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● REVERSE CHARGE PROCEDURE

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AUSTRIA

A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Austria?
 - c. Via appointment of a fiscal representative in Austria?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Austria.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Austria) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Austria. Company B subcontracts company C (situated not in Austria) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.



Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
All services rendered to entrepreneurs for their enterprises (i.e. business purposes) are deemed to be rendered at the place where the recipient operates his enterprise (or the respective fixed establishment for which the service is rendered). If the recipient is established in Austria, the service is taxable in Austria (place of supply).	Yes	Not necessary.	N/A, because place of supply for subcontractor C would be outside Austria (i.e. Reverse Charge in country where contractor B is established).	Not necessary.

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

Place of supply is where the real estate is located. In case the real estate is in Austria, service is taxable in Austria.	Yes, except for tolls for using national highways ("Bundesstraßen")	Not necessary.	Yes, if recipient is a taxable person. In case of subcontracting, contractor B is in principle obliged to register for VAT (exemption if no input VAT shall be reclaimed).	Not necessary.
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2. Sales of admission tickets

<ul style="list-style-type: none"> to cultural, artistic and similar events, to fairs, exhibitions and congresses 	No Reverse Charge	Yes, foreign contractor has to register.	N/A. I.e. in case of subcontracting, both contractor and subcontractor have to register for VAT.	Not necessary.
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3. Catering services

Services are carried out where the services are actually rendered. Exceptions for services provided on board a ship, in a plane or a train within the EU.	Yes.	Not necessary.	Yes, if recipient is a taxable person. In case of subcontracting, contractor B is in principle obliged to register for VAT (exemption if no input VAT shall be reclaimed).	Not necessary.
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4. Short-term letting of means of transport (≤ 90 days in the case of vessels; in the case of other means of transport ≤ 30 days)

Service is carried out where the means of transport are physically handed over. Handover in Austria = taxable in Austria.	Yes.	Not necessary.	Yes, if recipient is a taxable person. In case of subcontracting, contractor B is in principle obliged to register for VAT (exemption if no input VAT shall be reclaimed).	Not necessary.
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5. Passengers' transport

Service is deemed to be performed at the place where the transport is provided. In cases of cross-border routes only the Austrian part is liable to Austrian VAT.	Yes.	Not necessary.	Yes, if recipient is a taxable person. In case of subcontracting, contractor B is in principle obliged to register for VAT (exemption if no input VAT shall be reclaimed).	Not necessary.
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6. Work Delivery

The place of work delivery is deemed to be rendered at the place where the authority to dispose of the finished work is provided.	Yes.	Not necessary.	Yes, if recipient is a taxable person. In case of subcontracting, contractor B is in principle obliged to register for VAT (exemption if no input VAT shall be reclaimed).	Not necessary.
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B. Reverse Charge for deliveries and services in Austria (national rule)

The following B2B-transactions are subject to "domestic" Reverse Charge:

- Construction works: work deliveries and supplies of services, which consist of building, restoration, maintenance, cleaning, alteration and removal of buildings with the exception of planning and supervision services
- Supplies with "high default risk":
 - delivery of goods assigned by way of security
 - return delivery in case of prior retention of title
 - sales of immovable property in case of foreclosure
- supply of natural gas, electricity, heating or cooling by a foreign trader
- supply of natural gas, electricity to a reseller/distributor
- supplies of and services in connection with industrial scrap, old metal and other waste material
- transfer of greenhouse gas emission allowances (CO2 certificates)
- transfer of natural gas or electricity certificates
- supplies of mobile telephones, tablet computers, laptops and games consoles as well as integrated circuit devices before they are incorporated into an object suitable for delivery at the retail level of distribution, if within the scope of a business transaction the total of the amounts (net) to be invoiced is at least 5.000 Euro
- supplies of certain precious and base metals (chapter 71 and section XV of combined nomenclature); if within the scope of a business transaction the total of the amounts (net) to be invoiced is below 5.000 Euro, the supplier can opt to tax the supply under basic rules (i.e. no reverse charge)
- non-exempt supplies of investment gold



A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Colombia?
 - c. Via appointment of a fiscal representative in Colombia?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Colombia.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Colombia) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Colombia. Company B subcontracts company C (situated not in Colombia) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
All services rendered to entrepreneurs for their enterprises (or permanent establishments) are deemed to be rendered in the place where the recipient operates his enterprise. If the recipient is established in Colombia, the service is rendered in Colombia (place of supply).	Reverse Charge	The Foreign service provider has to register for VAT if the service is provided in Colombia and there are auditing, consulting or advice	Yes (B is obliged to register for VAT in Colombia)	It not necessary if the service is provide shorter at 183 days

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

B2B figure does not apply because for real estate business in Colombia foreign investors must make specific requests and records under Colombian law	N/A	Foreign company has to register VAT in Colombia	N/A	Yes
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2. Sales of admission tickets

<ul style="list-style-type: none"> to cultural, artistic and similar events, to fairs, exhibitions and congresses <p>B2B figure does not apply because for real estate business in Colombia, foreign investors must make specific requests and records under Colombian law</p>	N/A	If the foreign company provide a recurring service, they must register VAT in Colombia	N/A	Not necessary
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3. Catering services

B2B figure does not apply because for real estate business in Colombia, foreign investors must make specific requests and records under Colombian law	N/A	Foreign company has to register VAT in Colombia	N/A	Not necessary
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4. Short-term letting of means of transport

Service is carried out where the means of transport are physically handed over	Reverse Charge	Not necessary	Yes (B is obliged to register for VAT in Colombia)	Not necessary
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5. Passengers' transport

Service is deemed to be performed in the place where the transport is provided. In cases of cross-border routes only the Colombia part is liable to Colombian VAT.	Reverse Charge in the case of air transport	It shall be recorded only to transport aero VAT	Reverse Charge in the case of air transport	Yes
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6. Work Delivery

B2B figure does not apply because for real estate business in Colombia, foreign investors must make specific requests and records under Colombian law	N/A	Foreign company has to register VAT in Colombia	Yes (B is obliged to register for VAT in Colombia)	Yes
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B. Reverse Charge for deliveries and services in Colombia (national rule)

Colombia does not have a specific national rule, for this kind of service under the Colombian Commercial Code, if the foreign company to provide nationwide service should be linked to the country.





