatory changes provide insight to the upcoming impacts to the technology sector due to the revised interpretations of key definitions and concepts. This regulatory policy change represents an acknowledgement by the government that industry often has no knowledge of, or control over, the routing of data through foreign countries by internet services and infrastructure providers or the storage of data in different countries by cloud operators. Substantive proposed changes to the regulations include the following:

1. **De-control of what constitutes an export for electronic transmission and storage of encrypted technology, technical data or software**

According to the proposed rules, the electronic transmission of technology/ technical data or software would not constitute an export, re-export or (re)transfer if: (i) the item is unclassified; (ii) the transmission contains 'end-to-end' encryption – meaning no unencrypted data in the hands of third parties or service providers; (iii) the transmission is secured by a common encryption standard used for federal government procurement known as FIPS (Federal Information Processing Standards) 140-2 or similarly effective cryptography; or (iv) the data is not stored in a proscribed country under ITAR §126.1 or Russia for ITAR-controlled technology or Country Group D:5 under EAR §740 or Russia.

2. **New restrictions on releasing the means of accessing data in clear text**

Updated definitions of 'technology', 'technical data' and 'export' would introduce new restrictions on how data is accessed. Proposed definitions of the terms 'technology' under the Department of Commerce Export Administration Regulations (EAR) and 'technical data' under the Department of State International Traffic in Arms Regulations (ITAR) include the release or transfer of decryption keys, network access codes and passwords that would allow access to other 'technology' or 'technical data' in clear text or software.

Both sets of regulations place emphasis on the 'knowledge' of providing access, but would address the release/ export differently. The EAR basis of how data is exported is that the provision of access would "cause or permit the transfer" of clear text data to a foreign national. The Directorate of Defense Trade Controls, on the other hand, would not require knowledge and

would focus on whether the action would “allow access … regardless of whether such data has been or will be transferred”.

3. Revised definition of ‘public domain’ under the ITAR

To better align with the EAR and the Wassenaar Arrangement and keep current with technology and how information is posted and accessed, the proposed definition change to the ITAR definition of ‘public domain’ would make information public at the time it is first made available to the public without restrictions on further dissemination. Additionally, posting information on the internet would require authorization regardless of whether there is knowledge that a foreign national will access the information.

Cuba removed from State Sponsor of Terrorism list

On 21 July 2015, the Department of Commerce’s Bureau of Industry and Security (BIS) rescinded Cuba’s designation as a State Sponsor of Terrorism, thereby removing anti-terrorism license requirements that previously were prescribed to the nation as identified in Country Group E:1 (terrorist-supporting country).

As a result, foreign-made items now may be re-exported to Cuba with up to 25% U.S.-origin content, up from the previous level of 10%. Replacement parts for items that were legally exported into the country also may be exported/ re-exported. Other export-related items stemming from this new designation are that general aviation, such as corporate jets, may use license exceptions for travel to Cuba in addition to more readily available license exceptions for exports and re-exports that previously were unauthorized. Destination control screening criteria used either through third-party sources or in house should be updated accordingly.

Generalized System of Preferences renewed by Customs and Border Protection after multi-year lapse

The Generalized System of Preferences (GSP) is a renewable preferential trade program that allows eligible products of designated beneficiary developing countries to directly enter the U.S. free of duty.

The GSP program expired on 31 July 2013, but was renewed through 31 December 2017 (as of 29 July 2015 (80 FR 44986)). A provision in the Trade Preferences Extension Act of 2015 allows for a retroactive effect between 1 August 2013 to 28 July 2015. A Federal Register general notice issued by U.S. Customs and Border Protection (CBP) on 28 July 2015 notified importers that their claims for GSP duty-free treatment for merchandise entered or withdrawn from a warehouse for consumption will again be accepted and that CBP will process refunds on duties paid, without

interest, on GSP-eligible merchandise that was entered during the period that the GSP program was lapsed.

In conjunction with the GSP renewal, CBP has updated the Automated Commercial Environment (ACE) to allow for importers to file for GSP duty-free claims. Instructions on how to obtain refunds are available on CBP's website.

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Trade Preferences

Canada-Ukraine

Ukraine and Canada finalize negotiations on a Free Trade Agreement

On 14 July 2015, the representatives of the governments of Ukraine and Canada signed a document that finalizes the negotiations on the conclusion of the Canada-Ukraine Free Trade Agreement (CUFTA). For more information, see **Ukraine and Canada finalize negotiations on a Free Trade Agreement**.

Mexico-Argentina

Agreement between Mexico and Argentina regarding Cooperation, Mutual Administrative Assistance and the Exchange of Information on Customs Issues

On 17 July 2015, the Agreement between Mexico and Argentina regarding Cooperation, Mutual Administrative Assistance and the Exchange of Information on Customs Issues was published, whereby the parties agreed to provide cooperation and assistance to ensure the correct application of their respective customs laws to prevent, investigate and combat infringements, while reducing the risk levels affecting the international trade logistics chain.

In this regard, both countries will cooperate in the development and study of new customs procedures, personnel training and the exchange of specialists, as well as other customs issues that may require joint action.

Cecilia Montaño Hernández, cmontanohernandez@deloittemx.com, Deloitte Mexico

Mexico-Panama

General rules regarding the application of the customs provisions of the Mexico-Panama Free Trade Agreement

On 30 June 2015, the General Rules regarding the application of the customs provisions of the Mexico-Panama Free Trade Agreement were published.

Through these Rules, the Mexican authorities implemented the provisions that will govern the customs clearance of goods between Mexico and Panama under the Free Trade Agreement. Customs provisions are divided in the following titles: initial provisions, domestic treatment and market access of goods, rules of origin, customs procedures related to the origin of goods, advanced resolutions and legal challenges.

The Mexico-Panama Free Trade Agreement took effect on 1 July 2015.

Cecilia Montaño Hernández, cmontanohernandez@deloittemx.com, Deloitte Mexico

Back to top

Asia Pacific

Australia

'Authorised economic operator' program introduced

Australia has introduced an authorised economic operator program (Trusted Trader Program).

The program commenced on 1 July 2015. It is being implemented on a phased basis, commencing with a 12-month pilot, initially involving a handful of participants, to enable customs authorities to test and refine processes and requirements. By the later stages of the pilot (in the first half of 2016), it is anticipated that around 50 importers and exporters (and their trade intermediaries) will be involved. At this stage it is intended that the program will be fully operational and open to all participants in the international trade supply chain from 1 July 2016.

