

Changes in indirect Tax  
13 changes in VAT and  
a new Union Customs Code

Pieter Wessel  
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# 13 VAT changes

## 1. VAT rate cut to 20%

- Impact on cash-flow position of taxable businesses.
- Reduce costs for mixed business
- Encourage private spending?
- 19%?

## 2 ECJ/CJEU decisions are part of the Romanian system

- Only for VAT and Excise (why?)
- Not a change but a(n incomplete) signal

## 3. Abuse of law

- A set-up of transactions leads to a tax result contrary to the purpose of the law
- The essential goal of the transactions: obtaining tax advantage
- Consequence: Output VAT remains collected/no input VAT deduction; Not according to ECJ 😊

# 13 VAT changes

## 4. VAT bad debt relief relieved

- Now: only in the case of bankruptcy
- From 1-1-16 also in the case of a so-called ‘haircut’ (reorganization) where the receivable is reduced/eliminated
- Note: Italian ECJ-case. Proof of insolvency or enforcement procedures

## 5. Domestic reverse charge

- Real estate, IT equipment, investment gold
- Not: construction work

## 6. Increase of the 5% - rate threshold for apartments

- RON 380.000 → Ron 450.000;
- 120 sqm
- Once in a lifetime

## 7. 5% - rate (from 9%) applicable on sport and culture

# 13 VAT changes

## 8. 'Transfer of going concern'(TOGC) –relief always applies on mergers and spin-offs

- Clarity

## 9. Allocation of VAT rights and obligations in the case of transfer of part of a business (spin-off/carve out)

- Proportional to the ratio of value of the assets taken over
- Compliance complex; implementation rules

## 10. Input VAT: Set off instead of pay back

## 11. Deduction of additional assessed VAT after more than 5 years

## 12. Self-invoicing discounts

## 13. Full VAT deduction on investments by mixed taxable persons

# 1 May 2016 – New Union Customs Code

## **Important benefits for Authorized Economic Operators – AEO's:**

- No import VAT to be paid in customs – cash flow advantage
- Guarantee relief from VAT on imports followed by intra-Community delivery (draft legislation)
- Reduction of the level of guarantee and / or a guarantee waiver
- Import & export performed outside the normal “working hours” of customs office – remove the bottleneck that customs clearance creates in the supply-chain



# Conclusions

- 1. No dramatic but in general positive changes in the VAT code**
- 2. Quite important changes in the New Customs Code**
- 3. Few outstanding points:**
  - VAT grouping
  - Transactions with inactive taxpayers (Ablessio)
  - VAT registration procedure is only compliance (Salomie and Oltean)



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