CYPRUS

A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Cyprus?
 - c. Via appointment of a fiscal representative in Cyprus?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Cyprus.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Cyprus) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Cyprus. Company B subcontracts company C (situated not in Cyprus) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
All services rendered to entrepreneurs for their business are deemed to be rendered in the place where the recipient operates his business if the recipient is established in Cyprus then the place of supply is Cyprus	Reverse Charge	Not Necessary	Yes, when B is vat registered in Cyprus If not , VAT registration of the subcontracting is required	Not Necessary

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

Services rendered where the real estate is located	Reverse Charge	Not Necessary	Yes, when B is vat registered in Cyprus If not , VAT registration of the subcontracting is required	Not Necessary
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2. Not Necessary Sales of admission tickets

<ul style="list-style-type: none"> • to cultural, artistic and similar events, • to fairs, exhibitions and congresses place of supply is where the event takes place(Cyprus)	No Reverse Charge	Foreign company has to register in Cyprus		Yes
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3. Catering services

Catering services take place where are actually rendered Exceptions for services provided on board a ship, in a plane or a train within the EU	Reverse Charge	Not necessary	Yes, when B is vat registered in Cyprus If not , VAT registration of the subcontracting is required	Not necessary
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4. Short-term letting of means of transport <_ 90 days in the case of vessels; in the case of other means of transport <_ 30 days

Service is carried out where the means of transport are physically handover	Reverse charge	Not necessary	Yes, when B is vat registered in Cyprus If not , VAT registration of the subcontracting is required	Not necessary
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5. Passengers' transport

Service is deemed to be performed in the place where the transport is provided. In case that transport will be performed more than on country then each service will be considered separate according distance	Reverse charge	Not necessary	Yes, when B is vat registered in Cyprus If not , VAT registration of the subcontracting is required	Not necessary
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6. Work Delivery

The place of work delivery is deemed to be rendered in the place where the authority to dispose is procured	Reverse charge	Not necessary	Yes, when B is vat registered in Cyprus If not , VAT registration of the subcontracting is required	Not necessary
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B. Reverse Charge for deliveries and services in Cyprus (national rule)

Business to Business transaction:

- Transfers and assignments of intellectual property rights. Rights of exploitation licenses patents
- Telecommunication services relating to the transmission, emission or reception of and provision of access to global information networks
- banking, financial and insurance transactions including reinsurance, with the exception of the hire of safes.
- Supply of staff
- providing access to the natural gas distribution systems and electricity and transport or transmission through such systems and the provision of other services directly linked thereto
- advertising services
- provision of electronic services



ECUADOR

A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Ecuador?
 - c. Via appointment of a fiscal representative in Ecuador?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Ecuador.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Ecuador) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Ecuador. Company B subcontracts company C (situated not in Ecuador) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule (imported services)	VAT %	Withholding tax	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
Ecuadorian companies acquiring services from abroad.	The transaction generates VAT with a rate of 12%.	Ecuadorian companies must withhold 100% of the VAT generated. The amount becomes tax credit for the Ecuadorian company	The transaction has to be treated depending of the country where company B is located. <ul style="list-style-type: none"> • If B is an Ecuadorian company: 12% VAT is generated and 70% of that value must be withheld. • If B is a company not domiciled in Ecuador, the transaction has to be treated as mentioned in the boxes: (VAT% & Withholding tax) 	Not necessary

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

A) Renting (short periods of time): 1.- Housing 2.- Offices	A) 1.- 0% 2.- 12%	A) 1.- Does not apply. 2.- 100%.	Same Rules	Same Rules
B) Renting (long periods of time) 1.- Housing 2.- Offices	B) 1.- 0% 2.- 12%	B) 1.- Does not apply 2.- 70%		

2. Sales of admission tickets

<ul style="list-style-type: none"> • to cultural, artistic and similar events, • to fairs, exhibitions and congresses 	0%	0%	Does not apply	Does not apply
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3. Catering services

	General Rules	General Rules	General Rules	General Rules
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4. Short-term letting of means of transport

A) Acquiring: Planes, helicopters destined to the commercial transportation of passengers, loads and services	0%	0%	Does not apply	Does not apply
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5. Passengers' transport

Services of transportation:	12%	100%	Same Rules	Same Rules
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6. Work Delivery

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B. Reverse Charge for deliveries and services in Ecuador (national rule)





GERMANY

A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Germany?
 - c. Via appointment of a fiscal representative in Germany?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Germany.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Germany) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Germany. Company B subcontracts company C (situated not in Germany) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
All services rendered to entrepreneurs for their enterprises (or permanent establishments) are deemed to be rendered in the place where the recipient operates his enterprise. If the recipient is established in Germany, the service is rendered in Germany (place of supply).	Reverse Charge	Not necessary.	N/A, if B as the service recipient is situated in foreign territory. (Reverse Charge in the country where contractor B is established.)	Not necessary.

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

Service is rendered where the real estate is located. <i>Exception: arranging of short-term taxable renting of rooms (in hotels or guest houses) follows the basic rule.</i>	Reverse Charge if real estate is located in Germany	Not necessary.	Yes (B is obliged to register for VAT in Germany.)	Not necessary.
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2. Sales of admission tickets

<ul style="list-style-type: none"> • to cultural, artistic and similar events, • to fairs, exhibitions and congresses are deemed to be supplied where the event takes place (assumption: place of event = Germany)	No Reverse Charge.	Foreign company has to register in Germany.	Contractor and subcontractor have to register for VAT in Germany.	Not necessary.
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3. Catering services

Services are carried out where the services are actually rendered. <i>Exceptions for services provided on board a ship, in a plane or a train within the EU.</i>	Reverse Charge if services are carried out in Germany.	Not necessary.	Yes (B is obliged to register for VAT in Germany.)	Not necessary.
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4. Short-term letting of means of transport (≤ 90 days in the case of vessels; in the case of other means of transport ≤ 30 days)

Service is carried out where the means of transport are physically handed over.	Reverse Charge in cases where handover location is in Germany.	Not necessary.	Yes (B is obliged to register for VAT in Germany.)	Not necessary.
If the service (short- or long-term letting) is rendered by an entrepreneur domiciled in a third country, Germany is regarded as place of performance if the service is used or exploited in Germany.	Reverse Charge in cases where the service is used in Germany.	Not necessary.	Yes (B is obliged to register for VAT in Germany.)	Not necessary.

5. Passengers' transport

Service is deemed to be performed in the place where the transport is provided. In cases of cross-border routes only the German part is liable to German VAT.	Reverse Charge referring to the German transport route. Exceptions have to be considered, especially if the transport takes place via taxi or bus through a service provider which is situated in a foreign country.	The Foreign service provider has to register for VAT or is subject to the individual transport assessment.	Yes (B is obliged to register for VAT in Germany.) N/A, in the event of exemptions.	Not necessary.
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6. Work Delivery

The place of work delivery is deemed to be rendered in the place where the authority to dispose is procured.	Reverse Charge in case that Germany is the place where the authority to dispose is procured.	Not necessary.	Yes (B is obliged to register for VAT in Germany.)	Not necessary.
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Additional remark:

Normally no VAT-registration is required, if the foreign company only sells under the reverse-charge-regime and no input VAT shall be reclaimed. The German tax authorities might reclaim exceptions of this rule.