Australia is currently pursuing Mutual Recognition Arrangements for the Trusted Trader Program with key trading partners.

The program offers several tiers of certification as a trusted trader, with more benefits at the higher tiers. Broadly, the program is expected to offer businesses the opportunity to secure quicker customs clearance, less pre- or post-clearance checking of consignments, reduced customs compliance monitoring and higher level customer service from the customs authorities.

A business's customs compliance record will be a key consideration in the accreditation process. At this early stage, businesses that intend to seek accreditation when the program is more widely available should be reviewing their customs compliance history and identifying whether customs rulings should be sought or voluntary disclosures made.

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China

Status of China VAT Reform

Whilst there was an expectation that a framework regulation would be announced in October 2015, it is becoming evident that maintaining this expecting timeline is challenging. China committed to completing the VAT Reform by the end of 2015 but, as time passes and with no formal releases of the regulations, the silence appears to be signaling that the conclusion of the VAT Reform will take more time than expected. Until there is official published information by the Ministry of Finance, or the State Administration of Taxation, every effort must continue to be placed on completing the preparation for the Reform and allow any extra time to be focused on testing.

Judgments on Tariff Classifications of 2015

On 25 June 2015, the General Administration of Customs (GAC) issued the second batch of their judgments on selected Tariff Classifications of 2015 (GAC [2015] Bulletin No. 31). Together with the first batch of decisions issued on 23 April 2015 (GAC [2015] Bulletin No. 13), 34 products are now covered under the Classification Decisions for 2015.

Each year, GAC would normally issue two or three bulletins on decisions they concluded upon on tariff classifications to provide guidance to importers/ exporters to facilitate their decision on the correct HS code to apply. The decisions issued by GAC are binding nationwide, which typically include:

- Commodities that invite most disputes on classification from Customs daily work, such as steering robots in Bulletin No.31; and

- Commodities that are new products, especially IT products, such as Apple watches and smart bands in Bulletin No. 13.

Potentially affected companies are recommended to take the initiative to review the appropriateness of the commodity classification for import/ export, and closely monitor the newly issued Decisions on tariff classification so as to mitigate the risk of declaring the wrong HS code to China Customs.

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India

VAT on right to use of intangibles

Following the Bombay High Court decision in the case of *Tata Sons Limited* (as reported in the February 2015 edition of this newsletter), Maharashtra sales tax authorities have issued a circular clarifying the levy of VAT on the transfer of the right to use of intangible goods like trademarks, technical know-how and copyright.

The circular placing reliance upon the *Tata Sons* decision has reiterated that VAT can be levied on the transfer of the right to use goods of an intangible nature even if it is transferred to multiple users.

With divergent views on the taxability of intangibles to VAT, this issue is far from being settled and such transactions are likely to be subject to tax under both VAT and service tax.

Maharashtra Municipal Corporations (Local Body Tax) Rules amended

As a relief to dealers from the provisions of Local Body Tax (LBT), the Maharashtra Government has recently amended the Maharashtra Municipal Corporations (Local Body Tax) Rules, 2010 (LBT Rules).

The key amendments are as follows:

- The threshold of turnover for obtaining registration under the provision of LBT has been amended, so that, now, only those dealers whose turnover of either sales or purchases exceeds INR 500 million during the year are required to obtain registration;
- If turnover of neither sales nor purchases has exceeded INR 500 million during financial year 2014-15, the certificate shall be deemed to be cancelled with effect from 1 August 2015.

Exemption from Central Sales Tax denied on sale of packing materials preceding the export of goods

Under Central Sales Tax (CST) law, the penultimate sale (i.e., the sale immediately prior to export) is exempted from CST if such sale takes place for the purpose of complying with the pre-existing agreement for the export of goods.

In a recent case, the assessee had sold packing materials to various exporters and claimed exemption from CST on the grounds that the contract between the exporter and foreign buyers was to export the goods in packed condition. Since the goods could not be exported without the aid of packing materials, the sale of the materials to the exporter was for the purpose of complying with the export orders.

The Kerala High Court held that to claim exemption, the local sale or purchase between the parties should be inextricably linked with the export of the goods. In this case, packing materials were only used for wrapping the goods which were exported. Packing materials alone were not exported as such, and the goods exported were different. There was no intention on the part of buyer and seller to export the packing materials. Thus, the benefit of exemption was not allowed.

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Indonesia

Increased import duties on consumer goods

The Ministry of Finance has issued Regulation number 132/PMK/010/2015 (PMK-132) announcing duty rate increases (Most Favoured Nation) on a wide range of consumer goods effective from 23 July 2015. The table below illustrates some of the changes made.

Type of goods	Import tariffs before 23 July 2015 – MFN	Import tariffs effective from 23 July 2015 – MFN
Automotive (Cars)	10 – 40%	50%
Meat	5%	30%
Coffee/ Tea	5%	20%
Beverages of alcohol content of at least 25%	IDR 125,000 per liter	150%

The increase in import duties is intended to promote the growth of locally produced products and reduce dependence on imported products. Whilst MFN rates have increased, there remain opportunities for companies to lower tariff rates through the use of applicable FTAs.

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New Zealand

Discussion document released on collection of GST for online purchases

On 18 August 2015, the Minister of Revenue, released a discussion document on the collection of GST for online purchases in New Zealand.

The discussion document, **GST: Cross-border services, intangibles and goods**, contains proposals to require overseas suppliers to register and return GST when they sell services (including online products such as e-books, music and videos) to New Zealand consumers. The document also outlines the way forward for improving the collection of GST on all goods, including low-value imported goods.

Main features of the proposal

The proposed new rules for taxing cross-border supplies of services and intangibles include the following:

- Offshore suppliers of services would be required to register and return GST on services purchased by New Zealand-resident consumers.
- Offshore suppliers would be required to register and return GST if their supplies of services to New Zealand residents exceed a given threshold in a 12-month period. Submissions are sought on what the level of that threshold should be (most likely NZD 60,000 per annum).
- A wide definition of ‘services’ is proposed, which includes both digital services (such as video, music and software downloads) and more traditional cross-border services supplied remotely by a person offshore (such as legal and accounting services).
- In some situations, an electronic marketplace or intermediary may be required to register instead of the principal offshore supplier.
- While GST is about taxing business-to-consumer supplies, submissions are sought on whether offshore suppliers should be required to return GST when they supply services and intangibles remotely to New Zealand GST-registered businesses (which would normally be able to claim the GST back) and whether these services would count towards the registration threshold.
- Offshore suppliers would be able to rely on certain objective proxies in order to determine whether a customer is a New Zealand resident.
- The following three registration systems for offshore suppliers are being considered:
    - The domestic registration system;
    - A ‘pay only’ registration system, or
    - A regional ‘one-stop-shop’ registration system.

