

Study on the economic effects of the current VAT rules for passenger transport Final Report - Volume 2

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Foreword

The following is Volume 2 of the “Study on the economic effects of the current VAT rules for passenger transport”. This volume contains two parts. In part 1, detailed Transport Demand Fact Sheets are presented, based on the data sources discussed in Volume 1, Chapter 2. They include information on passenger demand in PKMs and in number of trips, and divided by mode and by business and non-business motivation. All the data is for the year 2010. Part 2 presents individual Country VAT Guides for the Transport sector, based on an analysis of existing national and EU sources, as well as on the responses to questionnaires sent to the national authorities. The data is the most up-to-date to the knowledge of the authors.

Part 1:

Transport Demand Fact Sheets

Passenger transport demand (2010) – Austria (AT)

Country	Austria	AT					
			All motives		Business only		
			volume	<i>modal split</i>	volume	<i>modal split</i>	
million pkm	Total	rail	9,180.05	29.28%	1,808.27	31.29%	
		bus/coach	9,856.35	31.44%			
		tram/metro	4,199.08	13.39%			
		air	8,114.85	25.88%			
	Urban	rail	4,791.34	41.33%			
		bus	2,602.69	22.45%			
		tram/metro	4,199.08	36.22%			
	short distance non-urban	rail	3,110.26	30.99%	1,260.93	98.69%	
		bus/coach	6,894.65	68.70%			
		air	31.66	0.32%			
	long distance non-urban	rail	1,278.45	13.15%	547.34	12.16%	
		coach	359.02	3.69%			
		air	8,083.19	83.15%			
	trips	Total domestic	rail	232,303,582	14.31%	12,859,038	64.09%
			bus/coach	499,253,493	30.75%		
tram/metro			891,731,323	54.92%			
air			393,327	0.02%			
Urban		rail	163,277,896	13.46%	5,170,580	49.11%	
		bus	157,646,748	13.00%			
		tram/metro	891,731,323	73.54%			
Domestic intercity		rail	4,165,302	95.21%	763,882	94.00%	
		bus/coach	2,864	0.07%			
		air	206,611	4.72%			
International intra-EU (outgoing)		rail	5,591,519	48.98%	2,422,556	64.37%	
		coach	1,128,867	9.89%			
		air	4,695,500	41.13%			
International extra-EU (outgoing)		rail	668,845	19.76%	34,824	4.64%	
		coach	303,716	8.97%			
	air	2,411,624	71.26%				

Passenger transport demand (2010) – Belgium (BE)

Country	Belgium	BE				
			All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail	9,868.01	25.75%	584.60	29.76%
		bus/coach	18,921.51	49.38%	210.26	10.70%
		tram/metro	1,226.05	3.20%		
		air	8,304.82	21.67%	1,169.53	59.54%
	Urban	rail	5,913.85	48.14%		
		bus	5,144.12	41.88%		
		tram/metro	1,226.05	9.98%		
	short distance non-urban	rail	3,207.78	20.56%	388.84	98.63%
		bus/coach	12,376.01	79.32%	4.11	1.04%
		air	19.34	0.12%	1.30	0.33%
	long distance non-urban	rail	746.37	7.15%	195.77	12.47%
		coach	1,401.38	13.43%	206.14	13.13%
air		8,285.48	79.41%	1,168.23	74.40%	
trips	Total domestic	rail	203,062,508	17.01%	14,365,588	42.48%
		bus/coach	647,194,977	54.23%	9,708,104	28.71%
		tram/metro	343,192,331	28.76%	9,736,385	28.79%
		air	28,757		3,986	0.01%
	Urban	rail	140,473,698	15.43%	5,403,530	25.06%
		bus	426,810,137	46.88%	6,424,721	29.79%
		tram/metro	343,192,331	37.69%	9,736,385	45.15%
	Domestic intercity	rail	29,893,890	99.92%	5,366,086	99.96%
		bus/coach	6,748	0.02%	0	
		air	17,692	0.06%	2,131	0.04%
	International intra-EU (outgoing)	rail	10,082,011	59.90%	6,110,506	77.99%
		coach	409,466	2.43%		
		air	6,340,929	37.67%	1,724,168	22.01%
	International extra-EU (outgoing)	rail	62,644	1.48%	35,215	2.93%
		coach	20,059	0.47%		
		air	4,162,771	98.05%	1,167,056	97.07%

Passenger transport demand (2010) – Bulgaria (BG)

Country	Bulgaria	BG					
			All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	2,450.98	12.99%	194.67	6.08%	
		bus/coach	11,419.21	60.50%			
		tram/metro	503.83	2.67%			
		air	4,499.65	23.84%			
	Urban	rail	887.88	29.47%			
		bus	1,621.60	53.81%			
		tram/metro	503.83	16.72%			
	short distance	rail	1,208.06	11.22%	176.08	72.80%	
		non-urban	bus/coach	9,186.66			85.28%
	long distance	air	377.01	3.50%	65.78	27.20%	
		non-urban	rail	355.04			6.98%
		non-urban	coach	610.95	12.01%		
			air	4,122.64	81.02%	2,939.02	99.37%
	trips	Total domestic	rail	31,461,974	4.50%		
			bus/coach	484,240,681	69.26%		
tram/metro			183,298,000	26.22%			
air			137,893	0.02%			
Urban	rail	16,397,288	5.95%	684,474	7.29%		
	bus	75,836,039	27.52%				
	tram/metro	183,298,000	66.53%				
Domestic intercity	rail						
	bus/coach						
	air						
International intra-EU (outgoing)	rail	95,440	3.62%	47,119	9.29%		
	coach	752,704	28.56%				
	air	1,787,024	67.81%				
International extra-EU (outgoing)	rail	146,984	14.76%	101,824	39.19%		
	coach	313,935	31.53%				
	air	534,722	53.71%				

Passenger transport demand (2010) – Cyprus (CY)

Country	Cyprus	CY	All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail				
		bus/coach	1,339.77	13.06%		
		tram/metro				
		air	8,917.19	86.94%	3,462.13	10
	Urban	rail				
		bus	247.51	10		
		tram/metro				
	short distance non-urban	rail				
		bus/coach	1,053.02	79.11%		
		air	277.99	20.89%	22.88	10
	long distance non-urban	rail	0.00			
		coach	39.24	0.45%		
		air	8,639.20	99.55%	3,439.24	10
	trips	Total domestic	rail			
bus/coach			39,859,681	10	204,845	10
tram/metro						
air						
Urban		rail				
		bus				
		tram/metro				
Domestic intercity		rail				
		bus/coach				
		air				
International intra-EU (outgoing)		rail				
		coach				
		air	2,542,754	10	513,907	10
International extra-EU (outgoing)		rail				
	coach					
	air	1,616,561	10	277,407	10	

Passenger transport demand (2010) – Czech Republic (CZ)

Country	Czech Republic	CZ	All motives		Business only		
			volume	modal split	Volume	modal split	
million pkm	Total	rail	6,404.71	15.14%	1,141.82	17.40%	
		bus/coach	16,257.84	38.44%			
		tram/metro	8,307.80	19.64%			
		air	11,321.55	26.77%	5,422.05	82.60%	
	Urban	rail	2,623.08	19.94%			
		bus	2,224.45	16.91%			
		tram/metro	8,307.80	63.15%			
	short distance	rail	3,544.28	20.38%	1,094.47	91.76%	
		non-urban	bus/coach	13,732.50	78.96%		
			air	116.03	0.67%	98.23	8.24%
	long distance	rail	237.35	2.02%	47.36	0.88%	
		non-urban	coach	300.89	2.56%		
			air	11,205.53	95.42%	5,323.82	99.12%
	trips	Total domestic	rail	140,977,402	5.35%	9,401,604	11.64%
			bus/coach	1,239,966,493	47.09%	18,800,842	23.27%
			tram/metro	1,252,300,002	47.56%	52,573,700	65.08%
air			70,656	0.00%	8,358	0.01%	
Urban		rail	33,913,570	2.11%	1,358,578	2.30%	
		bus	323,109,859	20.08%	5,123,100	8.68%	
		tram/metro	1,252,300,002	77.82%	52,573,700	89.02%	
Domestic intercity		rail	1,373,160	61.92%	83,956	100.00%	
		bus/coach	844,580	38.08%			
		air					
International intra-EU (outgoing)		rail	2,943,336	36.64%	1,062,985	60.32%	
		coach	1,734,544	21.59%			
		air	3,355,070	41.77%	699,150	39.68%	
International extra-EU (outgoing)		rail	17,965	1.07%	3,563	1.23%	
		coach	416,313	24.90%			
		air	1,237,955	74.03%	287,009	98.77%	

Passenger transport demand (2010) – Germany (DE)

Country	Germany	DE				
			All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail	76,658.75	33.50%	6,278.94	57.01%
		bus/coach	68,511.81	29.94%		
		tram/metro	16,758.71	7.32%		
		air	66,909.04	29.24%	4,735.20	42.99%
	Urban	rail	37,278.66	46.38%		
		bus	26,339.42	32.77%		
		tram/metro	16,758.71	20.85%		
	short distance non-urban	rail	37,047.68	47.27%	5,353.04	98.50%
		bus/coach	41,165.33	52.53%		
		air	155.86	0.20%	81.63	1.50%
	long distance non-urban	rail	2,332.41	3.33%	925.90	16.59%
		coach	1,007.07	1.44%		
air		66,753.18	95.24%	4,653.58	83.41%	
trips	Total domestic	rail	2,332,555,610	21.53%	115,971,260	71.44%
		bus/coach	4,756,196,607	43.91%	24,458,491	15.07%
		tram/metro	3,727,374,930	34.41%	19,112,140	11.77%
		air	16,505,694	0.15%	2,799,978	1.72%
	Urban	rail	1,709,323,506	23.51%	54,721,784	65.75%
		bus	1,832,791,414	25.21%	9,391,724	11.28%
		tram/metro	3,727,374,930	51.27%	19,112,140	22.96%
	Domestic intercity	rail	93,377,414	92.12%	18,335,440	93.62%
		bus/coach	1,800,188	1.78%		
		air	6,189,738	6.11%	1,249,051	6.38%
	International intra-EU (outgoing)	rail	11,689,238	25.81%	4,907,971	40.03%
		coach	1,496,008	3.30%		
		air	32,097,696	70.88%	7,354,261	59.97%
	International extra-EU (outgoing)	rail	2,134,524	8.91%	551,810	9.51%
		coach	146,817	0.61%		
		air	21,673,403	90.48%	5,253,410	90.49%

Passenger transport demand (2010) – Denmark (DK)

Country	Denmark	DK	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	6,171.17	26.13%	941.15	69.38%	
		bus/coach	7,403.22	31.35%			
		tram/metro	192.96	0.82%			
		air	9,848.29	41.70%	415.32	30.62%	
	Urban	rail	1,838.42	45.06%			
		bus	2,048.57	50.21%			
		tram/metro	192.96	4.73%			
	short distance non-urban	rail	4,111.15	43.56%	746.11	99.34%	
		bus/coach	5,319.06	56.36%			
		air	7.40	0.08%	4.94	0.66%	
	long distance non-urban	rail	221.61	2.19%	195.04	32.22%	
		coach	35.59	0.35%			
		air	9,840.89	97.45%	410.38	67.78%	
	trips	Total domestic	rail	178,608,800	34.54%	8,234,444	54.69%
			bus/coach	285,604,301	55.23%	2,244,229	14.91%
tram/metro			52,000,000	10.05%	4,376,150	29.07%	
air			942,910	0.18%	200,541	1.33%	
Urban		rail	49,033,246	34.22%	1,549,106	24.70%	
		bus	42,269,183	29.50%	347,052	5.53%	
		tram/metro	52,000,000	36.29%	4,376,150	69.77%	
Domestic intercity*		rail					
		bus/coach					
		air	38,280	100.00%	12,760	100.00%	
International intra-EU (outgoing)		rail	4,180,608	43.43%	361,171	22.59%	
		coach	427,900	4.44%			
		air	5,018,133	52.13%	1,237,705	77.41%	
International extra-EU (outgoing)		rail	41,899	1.79%	20,105	3.32%	
		coach	9,409	0.40%			
	air	2,293,074	97.81%	585,428	96.68%		

*Likely data anomaly

Passenger transport demand (2010) – Estonia (EE)

Country	Estonia	EE	All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail	271.04	7.00%	24.00	6.79%
		bus/coach	2,669.04	68.89%		
		tram/metro	85.76	2.21%		
		air	848.37	21.90%	329.38	93.21%
	Urban	rail	88.40	13.25%		
		bus	493.08	73.90%		
		tram/metro	85.76	12.85%		
	short distance non-urban	rail	175.19	7.62%	23.60	91.55%
		bus/coach	2,097.79	91.23%		
		air	26.45	1.15%	2.18	8.45%
	long distance non-urban	rail	7.45	0.82%	0.40	0.12%
		coach	78.17	8.61%		
		air	821.92	90.57%	327.20	99.88%
	trips	Total domestic	rail	4,939,996	2.63%	253,258
bus/coach			152,345,880	81.22%	1,175,842	44.20%
tram/metro			30,275,576	16.14%	1,231,271	46.28%
air						
Urban		rail	2,546,048	2.81%	98,312	5.50%
		bus	57,728,605	63.75%	459,271	25.67%
		tram/metro	30,275,576	33.44%	1,231,271	68.83%
Domestic intercity		rail				
		bus/coach				
		air				
International intra-EU (outgoing)		rail	20,321	3.01%	10,928	6.88%
		coach	175,456	26.01%		
		air	478,879	70.98%	147,805	93.12%
International extra-EU (outgoing)		rail	13,410	3.13%	4,553	4.78%
	coach	125,803	29.36%			
	air	289,270	67.51%	90,677	95.22%	

Passenger transport demand (2010) – Spain (ES)

Country	Spain	ES	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	21,125.31	10.41%	6,017.50	6.79%	
		bus/coach	59,691.35	29.40%			
		tram/metro	7,130.29	3.51%			
		air	115,066.04	56.68%	82,606.05	93.21%	
	Urban	rail	8,535.98	29.87%			
		bus	12,910.07	45.18%			
		tram/metro	7,130.29	24.95%			
	short distance	rail	8,368.23	14.03%	3,173.97	71.39%	
		non-urban	bus/coach	46,133.87	77.36%		
	long distance	air	5,134.53	8.61%	1,271.73	28.61%	
		rail	4,221.10	3.68%	2,843.53	3.38%	
		non-urban	coach	647.41	0.56%		
			air	109,931.52	95.76%	81,334.33	96.62%
	trips	Total domestic	rail	555,549,468	13.91%	38,470,348	40.52%
bus/coach			2,168,397,922	54.29%	33,123,627	34.88%	
tram/metro			1,242,813,976	31.12%	18,545,436	19.53%	
air			26,980,584	0.68%	4,812,555	5.07%	
Urban		rail	484,104,996	14.83%	30,206,162	41.65%	
		bus	1,536,669,805	47.09%	23,773,596	32.78%	
		tram/metro	1,242,813,976	38.08%	18,545,436	25.57%	
Domestic intercity		rail	16,545,194	53.72%	3,309,568	62.57%	
		bus/coach	3,151,800	10.23%			
		air	11,100,731	36.04%	1,979,484	37.43%	
International intra-EU (outgoing)		rail	1,823,444	3.86%	388,625	3.52%	
		coach	785,108	1.66%			
		air	44,571,682	94.47%	10,662,213	96.48%	
International extra-EU (outgoing)		rail	23,244	0.22%	2,103	0.09%	
	coach	162,399	1.56%				
	air	10,207,878	98.21%	2,400,049	99.91%		