B. Reverse Charge for deliveries and services in Germany (national rule)

Business to business transaction:

- delivery of goods assigned by way of security
- transactions which are taxable due to the German Real Estate Transfer Tax Act (Gründerwerbsteuergesetz)
- work deliveries and supplies of services, which consist of building, restoration, maintenance, alteration and removal of buildings with the exception of planning and supervision services
- supply of natural gas, electricity, heating or cooling by a trader
- transfer of greenhouse gas emission allowances (CO₂ certificates)
- supply of industrial scrap, old metal and other waste material
- industrial cleaning services if the recipient is a trader and himself persistently performs cleaning services
- delivery of gold with a purity equal to or greater than 325 thousandths, unwrought or in semi-manufactured forms (customs tariff number: 7108) and delivery of gold clads with a purity of equal to or greater than 325 thousandths (customs tariff number: 7109)
(exception from Reverse Charge in cases where the supplier is situated in a third country)
- supply of mobile telephones, tablet computers and games consoles as well as integrated circuit devices before they are incorporated into an object suitable for delivery at the retail level of distribution, if within the scope of a business transaction the total of the amounts (net) to be invoiced is at least 5.000 Euro
- supply of precious and base metals, if within the scope of a business transaction the total of the amounts (net) to be invoiced is at least 5.000 Euro



A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Italy?
 - c. Via appointment of a fiscal representative in Italy?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Italy.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Italy) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Italy. Company B subcontracts company C (situated not in Italy) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
<p>All services rendered to established VAT-registered subjects (e.g. companies registered in the commercial register, professionals) are deemed to be rendered in the place where the recipient operates his enterprise. If the recipient is established in Italy, the service is rendered in Italy (place of supply).</p> <p>It is recommended that the VAT identification number of the Italian recipient is included in the VIES database.</p>	Reverse Charge	Not necessary.	<p>If B is established in Italy, the reverse charge rule between C and B is applicable;</p> <p>If B is established in the same State of C, the VAT is applicable according to the rules of that State;</p> <p>If B is not established in Italy and not established in the same country of C, the reverse charge rules between the State in which B is established and the State in which C is established have to be taken into consideration.</p>	Not necessary.



Exceptions from the basic rule for B2B transactions

1. Services related to real estate

Service is rendered where the real estate is located.	Reverse Charge if real estate is located in Italy	Not necessary.	Yes, if the service is related to construction work and the subcontractor C and the main contractor B usually perform building services: B has to register for VAT purposes in Italy or appoint a fiscal representative. There are specific and detailed rules for subcontractors in the building sector and a case-by-case analysis is necessary, as the application of the reverse charge rules depend on the kind of service performed and the activity usually performed by the parties involved.	In case of subcontracting: If B has to register for VAT in Italy, he can appoint a fiscal representative or register for VAT purposes in Italy (second case only if B is from a EU State)
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2. Sales of admission tickets

<ul style="list-style-type: none"> to cultural, artistic and similar events, to fairs, exhibitions and congresses <p>are deemed to be supplied where the event takes place (assumption: place of event = Italy)</p> <p><i>Note/Exception: A registration of a business can be necessary because of the kind of activity performed and other national rules for this kind of activity.</i></p>	B2B: Reverse Charge according to a specific national rule.	The Italian recipient has to apply the reverse charge mechanism according to a national rule.		
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3. Catering services

Services are carried out where the services are actually rendered. <i>Exceptions for services provided on board of a ship, in a plane or a train within the EU.</i>	Reverse Charge if services are carried out in Italy.	Not necessary. The Italian recipient has to apply the reverse charge mechanism according a national rule.	Yes, if B is established in Italy. If not, VAT registration (or the appointment of a fiscal representative) of the subcontractor C is required.	Can be necessary in case of subcontracting if C is established outside the EU
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4. Short-term letting of means of transport (≤ 90 days in the case of vessels; in the case of other means of transport ≤ 30 days)

Service is carried out where the means of transport are physically handed over. <i>Note/Exception: It would be to proof if the registration of a business in Italy is necessary for the foreign company. In that case the rules would be different.</i>	Reverse Charge in cases where handover location is in Italy.	Not necessary. The Italian recipient has to apply the reverse charge mechanism according a national rule.	Yes, if B is established in Italy. If not, VAT registration of the subcontractor C or the appointment of a fiscal representative is required.	Can be necessary in case of subcontracting if C is established outside the EU
If the means of transport are handed over in a location outside the EU and then used in Italy	Reverse Charge	Not necessary. The Italian recipient has to apply the reverse charge mechanism according a national rule.	Yes, if B is established in Italy. If not, VAT registration (or the appointment of a fiscal representative) of the subcontractor C is required.	Can be necessary in case of subcontracting if C is established outside the EU

5. Passengers' transport

<p>The service is deemed to be performed in the place where the transport is provided. In cases of cross-border routes only the Italian part is liable to Italian VAT.</p> <p><i>Note/Exceptions: It has also to be verified, if the registration of a business is necessary in Italy for the foreign company for this kind of activity.</i></p>	<p>Reverse Charge referring to the Italian transport route.</p>	<p>Not necessary. The Italian recipient has to apply the reverse charge mechanism according a national rule.</p>	<p>Yes, if B is established in Italy. If not, VAT registration (or the appointment of a fiscal representative) of the subcontractor C is required.</p>	<p>Can be necessary in case of subcontracting if C is established outside the EU</p>
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6. Work Delivery

<p>In such cases (e.g. installation work of an industrial plant performed in Italy – service on movable goods) the treatment for VAT purposes depends on the contractual agreements.</p> <p><i>Exceptions: For services on immovable goods (real estate), the rules for the building sector have to be considered</i></p>	<p>Reverse Charge according to the general rule for services in cases in which the foreign company B performs services (e.g. Installation) for the customer A (who is established in Italy) but does not furnish the good which is installed in Italy;</p> <p>If the foreign company B is responsible for the installation of movable goods and a final inspection of the work is necessary, it is treated as a delivery of a good taxable in Italy and a national reverse charge rule is applicable.</p>	<p>Not necessary.</p>	<p>Yes, if B is established in Italy.</p> <p>But for every case the kind of service performed and the contractual agreements have to be proofed; A VAT registration or the appointment of a fiscal representative for the subcontractor C can be requested in some cases.</p>	<p>Can be necessary in case of subcontracting if C is established outside the EU</p>
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B. Reverse Charge for deliveries and services in Italy (national rule)

Business to business transaction:

- The delivery of goods within Italy performed by a non-established VAT-registered subject (i.g. company, professional) to an established VAT-registered subject;
- The performance of services taxable in Italy, performed by a non-established VAT-registered subject to an established VAT-registered subject;
- work deliveries and supplies of services of a subcontractor in the building activity: the reverse charge applies between the subcontractor and the main contractor if some requirements are fulfilled by both of them (i.e. the service has to be within the activity "building services", as classified in the Ateco 2007 table of the Italian Authority.
- Supply of construction work, including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property;
- Some cases of sale of immovable property if the seller exercises the option;
- Certain transactions in the energy sector;
- Supply of used wooden pallets;
- transfer of emission certificates for gas and electrical energy;
- delivery of gold with a purity equal to or greater than 325 thousandths, unwrought or in semi-manufactured forms and other certain other cases in this specific sector;
- supply of mobile telephones, personal computers and accessories of them;
- supply of industrial scrap, old metal and other waste material
- supply of precious and base metals for certain customs tariff groups/numbers (74.03; 75.02; 76.01; 78.01; 79.01; 80.01; 74.08.11; 76.05.11; 76.05.21, 74.07.21).

Note: The national reverse charge rules are quite complicated, as there is the VAT law and also a high number of circular letters of the Italian Tax Authority and therefore a case-by-case analysis is absolutely necessary.


LUXEMBOURG
A. VAT on cross-border services
Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Luxembourg?
 - c. Via appointment of a fiscal representative in Luxembourg?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Luxembourg.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Luxembourg) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Germany. Company B subcontracts company C (situated not in Luxembourg) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
The place of supply of services from a taxable person not established in Luxembourg to a taxable person in Luxembourg shall be the place where the recipient has established his business (Lux.). If those services are provided to a fixed establishment, the place of supply is where that fixed establishment is located. (Art.17,1b Lux.Vat Law). A person not established in Luxembourg carrying out transactions subject to VAT in Luxembourg is the person liable for VAT and has to register in Luxembourg.	Reverse charge	Not necessary	Yes when B is registered for VAT in Germany	Not necessary

Exceptions from the basic rule for B2B transactions
1. Services related to real estate

Place of supply is where the property is located (Art. 17,2,2 LVL) <i>Exception: arranging of short-term taxable renting of rooms (Art.44,1,g LVL)</i>	Not applicable as supplier has to register in Luxembourg	Foreign company has to register in Luxembourg	N/A as B and C have to register in Lux	Not necessary
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2. Sales of admission tickets

to cultural, artistic and similar events, to fairs, exhibitions and congresses Place of supply is where the activities are physically carried out (Art.17,2,4 LVL)	Not applicable as supplier has to register in Luxembourg	Foreign company has to register in Luxembourg	N/A as B and C have to register in Lux	Not necessary
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3. Catering services

Place of supply is where the activities are physically carried out (Art.17,2,6 LVL) <i>Exception: on board of ships/planes/trains</i>	Not applicable as supplier has to register in Luxembourg	Foreign company has to register in Luxembourg	N/A as B and C have to register in Lux	Not necessary
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4. Short-term letting of means of transport (≤ 90 days for vessels ≤ 30 days for other)

Place of supply is where the means of transport are put at the disposal (Art.17,2,7 LVL)	Not applicable as supplier has to register in Luxembourg	Foreign company has to register in Luxembourg	N/A as B and C have to register in Lux	Not necessary
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5. Passengers' transport

Place of supply is where the transport takes place proportionate to the distance covered (Art.17,2,3a LVL)	Not applicable as supplier has to register in Luxembourg	Foreign company has to register in Luxembourg	N/A as B and C have to register in Lux	Not necessary
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6. Work Delivery

The place of work delivery is deemed to be rendered in the place where the authority to dispose is procured	Not applicable as supplier has to register in Luxembourg	Foreign company has to register in Luxembourg	N/A as B and C have to register in Lux	Not necessary
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B. Reverse Charge for deliveries and services in Luxembourg (national rule)

- Supply of CO2 Emission Rights
- Supply of natural gas, electricity, heating or cooling by a trader
- Intra EU acquisition of goods
- Importation of goods
- Triangular transactions
- Services received from supplier not established within the territory of the recipient's Member State



CHILE

A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Chile?
 - c. Via appointment of a fiscal representative in Chile?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Chile.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Chile) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Chile. Company B subcontracts company C (situated not in Chile) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
All services rendered to owners for their companies (or business) are taxed at the place where the service was provided and not at the residence of the service provider.	Yes	Not necessary	In the case of subcontractor residing abroad	Not necessary

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

The service is provided in which the real estate (Chile) is in Exception: Organizations renting rooms, short-term taxables (hotels or guesthouses) must follow the basic rule ..	Reverse charge if the owner is residing abroad	Not necessary	Yes, if subcontractor is obligated to keep accounting books for VAT in Chile	Not necessary
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2. Sales of admission tickets

<ul style="list-style-type: none"> A cultural, artistic and similar events, A trade fairs, exhibitions and conferences They are deemed rendered where the event occurs, if the venue is in Chile. In general, cultural and sports events are exempt from VAT.	Reverse charge when provider is not resident	The foreign company must operate through a representative in Chile	Contractor must keep accounting books for VAT in Chile	Not necessary
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3. Catering services

Services are deemed rendered and taxable at the place where they are actually provided. Exemptions: Services provided on board of ship, plane or train within Chilean territory	Reverse charge when service provider is not resident and service is rendered in Chile	Not necessary	Subcontractor must keep accounting books for VAT in Chile	Not necessary
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4. Short-term letting of means of transport

a) In general, rent of means of transport is taxable when license or flag of the vehicle is Chilean b) If the service (rent, short or long term) is provided by supplier resident in a foreign country, and the service is rendered in Chile, the service is taxed in Chile	a) Reverse charge when provider is not resident b) Reverse charge when service is provided in Chile	Not necessary	If subcontractor is not resident, it has same treatment as the holder	Not necessary
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5. Passengers' transport

Passenger's transport, neither domestic or international is not affected by VAT	N/A	N/A	N/A	N/A
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6. Work Delivery

Place of delivery of work shall be deemed the site where the service was actually developed or executed in	Reverse charge if Chile is the place where the power of disposal is acquired.	Not necessary	Yes, if resident subcontractor has domicile outside Chile	Not necessary
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Additional note: VAT registration for any foreign company is not required if operates occasionally in Chile (not as Permanent Establishment) Chilean tax authorities only examine the company receiving the service and residing in Chile.

B. Reverse Charge for deliveries and services in Chile (national rule)

Business to business transactions:

- All services provided in construction subcontractors.
- Any service provided by non-resident entity
- Supply of scrap in any form.
- Fee and commission income received from foreign source.
- Newspapers and Magazines that media companies, publishers and others deliver to direct distributors.
- Sales of wheat by producers.
- Sales of aquatic species, fish, seafood, shellfish, etc.
- Sales of gold and gold jewelry, acquired by companies incorporated in Chile and tax payer of effective income regime.
- Sales of tapes, audio and video, DVD made by importers to direct distributors
- Sales of wild products made to exporters and other wholesalers.
- Sales of legumes made to exporters and wholesalers.