It is proposed that the new rules would cover a broad range of services with the main exceptions being for existing exemptions and zero-rated provisions that currently apply to domestic suppliers.

The proposed rules are broadly aligned with the Organization for Economic Co-operation and Development (OECD) draft guidelines on the GST treatment of cross-border services and intangibles as well as international practice.

It is proposed that the new rules would be included in the next omnibus tax Bill.

Submissions on the discussion document can be made until 25 September 2015.

Low-value imported goods

Currently, GST on imported goods is collected by Customs at the border. However, GST is not collected if the total duty value (including GST, tariffs and other duties) is less than NZD 60. This is known as the 'de minimis' threshold.

Depending on freight costs, the NZD 60 de minimis threshold can roughly equate to a parcel worth NZD 225-400 depending if GST is the only duty applying. It can equate to a parcel with a much lower value when tariff duty applies or the freight and insurance costs are high. A 10% tariff duty applies to a range of goods, including some apparel and footwear. The de minimis threshold does not apply to shipments of alcohol or tobacco products.

The government is investigating how the collection of GST on low-value imported goods can be improved. At the request of the Minister of Customs, Customs is to report back by October 2015 on:

- Options to strengthen and streamline GST collection on low-value goods while maintaining current levels of risk assessment;
- A recalculation of the future costs of collecting GST on low-value goods; and
- Options to change the level of the de minimis and simplify it.

Following the report-back by Customs, it is anticipated that a consultation document will be released seeking public feedback on options to improve the collection of GST on low-value goods, with a view to making changes to the current system of collecting GST on these goods. This could also look at lowering the de minimis.

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Philippines

Stricter controls on dual-use, controlled goods and technologies expected

Philippines has approved Bill No. 2726 on 17 August 2105 which aims to impose stricter controls on the transfers of dual-use goods, controlled goods and technologies which could potentially be used for weapons of mass destruction.

Under the Bill, the legislative text and authorities to be established are as follows:

- A National Strategic Goods List specifying the strategic goods and technologies which would be subjected to government control and authorization;
- A National Security Council along with a Strategic Management Committee to act as a central authority on all matters relating to Strategic Trade Management; and
- A Strategic Trade Management Office to serve as the executive and technical agency to handle the national management systems for the trade in strategic goods.

Upon ratification of the legislation, companies engaging in the export, import, transit and transshipment of strategic goods or technology will need to review and align their existing procedures and processes in order to meet stricter export control requirements.

Richard Lapres, rlapres@deloitte.com, Deloitte Philippines

Singapore

Customs update the allowable activities at OMC

The Offshore Marine Centre (OMC) located at the western part of Singapore has been in operations since 12 July 2012. The OMC is a dedicated marine and offshore terminal with common multiuser facilities for businesses engaged in the manufacturing and fabrication of offshore and marine equipment, components and heavy structures, as well as the loading, unloading and transportation of raw or finished products.

Singapore Customs has recently updated the list of allowable activities at the OMC, as follows:

- Import, export and transshipment for re-export of cargo relating to oil and gas, offshore and marine industries;
- Export and transshipment for re-export of sea-stores;

- Temporary import of such non-dutiable oil-drilling materials and equipment for repair locally; and
- Temporary export of such non-dutiable oil-drilling materials and equipment for rental or overseas assignments.

Importation via the OMC is subject to GST levied at 7% of the CIF value inclusive of all other charges, costs and expenses incidental to the sales and delivery of the goods into Singapore. Businesses under the Major Exporter Scheme (MES) may enjoy GST suspension on the imported goods.

All importation and exportation of goods via the OMC need to be covered by the relevant Customs permit and observed in accordance to the requirements stipulated in the permit conditions.

Upcoming updates to Singapore's Strategic Goods Control List

Singapore Customs announced on 19 August 2015, a new Strategic Goods (Control) Order (SGCO) that will be introduced in October 2015. The SGCO 2015 brings Singapore's Strategic Goods Control List (Dual-use List and Military List) up to date with the 2014 Wassenaar Arrangement Munitions List and 2015 EU List of Dual-use Items (EUDL).

The 2015 EUDL comprises of substantial changes from the following four multilateral export control regimes' Control Lists:

- Wassenaar Arrangement;
- Missile Control Technology Regime;
- Australia Group; and
- Nuclear Suppliers Group.

These changes consist of entry additions, deletions and revisions made to the Control Lists under the abovementioned regimes.

Once the SGCO 2015 is in place, companies should assess whether their goods for export would likely be caught under the SGCO 2015 and assess whether systems enhancements need to be introduced to ensure dual-use goods subject to export control could be flagged.

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Trade Preferences

EU-Vietnam

EU-Vietnam Free Trade Agreement concluded

The EU-Vietnam Free Trade Agreement (FTA) was concluded on 4 August 2015, with Vietnam being the second in the ASEAN region after Singapore to reach a comprehensive FTA deal with the EU.

Upon entry into force, the FTA will remove nearly all tariffs (over 99%) on goods traded between Vietnam and the EU (except sensitive agricultural goods). Specifically:

- Vietnam will remove 65% of import duties on EU exports immediately and gradually eliminate the remainder over a 10-year period;
- The EU will gradually eliminate duties on Vietnam exports over a seven year period.

Key industries that would benefit from the FTA are:

- EU companies exporting electrical machinery and equipment, aircraft, vehicles and pharmaceutical products;
- Vietnam companies exporting electronic products, footwear, textiles and clothing, coffee, rice, seafood and furniture.

The EU-Vietnam FTA is expected to be signed and take effect in late 2017 or early 2018. The trade pact will be a further building block towards the EU's ultimate objective of an ambitious and comprehensive region-to-region EU-ASEAN FTA.

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Back to top

EMEA

Finland

VAT on cost of legal due diligence services related to properties

On 30 July 2015, the Supreme Administrative Court gave a ruling KHO:2015:114. The question was whether Company A was liable to account for output VAT on legal due diligence services charged to its subsidiary. Company A had purchased the services to find out the potential risks of buying property companies in Russia. Company A charged the costs to its subsidiary, Company B, as the property companies in Russia were purchased by Company B if the due diligence led to an acquisition.

The SAC considered that company A was not liable to account for the output VAT, as the services were related to real estate located in Russia, and according to the Finnish VAT Act art. 67.1, services related to real estate are sold in Finland, and therefore subject to VAT in Finland, only if the real estate is located in Finland.