Passenger transport demand (2010) – Finland (FI)

Country	Finland	FI	All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail	3,786.66	18.02%	882.97	23.83%
		bus/coach	7,565.84	36.00%		
		tram/metro	525.01	2.50%		
		air	9,136.48	43.48%	2,821.98	76.17%
	Urban	rail				
		bus	2,521.31	82.77%		
		tram/metro	525.01	17.23%		
	short distance non-urban	rail	2,105.88	29.55%	609.66	80.72%
		bus/coach	4,847.16	68.01%		
		air	174.21	2.44%	145.65	19.28%
	long distance non-urban	rail	1,680.78	15.50%	273.31	9.27%
		coach	197.38	1.82%		
		air	8,962.28	82.67%	2,676.34	90.73%
	trips	Total domestic	rail	66,714,582	13.64%	4,638,510
bus/coach			308,051,447	62.98%	4,622,039	35.35%
tram/metro			113,022,917	23.11%	3,257,260	24.91%
air			1,312,361	0.27%	556,912	4.26%
Urban		rail	50,133,436	20.66%	3,856,572	45.95%
		bus	79,485,647	32.76%	1,278,278	15.23%
		tram/metro	113,022,917	46.58%	3,257,260	38.81%
Domestic intercity		rail				
		bus/coach				
		air				
International intra-EU (outgoing)		rail	33,054	0.87%	1,991	0.16%
		coach	728	0.02%		
		air	3,766,638	99.11%	1,219,275	99.84%
International extra-EU (outgoing)		rail	32,045	2.18%	2,458	0.50%
	coach	75,400	5.14%			
	air	1,360,229	92.68%	486,681	99.50%	

Passenger transport demand (2010) – France (FR)

Country	France	FR	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	79,968.83	38.36%	26,358.91	75.19%	
		bus/coach	47,524.18	22.80%			
		tram/metro	14,061.28	6.74%			
		air	66,925.04	32.10%	8,695.43	24.81%	
	Urban	rail	13,503.07	28.80%			
		bus	19,326.02	41.22%			
		tram/metro	14,061.28	29.99%			
	short distance non-urban	rail	37,778.60	58.00%	16,708.98	99.14%	
		bus/coach	27,013.87	41.47%			
		air	340.59	0.52%	145.21	0.86%	
	long distance non-urban	rail	28,687.16	29.74%	9,649.93	53.02%	
		coach	1,184.30	1.23%			
		air	66,584.45	69.03%	8,550.22	46.98%	
	trips	Total domestic	rail	1,081,149,934	15.08%	144,775,830	49.73%
			bus/coach	3,153,899,163	43.99%	16,404,014	5.63%
			tram/metro	2,914,713,516	40.65%	123,305,051	42.35%
air			20,061,286	0.28%	6,648,854	2.28%	
Urban		rail	581,599,814	11.05%	54,867,084	29.27%	
		bus	1,766,298,838	33.56%	9,283,987	4.95%	
		tram/metro	2,914,713,516	55.39%	123,305,051	65.78%	
Domestic intercity		rail	74,316,852	90.03%	24,152,276	89.27%	
		bus/coach	9,576	0.01%			
		air	8,221,993	9.96%	2,904,187	10.73%	
International intra-EU (outgoing)		rail	13,918,934	36.05%	7,869,363	52.83%	
		coach	1,767,920	4.58%			
		air	22,928,022	59.38%	7,026,050	47.17%	
International extra-EU (outgoing)		rail	1,185,586	5.82%	501,805	8.09%	
		coach	683,571	3.36%			
		air	18,501,573	90.82%	5,697,258	91.91%	

Passenger transport demand (2010) – Greece (GR)

Country	Greece	GR	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	1,936.34	3.23%	429.91	2.61%	
		bus/coach	22,156.56	36.90%			
		tram/metro	1,797.15	2.99%			
		air	34,148.10	56.88%	16,031.82	97.39%	
	Urban	rail					
		bus	6,428.02	78.15%			
		tram/metro	1,797.15	21.85%			
	short distance non-urban	rail	1,824.10	8.99%	377.13	19.39%	
		bus/coach	15,591.72	76.84%			
		air	2,875.47	14.17%	1,567.72	80.61%	
	long distance non-urban	rail	112.24	0.36%	52.78	0.36%	
		coach	136.82	0.43%			
		air	31,272.63	99.21%	14,464.10	99.64%	
	trips	Total domestic	rail	12,257,804	1.00%	1,728,622	6.60%
			bus/coach	992,371,686	80.77%	14,868,437	56.79%
			tram/metro	219,479,163	17.86%	9,037,113	34.52%
air			4,502,332	0.37%	547,443	2.09%	
Urban		rail	4,967,766	0.73%	194,418	1.19%	
		bus	456,855,426	67.06%	7,066,280	43.36%	
		tram/metro	219,479,163	32.21%	9,037,113	55.45%	
Domestic intercity		rail	494,788	23.66%	356,776	78.59%	
		bus/coach	786,944	37.63%			
		air	809,637	38.71%	97,196	21.41%	
International intra-EU (outgoing)		rail	39,412	0.41%	21,974	1.24%	
		coach	301,002	3.12%			
		air	9,317,318	96.48%	1,754,557	98.76%	
International extra-EU (outgoing)		rail	53,620	1.93%	23,790	4.45%	
		coach	91,866	3.31%			
		air	2,631,795	94.76%	511,315	95.55%	

Passenger transport demand (2010) – Croatia (HR)

Country	Croatia	HR	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	1,112.70	17.59%	232.22	10.75%	
		bus/coach	2,170.51	34.31%			
		tram/metro	707.50	11.18%			
		air	2,334.88	36.91%			
	Urban	rail	487.95	33.24%			
		bus	272.34	18.55%			
		tram/metro	707.50	48.20%			
	short distance non-urban	rail	519.03	14.64%	213.06	17.72%	
		bus/coach	1,867.79	52.70%			
		air	1,157.59	32.66%			
	long distance non-urban	rail	105.72	8.05%	19.16	2.00%	
		coach	30.38	2.31%			
		air	1,177.29	89.64%			
	trips	Total domestic	rail	65,418,374	13.56%	3,354,740	27.25%
			bus/coach	233,714,676	48.45%		
			tram/metro	183,000,000	37.94%		
air			253,752	0.05%			
Urban		rail	34,976,518	13.73%			
		bus	36,744,094	14.43%			
		tram/metro	183,000,000	71.84%	7,726,851	10	
Domestic intercity		rail					
		bus/coach					
		air					
International intra-EU (outgoing)		rail	427,296	23.29%	262,964	48.62%	
		coach	305,315	16.64%			
		air	1,102,248	60.07%			
International extra-EU (outgoing)		rail	24,879	1.87%	9,796	8.12%	
		coach	869,186	65.22%			
		air	438,587	32.91%			

Passenger transport demand (2010) – Hungary (HU)

Country	Hungary	HU	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	8,546.04	26.53%	678.78	19.56%	
		bus/coach	17,049.10	52.92%			
		tram/metro	2,444.10	7.59%			
		air	4,179.32	12.97%	2,790.89	80.44%	
	Urban	rail	3,095.86	38.89%			
		bus	2,421.07	30.41%			
		tram/metro	2,444.10	30.70%			
	short distance non-urban	rail	4,212.24	23.05%	613.94	90.95%	
		bus/coach	13,715.86	75.04%			
		air	350.17	1.92%	61.10	9.05%	
	long distance non-urban	rail	1,237.94	20.70%	64.83	2.32%	
		coach	912.17	15.26%			
		air	3,829.15	64.04%	2,729.79	97.68%	
	trips	Total domestic	rail	131,115,824	7.28%	8,791,104	16.77%
			bus/coach	991,788,240	55.08%	15,167,155	28.94%
			tram/metro	677,628,966	37.63%	28,456,738	54.29%
air			949	0.00%	214	0.00%	
Urban		rail	25,950,320	2.34%	1,042,218	2.90%	
		bus	407,166,967	36.66%	6,462,416	17.97%	
		tram/metro	677,628,966	61.01%	28,456,738	79.13%	
Domestic intercity		rail					
		bus/coach					
		air					
International intra-EU (outgoing)		rail	1,740,761	33.90%	798,099	49.50%	
		coach	478,015	9.31%			
		air	2,915,608	56.79%	814,181	50.50%	
International extra-EU (outgoing)		rail	53,977	4.03%	12,847	3.69%	
		coach	170,483	12.73%			
		air	1,114,430	83.24%	335,413	96.31%	

Passenger transport demand (2010) – Ireland (IE)

Country	Ireland	IE	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	1,881.60	8.91%	804.18	12.88%	
		bus/coach	7,167.75	33.95%			
		tram/metro	203.57	0.96%			
		air	11,859.10	56.17%	5,438.99	87.12%	
	Urban	rail	115.59	5.49%			
		bus	1,785.81	84.84%			
		tram/metro	203.57	9.67%			
	short distance non-urban	rail	1,761.12	23.53%	801.51	75.52%	
		bus/coach	5,199.13	69.48%			
		air	522.78	6.99%	259.84	24.48%	
	long distance non-urban	rail	4.88	0.04%	2.67	0.05%	
		coach	182.81	1.59%			
		air	11,336.32	98.37%	5,179.15	99.95%	
	trips	Total domestic	rail	39,139,434	11.65%	5,881,440	44.87%
			bus/coach	264,194,201	78.64%	4,518,317	34.47%
			tram/metro	32,375,147	9.64%	2,618,105	19.97%
air			226,943	0.07%	89,999	0.69%	
Urban		rail	21,807,636	14.67%	1,433,250	25.02%	
		bus	94,427,173	63.54%	1,676,670	29.27%	
		tram/metro	32,375,147	21.79%	2,618,105	45.71%	
Domestic intercity		rail					
		bus/coach					
		air					
International intra-EU (outgoing)		rail	316,537	3.02%	129,437	4.11%	
		coach	987,282	9.42%			
		air	9,174,573	87.56%	3,022,427	95.89%	
International extra-EU (outgoing)		rail	152	0.01%			
		coach					
		air	1,768,455	99.99%	580,380	100.00%	

Passenger transport demand (2010) – Italy (IT)

Country	Italy	IT	All motives		Business only			
			volume	modal split	volume	modal split		
million pkm	Total	rail	49,323.73	23.71%	6,549.39	37.30%		
		bus/coach	103,671.15	49.84%				
		tram/metro	6,377.26	3.07%				
		air	48,622.83	23.38%				
	Urban	rail	20,614.45	43.07%				
		bus	20,873.79	43.61%				
		tram/metro	6,377.26	13.32%				
	short distance non-urban	rail	22,957.09	21.26%	4,827.31	77.92%		
		bus/coach	82,324.92	76.22%				
	long distance non-urban	air	2,723.98	2.52%	1,367.58	22.08%		
		rail	5,752.18	11.04%				
		coach	472.43	0.91%				
			air	45,898.85	88.06%	9,642.80	84.85%	
			rail	841,470,400	11.13%			
			bus/coach	5,638,747,161	74.58%			
	trips	Total domestic	tram/metro	1,055,804,254	13.97%	16,058,291	11.62%	
air			24,185,051	0.32%				
rail			426,267,392	11.95%	26,696,620			45.03%
bus			2,085,398,413	58.46%				
tram/metro		1,055,804,254	29.60%					
Domestic intercity		rail	24,868,870	75.93%	5,860,032	68.87%		
		bus/coach	459,338	1.40%				
		air	7,422,317	22.66%				
International intra-EU (outgoing)		air	25,726,648	85.74%	7,774,977	84.87%		
		rail	3,352,310	11.17%				
		coach	927,283	3.09%				
International extra-EU (outgoing)		air	12,151,338	87.46%	3,777,065	91.60%		
		rail	1,639,525	11.80%				
		coach	102,568	0.74%				

Passenger transport demand (2010) – Lithuania (LT)

Country	Lithuania	LT					
			All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	407.44	8.07%	36.08	8.19%	
		bus/coach	3,598.17	71.29%			
		tram/metro					
			air	1,041.44	20.63%	404.34	91.81%
	Urban	rail	132.88	16.66%			
		bus	664.72	83.34%			
		tram/metro					
	short distance non-urban	rail	263.36	8.43%	35.47	92.99%	
		bus/coach	2,828.06	90.53%			
		air	32.47	1.04%	2.67	7.01%	
	long distance non-urban	rail	11.20	1.00%	0.61	0.15%	
		coach	105.39	9.36%			
air		1,008.97	89.64%	401.67	99.85%		
trips	Total domestic	rail	4,276,744	1.12%	345,808	10.40%	
		bus/coach	378,471,923	98.88%	2,980,443	89.60%	
		tram/metro					
		air					
	Urban	rail	1,103,830	0.69%	44,594	3.26%	
		bus	158,954,400	99.31%	1,323,046	96.74%	
		tram/metro					
	Domestic intercity	rail					
		bus/coach					
		air					
	International intra-EU (outgoing)	rail	219,312	13.45%	25,754	8.70%	
		coach	566,206	34.71%			
air		845,605	51.84%	270,129	91.30%		
International extra-EU (outgoing)	rail	51,416	12.02%	4,679	6.18%		
	coach	139,525	32.63%				
	air	236,636	55.34%	71,093	93.82%		

Passenger transport demand (2010) – Luxembourg (LU)

Country	Luxemburg	LU	All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail	315.27	17.07%	81.53	20.81%
		bus/coach	857.51	46.44%		
		tram/metro				
		air	673.70	36.49%	310.35	79.19%
	Urban	rail				
		bus	414.25	10		
		tram/metro				
	short distance non-urban	rail	235.40	34.99%	27.90	99.01%
		bus/coach	437.08	64.97%		
		air	0.28	0.04%	0.28	0.99%
	long distance non-urban	rail	79.88	10.52%	53.63	14.75%
		coach	6.18	0.81%		
		air	673.43	88.67%	310.07	85.25%
	trips	Total domestic	rail	17,074,886	30.97%	658,210
bus/coach			38,051,521	69.03%	195,553	22.90%
tram/metro						
air						
Urban		rail				
		bus				
		tram/metro				
Domestic intercity		rail				
		bus/coach				
		air				
International intra-EU (outgoing)		rail	1,020,849	68.58%	382,507	77.90%
		coach	20,571	1.38%		
		air	447,152	30.04%	108,521	22.10%
International extra-EU (outgoing)		rail	21,579	8.43%	11,960	18.38%
	coach	1,641	0.64%			
	air	232,723	90.93%	53,121	81.62%	

Passenger transport demand (2010) – Latvia (LV)

Country	Latvia	LV	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	900.70	18.06%	79.75	14.21%	
		bus/coach	2,546.21	51.06%			
		tram/metro	300.15	6.02%			
		air	1,239.74	24.86%	481.33	85.79%	
	Urban	rail	293.76	27.60%			
		bus	470.39	44.20%			
		tram/metro	300.15	28.20%			
	short distance non-urban	rail	582.18	22.20%	78.41	96.10%	
		bus/coach	2,001.25	76.32%			
		air	38.65	1.47%	3.18	3.90%	
	long distance non-urban	rail	24.76	1.90%	1.34	0.28%	
		coach	74.58	5.73%			
		air	1,201.09	92.36%	478.15	99.72%	
	trips	Total domestic	rail	19,863,992	9.20%	1,220,878	29.87%
			bus/coach	155,004,801	71.80%	1,191,854	29.16%
			tram/metro	41,007,499	19.00%	1,674,216	40.96%
air							
Urban		rail	13,495,072	11.09%	534,380	19.40%	
		bus	67,176,552	55.21%	545,505	19.81%	
		tram/metro	41,007,499	33.70%	1,674,216	60.79%	
Domestic intercity		rail	1,167,040	52.76%	107,780	100.00%	
		bus/coach	1,045,050	47.24%			
		air					
International intra-EU (outgoing)		rail	98,904	5.49%	26,563	6.54%	
		coach	530,397	29.42%			
		air	1,173,414	65.09%	379,497	93.46%	
International extra-EU (outgoing)		rail	46,405	7.80%	19,437	12.51%	
		coach	147,914	24.86%			
		air	400,662	67.34%	135,892	87.49%	