A. VAT on cross-border services

The changes in rules as regards place of intra-Community supply of services derives from the transposition of Directive 2008/8/EC, as amended in the internal legal system in Portugal by DL 186/2009, of 12 August.

Concerning the place of services rendered by tax payers, two general rules of taxation can be distinguished. One, when the acquirer of services is a tax payer and the services are for their own activities (Article 6.6(a) of the VAT Code), in which case the place of taxation is located in the establishment of the acquirer (B2B);

The other, when the acquirer of services is a person not subject to VAT (private individual) (Article 6.6(b) of the VAT Code), in which case the place of taxation is the establishment of the provider of the services (B2C).

However, the situation is different in the case of rules of specific application, namely to operations related to property. The concept of the specific rule for location/taxation of property must also expressly include the following: construction services, architectural services, services of experts and real estate agents, hotel accommodation, notary services, sales agreements, property brokerage and other services directly related to the property.

With regard to the application of this specific rule, the place of taxation is on the location of the property, regardless of whether the acquirer is a tax payer or private individual (B2B or B2C operations). Thus, if the property is located in Portugal or in any other EC country, regardless of whether the acquirer is a tax payer or private individual, they are taxed in the country in which the property is located (Article 6.7(a) or 6.8(b) of the VAT Code).

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
General rule For example: Consultancy services - Service rendered by a Portuguese Company to a company located in Germany - Service rendered by a German Company to a company located in Portugal	-Reverse Charge in Germany -Reverse Charge in Portugal	Not necessary.	N/A	Not necessary

Basic rule of the place of supply for B2C transactions

General rule For example: Consultancy services - Service rendered by a Portuguese Company to a single person in Germany - Service rendered by a German Company to a single person in Portugal	N/A Taxed in Portugal Taxed in Germany	Not necessary	N/A	Not necessary
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Exceptions from the basic rule for B2B transactions

1. Services related to real estate situated in Portugal

For example: construction works				
- Service rendered by a Portuguese Company to a company located in Germany	Taxed in Portugal. The German company may request the reimbursement of VAT in Portugal (DL 186/2009 non-residents VAT reimbursements)	Not necessary	N/A	Not necessary
- Service rendered by a German Company to a company located in Germany or a single person in Germany	Taxed in Portugal	German Company must be registered in Portugal	N/A	Not necessary
- Service rendered by a German Company to a company located in Portugal	Taxed in Portugal	If the German company is not registered in Portugal the Portuguese company may apply the reverse charge procedure	N/A	Not necessary

2. Services related to real estate situated in Germany

For example: construction works				
- Service rendered by a Portuguese Company to a company located in Germany	Taxed in Germany	If the Portuguese company is not registered in Germany the German company may apply the reverse charge procedure	N/A	Not necessary
- Service rendered by a German Company to a company located in Portugal	Taxed in Germany The Portuguese company may request the reimbursement of VAT in German (DL 186/2009 non-residents VAT reimbursements)		N/A	Not necessary
- Service rendered by a Portuguese Company to a Portuguese company or single person in Portugal	Taxed in Germany	Portuguese Company must be registered in German	N/A	Not necessary





A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Romania?
 - c. Via appointment of a fiscal representative in Romania?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Romania.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Romania) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Romania. Company B subcontracts company C (situated not in Romania) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
The place service rendering to a taxable person is where the person receiving the services has established his business. If the services are provided to a fixed establishment of the taxable person located in a place other than where the person has established his business, the place of service rendering is the place of fixed establishment of the person receiving the services. In the absence of such place or fixed establishment, is the place where the taxable person receiving such services has his permanent address or usual residence	Reverse charge	Not necessary	Not necessary if B is located in a foreign country. Reverse taxation is applied in the country where B has his business	Not necessary

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

The place of service rendering is where the real estates are located. In this category are included also the services provided by experts in real estates, accommodation in hotel or in similar functions, granting of rights to use the real estate, service for preparing and coordination of construction works, services of architects	Reverse charge if the place of real estate is in Romania	Not necessary	No (B is obliged to register for VAT in Romania and to apply reverse taxation.)	Not necessary
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2. Sales of admission tickets

<ul style="list-style-type: none"> to cultural, artistic and similar events, to fairs, exhibitions and congresses <p>are deemed to be supplied where the event takes place (assumption: place of event = Romania)</p>	Reverse taxation	Not necessary	No (B is obliged to register for VAT in Romania and to apply reverse taxation.)	Not necessary
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3. Catering services

The place of service rendering is the place where of supply for restaurants, and catering services except those physically carried out of the board ship, aircraft, train during the section a passenger transport operations carried out within the Community	Reverse Charge if services are carried out in Romania.	Not necessary	No (B is obliged to register for VAT in Romania and to apply reverse taxation if services are carried out in Romania)	Not necessary
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4. Short-term letting of means of transport (≤ 90 days in the case of vessels; in the case of other means of transport ≤ 30 days)

The place of service rendering is the place where the means of transport is actually put at the disposal of the customer	Reverse taxation if the means of transportation is put at the disposal of customer in Romania	Not necessary	No (B is obliged to register for VAT in Romania and to apply reverse taxation if the means of transportation is put at the disposal of customer in Romania.)	Not necessary
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5. Passengers' transport

The place of service rendering is the place of transport destination	Reverse taxation if the transportation is done in Romania	Not necessary.	No (B is obliged to register for VAT in Romania and to apply reverse taxation only if the transport is performed in Romania.)	Not necessary.
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6. Work Delivery

It's applied the basic rule of the place of supply for B2B transactions	Reverse taxation	Not necessary	Not necessary if B is located in a foreign country. Reverse taxation is applied in the country where B has his business	Not necessary.
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B. Reverse Charge for deliveries and services in Romania (national rule)

Business to business transaction:

A) Delivery of the following goods :

- delivery of ferrous and nonferrous scrap, ferrous scrap, including semi-finished products resulting from the processing, manufacturing or melting them
- delivery of residues and other recyclable materials consisting of ferrous and non-ferrous metals, their alloys, slag, ash and industrial residues containing metals or their alloys
- delivery of waste and recyclable materials used recyclable materials consisting of paper, cardboard, textile materials, cables, rubber, plastic, glass shards

B) Delivery of wood and wooden materials, as defined by Law no. 46/2008 - Forest Code