Harri Huikuri, harri.huikuri@deloitte.fi, Deloitte Finland

Germany

CJEU decides holding companies can reclaim input VAT

The Court of Justice of the European Union has delivered its judgment in the joined cases of *Beteiligungsgesellschaft Larentia + Minerva mbH & Co. KG* and *Marenave Schiffahrt AG*. The cases concerned the recovery of input tax incurred by holding companies, and the possibility that 'non-corporates' may be included in VAT groups.

The Court has concluded that VAT incurred by holding companies that make charges for managing their subsidiaries should be recoverable, subject to any restriction resulting from any exempt supplies that they make (e.g., the interest on loans to subsidiaries).

The CJEU also decided that the EU law on VAT groups prevents Member States from limiting VAT grouping to "…entities with legal personality and linked to the controlling company of that group in a relationship of subordination …", except when such a restriction is needed "… to prevent abusive practices or behaviour or to combat tax evasion or tax avoidance …".

Marcus Sauer, msauer@deloitte.de, Deloitte Germany

Greece

Recent VAT changes

Ministerial Circular POL.1149/2015, which communicated the provisions of Law 4321/2015, introduces new rules regarding VAT adjustments in respect of investment assets and changes to the pro-rata percentage (applicable as from 1 January 2014). In particular:

VAT adjustments

- With the abolition of the Annual VAT Clearance return, VAT adjustments are now made in the periodic VAT return that is submitted in the seventh month of the calendar year that follows the one in which the accounting year ends. (For instance, for accounting years ending 30 June 2014 or 31 December 2014, VAT adjustments will be made in the June 2015 VAT return). Depending on whether a VAT amount is to be deducted or paid, boxes 407 or 423 respectively of the VAT return will be used for adjustment purposes.

- A VAT adjustment resulting from the termination of business activity is made by the submission (on paper) of an extraordinary VAT return by the last working day of the seventh month of the calendar year that follows the year of termination.

- Exceptionally, for the accounting period 2014, VAT adjustments will be accepted even if made in another way (e.g., through the Annual VAT Clearance return or through the VAT return for the last month of the accounting period).

Pro-rata rate

With regards to pro-rata, the Circular noted that the pro-rata rate for the VAT deduction of common expenses, as formed based on the data of the previous accounting year, will be the:

- ***Final rate*** for the previous accounting period and therefore, the basis for the VAT adjustment.

- ***Temporary rate*** a) for the current, at the time of the VAT adjustment, VAT period (e.g., June 2015, in the above example); b) for all the remaining VAT periods of the current accounting period (e.g., from July 2015 until December 2015 in case of an accounting period ending on 31 December 2015); and c) for the VAT periods of the following accounting period up until and excluding the month of VAT adjustment (e.g., until May 2016, in the above example).

- ***New rate*** for VAT periods from the beginning of the current accounting period (e.g., from January 2015 until May 2015 for accounting years ending on 31 December 2014). This will be the case, unless a final rate has been determined and applied as from the first VAT period (January 2015); hence no correction is required.

Miscellaneous

- The Circular abolished the annual VAT period for farmers with no other business activity. A monthly or quarterly VAT period will apply for farmers depending on the type of accounting books kept (as is the case for entrepreneurs).

- VAT subjects under the special flat-rate scheme for small businesses file on paper an extraordinary VAT return on a six-month basis.

- It has been clarified that outstanding VAT amounts assessed from 1 July 2013 until 31 December 2013 are eligible for special schemes of incremental payments (in instalments).

Special VAT Rule – Gas

In the context of a natural gas pipeline construction, it will be the Greek based VAT subject operating natural gas transmission through pipelines that will be liable for VAT on goods and services used exclusively for the construction (Article 2 of Law 4330/2015).

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Gulf Cooperation Council

VAT in the GCC – Old news or new chapter?

The recent action taken by the United Arab Emirates to eliminate fuel subsidies with effect from 1 August 2015 has ignited the debate on tax reform in the Gulf Cooperation Council (GCC) countries. Whilst these countries are facing an increasing amount of pressure on their national budgets, every GCC government understands the urgent need for fiscal-sustainability in the long-term.

Deloitte Middle East has published a report **VAT in the GCC – Old news or new chapter?** The report indicates that it seems increasingly likely that there will be a unilateral or multilateral move to implement VAT in the GCC in the relatively near term. Whilst no government has committed to implementing any tax at this time, the signs indicate that the status quo will change because of persistently low oil prices, increasingly large fiscal break-even gaps faced by most GCC countries, and the need to find sufficient revenue to fund ambitious economic growth plans in the

long term. The momentous decision by the UAE to slash fuel subsidies is likely to drive the decade long GCC tax debate to a meaningful conclusion within the next six months.

According to a **press release issued by the Ministry of Finance in the UAE**, the country's draft VAT law is still under negotiation pending agreement among the Gulf states to introduce a VAT system. The release confirms that "… [a]n immediate announcement will be made once a final agreement on imposing a VAT law is reached" and that "…[c]oncerned sectors and entities will have around 18 months after imposing the law to implement and fulfill the requirements of their tax obligations …".

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Italy

Supreme Court decision on joint liabilities of customer in case of omitted or incorrect invoicing by supplier

In decision n° 15302 (dated 21 July 2015), the Supreme Court focused on the application of penalties set out in art. 6, par. 8 of Legislative Decree n° 471/1997, based on which, a purchaser of goods and services who has received an incorrect invoice from the supplier is jointly liable for the conduct of the supplier, and thus subject to penalties (equal to 100% of the VAT), unless it regularizes the supplier's transgression through a reverse charge procedure within the following 30 days.

With reference to a specific dispute about the liabilities of a customer who received an incorrect invoice from the supplier, the Supreme Court stated that the purchaser could not be deemed liable to make any kind of regularization of the supplier's transgression which implies a preliminary substantial review of the transactions carried out by the supplier, also in terms of correct qualification for VAT purposes; indeed, it is entirely for the tax authorities to apply the VAT rules and to establish whether there is a wrong practice.

On the other hand, in line with a consolidated opinion already supported in previous decisions, the Supreme Court confirmed that the customer should be deemed liable to regularize the supplier's transgressions arising from a formal check of the invoices received (i.e., a review of the formal mandatory requirements of the Italian VAT Code, such as, the nature, quality and quantity of the goods or services of the transaction, VAT rate, VAT amount and taxable base, etc.).