Passenger transport demand (2010) – Malta (MT)

Country	Malta	MT	All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail				
		bus/coach	517.96	16.24%		
		tram/metro				
		air	2,671.14	83.76%	604.86	100.00%
	Urban	rail				
		bus	104.29	100.00%		
		tram/metro				
	short distance non-urban	rail				
		bus/coach	411.31	73.32%		
		air	149.64	26.68%	75.13	100.00%
	long distance non-urban	rail				
		coach	2.36	0.09%		
		air	2,521.49	99.91%	529.74	100.00%
	trips	Total domestic	rail			
bus/coach			35,604,216	100.00%	182,975	100.00%
tram/metro						
air						
Urban		rail				
		bus	35,604,216	100.00%	182,975	100.00%
		tram/metro				
Domestic intercity		rail				
		bus/coach				
		air				
International intra-EU (outgoing)		rail				
		coach				
		air	1,233,065	100.00%	406,031	100.00%
International extra-EU (outgoing)		rail				
	coach					
	air	132,623	100.00%	41,023	100.00%	

Passenger transport demand (2010) – Netherlands (NL)

Country	Netherlands	NL				
			All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail	16,129.55	35.46%	1,868.83	60.30%
		bus/coach	12,364.83	27.18%		
		tram/metro	1,934.21	4.25%		
		air	15,063.28	33.11%	1,230.42	39.70%
	Urban	rail	8,652.68	63.88%		
		bus	2,957.61	21.84%		
		tram/metro	1,934.21	14.28%		
	short distance non-urban	rail	6,651.53	41.62%	1,704.11	99.18%
		bus/coach	9,278.61	58.06%		
		air	49.88	0.31%	14.06	0.82%
	long distance non-urban	rail	825.35	5.17%	164.71	11.93%
		coach	128.61	0.81%		
air		15,013.40	94.03%	1,216.36	88.07%	
trips	Total domestic	rail	341,541,762	21.03%	26,551,972	51.50%
		bus/coach	871,672,062	53.68%	13,054,970	25.32%
		tram/metro	410,664,836	25.29%	11,944,830	23.17%
		air	6,427		1,334	
	Urban	rail	177,730,908	14.76%	6,907,270	24.59%
		bus	615,644,511	51.13%	9,239,440	32.89%
		tram/metro	410,664,836	34.11%	11,944,830	42.52%
	Domestic intercity	rail	89,187,052	99.98%	11,082,936	100.00%
		bus/coach	20,682	0.02%		
		air	929		254	
	International intra-EU (outgoing)	rail	3,934,383	26.00%	1,454,891	33.56%
		coach	484,534	3.20%		
air		10,716,096	70.80%	2,879,903	66.44%	
International extra-EU (outgoing)	rail	32,888	0.45%	13,522	0.64%	
	coach	12,643	0.17%			
	air	7,328,809	99.38%	2,114,136	99.36%	

Passenger transport demand (2010) – Poland (PL)

Country	Poland	PL	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	20,079.15	33.05%	1,777.90	37.50%	
		bus/coach	28,278.88	46.54%			
		tram/metro	4,770.29	7.85%			
		air	7,631.11	12.56%			
	Urban	rail	6,548.66	39.59%			
		bus	5,224.23	31.58%			
		tram/metro	4,770.29	28.84%			
	short distance non-urban	rail	12,978.43	36.62%	1,748.03	98.89%	
		bus/coach	22,226.38	62.71%			
		air	237.90	0.67%			
	long distance non-urban	rail	552.05	6.29%	29.87	1.00%	
		coach	828.27	9.44%			
		air	7,393.21	84.27%			
	trips	Total domestic	rail	264,202,562	5.69%	14,740,982	13.05%
			bus/coach	3,213,567,855	69.19%		
			tram/metro	1,165,859,260	25.10%		
air			670,914	0.01%			
Urban		rail	58,947,438	2.86%	2,361,740	3.65%	
		bus	838,455,555	40.64%			
		tram/metro	1,165,859,260	56.51%			
Domestic intercity		rail	15,721,656	85.12%	2,163,878	96.78%	
		bus/coach	2,482,086	13.44%			
		air	266,350	1.44%			
International intra-EU (outgoing)		rail	1,050,643	11.89%	175,169	8.05%	
		coach	817,353	9.25%			
		air	6,969,753	78.86%			
International extra-EU (outgoing)		rail	128,739	3.93%	11,591	1.64%	
		coach	405,691	12.38%			
		air	2,741,318	83.69%			

Passenger transport demand (2010) – Portugal (PT)

Country	Portugal	PT				
			All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail	3,938.15	11.22%	921.05	6.45%
		bus/coach	10,839.15	30.88%	20.15	0.14%
		tram/metro	1,078.79	3.07%		
		air	19,249.07	54.83%	13,340.50	93.41%
	Urban	rail	1,794.92	45.52%		
		bus	1,069.42	27.12%		
		tram/metro	1,078.79	27.36%		
	short distance	rail	2,015.96	17.34%	853.84	99.96%
	non-urban	bus/coach	9,608.32	82.65%		
		air	0.52		0.34	0.04%
	long distance	rail	127.27	0.65%	67.21	0.50%
	non-urban	coach	161.41	0.83%	20.15	0.15%
		air	19,248.55	98.52%	13,340.16	99.35%
trips	Total domestic	rail	156,453,448	14.94%	7,563,444	42.25%
		bus/coach	653,611,115	62.42%	3,332,852	18.62%
		tram/metro	235,511,194	22.49%	6,701,691	37.43%
		air	1,526,132	0.15%	305,130	1.70%
	Urban	rail	136,212,938	19.97%	5,164,844	38.42%
		bus	310,450,233	45.51%	1,575,391	11.72%
		tram/metro	235,511,194	34.52%	6,701,691	49.86%
	Domestic intercity	rail	2,033,620	54.42%	657,356	81.57%
		bus/coach	962,072	25.75%		
		air	741,198	19.83%	148,501	18.43%
	International intra-EU (outgoing)	rail	841,361	9.89%	335,322	14.76%
		coach	351,059	4.13%		
		air	7,310,953	85.98%	1,935,766	85.24%
	International extra-EU (outgoing)	rail	345	0.02%		
		coach				
		air	2,058,111	99.98%	509,445	100.00%

Passenger transport demand (2010) – Romania (RO)

Country	Romania	RO					
			All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	7,384.88	22.18%	586.55	12.94%	
		bus/coach	12,602.94	37.85%			
		tram/metro	7,396.62	22.22%			
		air	5,910.32	17.75%	3,946.83	87.06%	
	Urban	rail	2,675.22	22.55%			
		bus	1,789.69	15.09%			
		tram/metro	7,396.62	62.36%			
	short distance non-urban	rail	3,639.92	25.50%	530.53	85.99%	
		bus/coach	10,138.96	71.03%			
		air	495.20	3.47%	86.41	14.01%	
	long distance non-urban	rail	1,069.74	14.94%	56.02	1.43%	
		coach	674.29	9.42%			
		air	5,415.12	75.64%	3,860.42	98.57%	
	trips	Total domestic	rail	65,597,774	3.32%	6,009,818	12.34%
			bus/coach	1,107,428,411	56.00%	8,834,160	18.14%
			tram/metro	803,670,002	40.64%	33,657,119	69.10%
air			729,030	0.04%	204,574	0.42%	
Urban		rail	7,347,946	0.61%	295,386	0.79%	
		bus	399,796,443	33.02%	3,287,401	8.83%	
		tram/metro	803,670,002	66.37%	33,657,119	90.38%	
Domestic intercity		rail	1,013,594	96.31%	247,388	100.00%	
		bus/coach	38,792	3.69%			
		air					
International intra-EU (outgoing)		rail	292,107	6.91%	104,111	10.27%	
		coach	595,424	14.09%			
		air	3,337,979	79.00%	909,520	89.73%	
International extra-EU (outgoing)		rail	170,169	9.07%	53,506	18.66%	
		coach	916,630	48.84%			
		air	790,148	42.10%	233,289	81.34%	

Passenger transport demand (2010) – Sweden (SE)

Country	Sweden	SE	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	10,197.13	28.67%	607.77	52.43%	
		bus/coach	8,578.11	24.12%			
		tram/metro	2,414.07	6.79%			
		air	14,374.05	40.42%			
	Urban	rail	7,457.41	55.09%			
		bus	3,666.10	27.08%			
		tram/metro	2,414.07	17.83%			
	short distance non-urban	rail	2,293.54	32.22%	444.20	90.09%	
		bus/coach	4,746.99	66.68%			
		air	78.82	1.11%			
	long distance non-urban	rail	446.18	2.99%	163.57	24.56%	
		coach	165.03	1.11%			
		air	14,295.22	95.90%			
	trips	Total domestic	rail	175,927,458	13.67%	16,764,416	41.47%
			bus/coach	672,225,519	52.22%		
			tram/metro	435,211,726	33.81%		
air			3,967,174	0.31%			
Urban		rail	78,732,726	11.99%	5,976,710	29.18%	
		bus	142,739,888	21.74%			
		tram/metro	435,211,726	66.27%			
Domestic intercity		rail					
		bus/coach					
		air					
International intra-EU (outgoing)		rail	3,806,683	31.17%	201,535	7.84%	
		coach	168,737	1.38%			
		air	8,236,363	67.45%			
International extra-EU (outgoing)		rail	322,147	7.14%	126,433	9.96%	
		coach	441,260	9.78%			
		air	3,747,477	83.08%			

Passenger transport demand (2010) – Slovenia (SI)

Country	Slovenia	SI				
			All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail	834.65	18.17%	174.19	31.20%
		bus/coach	3,292.66	71.69%		
		tram/metro				
		air	465.29	10.13%	384.10	68.80%
	Urban	rail	366.02	46.98%		
		bus	413.13	53.02%		
		tram/metro				
	short distance non-urban	rail	389.33	11.27%	159.82	44.77%
		bus/coach	2,833.44	82.05%		
		air	230.68	6.68%	197.19	55.23%
	long distance non-urban	rail	79.30	22.03%	14.37	7.14%
		coach	46.09	12.80%		
air		234.61	65.17%	186.91	92.86%	
trips	Total domestic	rail	15,429,042	12.96%	906,670	63.50%
		bus/coach	103,643,187	87.04%	521,151	36.50%
		tram/metro				
		air	731		84	0.01%
	Urban	rail	9,193,034	25.72%	359,246	72.21%
		bus	26,544,306	74.28%	138,290	27.79%
		tram/metro				
	Domestic intercity	rail				
		bus/coach				
		air				
	International intra-EU (outgoing)	rail	437,900	44.18%	114,087	51.07%
		coach	137,020	13.83%		
air		416,143	41.99%	109,318	48.93%	
International extra-EU (outgoing)	rail	6,199	2.10%	3,812	6.29%	
	coach	51,855	17.55%			
	air	237,480	80.36%	56,830	93.71%	

Passenger transport demand (2010) – Slovakia (SK)

Country	Slovakia	SK	All motives		Business only		
			volume	modal split	volume	modal split	
million pkm	Total	rail	2,160.08	16.61%	346.90	24.79%	
		bus/coach	8,757.96	67.35%	7.06	0.50%	
		tram/metro	418.07	3.22%			
		air	1,667.10	12.82%	1,045.68	74.71%	
	Urban	rail	790.24	35.56%			
		bus	1,014.19	45.63%			
		tram/metro	418.07	18.81%			
	short distance non-urban	rail	1,286.35	14.38%	324.67	95.09%	
		bus/coach	7,633.24	85.34%	0.01		
		air	25.30	0.28%	16.74	4.90%	
	long distance non-urban	rail	83.48	4.55%	22.23	2.10%	
		coach	110.54	6.02%	7.05	0.67%	
		air	1,641.79	89.43%	1,028.93	97.23%	
	trips	Total domestic	rail	45,715,572	5.62%	3,311,940	19.11%
			bus/coach	677,854,454	83.35%	10,281,637	59.32%
tram/metro			89,629,926	11.02%	3,735,688	21.55%	
air			57,556	0.01%	3,459	0.02%	
Urban		rail	4,400,758	2.59%	181,436	3.52%	
		bus	76,108,968	44.73%	1,240,045	24.05%	
		tram/metro	89,629,926	52.68%	3,735,688	72.44%	
Domestic intercity		rail					
		bus/coach					
		air					
International intra-EU (outgoing)		rail	1,508,491	37.94%	283,106	43.48%	
		coach	989,692	24.89%			
		air	1,477,776	37.17%	367,968	56.52%	
International extra-EU (outgoing)		rail	18,760	2.59%	4,316	2.40%	
		coach	123,439	17.03%			
	air	582,625	80.38%	175,222	97.60%		

Passenger transport demand (2010) – United Kingdom (UK)

Country	United Kingdom	UK				
			All motives		Business only	
			volume	modal split	volume	modal split
million pkm	Total	rail	51,058.37	24.28%	3,739.15	22.25%
		bus/coach	51,597.19	24.54%		
		tram/metro	9,408.92	4.47%		
		air	98,216.72	46.71%		
	Urban	rail	19,113.27	39.16%		
		bus	20,288.54	41.57%		
		tram/metro	9,408.92	19.28%		
	short distance non-urban	rail	27,941.23	46.93%	2,907.85	90.87%
		bus/coach	29,953.91	50.31%		
		air	1,648.86	2.77%		
	long distance non-urban	rail	4,003.88	3.93%	831.30	6.11%
		coach	1,354.74	1.33%		
		air	96,567.85	94.74%		
	trips	Total domestic	rail	1,370,290,518	19.57%	113,045,678
bus/coach			4,352,706,451	62.17%		
tram/metro			1,266,242,362	18.08%		
air			12,551,600	0.18%		
Urban		rail	904,214,300	15.52%	58,828,786	25.83%
		bus	3,653,842,011	62.73%		
		tram/metro	1,266,242,362	21.74%		
Domestic intercity		rail	220,701,002	89.55%	29,132,932	92.34%
		bus/coach	19,401,200	7.87%		
		air	6,343,839	2.57%		
International intra-EU (outgoing)		rail	3,960,246	7.30%	1,910,852	10.54%
		coach	1,756,293	3.24%		
		air	48,514,699	89.46%		
International extra-EU (outgoing)		rail	18,109	0.07%	7,375	0.08%
	coach	44,515	0.16%			
	air	27,427,286	99.77%			

Passenger transport demand (2010) – European Union (EU28)

