

tax:watch

Danish Tax and VAT News in English



New VAT rules concerning certain electronically supplied services

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On 1 January 2015, VAT on all telecommunications, broadcasting and electronically supplied services rendered to private consumers within the EU will be due where the customer is based rather than where the supplier is located.

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On 1 January 2015, VAT Law amendments will come into force in all EU member states as VAT on all telecommunications, broadcasting and electronically supplied services rendered to private consumers within the EU will be due where the customer is based, rather than where the supplier is located. The services include, for example, phone or satellite-TV subscriptions, downloadable software, songs, e-books etc.

The amendments introduce a change in the principle of determining the place of supply for telecommunications, broadcasting and electronically supplied services to private consumers established in other member states. Under the new procedure, the supplied services will be subject to VAT in the member state where the customer has the permanent address or usually resides.

The changeover will ensure a more level playing field for businesses, and fairer taxation rights amongst member states. In parallel, a special scheme - the mini One Stop Shop system - will be launched throughout the EU, greatly reducing costs and administrative burdens for the businesses concerned. With the mini One Stop Shop system, businesses supplying e-services B2C in more than one EU country will be able to declare and pay all their VAT to the tax authorities in their own member state.

Still, the VAT rate on the services in question will vary from 15 pct. to 27 pct. depending on the member state of the customer. However, instead of having to declare and pay VAT to each individual member state where customers are based; businesses will be able to make a single declaration and payment in their own member state. The tax authorities in the member state of the business will be responsible for forwarding the information and revenue accordingly.

Please note, that service providers doing business in the EU - but outside the member state of consumption - must register for the Union scheme in their own member state (country of identification). On the other hand, companies not established within the EU providing the same services B2C to customers within the EU must choose a country of identification and register for the non-Union scheme.

In Denmark, it has been possible to register for the mini One Stop scheme since 1 October and the companies must sign up before the end of 2014 if they wish to join the scheme as of 1 January 2015.

BDO can help solving all uncertainties that you might face in relation to the new changes timely, including the following assistance:

1. Assessment of the services you offer to determine which ones are subject to the new special schemes;
2. Help you determine if any changes are required in information technologies, databases, accounting, service registration, determination of the customer's country, as well as to determine what evidence is required to substantiate the customer's country;
3. Evaluate if your service prices need adjusting due to change of the applicable VAT rate;
4. Assistance with registration for the special schemes;
5. Clarification of the procedure for filing VAT returns or input VAT deduction; depending on the customer's location, we are able to assist in all EU member states by utilising the global network of BDO.

You are welcome to contact BDO for further information.

A new way of calculating taxes benefits individuals working abroad

A new way of administering the personal allowance when calculating Danish taxes benefits certain Danish resident individuals working abroad part of the year.

By Anders Kiærskou, æk@bdo.dk

Approximately one year ago, the Danish tax authorities stated that a new way of administering the personal allowance when calculating Danish taxes would be introduced.

The amended way Danish taxes are calculated benefits certain Danish resident individuals working abroad.

The change was initiated by the European Commission, who approached the Danish government in the spring of 2013 expressing that - according to the opinion of the European Commission - Denmark was not in compliance with EU law due to the way the personal allowance was administered when calculating Danish taxes.

The personal allowance is a feature of the Danish tax system that reduces the calculated Danish taxes. It is automatically applied during the tax calculation. Due to the way the Danish tax calculation is performed, certain Danish resident individuals working abroad part of the year have not benefited completely from the personal allowance.

According to the European Commission, this constitutes a restriction of the unlimited movement of individuals, labour and capital. According to EU law, the member states are generally not allowed to impose such restrictions.

Now, the Danish tax authorities have adjusted their IT-systems in order to comply with EU law and the affected individuals should automatically receive new statements of taxable income reflecting the changes for 2010, 2011, 2012 and 2013 if applicable.

If you have doubts whether you are affected by the above, BDO can assist you in determining whether this is the case and - if so - assess whether the changes have been applied correctly to your statements of taxable income.



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