Supreme Court decision regarding the VAT warehouse regime

In decision n° 16109, the Supreme Court applied, for the first time, the CJEU principles of the *Equoland* case (C-272/13) to an Italian litigation related to the irregular application of the VAT warehouse regime (i.e., the application of the VAT suspension regime to import transactions, without the introduction of the goods into the VAT warehouse).

The Supreme Court maintained a distance from the strictly rigid approach of the tax authorities, which require the payment of the import VAT wrongly 'suspended', whenever the goods are not physically introduced into a VAT warehouse, as required by Italian law.

Consequently, in full line with the conclusions in *Equoland*, the Supreme Court focused on the general principle of the neutrality of VAT and stated that, in the case under discussion, the payment of import VAT would be not due, whenever VAT has been already settled, under the reverse charge mechanism through self-invoicing and entry in the sales and purchases register of the taxable person.

Assonime circular letter regarding draft decrees, in particular in relation to penalties

In circular letter n° 25, Assonime (the Italian Association of Joint Stock Companies) provided some clarification regarding the five draft decrees issued by the government in execution of Law n° 23/2014, which are currently under discussion by the competent Parliament Commissions (the draft decrees are in relation to: tax evasion, the ruling procedure, the penalties' system, collecting procedures and the tax authorities' internal reorganization).

With regards to the most significant observations from a VAT perspective, Assonime focussed on the incoming changes to administrative penalties, and expressed some concern about the opportunity to apply for proportional penalties (instead of fixed ones) whenever the committed violations do not affect the collection of the VAT. Basically, in line with the consolidated Court of Justice of European Union principles (already confirmed by the Supreme Court), based on which penalties must not go further than is necessary to ensure the correct levying and collection of the VAT, Assonime specifically criticized the application of proportional penalties in cases of irregular application of the reverse charge or irregular submission of VAT refund claims, stating that fixed penalties should be properly applied in these cases.

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Controls on electrical energy meters

With Decree No 60/2015, the Minister of Economic Development provided the specific criteria to be followed for carrying out metrological controls on active electrical energy meters (in light of Directive 2004/22/EC on measuring instruments), and on 21 July 2015, Customs issued Circular Letter No 9/D to provide operative guidelines in this respect.

New excise data to be communicated to Customs

On 22 July 2015, Customs updated some of the data, relating to energy products, which operators must electronically communicate to Customs to comply with the excise fulfillments.

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Kazakhstan

Special customs procedures

Government Resolution № 522 dated 15 July 2015 has approved:

- Rules for the application of special customs procedures (SCP); the particular features of their application; the conditions for placing goods under SCP; restrictions in the use and distribution of goods; and the methods and procedure for concluding SCP;
- A list of entities authorised to apply SCP to goods imported into Kazakhstan.

The following may be placed under SCP, among others:

- Weapons, military equipment, ammunition and other items transferred across the Customs Union border by Customs Union member country military units (institutions and bodies);
- Goods transferred across the Customs Union border for use to warn against and respond to natural disasters and other emergencies, including goods to be distributed free of charge;
- Temporarily imported (released) foreign goods exported outside of the Customs Union for repair and/ or technical maintenance and re-imported after repair and/ or technical maintenance;
- Foreign goods exported from the Customs Union and/ or imported onto artificial islands, rigs, structures or other objects located outside of Customs Union member country territory, but in which the Customs Union member country has exclusive jurisdiction, and

which are to be used in the construction (creation or erecting) of those objects, and to ensure their functioning (operation or use) wherever they are located;

- Foreign goods transferred across the Customs Union border for use in the organization of EXPO-2017;
- And others.

Goods are released under SCP free of customs duties, taxes and non-tariff regulation.

The Resolution entered into force at the end of ten calendar days from its initial publication, which was 28 July 2015.

Temporary ban on petroleum product exports

Ministry of Energy Order № 437 dated 26 June 2015 has introduced a temporary ban on petroleum product exports from Kazakhstan to outside of the Eurasian Economic Union, including light distillates and products (EEU FEA CN code 2710 12), medium distillates, kerosene, gas oil and diesel (EEU FEA CN codes 2710 19 110 0 – 2710 19 290 0, 2710 19 350 0 – 2710 19 480 0, 2710 20 110 0 – 2710 20 190 0) and other petroleum products (EEU FEA CN code 2710 20 900 0), apart from domestic heating oil, for six months.

The Order entered into force at the end of ten calendar days from its first official publication, which was 20 July 2015.

Exclusive rights to import vehicles from EEU countries

Ministry of Investment and Development Order № 481 dated 24 April 2015 has approved a list of vehicles for which import into Kazakhstan from EEU countries exclusive rights are provided. The Order does not apply to vehicles imported by individuals for non-commercial purposes.

Imports of the vehicles listed below require a license issued by the Ministry of Investment and Development Industrial Development and Safety Committee. The license in question is issued to official manufacturers' representatives and official dealers based on distributor or dealership agreements.

EEU FEA CN code	Description of goods
8702	Motor vehicles to transport 10 persons or more, including the driver
8703	Passenger and other motor vehicles used predominantly to transport people, including dual purpose vehicles, vans and racing vehicles
8704	Freight transportation motor vehicles

The above vehicles are imported on the basis of a license.

The Order entered into force on 11 June 2015.

Export customs duties

Ministry of National Economy Order № 405 dated 27 May 2015 has established a list of goods on which export customs duties are charged when exported from Kazakhstan to outside of the EEU. The Order also set duty rates and validity periods.

The export duty rate on crude oil has remained unchanged at USD 60 per tonne.

The full text of the document can be found in official publications.

The Order entered into force on 19 July 2015.

Excise and control stamps on alcohol products

Ministry of Finance Order № 591 dated 29 December 2015 has approved rules for the receipt, accounting treatment, storage and issue of excise and control stamps, presenting importers' reports on the targeted use of control stamps when importing alcohol products into Kazakhstan from Customs Union countries, and also the accounting treatment of the same.

It also approves the value of control stamps on alcohol products imported into Kazakhstan from Customs Union countries at 1 Monthly Calculation Index per litre (for 2015 – KZT 1,982).

The full document text can be found from official Kazakhstan sources.

The Order entered into force on 1 January 2015.

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Malta

Alternative methods of partial attribution

Taxable persons registered for VAT in Malta that carry out both VAT taxable and exempt activities are only entitled to recover input VAT incurred on supplies that cannot be linked directly and exclusively to their VAT taxable activities (i.e., VAT on general overheads) on a partial attribution basis.