Country	EU28		All motives		Business only	
			volume	<i>modal split</i>	volume	<i>modal split</i>
million pkm	Total	rail	392,091.31	24.34%	63,147.01	24.71%
		bus/coach	547,206.76	33.97%	237.47	0.09%
		tram/metro	92,241.46	5.73%	0.00	
		air	579,238.50	35.96%	192,160.24	75.20%
	Urban	rail	147,599.60	38.32%		
		bus	145,336.42	37.73%		
		tram/metro	92,241.46	23.95%		
	short distance non-urban	rail	190,207.94	31.80%	45,183.46	86.81%
		bus/coach	390,616.87	65.31%	4.12	0.01%
		air	17,279.25	2.89%	6,858.57	13.18%
	long distance non-urban	rail	54,283.78	8.65%	17,963.55	8.83%
		coach	11,253.47	1.79%	233.34	0.11%
air		561,959.26	89.56%	185,301.67	91.06%	
trips	Total domestic	rail	8,393,099,450	13.99%	631,971,980	40.30%
		bus/coach	34,115,668,124	56.87%	372,472,227	23.75%
		tram/metro	17,366,806,906	28.95%	533,220,134	34.00%
		air	115,112,059	0.19%	30,695,180	1.96%
	Urban	rail	5,136,152,080	13.44%	267,937,080	27.15%
		bus	15,704,555,431	41.10%	185,706,782	18.82%
		tram/metro	17,366,806,906	45.45%	533,220,134	54.03%
	Domestic intercity	rail	574,859,434	88.82%	101,620,286	89.77%
		bus/coach	31,011,920	4.79%		
		air	41,359,315	6.39%	11,581,365	10.23%
	International intra-EU (outgoing)	rail	73,425,100	20.51%	30,795,292	29.39%
		coach	18,094,884	5.05%		
air		266,497,720	74.44%	73,989,914	70.61%	
International extra-EU (outgoing)	rail	6,916,055	4.90%	1,907,712	4.85%	
	coach	5,776,638	4.10%			
	air	128,309,563	91.00%	37,400,180	95.15%	

Part 2:

Country VAT Guides

Country VAT Guides

The following part gives a summary of the VAT regimes, especially with respect to passenger transport services, in the 28 EU Member States. In order to make the information comparable, the sheets for the individual Member States are organized identically:

The first section deals with VAT, especially as encountered by providers of passenger transport services. This section is further divided into several subsections:

- *VAT Overview*: provides general VAT-related information on VAT rates, territorial applicability and relevant legislation.
- *Output VAT*: contains information on VAT as applied to the provision of passenger transport services like the scope of “passenger transport services” with respect to VAT, the place of supply rules, the applicable tax rates, special schemes aso.
- *Input VAT*: gives information on VAT as applied to inputs required for the provision of passenger transport services. It covers the VAT rates applied to the acquisition of e.g. means of transport, fuel and repair services as well as the deductibility of VAT on these inputs.
- *Administrative Obligations*: gives an overview on administrative provisions with respect to VAT on passenger transport services in the Member States. It covers questions like: Do passenger transport providers have to register, if all of their services in a certain Member State are zero-rated? Which rules exist with respect to the submission of VAT returns? How are refunds of excess input VAT handled? In which languages are declarations accepted by the VAT Authorities?
- *Business Travel*: outlines the deductibility of VAT incurred on business travel.

In some cases this first section concludes with a paragraph titled “additional information”, which contains further details on specific topics for this Member State.

The second section addresses passenger taxes which are added directly to the ticket price for the final consumer. In most cases these concern air passenger transport, but a few Member States also apply such taxes to maritime shipping. Not covered are levies charged to the carrier and possibly passed on via the ticket price later (e.g. emission charges) as well as fees directly added to the ticket price, but charged for certain services (e.g. passenger service charges and security charges at airports or infrastructure charges).

The third and final section gives an overview of the literature used for each Member State (e.g. the national VAT Acts).

The following symbols and abbreviations are used:

Type of rule (rate) with respect to the VAT Directive

Ⓢ	...	the standard rate is applied	normal scope of the VAT Directive
Ⓡ	...	the reduced rate is applied.	normal scope, based on Art. 98 (2) and Annex III Item 5 of the VAT Directive
ⓔ	...	VAT exemption	normal scope, based on Art. 132 (1)(p) of the VAT Directive (medical and ambulance transport)
ⓓ	...	Derogation/special provision	a derogation from the normal rules stated by the VAT Directive or a special provision is applied; <i>derogations</i> can be based on e.g. Art. 371/375-390c and Annex X, Part B, Item 10 or Art. 394/395 of the VAT Directive, special provisions are covered by e.g. Art. 110, 114 or 149 of the VAT Directive

Rates rarely applicable or currently not used at all¹

(x %)	...	VAT rate rarely applied	indicates VAT rates, which are only applied under certain conditions (e.g. in certain regions or to very special types of services [for example transport by funiculars])
{x %}	...	VAT rate currently not applied	indicates VAT rates, which are currently not applied in practice; in many Member States e.g. there are currently no railroad lines suitable for high speed rail services, but there are often related projects which are under construction or in the planning phase

VAT legislation

VATA	...	VAT Act (the primary national VAT law)
VATO	...	VAT Ordinance or VAT Decree (supplementary national VAT legislation)
VATD	...	VAT Directive (Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax)

The symbol “0 % ⓓ” in the VAT rate tables subsumes both, actual zero-rates (i.e. VAT rates of zero percent) and VAT exemptions with credit, which from a financial point of view have similar implications. Further clarifications can be found in the footnotes and in the ‘legal background’-section.

The information provided in this report is based on topic-specific reports and studies, national legal documents (VAT Acts, VAT Ordinances) and other available documentation (e.g. VAT manuals, websites of the VAT administrations). Additionally, a questionnaire was sent to the national VAT authorities, who kindly provided additional country specific information not stated in the literature. Details on sources used for the individual Member States can be found in the country guides. Literature covering multiple Member States is listed separately in the chapter “Literature” at the end of the report.

¹ This designation is used to give the reader a rough indication on which rates are rather common and which are not. However it is not based on strictly defined criteria or extensive investigations and might be incomplete and not fully consistent across Member States.





1. Value Added Tax (*Umsatzsteuer*)

VAT Overview



















































Basic VAT Information					
<i>Name</i>	<i>Umsatzsteuer</i>				
<i>Legal basis</i>	VAT Act 1994 (<i>Umsatzsteuergesetz 1994</i>); Single Market Regulation (<i>Binnenmarktregelung</i>)				
<i>Additional documents</i>	VAT guidelines 2000 (<i>Umsatzsteuerrichtlinien 2000</i>)				
<i>Territorial application</i>	The VAT territory is the Federal Republic of Austria (Sect. 1(2) of the VAT Act).				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	20 %	10 %	-	12 %	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	Passenger transport is defined as a supply of services, whose main objective is a transport of people, which is predominantly targeted at the overcoming of a distance (see Paras. 1303-1310 VAT guidelines 2000). Services, which mainly provide entertainment, sportive activity or adventure, are not considered as passenger transport, neither is the hiring of means of transport (lifts, gas- and hot air balloons are not seen as means of transport within the meaning of the law, summer toboggans and rafting are not considered passenger transport).
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	The normal rules apply ² .
<i>Place of supply</i>	<i>Sect. 3a(10) of the VAT Act</i>  <i>Art 48 VAT Directive</i> 
	Passenger transport services are supplied, where the transport actually takes place; in case of international transport only the domestic leg is taxable in Austria, taking into account the distances covered ³ (Sect. 3a(10) of the VAT Act).
	<i>Exceptions</i>
	Connecting lines managed by Austrian rail administrations and transit lines in foreign countries are treated as domestic, if priced according to the Austrian railway tariff (Sect. 3a(10) of the VAT Act).

² Reply to our questionnaire by the Austrian Ministry of Finance.





³ Alternative allocations based on duration or cost incurred are not permitted (Para. 640k VAT guidelines 2000).

<i>Rates and Special Schemes</i>				
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	<i>Rates applicable⁴</i>	Road	10 %⁵ 	10 % 
Taxi		10 % 	10 % 	10 % 
Bus (sched.)		10 % 	10 % 	10 % 
Bus (non-s.)		10 % 	10 % 	10 % 
Rail		10 % 	10 % 	10 % 
Train		10 % 	10 % 	10 % 
HSR		10 % 	10 % 	10 % 
Metro		10 % 	-	-
Tram		10 % 	-	-
Inland Waterways		10 % 	0 % : in general 10 %  : on Lake Constance	0 % : in general 10 %  : on Lake Constance
sched.		10 % 	0 %  (10 % )	0 %  (10 % )
non-s.		10 % 	0 %  (10 % )	0 %  (10 % )
Maritime Shipping		not applicable	not applicable	not applicable
sched.		-	-	-
non-s.		-	-	-
Air		10 % 	0 % 	0 % 
sched.		10 % 	0 % 	0 % 
non-s.		10 % 	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal Background</i>			
	Most passenger transport services in Austria are taxed at the reduced rate of 10 %, which corresponds to the normal scope of the VAT Directive. Only international transport by aircraft and ships (except for inland navigation on Lake Constance) is exempt with credit as a derogation based on Art. 378 of the VAT Directive. ⁶ The detailed rules are:			
	 Reduced Rate (10%)	Sect. 10 (2)(12) of the VAT Act 		
	 Normal Scope	Art. 98 and Annex III, Item 5 of the VAT Directive 		
If none of the provisions below applies, passenger transport with any means of transport is taxed at the reduced rate of 10 % (Sect. 10 (2)(12) VAT Act; normal scope based on Art. 98 (2) and Annex III Item 5. VAT Directive).				

⁴ 0 % denotes an exemption with credit here.

⁵ The reduced rate is applied to all modes of passenger transport and on all routes in Austria, except for air transport and most transport by ship to and from abroad, which is zero rated.

⁶ With comments/additions by the Austrian Ministry of Finance.



	<p>Exempt with credit (0 %) D Derogation</p> <p style="text-align: right;"><i>Sect. 6 (1)(3)(d) and Sect. 12 (3) of the VAT Act</i>  <i>Art. 378 and Annex X, Part B, Item 10 of the VAT Directive</i> </p>
	<p>International transport of passengers with ships and aircraft, except for inland navigation on Lake Constance, is exempt, VAT on inputs can be deducted (Sect. 6 (1)(3)(d) VAT Act in conjunction with Sect. 12 (3) VAT Act). This rule is a temporary derogation based on Art. 378, Item 2 (b) of the VAT Directive.⁷ The derogation does not apply to road and rail transport. Furthermore, cases where both the place of departure and the place of destination are located in Austria and the territories of foreign countries are merely crossed are not covered by the derogation (Para. 730 VAT guidelines 2000).⁶</p>
	<p>Exempt (no credit) E Normal Scope</p> <p style="text-align: right;"><i>Sect. 6 (1)(22) of the VAT Act</i>  <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>The transport of sick or injured persons with vehicles specially equipped for such transports is exempt from VAT (without input VAT deduction) according to Sect. 6 (1)(22) VAT Act. This exemption is based on Art. 132 (1)(p) VAT Directive. If also applicable (international transport with ships or aircraft), the exemption with credit according to the previous paragraph is applied instead of this exemption without credit (Paras. 974 and 975 VAT guidelines 2000).⁶</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	None.
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	According to Para. 730 VAT guidelines 2000 intra-community and extra-EU passenger transport services cannot be exempt, if the place of departure and the place of destination are located in Austria and the territories of foreign countries are just crossed.
	<i>Two-sector trips²</i>
	This question is only relevant in the light of international passenger transport aboard ships and planes, as they are exempt (except for passenger transport on Lake Constance). If in such cases a domestic transport is connected to an international transport service, the exemption also applies to the domestic transport, if both are supplied under the same transport contract. The exemption also holds for transit traffic. If, however, foreign territory is only crossed or passed and both the point of departure and arrival are located within Austria, the exemption is not applied. ^{6,8}
	<i>International waters/airspace</i>
	Not applicable.

⁷ Art. 378 VAT Directive: “For as long as the same exemptions are applied in any of the Member States which were members of the Community on 31 December 1994, Austria may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions: ... with deductibility of the VAT paid at the preceding stage, all parts of international passenger transport operations, carried out by air, sea or inland waterway, other than passenger transport operations on Lake Constance.”

⁸ Para. 730 VAT guidelines 2000.

<i>Ancillary services subject to the same tax rates</i>	<p>The reduced rate of 10% for passenger transport is also applied to ancillary services which are directly connected to the main service, e.g. travellers' luggage (not however fees for baggage rooms).⁹ Excess fares (e.g. for express trains, seat reservation, sleeper cabins) are not a main service and are connected to the passenger transport.</p> <p>The question whether ancillary services are part of the main service, i.e. transport, is a question of whether the supply is a single complex supply. In the light of the steady case law of the CJEU, this is a case-by-case determination whether or not, and from the point of view of the typical consumer,¹⁰ a supply does not constitute an end in itself but a means of better enjoying the principal service supplied.¹¹ A supply must be regarded as a single supply where two or more elements or acts supplied by the taxable person are so closely linked that they form, objectively, a single, indivisible economic supply, which it would be artificial to split.¹²</p> <p>Particular cases as well as general descriptions can be found in the VAT guidelines 2000.²</p>
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Input VAT

Input VAT in the passenger transport sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<p style="text-align: right;"><i>Sect. 6 (1)(2) and Sect. 9 of the VAT Act</i> </p> <p style="text-align: right;"><i>Art 148 of the VAT Directive</i> </p>
	<i>Exempt with credit (0 %)</i>
	<i>Qualifying vessels</i>
	<p>According to Sect. 6 (1)(2) and Sect 9 (1) VAT Act the supply of seagoing vessels, destined for commercial maritime navigation or maritime search and rescue services is exempt from VAT. Input VAT is deductible based on Sect. 12 (3) VAT Act.</p> <p>Chapter 9¹³ of the VAT guidelines 2000 further specifies that this exemption covers only vessels, which are</p> <ul style="list-style-type: none"> • suitable for the use on the high seas according to size, design and equipment, • not actually operated mainly on rivers and • used for commercial activities (excluding e.g. warships, research and training vessels and pleasure boats). However, rescue boats are covered.⁶
	<i>Airlines operating chiefly on international routes</i>
	<p>The exemption can be applied to aircraft, which are used by an enterprise providing air transport for consideration, although this needs not be the only subject of its activity. The enterprise has to predominantly carry out cross-border transports or transport outside of Austria. The decisive criterion for determining the predominance is the actual turnover. The financial authorities provide an annual list¹⁴ containing the airlines established in Austria, which fulfil this condition. For airlines not yet listed a separate certificate is issued. Airlines established abroad are generally deemed to operate mainly on international routes (Paras. 1141-1143 VAT guidelines 2000).⁶</p>

⁹ Para. 1312 VAT guidelines 2000.

¹⁰ CJEU 10 March 2011, Joined Cases C-497/09, C-501/09 and C-502/09, *Flebbe Filmtheater*, para. 62 with further references.

¹¹ See for example CJEU 27 September 2012, Case C-392/11, *Field Fisher Waterhouse*, para. 17 with further references.

¹² *Ibid*, para. 16.

¹³ Para. 1132 VAT guidelines 2000.

¹⁴ This list is available on <https://www.bmf.gv.at/steuern/selbststaendige-unternehmer/umsatzsteuer/ust-beguenstigte-luftverkehrsunternehmen.html>.

