

Input VAT newsletter



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October 2014 – Special Edition

VAT rates for real estate as of 1 January 2015 – further guidance from the Luxembourg VAT authorities

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In your diary:

Final deadline for submitting your return for:

August 2014:
14 November 2014

Following the publishing of the draft law amending the Luxembourg VAT Law on the increase of the Luxembourg VAT rates by 2% as of 1 January 2015, the Luxembourg VAT authorities have issued guidance in relation on the application of the rates within the real estate industry.

As mentioned in our previous edition of the Input, the VAT rates of 6%, 12% and 15% will increase to 8%, 14% and 17%. The VAT rate of 3% will remain unchanged.

With regard to construction and renovation works on housing, the super-reduced rate of 3% will apply as of 1 January 2015 on:

Extra information:

Please contact your usual Deloitte VAT contact or:

Raphaël Glohr
Partner
Tel: +352 451 452 665
rglohr@deloitte.lu

Christian Deglas
Partner
Tel: +352 451 452 611
cdeglas@deloitte.lu

Cédric Tussiot
Directeur
Tel: +352 451 452 604
ctussiot@deloitte.lu

- Construction and renovation work on housing where its owner has principal residence
- Renovation work on housing where any other person than the owner has principal residence

Under the proposed transitional arrangement, the super-reduced rate of 3% applicable in 2014 will continue to apply for construction work performed up till 31 December 2016 on housing where any other person than the owner has principal residence, if the application for applying this super-reduced rate has been filed with the Luxembourg VAT authorities before 1 January 2015.

According to the Circular n°771 dated 24 October 2014, such application must be submitted to the Tax Office No. 12 in Luxembourg. In order to meet the deadline of 31 December 2014, the Luxembourg VAT authorities will accept, as a matter of purely administrative tolerance, duly signed applications with the following attachments:

- Copy of the agreement of "reservation" complying with the provisions of the preliminary agreement defined in Article 1601-13 of the Civil Code (instead of a copy of the contract for construction);
- The proof of filing the "request for establishing an overview of the split of a co-owned immovable property" issued by the "Administration du cadastre et de la topographie" mentioning a specific case number that is allocated to this request (instead of the split of the co-owned immovable property).

If you no longer want to receive this newsletter, please let us know at the above-mentioned address.

Please do not hesitate to contact us should you wish to discuss the impact of the increase of the VAT rates on your company as well as the application of the correct VAT rate in 2014/2015.

This edition has been prepared by Christian Deglas, Raphaël Glohr and Tomas Papousek

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