Whilst Maltese VAT legislation already provided for the possibility to apply an alternative method of partial attribution where the standard turnover based method does not give 'a fair and reasonable result', given the absence of further implementing regulations/ guidance on the matter, until now such alternative methods have not been seen to be applied in practice.

The relevant provision of the Malta VAT Act has now been amended to fully enable taxpayers to enter into negotiations with the VAT authorities with a view to obtain the latter's approval as to the application of an alternative method of calculation, taking into consideration the specifics of the taxpayer's business.

VAT treatment of road assistance services

Further to a (minor) change in legislation concerning the scope of the VAT exemption applicable to insurance services on 17 July 2015, the local VAT authorities have published guidance on the VAT treatment of road assistance services.

The guidance clarifies that road assistance services rendered by service providers in the case of a breakdown or accident and which are offered on a subscription basis must, for VAT purposes, be considered as exempt supplies of insurance services without the right of deduction of input VAT. On the other hand, where such services are provided on an ad hoc basis for separate consideration (i.e., not as part of a membership/ subscription package), then the services would be taxable at the standard rate of VAT (which is currently 18%) with the right of deduction of input VAT.

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Netherlands

Dutch tax authorities cease SMS alerts for VAT returns

Entrepreneurs that electronically file VAT returns in the Netherlands can receive a SMS alert when their VAT return is due. The tax authorities ceased to send those SMS alerts from mid-August. Entrepreneurs can use the app 'Btw-alert' to be notified when a VAT return is due.

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Poland

Referral to CJEU regarding legality of VAT Directive with respect to VAT rates on similar goods (paper and electronic books)

On 7 July 2015, for the first time, the Constitutional Tribunal decided to ask the Court of Justice of the European Union about the legality of the Principal VAT Directive. In particular, doubts arose with respect to the differentiation of VAT rates on similar goods (paper and electronic books), which "leads to a breach in the principle of fiscal neutrality as it differentiates VAT rates applicable to similar and competitive goods".

In particular, according to EU law, reduced VAT rates may apply to paper books. On the contrary, electronic books are to be treated as electronic services, and therefore subject to standard VAT rates.

The judgment with respect to the legality of the provisions regarding e-books may also have a wide impact on the taxation of other electronic publications, such as press. In this respect, the problem is in fact homogeneous; electronic versions of newspapers and magazines are also considered electronic services subject to standard VAT rate (meanwhile paper press is subject to reduced rates).

It is important to point out, that regardless of the CJEU's approach, the CJEU's ruling may be followed by a revision of the Directive by the European Commission, as work in this area has been going on for a long time, with no significant effects to date.

Application of the reverse charge mechanism on game consoles

As mentioned in previous editions of this newsletter, as of 1 July 2015, local supplies of game consoles are subject to the obligatory reverse charge mechanism (provided the value of transactions exceeds the thresholds set in the law). The guidelines of the Minister of Finance

published in this respect triggered some doubts as regards taxation of such supplies when provided in bundles.

Further to these explanations, bundled supplies of game consoles with a game installed thereon shall be considered as a composite supply, subject to the reverse charge. Bundled supplies of game consoles with a storage device with a game to be installed, albeit packed together, seem to fall outside of the composite supply bundle concept in the light of these explanations. Consequently, the reverse charge shall be applied to game consoles only, whereas the game is to be taxed at the standard 23% VAT rate.

Bearing in mind that the latter case seems to occur quite often in practice, concerns arose regarding how to tax such supplies, given that the incorrect approach may trigger VAT arrears. Although the explanations do not have a binding character, their conclusions are likely to be followed by the tax authorities. As a result, suppliers have applied for binding rulings to secure their positions. Deloitte Poland is monitoring developments, and will provide updates in future editions of this newsletter.

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Portugal

Clarification by tax authorities on documents to support VAT exemption on exports

In Circular Letter n.º 8/2015, the tax authorities have clarified the documentation required to support the VAT exemption on the supply of goods dispatched or transported to a destination outside the European Community, as well as the party that should be regarded as the exporter and, consequently, who is required to have such documentation.

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Russia

Amendment to list of medical goods subject to VAT at the rate of 10% upon importation

Russian Federation Government Resolution No.655 of 30 June 2015 expands the list of medical goods which are subject to VAT at the rate of 10% upon importation. The items added to the list include: chewing gum without sugar (sucrose) and/ or using a sugar substitute (classification code 2106 90 980 1); sea water and salt brine (classification code 2501 00 100 0); other perfumery, cosmetic, toiletry preparation (classification code 3307 90 000).

The Resolution came into effect on 11 July 2015.

Accounting for revenues gained from participation in the share capital of subsidiaries and affiliated companies for the purposes of VAT separate accounting

Letter of the Russian Ministry of Finance No. 03-07-11/39228 of 8 July 2015 reports that a company is not obliged to take into account the revenues gained from participation in the share capital of subsidiaries and dependent companies when calculating proportion for the purposes of VAT separate accounting.

It should be noted that, in accordance with the Russian tax legislation, if a company performs both VAT-able and non-VAT-able activities, it is obliged to maintain separate accounting for VAT purposes.

VAT on the transfer of inseparable property improvements to lessors

Russian Federation Supreme Court Ruling No. 306-KG15-7133 of 15 July 2015 on Case No. A65-13722/2014 has ruled on a dispute between Federal-Mogul Naberezhnye Chelny LLC and the tax authorities on the issue of VAT on the transfer of inseparable property improvements to lessors.

The Supreme Court dismissed the re-examination of the case, recognising that a free-of-charge transfer of permanent improvements made by the lessee within the leasing contract term taking place after the leasing contract termination shall be considered as a supply and presents a separate object of taxation for the VAT purposes.

Courts of three instances have ruled in favor of the tax authorities.

VAT on selling assets of an organization recognized bankrupt

Letter of the Federal Tax Service No. GD-4-3/11241@ of 29 June 2015 reports that from 1 January 2015, it is no longer required to account for VAT on selling assets of an organization recognized bankrupt, as the respective amendments were made to the Russian Federation Tax Code and came into effect on 1 January 2015.

VAT exemption on the conclusion of swap contracts whose underlying assets are goods subject to VAT

Letter of the Russian Federation Ministry of Finance No. 03-07-11/34605 of 16 June 2015 reports that a swap difference is not subject to VAT if it does not represent a payment for an underlying asset in accordance with the conditions of the swap agreement.