	<i>Supplies of goods and services covered</i>			
	<p>The exemption covers the following supplies of goods and services:</p> <p><u>Vessels:</u></p> <ul style="list-style-type: none"> • the supply, modification, repair, maintenance, chartering, leasing and hiring of qualifying vessels, • the supply, repair, maintenance and hiring of goods which are intended to equip qualifying vessels (not restricted to fixed equipment, e.g. optical and nautical equipment, ropes, lifeboats, life vests, tools, furniture, crockery, clothes, nautical charts, manuals, but not transport containers),¹⁵ • the supply of goods which are intended for the provisioning of qualifying vessels, excluding the supply of ships' provisions for vessels for inshore fishing (e.g. fuel, lubricants, paint, provisions, water, pharmaceuticals and goods for on-board shops; supplies on previous stages are not covered), and • services other than those referred to above, which are intended for the direct needs of qualifying vessels, including their equipment and their cargoes (e.g. shipping agents, claims agents, technical experts, port operations; towage, pilotage, salvage). <p><u>Aircraft:</u></p> <ul style="list-style-type: none"> • the supply, modification, repair, maintenance, chartering and hiring of qualifying aircraft (see above), • the supply, repair, maintenance and hiring of goods which are intended to equip qualifying aircraft (e.g. tools, instruments, maps, manuals, life vests),¹⁶ • the supply of goods which are intended for the supply of qualifying aircraft (e.g. fuel, lubricants, provisions, toiletries, newspapers and magazines, pharmaceuticals and goods for on-board sale, even if not for use on board) and • services other than those referred to above that are intended for the direct needs of qualifying aircraft, including their equipment and their cargoes (e.g. airport services, cleaning, de-icing, loading and unloading and related services, claims agents, towing, but not services for indirect use like temporary provision of pilots, renting of airport premises for events, transport of cargo to the airport, lodging of crew and passengers aso.).¹⁷ <p>The applicability of these supplies must be proven by the supplier (Sect. 9 (3) of the VAT Act). Intermediary services for the above mentioned supplies can be exempt based on Sect. 6 (1)(5) of the VAT Act.</p>			
<i>VAT on fuel</i> ¹⁸	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	20 %	yes	-
	Gas oil (diesel)	20 %	yes	-
	Kerosene	20 %	yes	-
	Liquefied Petroleum Gas (LPG)	20 %	yes	-
	Electricity	20 %	yes	-

¹⁵ Para. 1133 VAT guidelines 2000.

¹⁶ Para. 1144 VAT guidelines 2000.

¹⁷ Paras. 1145 and 1146 VAT guidelines 2000.

¹⁸ Unless the conditions for an Art. 148 VAT Directive-exemption are fulfilled, in which case the supply is exempt (with credit).

<i>VAT on means of transport</i>	<p>Supplies, which are used less than 10 % for business purposes, are not considered to be effected for the business. Input VAT on such supplies is therefore not deductible (Sect. 12 (2) 1. of the VAT Act).</p> <p>The same holds for input VAT related to the supply, rental and operation of passenger cars and station wagons¹⁹, unless used in driving schools, as demonstration cars, for the leasing business or at least 80 % for commercial transportation²⁰ (Sect. 12 (2) 2. b) of the VAT Act).</p> <p>Input VAT on means of transport used for commercial passenger transport will therefore usually be deductible, unless the degree of business use is very low.</p>
<i>Special rules</i>	-

Administrative Obligations

<i>Registration</i>	A person who wants to start a business in Austria must sign in general register with the tax office in the region where taxable person is registered for income tax. ⁶
<i>Tax point</i>	<p>The VAT liability usually arises at the end of the predeclaration period (i.e. calendar month), in which the supply has been effected. If the invoice is issued in the following month, the tax point is shifted to the end of that following month. However, by issuing the invoice later than the actual date of supply, the tax point can only be postponed by one month at the maximum.</p> <p>In case of prepayments, advance payments and “<i>Istbesteuerung</i>” (taxation on the basis of consideration collected) the VAT liability arises at the end of the month in which (a part of) the consideration has been received.^{6 21}</p>
<i>VAT returns</i>	<p>Monthly provisional returns are due on the 15th day of the second month following the respective calendar month (quarterly for enterprises with a turnover of EUR 100,000 or less in the previous year).</p> <p>The annual return is due on 30 April (paper) or 30 June (electronically), an extension is possible.</p>
	<i>Nil returns²</i>
	<p>If the taxpayer does not carry out taxable transactions, there is no obligation to file monthly or quarterly tax returns. Similarly, if the taxpayer’s turnover did not exceed EUR 30,000 in the preceding calendar year, i.e. taxpayers falling under the exemption for small and medium enterprises, there is no need to file a VAT return if – for the given period – there are no taxable transactions.</p> <p>A yearly VAT return does not have to be filed in cases where there are no taxable transactions.²</p>
<i>VAT payable</i>	VAT is due on the 15 th day of the second month following the respective calendar month.
<i>VAT deductible</i>	VAT is deductible as soon as the supplies are effected and an invoice is received. Relevant is the date of the invoice, the time of payment is not decisive.

¹⁹ Decisive is not the actual use but the purpose of the vehicle according to its typical characteristics and design. For details see Paras. 1931-1937 VAT guidelines 2000.

²⁰ Conditional is that the transport of external persons is the company’s core activity or falls within the scope of the company (e.g. cars used by car rental businesses, taxi operators or hotels). For details see Paras. 1946 et seq. VAT guidelines 2000.

²¹ IBFD (2012), p. 51ff.

	In case of “ <i>Istbesteuerung</i> ” (taxation on the basis of consideration collected) VAT is in general deductible upon payment of the invoice (Sect. 17 VAT Act). ⁶
<i>VAT refunds</i>	Excess input VAT is refunded, if it cannot be offset against any tax liabilities within 3 months.
<i>Invoicing requirements</i>	Simplified invoicing requirements are in place for invoices with a total amount of not more than EUR 400 (Sect. 11(6) VAT Act). Travel tickets are treated as invoices, if they contain the name and the address of the enterprise effecting the travel services, the total amount of consideration and VAT and the tax rate applicable as well as the date of issue. In case of cross-border transportation additionally a confirmation of the consideration attributable to the Austrian section and the tax rate applied thereto is required. These rules also apply to receipts issued for accompanying luggage (Sect. 11 (9)-(11) VAT Act; Paras. 1691-1721 VAT guidelines 2000). ⁶
<i>Special regimes</i>	<i>Small Businesses</i>
	Businesses with a turnover of not more than EUR 30,000 in the assessment period are exempt according to Sect. 6 (1)(27) VAT Act. However, input tax is not deductible. Enterprises can opt-out of the SME regime which makes them subject to the regular VAT rules. Businesses with a taxable turnover of less than EUR 220,000 may opt for flat-rate input VAT deduction (1.8 %; max. EUR 3,960 per year), VAT on certain fixed assets excluded (Sect. 14 VAT Act). ⁶
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	Providers not established in Austria have to register at the Tax Office Graz-Stadt. The following documents must be submitted ²² : <ul style="list-style-type: none"> • questionnaire on the occasion of assigning a taxpayer registration number (Verf 19), • in the case of companies, an original signature card (Verf 26) and a copy of the commercial register excerpt and/or the Articles of Association, • for third countries: the original certificate of registration as taxable person (entrepreneur) (U 70), • for Member States: valid VAT identification number in the state of establishment.⁶
	<i>Registration for exempt international passenger transport services</i>
	Foreign providers of exclusively exempt international passenger transport services are not obligated to register for VAT. However, they have to register to make use of the VAT refund system. The obligation to register is not bound to any specific conditions. ²
<i>Tax representative</i>	The appointment of a tax representative is only necessary for providers from third countries (having neither an establishment nor a place of residence in a Member State), with which Austria has no mutual assistance agreement, which provide supplies to non-traders. For EU-established businesses a tax representative is optional.
<i>Reverse charge</i>	According to Sect. 19 (1) second sentence VAT Act reverse-charge is applied to passenger transport services, if the supplier is a foreign taxable person (i.e. either has no fixed

²² <https://english.bmf.gv.at/taxation/Assignment-of-a-taxpayer-registration-number-and-a-VAT-id-n.html>.

	establishment in Austria or the fixed establishment does not intervene in the transaction) and the recipient is a taxable or legal person. ²³
<i>Languages</i>	The official language is German. Some certificates are however available in other languages or bilinguals versions (e.g. some forms required for registration are provided in English; the VAT return form is available in Slovakian; further documents are offered in Hungarian, Czech, Slovakian and Slovenian), but for submissions the official German forms must be used. ²⁴ Furthermore documents are accepted in certified translations. Information on the website of the tax authorities is available in German, essential information is also provided in English. ⁶
<i>Special rules</i>	None.

Business Travel

<i>VAT deductible</i>	There are no restrictions with respect to the deduction of input VAT incurred on travel tickets used for business travel.
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2. Passenger Taxes

Air Transport Levy	
<i>Relevant legislation</i>	Air Transport Levy Act (<i>Flugabgabegesetz [FlugAbgG]</i>)
<i>In place since</i>	1 January 2011
<i>What is taxed?</i>	The departure of any passenger from a domestic airport using a motorized aircraft (Art. 1 FlugAbgG). ²⁵
<i>Exceptions</i>	<ul style="list-style-type: none"> • Passengers < 2 years without a separate seat • Flight crew • Flights for training purposes or parachuting • Flights serving exclusively military, humanitarian or medical purposes • Departures by transit and transfer passengers • Departures following an unscheduled landing • Small aircraft (maximum authorized take-off weight not exceeding 2 tons) • Departure of certain state aircraft

²³ <https://english.bmf.gv.at/taxation/Reverse-charge.html>, <https://english.bmf.gv.at/taxation/Cross-border-passenger-transport-services.html>.

²⁴ https://service.bmf.gv.at/service/anwend/formulare/_start.asp??typ=AW&styp=spr.

²⁵ The tax is based on the departure or the passenger, not the underlying ticket sale. If the passenger does not depart for any reason, no air transport levy is due (FlugAbgR, recital 2).

Tax rates	<p><u>Short haul:</u></p> <ul style="list-style-type: none"> • EUR 7/passenger (including VAT, if any) • Applied to flights to most European and Mediterranean countries (Annex 1 FlugAbgG). <p><u>Medium Haul:</u></p> <ul style="list-style-type: none"> • EUR 15/passenger • Applied to flights to certain African and Asian countries (Annex 2 FlugAbgG) <p><u>Long Haul:</u></p> <ul style="list-style-type: none"> • EUR 35/passenger • Applied to flights to all other countries
Who is liable?	Tax debtor is the aircraft owner performing the departure; the airport owner can be held liable for unpaid air transport levy.
Registration and administration	<p>The aircraft owner must calculate the levy himself and submit a monthly tax statement and payment to the relevant tax office.</p> <p>On 31st of March a summary tax return must be submitted.</p> <p>The aircraft owner must register with the relevant tax office no later than at the time of departure, which is subject to Air Transport Levy.</p> <p>Airlines not established in the EU must appoint a fiscal representative.</p>
Tax liability	End of the calendar month of departure
Tax payment	15 th day of the second calendar month following the calendar month, in which the departure took place

3. Sources:

Publications

Air Transport Levy Act (*Flugabgabegesetz, FlugAbgG*), as amended, available on <https://www.bmf.gv.at/steuern/a-z/flugabgabegesetz/FlugAbgG-engl.pdf> (English) or <http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20007051> (German).

Air Transport Levy Regulations (*Flugabgaberegulierung, FlugAbgR*), available on <https://findok.bmf.gv.at/findok?execution=e1s1&dokumentId=56f509eb-522a-4710-a3d9-12baa06fc339>.

Austrian Directives on the Value Added Tax 2000 (*Umsatzsteuerrichtlinien 2000*), available on <https://findok.bmf.gv.at/findok/showBlob.do;jsessionid=A439B3878531235F5F233D9F4D4DFCA5?rid=64&base=GesPdf&gid=>.

Austrian VAT Act (*Umsatzsteuergesetz 1994*), as amended, available on <http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10004873> and Single Market Regulation (*Binnenmarktregelung*), as amended, available on <http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10004929>.

European Commission - TAXUD/c/1: *Vademecum on VAT obligations – Austria*, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-austria_2010_en.pdf.

IBFD (Michael Sedlaczek and Hans-Jürgen Aigner): *Value Added Taxation – Austria*, IBFD, 2012.

WKO: Merkblatt Österreichische Flugabgabe, available on https://www.wko.at/Content.Node/branchen/k/Reisebueros/Rechtliches/Luftfahrt/Merkblatt_Flugabgabe.pdf.

Websites

Website of the Austrian Ministry of Finance, <http://www.bmf.gv.at>, especially

- information on VAT on <https://www.bmf.gv.at/steuern/selbststaendige-unternehmer/umsatzsteuer/umsatzsteuer.html>, and
- information on the air transport levy on <https://www.bmf.gv.at/steuern/a-z/flugabgabegesetz/flugabgabe.html>.



Belgium

1. Value Added Tax (BTW/TVA)

VAT Overview

























































Basic VAT Information					
Name	<i>Belasting over de toegevoegde waarde (BTW) / Taxe sur la valeur ajoutée (TVA)</i>				
Legal basis	Value Added Tax Act (3 JULI 1969. - WET tot invoering van het Wetboek van de belasting over de toegevoegde waarde / 3 JUILLET 1969. - LOI créant le Code de la taxe sur la valeur ajoutée), Several Royal and Ministerial Decrees				
Additional documents	A large number of further relevant documents (VAT Manual, circulars, ...) can be found on the website of the Belgium Ministry of Finance ²⁶				
Territorial application	Art. 1 Sect. 3 of the VAT Act refers to the definition provided in Art. 355 of the Treaty on the Functioning of the European Union.				
VAT rates	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	21 %	12 % / 6 %	-	12 %	0 %

Output VAT










Output VAT in the Passenger Transport Sector	
Definition of „passenger transport“	<p>The Belgian VAT legislation does not provide any specific definition of passenger transport service. However, the Belgian VAT Authorities provide the following definitions in the “<i>Manuel TVA</i>”, point 296:</p> <ul style="list-style-type: none"> • “<i>Maritime passenger transport</i>” is the passenger transport by ships and boats used for navigation on the seas, even when such journeys are performed exclusively within the Belgian territorial waters. For the purpose of the exemption, the ships covered are the vessels and ships used for navigation on the seas and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities (article 42, §1er, 1^o, a) of the VAT Code). • According to the Belgian VAT Authorities, “<i>international air passenger transport</i>” is the transport performed by an aircraft, or any other similar means that move in the air, from a point in Belgium to a point abroad or vice versa and transport performed from a point abroad to another point abroad leading through the Belgian territory. In this respect, the passenger transport services starting and ending in Belgium, but leading through foreign territory is considered as domestic and not international.²⁷
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There are no special rules, but, if the conditions are met, the special scheme for travel agencies could apply. ²⁷

²⁶ <http://ccff02.minfin.fgov.be/KMWeb/main.do?home=true>.

²⁷ Reply to our questionnaire by the Belgian VAT Authorities.

<i>Place of supply</i>	<i>Art. 21bis (2)(2) and Art. 21 (3)(2) of the VAT Act</i> 			
	<i>Art. 48 of the VAT Directive</i> 			
	Passenger transport services are supplied where the transport is actually carried out, proportionate to the distances travelled (Art 21 (3)(2) of the VAT Act [B2B] and Art. 21bis (2)(2) [B2C]).			
	<i>Exceptions</i>			
There are no derogations with respect to the place of supply of passenger transport services in Belgium. Furthermore, there is no simplified procedure with respect to the calculation of the distance covered in Belgium. However, there are simplified arrangements for international passenger transport by road, e.g. coach and bus (see below). ²⁷				
<i>Rates and Special Schemes</i>				
<i>Rates applicable²⁸</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	6 % 	6 % 	6 % 
	Taxi	6 % 	6 % 	6 % 
	Bus (sched.)	6 % 	6 % 	6 % 
	Bus (non-s.)	6 % 	6 % 	6 % 
	Rail	6 % 	6 % 	6 % 
	Train	6 % 	6 % 	6 % 
	HSR	6 % 	6 % 	6 % 
	Metro	6 % 	6 % 	6 % 
	Tram	6 % 	6 % 	6 % 
	Inland Waterways	6 % 	6 % 	6 % 
	sched.	6 % 	6 % 	6 % 
	non-s.	6 % 	6 % 	6 % 
	Maritime Shipping	0 % 	0 % 	0 % 
	sched.	0 % 	0 % 	0 % 
	non-s.	0 % 	0 % 	0 % 
	Air	6 % 	0 % 	0 % 
sched.	6 % 	0 % 	0 % 	
non-s.	6 % 	0 % 	0 % 	
<i>Rates – legal background</i>	<i>Legal background</i>			
	In summary, Belgium exempts (with credit) maritime passenger transport and international passenger transport by air, in all other cases the reduced rate of 6 % is applied.			