C) Delivery of grain and industrial crops

D) Transfer of certificates for greenhouse gases

E) Delivery electricity to a taxable dealer, established in Romania. The taxable dealer is taxable person whose principal activity in terms of electricity purchases is the resale



A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Spain?
 - c. Via appointment of a fiscal representative in Spain?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Spain.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Spain) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Spain. Company B subcontracts company C (situated not in Spain) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
All services rendered to entrepreneurs for their enterprises (or permanent establishments) are deemed to be rendered in the place where the recipient operates his enterprise. If the recipient is established in Spain, the service is rendered in Spain (place of supply).	Reverse Charge	Not necessary* *A NIE (administrative identification for foreigners) is required for VAT registration in Spain.	Yes, when B is registered for VAT in Spain. If not, VAT registration of the subcontractor is required	Not necessary

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

Service is rendered where the real estate is located. <i>Exception: arranging of short-term taxable renting of rooms (in hotels or guest houses) follows the basic rule</i>	Reverse Charge if real estate is located in Spain.	Not necessary* *A NIE (administrative identification for foreigners) is required for VAT registration in Spain.	Yes, when B is registered for VAT in Spain. If not, VAT registration of the subcontractor is required.	Not necessary
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2. Sales of admission tickets

<ul style="list-style-type: none"> • to cultural, artistic and similar events, • to fairs, exhibitions and congresses are deemed to be supplied where the event takes place (assumption: place of event = Spain)	No Reverse Charge.	Foreign company has to register in Spain. A NIE (administrative identification for foreigners) is required for VAT registration in Spain.		Not necessary
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3. Catering services

Services are carried out where the services are actually rendered. <i>Exceptions for services provided on board a ship, in a plane or a train within the EU.</i>	Reverse Charge if services are carried out in Spain.	Not necessary* *A NIE (administrative identification for foreigners) is required for VAT registration in Spain	Yes, when B is registered for VAT in Spain. If not, VAT registration of the subcontractor is required.	Not necessary
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4. Short-term letting of means of transport (≤ 90 days in the case of vessels; in the case of other means of transport ≤ 30 days)

Service is carried out where the means of transport are physically handed over.	Reverse Charge in cases where handover location is in Spain.	Not necessary* *A NIE (administrative identification for foreigners) is required for VAT registration in Spain.	Yes, when B is registered for VAT in Spain. If not, VAT registration of the subcontractor is required.	Not necessary
If the service (short- or long-term letting) is rendered by an entrepreneur domiciled in a third country, Spain is regarded as place of performance if the service is used or exploited in Spain.	Reverse Charge in cases where the service is used in Spain.	Not necessary* *A NIE (administrative identification for foreigners) is required for VAT registration in Spain.	Yes, when B is registered for VAT in Spain. If not, VAT registration of the subcontractor is required.	Not necessary

5. Passengers' transport

Service is deemed to be performed in the place where the transport is provided. In cases of cross-border routes only the Spain part is liable to Spanish VAT. <i>Note: a lot of special rules have to be considered in this regard.</i>	Reverse Charge referring to the Spanish transport route. Exceptions have to be considered.	In special cases registration is necessary. A NIE (administrative identification for foreigners) is required for VAT registration in Spain.	Yes, when B is registered for VAT in Spain. If not, VAT registration of the subcontractor is required.	Not necessary
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6. Work Delivery

The place of work delivery is deemed to be rendered in the place where the authority to dispose is procured.	Reverse Charge in case that Spain is the place where the authority to dispose is procured.	Not necessary* *A NIE (administrative identification for foreigners) is required for VAT registration in Spain.	Yes, when B is registered for VAT in Spain. If not, VAT registration of the subcontractor is required.	Not necessary
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B. Reverse Charge for deliveries and services in Spain (national rule)

business to business transaction:

- delivery of goods when the transferor is not established in Spain
- work deliveries and supplies of services (also cession of workers), which consist of urbanization, construction or rehabilitation of buildings, in contracts between a promoter and the supplier or other subcontracted
- transfer of gas emission allowances
- supply of industrial scrap, old metal and other waste material
- delivery of gold with a purity equal to or greater than 325 thousandths, unwrought or in semi-manufactured forms with a purity of equal to or greater than 325 thousandths
- supply of mobile telephones, tablet computers and games consoles by reseller or when the total amounts (excluded VAT) to be invoiced within a year is at least 10.000 Euro
- delivery of goods consequence of a bankruptcy proceeding
- exempt deliveries of real estates (article 20.1. 20º, 22º), when the taxpayer waives to the exemption
- delivery of goods in case of execution of the warrant of a real estate



THE NETHERLANDS

A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in The Netherlands?
 - c. Via appointment of a fiscal representative in The Netherlands?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in The Netherlands.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in The Netherlands) engages Company B (situated in national or foreign territory) to render services (such as construction works) in The Netherlands. Company B subcontracts company C (situated not in The Netherlands) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
All services rendered to entrepreneurs for their enterprises (or permanent establishments) are deemed to be rendered in the place where the recipient operates his enterprise. If the recipient is established in The Netherlands, the service is rendered in The Netherlands (place of supply).	Reverse Charge	Not necessary	Yes, when B is registered for VAT in The Netherlands. If not, VAT registration of the subcontractor is required.	Not necessary

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

Service is rendered where the real estate is located. <i>Exception: arranging of short-term taxable renting of rooms (in hotels or guest houses) follows the basic rule.</i>	Reverse Charge if real estate is located in The Netherlands	Not necessary	Yes, when B is registered for VAT in The Netherlands. If not, VAT registration of the subcontractor is required.	Not necessary
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2. Sales of admission tickets

<ul style="list-style-type: none"> • to cultural, artistic and similar events, • to fairs, exhibitions and congresses are deemed to be supplied where the event takes place (assumption: place of event = The Netherlands)	No Reverse Charge.	Foreign company has to register in The Netherlands.		Not necessary
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3. Catering services

Services are carried out where the services are actually rendered. <i>Exceptions for services provided on board a ship, in a plane or a train within the EU.</i>	Reverse Charge if services are carried out in The Netherlands.	Not necessary	Yes, when B is registered for VAT in The Netherlands. If not, VAT registration of the subcontractor is required.	Not necessary
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4. Short-term letting of means of transport (≤ 90 days in the case of vessels; in the case of other means of transport ≤ 30 days)

Service is carried out where the means of transport are physically handed over.	Reverse Charge in cases where handover location is in The Netherlands.	Not necessary	Yes, when B is registered for VAT in The Netherlands. If not, VAT registration of the subcontractor is required.	Not necessary
If the service (short- or long-term letting) is rendered by an entrepreneur domiciled in a third country, The Netherlands is regarded as place of performance if the service is used or exploited in The Netherlands.	Reverse Charge in cases where the service is used in The Netherlands	Not necessary	Yes, when B is registered for VAT in The Netherlands. If not, VAT registration of the subcontractor is required.	Not necessary