Recovery of VAT paid to the customs authorities

Letter of the Federal Tax Service No. GD-4-3/11190@ of 26 June 2015 reports that a hard copy of an e-document, which confirms the import of goods to the Russian Federation territory and which was received from the customs authorities, cannot form the grounds for the refusal in recovery of VAT paid to the customs authorities.

Establishing a new area of priority development – the Vladivostok free port

Federal Law No. 212-FZ of 13 July 2015 establishes a new area of priority development – the Vladivostok free port. The document determines the legal regulation of the residents of the Vladivostok free port and the state support which is provided to them.

Benefits introduced for the residents of the free port include: a free customs zone, reduced social insurance contribution rates – 7.6% instead of 30% for 10 years, a simplified regime for foreign citizens – simplified visa procedures for entry in the Russian Federation for up to eight days, reduction of administrative procedures – the 'single window' principle, tax incentives including declarative procedure for VAT refund, legal protection, etc.

The Vladivostok free port has been established for 70 years; the period may be extended by a separate federal law in the future.

The Federal Law comes into effect on 12 October 2015 with the exception of certain regulations for which different dates of entry into force are envisaged.

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Sweden

Advocate General opinion that trading in Bitcoins is exempt from VAT

Advocate General Julianne Kokott has delivered her opinion in the case of *David Hedqvist*, about the VAT treatment of exchanging Bitcoins into 'real' currency (Swedish Crowns in the case).

Advocate General Kokott has concluded that the exchange of a pure form of payment (Bitcoin) for a legal means of payment (a currency which is legal tender) or vice versa is a supply of a service for consideration and the supply is exempt from VAT.

Note: Bitcoin mining, i.e., where the Bitcoin transactions are verified by so called miners in exchange for new bitcoins and, in some cases, an optional transaction fee is paid by the parties, is not considered as a supply of services for consideration in Sweden. This question has been

ruled on by the Board for Advance Tax Rulings, and this interpretation has also been confirmed by the Tax Agency in an officially published guideline.

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United Kingdom

Court of Appeal rules that overhead VAT not linked just to finance element of HP deals

The Court of Appeal has allowed an appeal by VW Financial Services (UK) Limited (VWFS) against the Upper Tribunal's decision that it could not reclaim any residual input tax incurred in connection with its HP transactions.

The Upper Tribunal overturned the First-tier Tribunal's decision, which was in favor of VWFS, and agreed with the tax authorities (HMRC) that since the vehicles that were the subject of the HP transactions were sold on at cost, they did not bear any of the company's overhead costs and that it followed that no input tax on overheads should be attributed to them.

The Court of Appeal rejected that view. According to the Court of Appeal, "[t]he FtT correctly identified in ... its decision that the supply of vehicles was for VAT purposes part of VWFS's relevant economic activity to which its general overheads related without distinction. In those circumstances, they were cost components of the taxable supplies. A zero attribution is therefore unsustainable."

It decided that, contrary to the Upper Tribunal's view, the First-tier Tribunal had made no error of law in reaching its decision and restored it.

Upper Tribunal decides that VAT default surcharge was not disproportionate

The Upper Tribunal has published its decision in the *Trinity Mirror PLC* default surcharge case.

In 2014, the First-tier Tribunal decided that a 2% default surcharge of over GBP 70,000 for filing a return and paying VAT less than one day late was disproportionate and so should be discharged.

The Upper Tribunal has upheld HMRC's appeal, holding that the neutrality of the VAT system is undermined if filing or payment is made late, and indicating that the degree of lateness is irrelevant.

This is a surprising conclusion given EU case law in this area. The Upper Tribunal noted the absence of a maximum penalty was a flaw but said "…we cannot ourselves readily identify common characteristics of a case where such a challenge to a default surcharge would be likely

to succeed …". These points mean that further litigation in relation to the default surcharge regime seems inevitable.

Sale of business to a VAT group was a TOGC

The Upper Tribunal has reversed the First-tier Tribunal's decision in the case of *Intelligent Managed Services Limited,* and confirmed that the sale of the IMS business to a company in the Virgin Money VAT group which made only intra-VAT group transactions after the transfer qualified as a VAT free transfer of a going concern (TOGC).

The First-tier Tribunal decided that the TOGC conditions were not satisfied because the Virgin Money VAT group used the assets transferred to make only intra-VAT group supplies, which were ignored for VAT purposes. The Upper Tribunal overturned that conclusion, deciding that "... there is nothing in the group rules that can prevent the transfer of IMSL's business … from being a TOGC …".

Direct marketing services using printed matter

Following the publication of updated versions of Notice 700/24 – now called Postage, Delivery Charges and Direct Marketing and Notice 701/10 – Zero-rating of Books and Other Printed Matter, HMRC have now published a Brief outlining HMRC's approach to supplies of direct marketing that they consider have been wrongly treated as zero-rated supplies of delivered goods.

The Brief sets out those circumstances where HMRC will not take action to assess for past errors and also describes the settlement terms available to businesses whose supplies do not come within the scope of the transitional arrangements.

Aggregates Levy refund claims

Following the Summer Budget announcement that legislation to reinstate certain Aggregates Levy exemptions that were suspended while the European Commission carried out an investigation into whether the reliefs complied with 'State Aid' rules will be included in the Summer Finance Bill, HMRC have now set out the processes that businesses will need to follow to claim refunds of the Aggregates Levy paid while the exemptions were suspended (together with interest on the relevant amounts).

Claims will have to be submitted to HMRC after 1 August, together with supporting evidence to show that Aggregates Levy was paid on the various types of aggregate where the Commission has agreed that the UK's Aggregates Levy exemptions were lawful. Details of the types of

aggregate involved, and of the evidence that HMRC requires to support refund claims, are set out in the HMRC Brief.

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Trade preferences

EU-Vietnam

EU-Vietnam Free Trade Agreement concluded

The EU-Vietnam Free Trade Agreement (FTA) was concluded on 4 August 2015, with Vietnam being the second in the ASEAN region after Singapore to reach a comprehensive FTA deal with the EU. For more information, see **EU-Vietnam Free Trade Agreement concluded**.

Canada-Ukraine

Ukraine and Canada finalize negotiations on a Free Trade Agreement

On 14 July 2015, the representatives of the governments of Ukraine and Canada signed a document that finalizes the negotiations on the conclusion of the Canada-Ukraine Free Trade Agreement (CUFTA). The signing ceremony was held in Ottawa as a part of the Ukrainian Prime Minister's working visit to Canada.

The CUTFA provisions have been discussed in six negotiation rounds since 2010. The agreement provides for the facilitation and liberalization of trade in industrial and agricultural goods, as well as for a preferential access to public procurement for businesses in both countries.