²⁸ 0 % denotes an exemption with credit here.

	<p> Reduced Rate (6 %) <i>Art. 1, Arrêté royal n° 20, du 20 juillet 1970</i>  Normal Scope <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> </p>
	<p>Passenger transport services not subject to one of the rules below are taxed at the reduced rate of 6 % (AR20²⁹ Art. 1 in conjunction with Annex 1, Item XXV: “<i>passenger transport including unchecked baggage and accompanying animals</i>”), which corresponds to the normal scope of the VAT Directive (Art. 98-99). This rate applies to all (commercial) passenger transport services by road, rail or inland waterways and to domestic air transport</p>
	<p> Exemption with credit (0 %) <i>Art. 41 (1), Item 1 of the VAT Act</i>  Derogation <i>Art. 371 and Annex X, Part B, Item 10 of the VAT Dir.</i> </p>
	<p>Maritime passenger transport and international air passenger transport are exempt with credit according to Art. 41 (1), Item 1 of the VAT Act (which exempts the relevant supplies) and Art. 45 (1), Item 3 (which enables input VAT deduction). This applies also to the transport of accompanying luggage and motor vehicles. In case of maritime passenger transport domestic passenger transport is included³⁰, whereas air passenger transport is only exempt, if it is from a place abroad to a place in Belgium, the other way around, or from a place abroad to another place abroad through Belgian territory³¹ (derogation based on Art. 371 VAT Directive).</p> <p>According to the Belgian VAT authorities, for the purpose of this exemption, the ships covered are the vessels and ships used for <i>navigation on the high seas</i> and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities (article 42, §1er, 1°, a) of the Belgian VAT Code). In case of ships used for inland navigation (e.g. barges) for the purpose of commercial activity, the passenger transport services are subject to 6% VAT rate. However, if the conditions are met, the special scheme for travel agencies could be applicable.³²</p>
	<p> Exempt (no credit) <i>Art. 44 (2), Item 1 of the VAT Act</i>  Normal Scope <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>The supply of transport services for sick, injured or disabled persons in vehicles specially designed for that purpose is exempt based on Art. 44 (2), Item 1 of the VAT Act.</p>
<i>Special schemes</i>	<p><i>Special schemes for passenger transport service providers</i></p>
	<p>There are optional simplified arrangements for international passenger transport by road, e.g. by bus and coach. For details see under the heading “administrative obligations” below.</p>
Supplementary Information	
<i>International passenger</i>	<p><i>Definition of international passenger transport services</i></p>
	<p>With respect to the exemption, international passenger transport is defined as passenger</p>

²⁹ Arrêté royal n° 20, du 20 juillet 1970, fixant les taux de la taxe sur la valeur ajoutée et déterminant la répartition des biens et des services selon ces taux.




³⁰ Clarified by the Belgian tax authorities.

³¹ <http://ccff02.minfin.fgov.be/KMWeb/document.do?method=view&id=7e2f889b-233d-4ee8-9b56-4789350d8479#findHighlighted>.

³² With comments/additions by the Belgian VAT Authorities.

<i>transport services (as opposed to domestic services)</i>	transport from a place abroad to a place in Belgium, the other way around, or from a place abroad to another place abroad through Belgian territory. ³³ Passenger transport services starting and ending in Belgium, but leading through foreign territory, are considered domestic based on this definition. ³²
	<i>Two-sector trips</i>
	According to the Belgian VAT Authorities, both connections must be regarded separately. Hence, two-sector trips are split in an international connection and a domestic connection. For the application of the provisions regarding consumption on board, the relevant criteria is the route of the means of transport. ²⁷
	<i>International waters/airspace</i>
	Journeys starting and ending within Belgium, but passing through international waters or airspace, are considered domestic transport, if there is no stopover outside Belgium. The distance through international waters/airspace is not taxed in Belgium (Art. 21, §3, 2° et 21bis, §2, 2° of the Belgian VAT Code). However, this type of journey is quite theoretical given the size of Belgium. ²⁷
<i>Ancillary services subject to the same tax rates</i>	In case of exempt passenger transport the exemption also holds for the transport of accompanying luggage and motor vehicles (Art. 41 (1), Item 1 of the VAT Act). In case of services taxed at the reduced rate, the transport of baggage and accompanying animals is subject to the reduced rate as well (Art. 1, <i>Arrêté royal n° 20, du 20 juillet 1970</i>). Other services are not considered ancillary. ³²

Input VAT

Input VAT in the Passenger Transport Sector	
<i>Exemptions following Art. 148 of the VAT Directive</i>	<p><i>Exempt with credit (0 %)</i> Art. 42 of the VAT Act </p> <p style="text-align: center;"><i>Art. 148 and Annex X, Part B, Items 11 and 12 of the VAT Directive </i></p> <p style="text-align: right;"><i>Art. 394 of the VAT Directive </i></p>
	<i>Qualifying vessels</i>
	<p>According to Art. 42 Sect. 1 of the VAT Act the following vessels qualify for exemption (with credit):</p> <ul style="list-style-type: none"> • seagoing vessels, destined for the transport of passengers or goods for a consideration, for fishing or for the exercise of a trade or business, • lifeboats and vessels for assistance at sea, • ships of war, and • vessels intended for commercial inland navigation. <p>The exemption of the supply, import and intra-community acquisition of vessels intended for commercial inland navigation and the provision of services related to these vessels is not based on Art. 148 but is a derogation based on Art. 394 of the VAT Directive. This exemption was already applicable in Belgium before the entry into force of Council Directive 77/388/EEC and has been notified to the European Commission as a derogation</p>

³³ <http://ccff02.minfin.fgov.be/KMWeb/document.do?method=view&id=7e2f889b-233d-4ee8-9b56-4789350d8479#findHighlighted>.

	<p>based on Article 27 (5) of the 6th VAT Directive (Council Directive 77/388/EEC; corresponding to Art. 394 of Directive 2006/112/EU) before 01.01.1978, as a measure of simplification of tax collection with no influence on the amount of tax due in the final consumption.^{32 34}</p>
	<p><i>Airlines operating chiefly on international routes</i></p>
	<p>For the purposes of the exemption in Belgium, “<i>airlines operating for reward chiefly on international routes</i>” means the international carriage of persons and goods by Belgian or foreign airlines (natural or legal persons), whose essential activity is to carry out, on behalf of third parties under contracts for reward, air transport of persons and (or) goods from a location abroad to a place located in Belgium or vice versa.</p> <p>Airlines operating scheduled international air transport services are considered automatically as airlines providing essentially international transport of people and goods chiefly for reward.</p> <p>In addition, airlines established in Belgium, other than the companies referred to above, which fulfil the following conditions, may obtain special authorization for the application of the exemptions:</p> <ol style="list-style-type: none"> a) be a qualified licensed operator of air transport b) perform only activities related to aviation such as air transport, aircraft maintenance and repair, schooling, catering, handling, etc. c) operate one or more aircraft exclusively for air transport for reward, with a minimum total capacity of twelve passenger seats or thousand kilograms of freight. In case of joint operation of passenger and goods transport, the minimum total capacity is assessed on the basis of the equivalence of the above criteria. The minimum capacity is not required if the company operates at least one jet aircraft exclusively for transport services for reward. d) achieve, during the calendar year preceding that of the granting of the authorization, a paid international air transport turnover reaching at least 80 per cent of the turnover resulting from the operation of all aircraft operated by the company, including aircraft it takes or it gives rental. <p>Airlines not established in Belgium and not operating scheduled international air transport services are considered airlines providing essentially international transport of people and goods chiefly for reward on the base of an attestation delivered by their national competent authorities.²⁷</p>
	<p><i>Supplies of goods and services covered</i></p>
	<p>The following goods and services are exempt (with credit):</p> <p><u>Maritime navigation:</u></p> <ul style="list-style-type: none"> • the supply of qualifying vessels (see above) and services relating to their construction, modification, repair, maintenance, leasing and chartering; • the supply of equipment incorporated into or used on qualifying vessels, if supplied to the builder, owner or operator, and services relating to the construction, modification, repair, maintenance, leasing and hiring of such equipment;

³⁴ “The minutes of the meeting of the ECOFIN Council that adopted the 18th VAT Directive also include a statement, indicating that ‘the Council and the Commission agree that, notwithstanding the removal (points 18 and 20) of Schedule F by this Directive, Member States may continue to apply special derogations in force they have notified to the Commission pursuant to Article 27 paragraph 5 of Directive 77/388/EEC.’” (reply to the questionnaire by the Belgian Tax Authorities)

	<ul style="list-style-type: none"> the supply of goods for the provisioning of qualifying vessels (except for those operating on inland waterways) to their owners or operators; in case of warships the exemption is limited to goods for the provisioning of vessels covered by CN code 8906 10 00 of the Combined Nomenclature of the Common Customs Tariff of the European Communities, leaving the country to a port or anchorage located abroad, and in case of vessels used for inshore fishing the exemption does not apply to the supply of ships' provisions; the provision of other services to meet the direct needs of certain vessels (seagoing vessels destined for the transport of passengers or goods for a consideration, for fishing or for the exercise of a trade or business as well as lifeboats and vessels for assistance at sea) and their cargoes (e.g. towing, pilotage, rescue services, the use of ports, services of shipping agents to shipowners, the services necessary for the arrival, departure and stay in ports, the assistance provided to passengers and crews on behalf of shipowners). <p><u>Aviation:</u></p> <ul style="list-style-type: none"> the supply of airplanes, seaplanes, helicopters and similar devices to be used by the State and by airlines operating for reward chiefly in international passenger or goods transport (qualifying aircraft); the supply of equipment incorporated into or used on aircraft referred to above to the builders, owners or operators; the supply of services relating to the construction, modification, repair, maintenance and rental of the above-mentioned aircraft and their equipment; the supply of goods for the provisioning of aircraft, seaplanes, helicopters and similar appliances used by the air carriers operating for reward chiefly on international routes; and the provision of other services to meet the direct needs of aircraft used by carriers operating for reward chiefly on international routes or their cargoes (e.g. towing, pilotage, salvage, the use of aerodromes, the services necessary for the landing, taking off and stay on airports, services of agents and the assistance provided to passengers and crews on behalf of the airlines). <p>The services of intermediaries are exempt based on Art. 41 Sect. 2 b) of the VAT Act.</p>			
	VAT on fuel	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>
Petrol		21 %	yes ³⁵	-
Gas oil (diesel)		21 %	yes ³⁵	exemption for railways; slight reduction for commercial use ³⁶ :
Kerosene		21 %	yes	-
LPG		21 %	yes ³⁵	general exemption for propellant use
Electricity		21 %	yes ³⁵	exemption for railways and other business use

³⁵ In general there is a limitation on input VAT deduction incurred on the supply (importation, intra-community acquisition) of motor vehicles used for road transport and on other supplies and services relating to these vehicles to 50 % at most. However, there is a large number of exceptions (vehicles intended to be used exclusively for carrying passengers for reward; vehicles with 9 seats or more or with a permissible maximum weight of more than 3.5 tons, etc.), which allow full deduction for vehicles and related supplies used for commercial passenger transport in the vast majority of cases.

³⁶ Commercial use as defined in Art. 7(2) of Council Directive 2003/96/EC (includes commercial passenger transport by buses).

<i>VAT on means of transport</i>	<p>Input VAT incurred on motor vehicles used for passenger transport is generally only partially deductible with a maximum of 50 %, based on either</p> <ul style="list-style-type: none"> • the share of the professional kilometres driven, which requires evidence for each individual vehicle, • the distance between home and office increased by a lump sum for private use, or • a lump sum of 35 %. <p>However, vehicles used solely for passenger transport or for hire or reward are except and input VAT will be fully deductible.³⁷</p>
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Administrative Obligations

<i>Registration</i>	<p>Before registering for VAT taxable persons must register their business with the <i>Banquet Carrefour des Entreprises (BCE)</i>, which will assign a unique business number. Afterwards, but before starting activities subject to VAT, the taxable person must file a declaration of commencement of activity with the VAT office competent for the district of establishment by submitting form 604A (in person, by mail or via an authorized third party). In the following the business number is registered as the VAT number, which must be stated in all written correspondence with the VAT authorities as well as on documents relating to the taxable person's enterprise. Finally the taxable person is informed about conclusion of the registration process by registered mail.³⁸</p>
<i>Tax point</i>	<p>The VAT liability for the supply of services in general arises at the time the service is completed (Art. 22 of the VAT Act). If (a part of) the consideration is paid earlier, the liability arises at the time of the receipt of the payment.³²</p>
<i>VAT returns</i>	<p>VAT returns basically must be submitted monthly, due usually on the 20th day of the following month.</p> <p>Quarterly returns are admissible, if the turnover does not exceed EUR 1,000,000 (excl. VAT) and certain other requirements are met.³⁹</p>
	<i>Nil returns</i>
	<p>Nil returns are obligatory. Art. 53, § 1, 2°, of the Belgian VAT Code imposes upon taxpayers the obligation to submit monthly or quarterly VAT returns irrespective of the fact whether taxable transactions have actually occurred.²⁷</p>
<i>VAT payable</i>	<p><i>monthly returns:</i> VAT is usually payable on the 20th day of the following month (e.g. VAT for January is due on 20 February).</p> <p><i>quarterly returns:</i> A deposit of 1/3 of the previous quarter's VAT is due on the 20th day of the 2nd and 3rd month of each quarter, on the 20th day of the month following the quarter the balance of the tax due is payable.</p>
<i>VAT deductible</i>	<p>In principle VAT is deductible in the VAT period, in which the invoice is dated.</p>
<i>VAT refunds</i>	<p>Refunds are in principle made quarterly, in certain cases monthly refunds can be granted.</p> <p>Before excess input VAT is actually refunded, it can be used to settle other tax or non-</p>

³⁷ Global Tax Center (Europe): Deloitte. European VAT refund guide 2013, Brussels, 2013, p. 15.

³⁸ http://finances.belgium.be/fr/entreprises/tva/declaration/debut_fin_modification_activite/.

³⁹ EC, TAXUD/c/1 (2010), p. 18.

	fiscal debt claims.
<i>Invoicing requirements</i>	<p>An invoice must be issued at the latest on the 15th working day of the month following the month in which VAT became due.</p> <p>Simplified invoicing rules are applied to invoices with an amount of EUR 125 or lower.</p> <p>Transport tickets issued by public providers are considered invoices, if certain information is given (date of issue or period of validity; name, address and VAT number of the service provider; identification of the services supplied; amount of VAT due or information enabling it to be calculated).^{32 40}</p>
<i>Special regimes</i>	<i>Small Businesses</i>
	<p><i>Small undertakings:</i> Art. 56bis of the VAT Act exempts businesses with a turnover of less than EUR 15,000 from VAT. Those businesses receive a VAT identification number, but may neither charge their customers VAT nor deduct input VAT and are subject to reduced administrative obligations. Opting out is possible.³²</p> <p>A flat-rate scheme exists, but is not available for passenger transport services.⁴¹</p>
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<p>VAT registration is necessary as soon as transactions are provided, which are covered by the Belgian VAT code (except for occasional or exempt transactions or in cases where VAT is payable by the customer – “reverse charge”)⁴². There are three ways to obtain Belgian VAT identification: directly (only EU established companies), via a permanent establishment or via a representative.</p>
	<i>Exempt international passenger transport services</i>
	<p>Providers of solely exempt international passenger transport services, who are not established in Belgium, are usually dispensed from registration, except for providers from other Member States, whose amount of deductible input VAT doesn't regularly exceed EUR 2,500. This is based on the following provisions:</p> <p><u><i>Providers not established within the EU:</i></u></p> <p>Point 81 of the Administrative Circular n° 4 of 2003 discharges foreign providers of exempt international transport services (providers not established within the EU) of the obligation to register for VAT and submit periodical VAT returns. However, the Central Services of the General Tax Administration can, upon request by the taxpayer, derogate from this discharge rule and attribute a Belgian VAT identification number to these service providers when the application of the Circular n° 4 of 2003 would create insurmountable obstacles to the exploitation of the activities of that taxpayer in Belgium.</p> <p><u><i>Providers established in another Member State:</i></u></p> <p>Point 94 of the Administrative Circular n° 4 of 2003 provides a similar dispensation of the obligation to register for VAT and submit VAT returns for providers of exempt international passenger transport services not established in Belgium but established in the EU, when the amount of Belgian input VAT which he can deduct regularly exceeds the threshold of EUR 2,500 per calendar year.²⁷</p>

⁴⁰ EC, TAXUD/c/1 (2010), p. 16.

