

## About Us



Chamber International and Chamber Management Services are trading names used by Chambers of Commerce in the region for the delivery of international services. From its base at Bradford Chamber, the Chamber International team is committed to helping clients build their capabilities for the challenge of international business, and offers a broad portfolio of services to do this.

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## Chamber International

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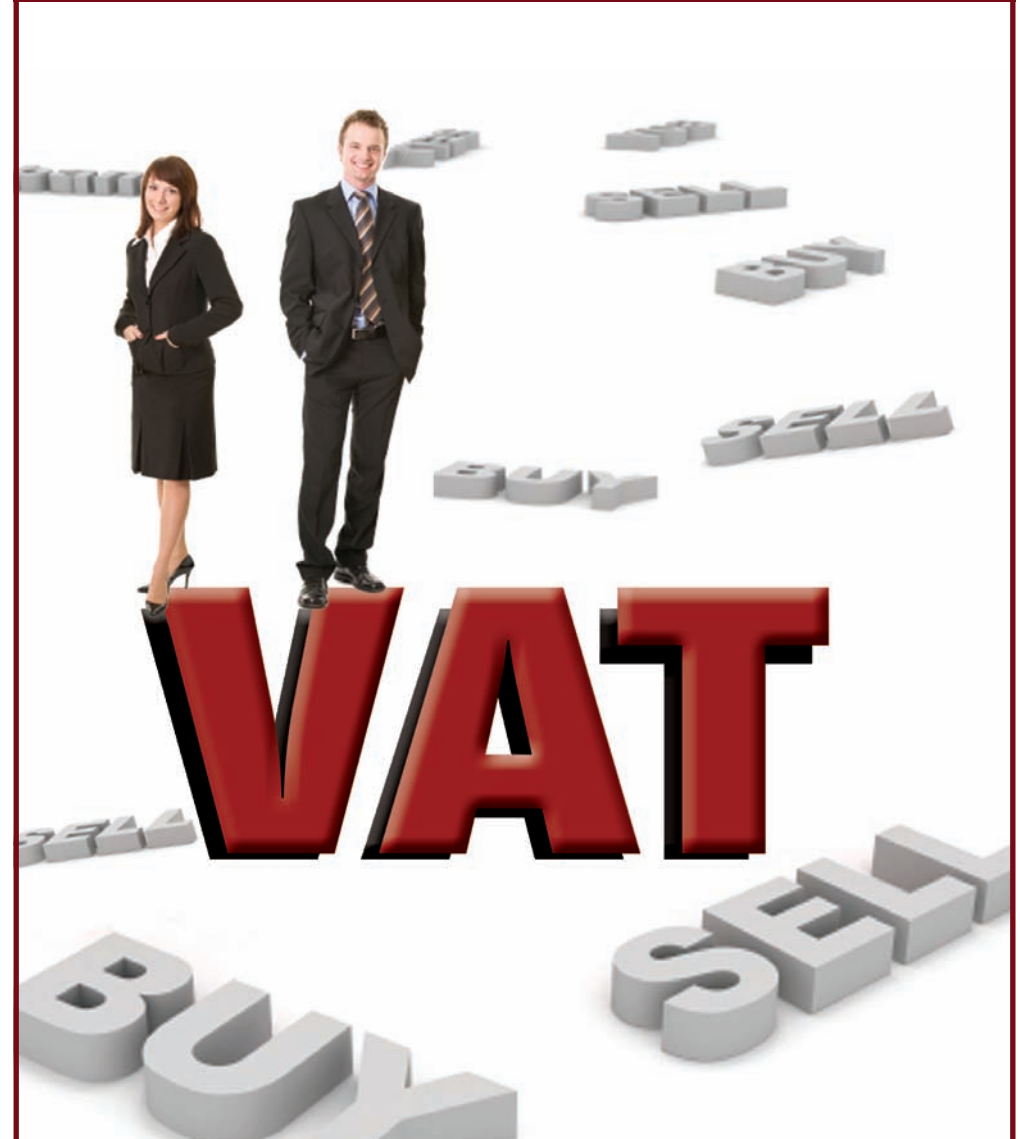
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## How to - comply with cross-border VAT changes



Chamber International 'How to Guide'

## All businesses need to analyse the impact of the changes

Several changes on EU Cross-border VAT rules have now been introduced, and businesses affected are:

- Businesses supplying services to overseas businesses
- Businesses receiving services from overseas businesses
- Businesses supplying goods to other EC countries
- Businesses that want to reclaim VAT incurred in another EC country

### Changes to the Place of Supply rules

Most services provided to business customers are now treated as supplied in the country where the business customer is established, and the business customer accounts for VAT under the reverse charge mechanism. Services provided to non-business customers are still liable to VAT in the country of the supplier.

### New EC Sales Lists (ESLs) for services and changes to ESLs for goods

UK VAT-registered businesses that supply services to EU businesses,

where the place of supply is the customer's country, have to complete ESLs for each calendar quarter and submit these within 14 days for paper returns and 21 days for electronic returns. UK VAT-registered businesses that supply goods to other EU countries already submit ESLs. The new rules reduce the time available to submit ESLs in line with the limits above, and require the monthly submission of ESLs where the value of the supplies of intra-Community goods (excluding VAT) exceeds £70,000 in the current quarter, or any of the previous four quarters. This threshold will be reduced to £35,000 (excluding VAT) with effect from 1 January 2012.

### Application of the reverse charge on services

When buying services from suppliers in other countries, you may have to account for the VAT yourself, and this is called the 'reverse charge'. You charge yourself the VAT and then, assuming that the service relates to VAT taxable supplies that you make, you also claim it back. As a result, the two taxes cancel each other out.

The reverse charge on services only applies when the supplier is in a different country from you. It applies in the following situations:

- Where the business belongs in the UK and receives - from

## Businesses need to make fundamental changes

a supplier who belongs in another country - one of the services that are not covered by the basic rule for place of supply of services.

- Where services are covered by what is known as European Community (EC) simplification. These are supplies such as intra-EC freight services, valuations of goods and most intermediary services. The reverse charge applies if you belong in the UK and the supplier belongs in another EU country.

### Procedures

Businesses need to obtain the VAT Registration Numbers of regular business customers in other EC countries, and that means configuring their systems to account for the other VAT rates elsewhere in the EU. UK suppliers will need to obtain customers' VAT registration numbers as the primary evidence of EU customers being in business.

UK companies affected by these changes will have to adjust their accounting schedules and invoicing details to allow for the VAT rates for all other EU member states. In many cases VAT will have to be charged at the VAT rates of those countries depending upon where the customer is based.

### Changes to the procedure for obtaining refunds of VAT paid in other EU member states

A new electronic VAT refund procedure has been introduced across the EU to replace the current paper-based system. Businesses established in the UK will submit claims for VAT incurred in other EU countries on a standardised form through the UK Government Gateway, rather than direct to the member state of refund as at present. Claims for VAT incurred in member states where the trader is not established will be made via this new electronic portal in the trader's member state of establishment, and the details will then be passed on to the member states of refund. Claims must be made by 30 September of the calendar year following the refund period and must be for more than three months and less than a year.