



13 May 2009

By e-mail

Dear Sir/Madam

Re: EU "VAT Package"

The Institute welcomes the opportunity to partake in the consultation process on the "VAT Package".

Based on feedback from our members, the desired outcome is improved efficiency in the VAT system with minimum interference to commercial practice. In broad terms the changes are very welcome as they should help clarify place of supply rules for many services where the position is unclear and they should make easier the foreign VAT recovery process.

We have set out in the Appendix attached, issues which have been raised by our members. If you have any questions on this submission, you might email them to Cora O'Brien at cobrien@taxireland.ie.

Yours truly


for

Brian Butler
Chairman Indirect Taxes Committee

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EU "VAT Package"

Revenue Consultation

Appendix

General Points

1. An update will be required to a number of Revenue Information Leaflets, including "Leasing (International Means of Transport" and "Foreign Suppliers Doing Business in Ireland".
2. An Information Leaflet on "Foreign VAT recovery" would be welcome, which would include details of the VAT recovery rules for each Member State.
3. An information leaflet on "Place of Supply of Services" would be welcome.
4. An information leaflet on "Completion of VIES returns" would be welcome.

Specific Points

1. It appears that suppliers are only obliged to return details of supplies of services to a customer registered for VAT in another Member State where that customer is liable to account for VAT on receipt of the service i.e. it will not be necessary to return details of supplies which are exempt in the customer Member State. Consequently Irish suppliers will need to ascertain the VAT treatment in their customer's jurisdiction and this is likely to be quite an onerous task.

Could Revenue confirm what steps they expect an Irish supplier to take in order to clarify the VAT status of supplies in the customer Member State?

2. Where a service is exempt in Ireland but taxable in the customer Member State, can Revenue confirm whether there will be a VIES reporting requirement in respect of the provision of the service? If so, will a VAT invoice require to be issued? As in 1. above, can Revenue confirm what steps will be expected to ascertain the VAT treatment applies in the customer Member State?
3. In relation to services, can Revenue confirm the extent to which Irish business would be expected to verify the customer VAT number? If a supplier has difficulty obtaining the VAT number from its customers will he be required to retain evidence of such efforts?
4. Can Revenue confirm what they would expect a service supplier to do if the customer does not have or does not provide a VAT registration number?

5. Can Revenue confirm what will trigger the need to report the supply of a service? Businesses will want to report when invoices issue as any departure will give rise to systems concerns and costs.
6. The proposed treatment of "on-going services" (draft s19A(6)) is likely to cause difficulties as in many cases it will not be possible to provide a value. A possible consideration is to simply include an entry with a special flag but show no value. Where requested, a supplier could provide details of the circumstances.
7. The new (draft) s19A indicates that an accountable person shall furnish "...a statement..." of relevant goods and services. This appears to indicate that Revenue will be issuing a combined VIES return for both goods and services. Alternatively, if a trader supplies goods (and is obliged to file a monthly VIES return) and services (and obliged to file a quarterly VIES returns unless the monthly filing option is exercised), the legislation seems to indicate that the trader would have to file two VIES returns, one for goods and one for services. Clarification would be helpful as to whether Revenue intend issuing a single monthly/quarterly VIES return for traders supplying both goods and services or alternatively separate returns for each type of supply.
8. The VAT 60A treatment will no longer be needed for many services e.g. aircraft leasing. Some VAT 60Bs are due to expire between now and 1 January 2010. It would be very welcome if the approvals can be treated as expiring on 31 December 2009 to avoid the need for the renewal process.