⁴¹ http://finances.belgium.be/fr/entreprises/tva/assujettissement_a_la_tva/regime_forfaitaire/.

⁴² EC, TAXUD/c/1 (2010), p. 4ff.

<i>Tax representative</i>	Traders from outside the EU must have a tax representative approved before carrying out any transactions, for foreign traders established in the EU the appointment of a tax representative is optional.
<i>Reverse charge</i>	According to KPMG ⁴³ the reverse charge rule is applicable only to services subject to the general B2B rules, not including passenger transport services. However, a general reverse charge mechanism is applicable when the supplier is not established in Belgium and the recipient is filing periodical VAT returns (Art. 51 (2) (5) of the VAT Act). ³²
<i>Languages</i>	<p>According to the statement of commencement of activity (Form 604A)⁴⁴ VAT procedures can be conducted in French, Dutch or German language. Information on the website of the tax authorities and the relevant legislation is mainly available in French and Dutch.</p> <p>The supporting documents are only accepted in the three official languages of Belgium: French, Dutch and German. Certified translations are required for documents in another language.³²</p>
<i>Special rules</i>	<p><u><i>Optional system for foreign providers of road passenger transport:</i></u></p> <p>There is an optional system for providers of passenger transport services by road who are not established in Belgium (Decision ET 122.611 of 20.02.2014). Under that system, these operators can benefit from administrative simplification arrangements under strict conditions:</p> <ol style="list-style-type: none"> 1. the transport services are not exclusively performed for Belgian taxable persons required to submit VAT returns (Art. 53, § 1, section 1, 2 VAT Act) or taxable persons established outside Belgium with a representative in Belgium (Art. 55, § 1 or 2 VAT Act); 2. the turnover of those services (including those services under a reverse charge regime) in Belgium does not exceed the threshold of EUR 125,000 a year. <p>Providers of passenger transport services by road, who are not established in Belgium, who fulfil those requirements and choose to avail themselves of this optional system are not required to submit monthly or quarterly VAT returns. Instead, they are required to submit a special VAT return for passenger transport carried out for consideration (form 799). This form can be found online (www.financien.belgium.be) or can be obtained at the Central VAT Office for Foreign Taxpayers.</p> <p>The form has to be submitted on paper at the Central VAT Office for Foreign Taxpayers. When the amount of VAT due does not exceed EUR 2,500/year, the special VAT return has to be submitted once a year (before the 31st of January of the next year). In case the amount of VAT due exceeds that threshold, the special VAT return has to be submitted every quarter (1st quarter: 30 April; 2nd quarter: 31 July; 3rd quarter: 31 October; 4th quarter: 31 January).</p> <p>Providers of passenger transport services by road not established within the EU can also benefit from this optional system. In order to be able to benefit from these simplified arrangements, they will have to appoint a VATG representative (Art. 55 Belgian VAT Code).</p> <p>Even when there are no ingoing our outgoing transactions during a quarter or a year, taxable persons are still required to submit a special VAT (nil) return.²⁷</p>

⁴³ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/Pages/belgium.aspx#6>.

⁴⁴ <https://eservices.minfin.fgov.be/myminfin-finform/AppelPdfExt?id=958>.

Business Travel

VAT <i>deductible</i>	The VAT Act does not state any restrictions with respect to the deduction of VAT incurred on expenses for business travel (tickets, aso.).
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2. Other Passenger Taxes

According to the Belgian Tax Authorities there must be some other levies, which however do not fall under the jurisdiction of the finance department.²⁷

3. Sources:

Publications

Belgian VAT Act (*Wetboek van de belasting over de toegevoegde waarde / Code de la taxe sur la valeur ajoutée*), a consolidated version is available on the website of the Belgian Ministry of Finance (<http://finances.belgium.be>)⁴⁵, the official version can be found in the following locations: in Dutch (http://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=nl&la=N&nm=1969070305&table_name=titel) or French (http://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&nm=1969070305&table_name=titre).

EC, TAXUD/c/1: Vademecum on VAT obligations – Belgium, , Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-belgium_2010_en.pdf.

IBFD (Patrick Wille): Value Added Taxation – Belgium, IBFD, 2012.

Websites

Website of the Belgian Ministry of Finance, <http://finances.belgium.be>, especially information on VAT on <http://finances.belgium.be/fr/entreprises/tva/>.

⁴⁵ <http://ccff02.minfin.fgov.be/KMWeb/document.do?method=view&id=53e30e9d-6466-4426-a57c-85b118905806>.

















Bulgaria

1. Value Added Tax

VAT Overview











































Basic VAT Information					
<i>Name</i>	Value Added Tax (Данък върху добавената стойност)				
<i>Legal basis</i>	Law on Value Added Tax (Закон за данък върху добавената стойност)				
<i>Additional Documents</i>	Regulations for Implementation of the Law on value added tax (VAT Act Implementation Rules) Several VAT Ordinances ⁴⁶				
<i>Territorial application</i>	“Bulgaria” for VAT purposes comprises the geographical area of the Republic of Bulgaria, the continental shelf and the exclusive economic zone.				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	20 %	9 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector				
<i>Definition of Passenger Transport</i>	There is no legal definition of ‘passenger transport service’. ⁴⁷			
	<i>A-to-A passenger transport services (e.g. cruises, sightseeing tours)</i>			
	There are no special rules for A-to-A passenger transport services. ⁴⁷			
<i>Place of supply</i>	<i>Art. 21 (4) 2. of the VAT Act</i>  <i>Art. 48 of the VAT Directive</i> 			
	“...the place where passenger transport services are provided proportionately in terms of distances covered.” (Art. 21 (4) (2) of the VAT Act)			
	<i>Exceptions</i>			
	None.			
Rates and Special Schemes				
<i>Rates applicable</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	20 % 	0 % 	0 % 
	Taxi	20 % 	0 % 	0 % 
	Bus (sched.)	20 % 	0 % 	0 % 
	Bus (non-s.)	20 % 	0 % 	0 % 



⁴⁶ <http://www.minfin.bg/bg/page/174&usg=ALkJrhfhQ2eVRo-pZhnh3gaqa0fop6VDQw> (Bulgarian).

⁴⁷ Reply to our questionnaire by the Bulgarian VAT Authorities.



	Rail	20 % 	0 % 	0 % 	
	Train	20 % 	0 % 	0 % 	
	HSR	{20 % 	{0 % 	{0 % 	
	Metro	20 % 	-	-	
	Tram	20 % 	-	-	
	Inland Waterways	20 % 	0 % 	0 % 	
	sched.	20 % 	0 % 	0 % 	
	non-s.	20 % 	0 % 	0 % 	
	Maritime Shipping	20 % 	0 % 	0 % 	
	sched.	20 % 	0 % 	0 % 	
	non-s.	20 % 	0 % 	0 % 	
	Air	20 % 	0 % 	0 % 	
	sched	20 % 	0 % 	0 % 	
	non-s.	20 % 	0 % 	0 % 	
	<i>Rates – legal background</i>	<i>Legal background</i>			
		Domestic passenger transport services are taxed at the standard-rate of 20 %, international and intra-community services are zero-rated. The detailed provisions are as follows:			
		Standard Rate (20 %) Normal Scope			
Passenger transport services not covered by any of the exceptions below are taxed at the standard rate of 20 %. This applies to domestic passenger transport by all modes.					
		Zero-Rate (0 %) Derogation	<i>Art. 29 of the VAT Act</i> 	<i>Art. 390a and Annex X, Part B, Item 10 of the VAT Dir.</i> 	
The international transport of passengers is zero-rated according to Art. 29 VAT Act. International passenger transport is thereby defined as being carried out <ul style="list-style-type: none"> • from a place within Bulgaria to a destination outside, • from a place outside Bulgaria to a destination within, or • between two places within Bulgaria, where part of a transport referred to above. This is based on Art. 390a of the VAT Directive. ⁴⁸ Art. 22 of the VAT Regulations requires a license for the operation of international passenger transports and a certification specifying the number of means of transport used, as a proof for the international passenger transport service. ⁴⁹					

⁴⁸ Strictly speaking the VAT Directive provides for an exemption, which has been transposed to national law as a rate of 0 %. Art. 390a of the VAT Directive reads: “Bulgaria may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers as referred to in point 10 of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 31 December 2006.”

⁴⁹ With comments/additions by the Bulgarian VAT Authorities.

	<p>ⓔ Exempt (no credit) Normal Scope</p> <p style="text-align: right;"><i>Art 39, Item 6 of the VAT Act</i>  <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>The transport of sick or injured persons in specially designed vehicles by duly authorized bodies is exempt from VAT (Art. 39 Item 6 VAT Act based on Art. 132 (1) (p) of the VAT Directive).</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	Bulgaria doesn't provide any special arrangements, exemptions or other special rules for such providers. ⁴⁷
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	Under Article 29 of the VAT Act, the passenger transport is deemed to be international if it is: 1. from a place in Bulgaria to a place outside Bulgaria, 2. from a place outside Bulgaria to a place in Bulgaria, or 3. between two places in Bulgaria where this is part of 1 or 2. ⁴⁹
	<i>Two-sector trips</i>
	Trips consisting of an international connection followed (or preceded) by a purely domestic connection are basically governed by Article 29 of the VAT Act and Article 22 of the VAT Act Implementation Rules. Usually they are considered as a part of the international passenger transport service. ⁴⁹
	<i>International waters/airspace</i>
	The supply of such a service does not constitute international passenger transport within the meaning of Article 29 of the Act. It is covered by the general rules in the Act (i.e. the place of supply is Bulgaria), so the portion of the journey through international waters/airspace is taxed in the same way. ⁴⁷
<i>Ancillary services subject to the same tax rates</i>	Services of any type included in advance in the price of the passenger transport service are subject to the same rates. These rules can be found under Article 128 of the VAT Act: When a basic supply is accompanied by another supply and the payment is fixed for the whole thing, it is deemed to constitute a single basic supply. ⁴⁷

Input VAT

Input VAT in the passenger transport sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<p><i>Zero-rate (0 %)</i></p> <p style="text-align: right;"><i>Art. 31 of the VAT Act</i>  <i>Art. 148 of the VAT Directive</i> </p>
	<i>Qualifying vessels</i>
	<p>According to Art. 31 (7) of the VAT Act the supply of vessels, except those for sporting and entertaining purposes or for personal needs, is subject to the zero-rate.</p> <p>The supplier must have the following documents as proof (Art. 31 of the VAT Implementation Rules):</p> <ul style="list-style-type: none"> • a written contract transferring ownership or other property rights in respect of the means of transport in accordance with the Merchant Shipping Code or Civil Aviation Act;

	<ul style="list-style-type: none"> the supply invoice.⁴⁹ <p>In this respect the Bulgarian legislation has a wider scope than Art. 148 of the VAT Directive.</p>
	<p><i>Airlines operating chiefly on international routes</i></p> <p>Basic criterion is a share of 60 % or more of the total income (including passenger, cargo and mail transport and specialised aviation works) of the operator from sales on international routes for a period of 5 calendar years (or from the start of business).</p> <p>If the income share is of an incidental, random or irregular nature, the following criteria are used:</p> <ul style="list-style-type: none"> the mileage on international routes is at least 60 % of total mileage, and the number of passengers transported on international routes is at least 60 % of total passengers, and at least 60 % of tonnage is transported on international routes. <p>Aviation operators must fulfil at least two of these criteria (or, in the case of specialised aviation works, one criterion) in order to be regarded as operating mainly on international routes.</p> <p>A register of operators flying mainly on international routes is maintained by the Directorate General "Civil Aviation Administration"⁵⁰ (Article 31b of the VAT Act Implementation Rules).⁴⁹</p>
	<p><i>Supplies of goods and services covered</i></p> <p>The following supplies of goods and services are zero-rated under Article 31 of the VAT Act:</p> <ul style="list-style-type: none"> the <i>supply of vessels and aircraft</i>, except for those for sports and entertainment purposes or for personal needs; the <i>supply of services</i> regarding the construction, maintenance, repair, modification, transformation, assembling, equipping, furnishing, transport and destruction of vessels [except for vessels used for rescue of life and property at sea and vessels used for sports and entertainment purposes or for personal needs] and aircraft used by aviation operators carrying out mainly international flights; the <i>leasing-out/chartering</i> of: <ul style="list-style-type: none"> vessels used for the transportation of goods or passengers, for commercial, industrial or fishing activities on the high seas [except for vessels used for sports and entertainment purposes or for personal needs], and aircraft used by operators flying mainly on international routes; the <i>handling</i> of <ul style="list-style-type: none"> vessels used for the transportation of goods or passengers, for commercial, industrial or fishing activities on the high seas [except for vessels used for sports and entertainment purposes or for personal needs] and aircraft used by aircraft operators flying mainly on international routes; <i>provisioning of vessels</i>: the supply of goods for provisioning vessels with spare parts, fuels and lubricants, food, beverages, water and other provisions intended for use on board vessels used for transportation of goods or passengers on the high seas, vessels used for commercial, industrial or fishing activities on the high seas, vessels used for saving life and property at sea, military vessels leaving Bulgarian territory for foreign

⁵⁰ Available on <http://www.caa.bg/page.php?category=130>.