5. Passengers' transport

Service is deemed to be performed in the place where the transport is provided. In cases of cross-border routes only the Dutch part is liable to Dutch VAT. <i>Note: a lot of special rules have to be considered in this regard.</i>	Reverse Charge referring to The Netherlands transport route. Exceptions have to be considered.	In special cases registration is necessary.	Yes, when B is registered for VAT in The Netherlands. If not, VAT registration of the subcontractor is required.	Not necessary
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6. Work Delivery

The place of work delivery is deemed to be rendered in the place where the authority to dispose is procured.	Reverse Charge in case that The Netherlands is the place where the authority to dispose is procured.	Not necessary	Yes, when B is registered for VAT in The Netherlands. If not, VAT registration of the subcontractor is required.	Not necessary
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B. Reverse Charge for deliveries and services in The Netherlands (national rule)

Business to business transaction:

- Subcontracting and supply of staff in connection with building (real estate), shipbuilding, cleaning, gardening
- Supply of industrial scrap, old metal and other waste material
- Supply of mobile telephones, chips, game computers, laptops and tablets if the amount exceeds € 10,000.
- Supply of real estate, when already in use for more than two years. Building sites do not qualify.
- Execution sales of real estate
- Sales of gold, meeting certain conditions
- Transfer of greenhouse emission allowances (CO2 certificates)



A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
PLACE OF SUPPLY IS WHERE THE SERVICE IS GIVEN. IN THIS CASE, TURKEY IS THE PLACE OF SUPPLY.
2. How are taxes levied?
 - a. Via reverse charge? YES
 - b. Via VAT registration of the foreign company in Turkey? NO
 - c. Via appointment of a fiscal representative in Turkey? NO

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Turkey.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Turkey) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Turkey. Company B subcontracts company C (situated not in Turkey) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Ap- pointment of a fiscal representative?
Basic rule of the place of supply is; if the b2b transaction takes place in the domestic place and it is suitable with the law no 3065, then the place of supply is the domestic place according to Turkish law.	Yes	Not necessary	B is responsible for reverse charge.	Not necessary

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

Service is given in real estate in domestic area, Turkey.	Yes	Not necessary	B is responsible	Not necessary
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2. Sales of admission tickets

<ul style="list-style-type: none"> • to cultural, artistic and similar events, • to fairs, exhibitions and congresses 	Yes	Not necessary	B has the responsibility	Not necessary
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3. Catering services

If the service is given in domestic country.	Yes	Not necessary	B has the responsibility	Not necessary
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4. Short-term letting of means of transport

The section that take place in domestic country.	Yes	Not necessary	B has the responsibility	Not necessary
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5. Passengers' transport

Only the part in the domestic country.	Yes	Not necessary	B has the responsibility	Not necessary
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6. Work Delivery

According to partnership. Both sides have the responsibility for work delivery case.	Yes, A and B.	Not necessary	B has the responsibility	Not necessary
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B. Reverse Charge for deliveries and services in Turkey (national rule)



 UNITED KINGDOM

A. VAT on cross-border services
Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in United Kingdom?
 - c. Via appointment of a fiscal representative in United Kingdom?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in United Kingdom.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in United Kingdom) engages Company B (situated in national or foreign territory) to render services (such as construction works) in United Kingdom. Company B subcontracts company C (situated not in United Kingdom) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Appointment of a fiscal representative?
<p>According to the B2B basic rule for supplies of services, other than those covered by the special rules, the place of supply of services is the place where the customer belongs for the purposes of receiving the supply. Therefore, the place of supply in the initial example will be UK.</p>	<p>Yes, UK company will have to apply reverse charges.</p>	<p>Since 1 December 2012, the standard UK registration threshold has not been available to non-established taxable persons (NETPs). If you are an NETP, you must register for VAT if you make any taxable supplies in the UK. However, overseas businesses making only reverse charge supplies of services to the UK will not normally be affected by the removal of the threshold. Therefore, VAT registration will not be required if only reverse charge supplies are made by the foreign supplier.</p>	<p>Place of supply of services that relate to land or property, is where the land itself is located, irrespective of where the supplier or the customer belong. The supply of construction services in the modification example, are related to land and thus place of supply, according to UK rules will be Germany. As, the place of supply of services provided by C to B is Germany, the supply is outside the scope of UK VAT. Same will be applicable in the case of supply from B to A. C may be liable to register for VAT in Germany. If the land was located in UK Supply from C to B will be liable to reverse charges if B was registered for VAT in UK. If B was not registered in UK, C will have to register for VAT in UK.</p>	<p>Not required</p>

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

<p>If you supply services that relate to land or property, the place of supply of those services is where the land itself is located, irrespective of where you or your customer belong.</p> <p>Exception: bought-in supplies of land-related services, such as hotel accommodation, land-related services together with other bought-in supplies (for example, passenger transport), for the direct benefit of a traveller follow the basic rule.</p>	<p>Reverse charges apply if the real estate is located in UK</p>	<p>Not required</p>	<p>As above</p>	<p>Not necessary</p>
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2. Sales of admission tickets

<ul style="list-style-type: none"> to cultural, artistic and similar events, to fairs, exhibitions and congresses <p>The place of supply of B2B supplies of services in respect of admission to cultural, artistic, sporting, scientific, educational, entertainment or similar events (including fairs and exhibitions), is where the events actually take place. (<i>Assumption made is that event is taking place in UK</i>)</p>	<p>No Reverse Charge</p>	<p>Foreign company has to register in UK</p>	<p>N/A</p>	<p>Not necessary</p>
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3. Catering services

<p>The place of supply of restaurant and catering services is where the services are physically carried out.</p> <p><i>Exception: The place of supply of EC on-board restaurant and catering services supplied on a ship, aircraft or train for the transportation of passengers on an intra-EC journey is the Member State of departure.</i></p>	<p>Reverse charge if the services are physically carried out in UK.</p>	<p>Not necessary</p>	<p>Services from B to A: A accounts for reverse charge.</p> <p>Services from C to B: If B is registered for VAT in UK, it has to apply reverse charges. If B is not registered for VAT, C will have to register for VAT in UK.</p>	<p>Not necessary</p>
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4. Short-term letting of means of transport

<p><i>Short-term hire of means of transport is hiring for a continuous period not exceeding 90 days if the means of transport is a vessel and not exceeding 30 days for any other means of transport.</i></p> <p>B2B short-term hiring of means of transport are supplied where the means of transport is put at the disposal of the hiree. In other words, where the customer takes actual physical control of the means of transport.</p>	<p>Reverse charge applicable where the means of transport is handed over to the customer in UK.</p>	<p>Not necessary</p>	<p>As above</p>	<p>Not necessary</p>
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5. Passengers' transport