Once the CUFTA comes in force, Ukraine will immediately eliminate tariffs on 86% of Canada's exports. Tariffs on a limited number of Canadian goods will be subject to a gradual reduction over the period of three, five, and seven years. In particular, Ukraine will no longer apply tariffs on Canadian industrial products, fish and seafood products, forestry and wood products, and the majority of agricultural goods. Key products benefiting from either immediate or eventual duty-free access include beef; grains; canola oil; processed foods; animal feed; fresh, chilled and frozen fish; caviar and caviar substitutes; certain iron and steel products; articles of plastics; and cosmetics. Tariffs will also be eliminated on fresh and chilled pork, and frozen pork will benefit from a large duty-free tariff rate.

Canada will immediately eliminate tariffs on 99.9% of imports from Ukraine. The import duties will be abolished on all agricultural imports from Ukraine, except for some sensitive products such as milk, chicken meat and eggs. Key products from Ukraine that will benefit from this duty-free access include sunflower oil, sugar and chocolate confectionery, baked goods, vodka, apparel, ceramics, iron and steel, and minerals. As for sensitive agricultural products, Ukrainian exporters may supply their products to Canada via tariff quotas at a zero import duty.

Tariff benefits will apply to the products originating from Ukraine and Canada. In order to be eligible for preferential tariff rates, the products should meet the origin criteria set out in the CUFTA.

In addition, the agreement will include commitments related to the protection and enforcement of intellectual property rights, facilitation of electronic commerce, prevention of technical barriers to trade, enforcement action against anti-competitive business conduct, making the trading environment fairer and more predictable.

The CUFTA will create new opportunities for Canadian and Ukrainian businesses, ensure improved access to both markets, increase transparency in regulatory matters and help reduce transaction costs, benefiting both Canadian and Ukrainian exporters and ultimately consumers. As a result, the CUFTA will deep trade linkages and further strengthen Ukraine-Canada economic relationships.

The final version of the CUFTA is in the process of endorsement by the countries. It is expected to be officially signed within a year.

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Back to top

Eurasian Economic Union

Reduction of import customs duty rate in relation to components for gas turbines

The Decision of the Council of the Eurasian Economic Commission No. 74 of 8 July 2015 reduces the rate of import customs duty in relation to parts for the production of gas turbines. In particular, an import customs duty rate of 0% of the customs value will be applied with respect to parts for the production of gas turbines with a capacity of greater than 50 thousand kW classified under classification code 8411 99 009 2.

The reduced rate of import customs duty will be applied until 31 August 2019, inclusive. After this date import customs duty rate of 5% will be applied.

Currently the customs duty rate with respect to the mentioned goods is 6.7% of the customs value.

The decision came into effect on 2 September 2015.

Other amendments to Eurasian Economic Union Common Customs Tariff

EEC Board Resolution № 44 dated 15 July 2015 and EEC Council Resolutions № 72 dated 8 July 2015 and № 85 dated 2 June 2015 have introduced amendments to the EEU Common Customs Tariff with respect to specific goods in accordance with Russian WTO commitments.

The amendments enter into force on 1 September 2015, 31 December 2015 and 1 January 2016.

In addition, the table below shows EEC resolutions amending the EEU Common Customs Tariff:

EEC Board Resolution № Publication date	EEU FEA CN code	Brief description of goods	Customs duty rate[1]
22[2] 1 July 2015	8457 10 900 3	Rocket and space industry equipment	10%[3]
	8457 10 900 9		10%
	8458 11 200 1		7.5%[3]
	8458 11 200 9		7.5%
	8458 11 490 1		7.5%[3]
	8458 11 490 9		7.5%
	8458 91 200 2		8.8%[3]
	8458 91 200 8		8.8%
	8459 61 900 2		10%[3]
	8459 61 900 8		10%
	8460 21 900 2		7.5%[3]
	8460 21 900 8		7.5%
	8460 29 900 1		10%[3]
	8460 29 900 9		10%
	8461 20 000 2		10%[3]
	8461 20 000 8		10%
	8461 40 110 4		10%[3]
	8461 40 110 9		10%
	8462 21 800 3		8.5%[3]
	8462 21 800 7		8.5%

EEC Council Resolution №, Publication date	EEU FEA CN code	Brief description of goods	Customs duty rate[4]
73[5] 9 July 2015	8905 90 100 1	Fish breeding equipment	10%[6]
	8905 90 100 9		10%
	8907 90 000 1		15%[6]
	8907 90 000 9		15%
74[7] 9 July 2015	8411 99 009 2	50,000 kW or more gas turbine parts	5%[8]
	8411 99 009 8		5%

1. Import customs duties shown as a percentage of customs value, in EUR or USD.
2. Resolution excludes items 8457 10 900 8, 8458 11 200 0, 8458 11 490 0, 8458 91 200 9, 8459 61 900 9, 8460 21 900 9, 8460 29 900 0, 8461 20 000 9, 8461 40 110 7 and 8462 21 800 8 from the EEU Common Customs Tariff. The Resolution entered into force on 11 July 2015.
3. Import customs duty rate of 0% of customs value applies from the date the resolution enters into force until 31 December 2015, inclusive. Note 43C to the EEU Common Customs Tariff.
4. Import customs duties shown as a percentage of customs value, in EUR or USD.
5. Resolution excludes items 8905 90 100 0 and 8907 90 000 0 from the EEU Common Customs Tariff. The Resolution enters into force from 2 September 2015.
6. Import customs duty rate of 0% of customs value applies from the date the resolution enters into force until 31 August 2017, inclusive. Note 41C to the EEU Common Customs Tariff.
7. Resolution excludes item 8411 99 009 9 from the EEU Common Customs Tariff. The resolution enters into force on 2 September 2015.
8. Import customs duty rate of 0% of customs value applies from the date the resolution enters into force until 31 August 2019, inclusive. Note 34C to the EEU Common Customs Tariff.

Full document texts can be found on the official website EEU website: **http://eaeunion.org/** and EEU legal portal: **http://docs.eaeunion.org/ru-ru/**.

Classification of goods according to the Common FEA CN

The below are resolutions adopted to classify goods according to the EEU Common FEA CN.

EEC Board Resolution Date	Brief overview of goods	EEU FEA CN
70 30 June 2015	Electric trucks with control levers, adjustable height forks for use in lifting and moving loaded pallets	8427
71 30 June 2015	Coronary stents	9021 90 900 1

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Back to top

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