<p>The place of supply of passenger transport services is determined according to where the transport physically takes place. If it takes place:</p> <ul style="list-style-type: none"> • inside the UK the supplies are all within the scope of UK VAT • both inside and outside the UK, the element that takes place within the UK is within the scope of UK VAT, or • outside the UK the supplies are outside the scope of UK VAT. 	<p>Reverse charge will apply to the part of journey made in UK.</p>	<p>If supplier is based outside UK and the UK customer is not VAT registered, then supplier must register for VAT in UK.</p>	<p>As above.</p>	<p>Not necessary</p>
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6. Work Delivery

<p>B2B services of work on, or valuation of moveable goods and ancillary transport services, are subject to the B2B general rule i.e. place of supply is where the recipient business is based.</p>	<p>Reverse charge applies if customer in UK and supplier is foreign.</p>	<p>Not necessary</p>	<p>As above</p>	<p>Not necessary</p>
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B. Reverse Charge for deliveries and services in United Kingdom (national rule)

VAT domestic reverse charge on specified goods and services

The specified goods to which the reverse charge applies are:

- mobile phones – it covers mobile phones supplied with accessories (such as a charger, battery, cover or hands-free kit) as a single package, pre-pay (or 'pay as you go') mobile phones, whether or not the selling price includes an element attributable to the cost of future use of the phones; and mobile phones locked to a network but not supplied with a contract for airtime.
- computer chips – it covers small integrated circuit, discrete integrated circuit devices, i.e. Microprocessors or Microprocessor Units (MPUs) and Microcontrollers or Microcontroller Units (MCUs); and chipsets - the dedicated cluster of integrated circuits which support MPUs.
- wholesale gas, and
- wholesale electricity

The specified services are:

- emission allowances. Only those compliance market credits which can be used to meet obligations under the EU Emissions Trading Scheme (EUETS) are subject to the reverse charge mechanism. These currently comprise EU Allowances, some Certified Emission Reductions (CER) and some Emission Reduction Units (ERU), as defined in Directive 2003/87/EC (as amended).

The additional rules for letting on hire of goods, telecommunications services and radio and television broadcasting services apply in either of the following situations:

- the place of supply would be the UK under another section (because the supplier or customer belongs in the UK) but the services are effectively used and enjoyed outside the EC, or
- the place of supply would be outside the EC under another section (because the supplier or customer belongs outside the EC) but the services are effectively used and enjoyed in the UK.

In these circumstances, the place of supply is where their effective use and enjoyment takes place. Where this is the UK, the services are subject to UK VAT.

The additional rules for electronically supplied services apply only where there is a B2B supply in either of the following situations:

- the place of supply would be the UK (because the supplier or the customer belongs in the UK) but the services are effectively used and enjoyed outside the EC
- the place of supply would be outside the EC (because the supplier or the customer belongs outside the EC), but the services are effectively used and enjoyed in the UK.

In these circumstances, the place of supply of the electronically supplied services is where their effective use and enjoyment takes place. Where this is the UK, the services are subject to UK VAT.



A. VAT on cross-border services

Initial example: A foreign company provides services to a domestic company.

The two main questions that arise are:

1. What is the place of supply, in other words: where is VAT payable on the service? In the domestic or the foreign territory?
2. How are taxes levied?
 - a. Via reverse charge?
 - b. Via VAT registration of the foreign company in Uruguay?
 - c. Via appointment of a fiscal representative in Uruguay?

Please note that transactions shall be restricted to **B2B transactions** where the recipient of a service is situated in Uruguay.

Modification of the initial example: Reverse Charge in cases of subcontracting

Situation: Company A (situated in Uruguay) engages Company B (situated in national or foreign territory) to render services (such as construction works) in Uruguay. Company B subcontracts company C (situated not in Uruguay) with the performance of the services.

Please note in column "Reverse Charge in cases of subcontracting" the VAT consequences for foreign subcontractor C.

Basic rule of the place of supply for B2B transactions	Reverse Charge?	VAT registration?	Reverse Charge in cases of subcontracting?	Ap- pointment of a fiscal representative?
All services rendered to entrepreneurs for their enterprises (or permanent establishments) are deemed to be rendered in the place where the services are effectively rendered, regardless of where the recipient operates his enterprise.	Reverse Charge	Not necessary	N/A, if B as the service recipient is situated in foreign territory. (Reverse Charge in the country where contractor B is established.)	Not necessary

Exceptions from the basic rule for B2B transactions

1. Services related to real estate

Service is rendered where the real estate is located.	Reverse Charge if real estate is located in Uruguay.	Not necessary	Yes (B is obliged to register for VAT in Uruguay in case it configures permanent establishments).	Not necessary
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2. Sales of admission tickets

<ul style="list-style-type: none"> • to cultural, artistic and similar events, • to fairs, exhibitions and congresses <p>are deemed to be supplied where the event takes place (assumption: place of event = Uruguay)</p>	Reverse Charge if the event is located in Uruguay.	Not necessary	Contractor and subcontractor have to register for VAT in Uruguay in case it configures permanent establishments.	Not necessary
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3. Catering services

Services are carried out where the services are actually rendered. <i>Exceptions for services provided on board a ship.</i>	Reverse Charge if services are carried out in Uruguay.	Not necessary	N/A, if B as the service recipient is situated in foreign territory.	Not necessary
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4. Short-term letting of means of transport

Service is carried out where the means of transport are physically handed over	No Reverse Charge.	Foreign company has to register in Uruguay.	Yes (B is obliged to register for VAT in Uruguay.)	Not necessary
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5. Passengers' transport

Service is deemed to be performed in the place where the transport is provided. In cases of cross-border routes only the Uruguayan part is liable to Uruguayan VAT.	Reverse Charge referring to the Uruguayan transport route.	Not necessary	N/A, if B as the service recipient is situated in foreign territory	Not necessary
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6. Work Delivery

The place of work delivery is deemed to be rendered in the place where the service is supplied. The services rendered in Uruguay to foreign entities are not taxable by VAT in our country.	Reverse Charge in case that Uruguay is the place where the service is supplied.	Not necessary	N/A, if B as the service recipient is situated in foreign territory.	Not necessary
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B. Reverse Charge for deliveries and services in Uruguay (national rule)

- Security and cleaning services.
- Goods and services supplied to the Government.
- Some retail companies whose sales to final consumers have surpassed the 70% (seventy percent) of the total net income of the previous year. Reverse charge is applicable to purchases made by its suppliers of goods.
- Supermarket companies whose income in the previous year have passed USD 6.000.000 approximately (six million dollars).
- Forestry companies in case of purchased some goods and services.
- Withholding medical services provided by health agencies.



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