	<p>ports and vessels used for inshore fishing [with the exception of the latter's supply with provisions];</p> <ul style="list-style-type: none"> • <i>provisioning of aircraft</i>: the supply of goods for provisioning aircraft used by aviation operators carrying out mainly international flights with spare parts, fuels and lubricants, food, beverages, water and other provisions intended for use on board; • the supply of services linked to <i>transport handling of goods or passengers</i>, including transport containers transported on board of <ul style="list-style-type: none"> ○ vessels used for the transportation of goods or passengers, for commercial, industrial or fishing activities on the high seas [excluding vessels used for sports or entertainment purposes or personal needs], or ○ aircraft used by aircraft operators flying mainly on international routes; • the <i>supply of certain other services</i>: <ul style="list-style-type: none"> ○ provided by airports to aircraft used for international flights, for which taxes are collected under Article 120(1) of the Civil Aviation Act; ○ provided to vessels, except for those used for sports and entertainment purposes and for personal needs, under Chapter Nine of the Merchant Shipping Code; ○ saving of life and property at sea; and ○ air traffic management and air navigation services provided to aircraft used by aircraft operators flying mainly on international routes. <p>The Bulgarian legislation is structured differently to Article 148 of the VAT Directive but seems to have a comparable scope in most respects.⁴⁹</p>			
VAT on fuel	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced excise duties</i>
	Petrol	20 %	yes ⁵¹	-
	Gas oil (diesel)	20 %	yes ⁵¹	-
	Kerosene	20 %	yes	-
	Liquefied Petroleum Gas (LPG)	20 %	yes ⁵¹	-
Electricity	20 %	yes		
VAT on means of transport	<p>Art. 70 (1) 4. of the VAT Act excludes the acquisition and importation of motorcycles and passenger cars from VAT deduction.</p> <ul style="list-style-type: none"> • “Passenger car” means any car designed to seat no more than five persons (excluding the driver), except cars intended for cargo transport and cars with permanently built-in technical equipment needed for business purposes (Supplementary Provisions § 1 18. VAT Act). • However, there are a number of exceptions to this rule (Art. 70 (2) (1)-(4) of the VAT Act), which include means of transport solely used for transport, rental and taxi services. Since 2013 a deduction is also allowed for motorbikes and passenger cars, which are also used for activities other than those referred to in Article 70(2)(1)-(4), if one of more of the activities listed in points (1)-(4) is the core activity of the taxable person (Article 70(2)(5) of the VAT Act). <p>Similar rules for deduction apply to maintenance, repair, improvement and operation of motorbikes and passenger cars, including spare parts, fuel and lubricants (Articles 70(1)(5) and 70(2) of the VAT Act).</p> <p>For other types of means of transport the general rules of the Act apply.⁴⁹</p>			

⁵¹ Fuel for vehicles solely used for passenger transport and taxi services is deductible.

<i>Special rules</i>	According to Art. 31 (6) the supply of services linked to transport handling of goods or passengers, including transport containers, transported on board of railway rolling stock is zero-rated, where the services are carried out in relation to international transport.
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Administrative Obligations

<i>Registration</i>	<p>Any taxable person who has reached a turnover of BGN 50 000 (EUR 25 000) or more over the last 12 consecutive months must register for VAT within 14 days after the end of the tax period in which the threshold was exceeded, by submitting (in person or electronically) the application form and a statement of the taxable turnover for the last 12 months and the taxable intra-community acquisitions of the current year. The threshold includes taxable and zero-rated supplies, supplies of financial and insurance services, where they are related to the core activities of the business, and certain advance payments. Excluded are supplies of fixed assets and supplies where the tax is payable by the customer.</p> <p>Taxable persons who did not exceed the turnover threshold have the right to register for VAT.</p> <p>Registration is carried out at the regional office of the National Revenue Agency. Registration for VAT (=special tax registration) is not possible without general tax registration.</p> <p>The taxable person is then issued with a VAT number starting with 'BG'. The registration becomes valid on the date the registration certificate is delivered.⁴⁹</p>
<i>Tax point</i>	<p>According to the general rule, the VAT liability arises at the time the ownership of goods is transferred or services are performed (Article 25(2) of the VAT Act). Where the supply is fully or partially paid in advance prior to the taxable event, the tax is chargeable on receipt of the payment (on the amount received) (Article 25(7) of the VAT Act). Where a person not registered under the Act receives an advance payment for a taxable supply or actually effects the supply after the date on which they registered under the VAT Act, the advance payment received is deemed to contain the tax that becomes chargeable on the date on which the tax on the supply becomes chargeable.⁴⁹</p>
<i>VAT returns</i>	<p>In principle, returns have to be submitted monthly, by the 14th day of the month following the relevant taxable period, by the taxable person registered under the VAT Act.⁴⁹</p> <p><i>Nil returns</i></p> <p>Returns are submitted even when there is no tax to be paid or refunded and also where the registered person has not carried out or received any supplies or acquisitions or performed any imports during that tax period.⁴⁷</p>
<i>VAT payable</i>	VAT is payable before the submission deadline of the VAT returns, which is the 14 th day of the month following the relevant taxable period.
<i>VAT deductible</i>	VAT is deductible in the month in which it became chargeable or in one of the following 12 tax periods. ⁴⁷
<i>VAT refunds</i>	If there are other tax debts and debts relating to social security contributions that have fallen due and not been paid, the VAT is offset: the registered person deducts the tax to be refunded or the balance from the tax to be paid as declared in the tax returns for the next two consecutive tax periods. If after these periods there remains a balance to be refunded,

	<p>the revenue agency offsets it against other public claims collected by the NAP which are due or refunds it within 30 days of the submission of the last return (Article 92 of the VAT Act).</p> <p>If in the 12 months prior to the current month zero-rated supplies by the taxable person account for more than 30 % of the total value of all their supplies, including zero-rated ones, the offset procedure is not applied and the VAT to be refunded is refunded within 30 days of the submission of the VAT return.⁴⁹</p>
<i>Invoicing requirements</i>	<p>Under Article 113(1) of the VAT Act, all taxable suppliers are required to issue invoices for goods and services they supply and for any advance payment they receive prior to that, except where the supply is recorded in the document referred to in Article 117, which includes</p> <ul style="list-style-type: none"> • supplies where the customer is a non-taxable natural person and • sales of airline tickets. <p>Where an invoice does not have to be issued, it may be issued at the request of the supplier or the customer, each of the parties being required to provide the necessary assistance in issuing the invoice.</p> <p>Tickets are not accepted as invoices. Tickets are proof of the transport contract and document the fare paid.⁴⁷</p>
<i>Special regimes</i>	<i>Small Businesses</i>
	<p>Small undertakings: Taxable persons with a turnover of less than BGN 50,000 (~EUR 25,000) (taxable [incl. zero-rated] supplies plus certain financial and insurance supplies and related advance payments) in the previous 12 consecutive months are not required to register for VAT, but may opt to do so (Art. 96 (1)-(4) and 100 (1) VAT Act).⁴⁹</p> <p>There is no flat rate scheme.</p>
<i>Foreign suppliers</i>	
<i>VAT registration</i>	<p>A VAT registration in Bulgaria is necessary, if taxable supplies are made in Bulgaria, unless VAT is payable by the customer (“reverse charge”) (Art. 95 (2) VAT Act).⁵²⁵³ The competent tax office is the one in whose jurisdiction the trader's permanent address, habitual residence, registered office and head office or permanent establishment is located. If none of these cases applies, the competent office is the NAP's Sofia office.</p> <p>The registration application and the following documents must be submitted (among others, depending on the grounds for registration):</p> <ul style="list-style-type: none"> • proof of tax registration abroad issued by the competent tax authority, together with a translation; • the original contract notarised in Bulgaria between the foreign person and the accredited representative (if relevant); • a copy of the identity documents if the person / accredited representative is a natural person (if relevant). <p>Registration is carried out via an accredited representative only when the foreign person is established in a third country with which Bulgaria has no legal instruments relating to legal assistance.⁴⁹</p>

⁵² http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-bulgaria_2010_en.pdf, p. 4ff.

⁵³ KPMG states that also foreign suppliers are only obligated to register, if they reach the threshold of EUR 25,000 (<http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/Pages/bulgaria.aspx#6>).

	<p><i>Registration for zero-rated international passenger transport services</i></p> <p>Since international passenger transport services are zero-rated and therefore in principle taxable, registration for VAT should be required.</p>
<i>Tax representative</i>	<p>Traders from non EU countries, with which Bulgaria has no instruments for mutual assistance, have to appoint an accredited representative. In other cases a tax representative is optional.</p> <p>The accredited representative for the foreign person must be a physical person with legal capacity with a permanent address or permanent residence in Bulgaria or a Bulgarian legal person that is not being wound up, has not been declared bankrupt and does not have any outstanding tax debts or debts relating to social security contributions collected by the NAP.</p> <p>The accredited representative represents the foreign person in all their tax dealings under the Act. Accredited representatives whose appointment is mandatory are jointly and severally liable for the registered foreign person's obligations under the Act.</p> <p>A bank guarantee is only necessary under certain circumstances (Art. 176a and b VAT Act).⁴⁹</p>
<i>Reverse charge</i>	<p>According to Art. 82 (2)(3) of the VAT Act the reverse charge procedure applies to services, including passenger transport, where the supplier is not established in Bulgaria and the customer is a taxable person.⁴⁹</p>
<i>Languages</i>	<p>The information on the tax authority's website is mainly in Bulgarian, however English translations of the most important VAT laws are provided. The forms are available in Bulgarian only.⁵⁴ Taxable persons must also conduct their dealings with the revenue agency in Bulgarian. Accounting documents received by companies in a foreign language are accompanied by a translation into Bulgarian of the content of the transactions referred to in them, with the exception of invoices and notes relating to them. Article 55(1) of the Tax and Insurance Procedure Code furthermore states that, at the request of the revenue agency, taxable persons must accompany any documents drawn up in a foreign language (such as invoices) with an accurate translation into Bulgarian by a sworn translator.⁴⁹</p>
<i>Special rules</i>	<p>None.</p>

Business Travel

<i>VAT deductible</i>	<p>Art. 70 (1) 3. of the VAT Act restricts the deductibility of VAT incurred for activities other than the economic activity of the taxable person or for representation or recreational purposes. Article 62(1) of the VAT Act Implementation Rules defines 'representation and recreational purposes' as meeting, accommodating and accompanying guests and delegations; food and drinks; organising business meetings; functions, recreational events; excursions. Excluded are however activities in connection with organising symposiums, congresses, conferences and other similar events directly related to presenting and testing the goods or services offered by the person as part of their independent economic activity. Input VAT on such expenses is therefore deductible.⁴⁹</p>
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⁵⁴ http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-bulgaria_2010_en.pdf, p. 18.

2. Other Passenger Taxes

None.

3. Sources:

Publications

Bulgarian Value Added Tax Act, available in on <http://www.nap.bg/en/document?id=112>.

IBFD (Lubka Tzenova): Value Added Taxation – Bulgaria, IBFD, 2012.

Rules for the implementation of the VAT Act, available on <http://www.nap.bg/en/document?id=111>.

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Bulgaria, , Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-bulgaria_2010_en.pdf.

Websites

Website of the Bulgarian Ministry of Finance, <http://www.minfin.bg>, especially information on VAT on <http://www.minfin.bg/en/page/790>.

Website of the National Revenue Agency, <http://www.nap.bg>, especially <http://www.nap.bg/en/page?id=517>.





1. Value Added Tax (*Porez na dodanu vrijednost*)

VAT Overview






















































Basic VAT Information					
<i>Name</i>	<i>Porez na dodanu vrijednost</i>				
<i>Legal basis</i>	VAT Act (<i>Zakon o porezu na dodanu vrijednost</i> , Official Gazette of RC Narodne novine No. 73/13, 99/13 – Decision CCRC, 148/13, 153 – Decision CCRC) VAT Ordinance (<i>Pravilnik o porezu na dodanu vrijednost</i> , Official Gazette of RC Narodne novine No. 79/13, 85/13, 160/13, 35/14)				
<i>Additional documents</i>	A collection of tax opinions is available on http://www.porezna-uprava.hr/HR_publicacije/Stranice/lista-misljenja.aspx (in Croatian only).				
<i>Territorial application</i>	Croatian VAT is applicable in the territory of the Republic of Croatia (Art. 3 of the VAT Act).				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	25 %	13 % ⁵⁵ / 5 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport services“</i>	There is no legal definition of passenger transport service in the VAT Act or VAT Ordinance. However, definitions are given in other Acts such as Road Traffic Act or Act on Transport in Regular and Seasonal Coastal Maritime Transport. ⁵⁶
	<i>A-to-A passenger transport services (e.g. cruises, sightseeing tours)</i>
	There are no special rules regarding A-to-A passenger transport services. ⁵⁶
<i>Place of supply</i>	Art. 20 (1) of the VAT Act  Art. 48 of the VAT Directive 
	“The place of supply of passenger transport shall be the place where the transport takes place, proportionate to the distances covered.” (Art. 20 (1) of the VAT Act)
	<i>Exceptions</i>
	-

⁵⁵ Since 1 January 2014 (before 10%).


⁵⁶ Reply to our questionnaire by the Croatian VAT Authorities.

<i>Rates and Special Schemes</i>				
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	<i>Rates applicable⁵⁷</i>	Road	25 % 	25 % 
Taxi		25 % 	25 % 	25 % 
Bus (sched.)		25 % 	25 % 	25 % 
Bus (non-s.)		25 % 	25 % 	25 % 
Rail		25 % 	25 % 	25 % 
Train		25 % 	25 % 	25 % 
HSR ⁵⁸		{25 % 	{25 % 	{25 % 
Metro ⁵⁸		{25 % 	-	-
Tram		25 % 	-	-
Inland Waterways		25 % 	0 % 	0 % 
sched.		25 % 	0 % 	0 % 
non-s.		25 % 	0 % 	0 % 
Maritime Shipping		25 % 	0 % 	0 % 
sched.		25 % 	0 % 	0 % 
non-s.		25 % 	0 % 	0 % 
Air		25 % 	0 % 	0 % 
sched.		25 % 	0 % 	0 % 
non-s.		25 % 	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal background</i>			
	Most passenger transport services are standard-rated in Croatia (25 %), except for the international passenger transport by ship or aircraft, which is exempt with credit based on Art. 390c VAT Directive. The details are:			
		Standard Rate (25 %) Normal Scope		
	All other passenger transport services not covered by the exemptions below are subject to the standard rate of 25 %. This applies to domestic passenger transport services by any mode and to international transport by road and rail. ⁵⁹			
		Exempt with credit (0 %) Derogation	Art. 43 (2) and 58 (6) of the VAT Act  Art. 390c and Annex X, Part B, Item 10 of the VAT Directive 	
The international transport of passengers, except for road and rail transport, is exempt from				

⁵⁷ 0 % denotes an exemption with credit here.



⁵⁸ Currently there is no HSR line and no metro system in Croatia.

⁵⁹ With comments/additions by the Croatian VAT Authorities.

	VAT according to Art. 43 (2) of the VAT Act (based on Art. 390c of the VAT Directive ⁶⁰). Input VAT deduction is however possible (Art. 58 (6) of the VAT Act). Art. 76 of the VAT Ordinance specifies, that this exemption includes the carriage of passengers by air or sea transport, where the place of departure or the place of arrival as listed on the ticket is outside Croatia.
	<p> Exempt (no credit) Art. 39 (1) (p) of the VAT Act </p> <p>Normal Scope Art. 132 (1) (p) of the VAT Directive </p>
	The supply of transport services for ill or injured persons by authorized persons in vehicles specially designed or equipped for that purpose is exempt according to Art. 39 (1) (p) of the VAT Act and Art. 54 of the VAT Ordinance.
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	None.
Supplementary information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	According to Art. 76 of the VAT Ordinance the exemption for international air and sea passenger transport covers the carriage of passengers by air or sea, where the place of departure or the place of arrival as listed on the ticket is outside Croatia.
	<i>Two-sector trips</i>
	If the transport is conducted by plane or boat then the domestic connection is considered as a part of the international transport service (if there is no embarkation or disembarkation). If, on the other hand the transport is conducted by bus or a train then the domestic connection is considered a separate transport service. ⁵⁶
	<i>International waters/airspace</i>
	Journeys starting and ending within Croatia, but passing through international waters or airspace are considered domestic. The distance through international waters/airspace is also taxed. ⁵⁶
<i>Ancillary services subject to the same tax rates</i>	<u>Accompanying luggage:</u> ...is subject to the same tax rate as passenger transport service.
	<u>Accompanying vehicles:</u> ...are deemed to be a transport of goods. Rules regarding the transport of accompanying vehicles are laid down in Art. 20 of the VAT Act. ⁵⁶

⁶⁰ Art. 390c of the VAT Directive: “Croatia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions: [...] (b) the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Union before the accession of Croatia.”

Input VAT

Input VAT in the Passenger Transport Sector				
Exemptions based on Art. 148 of the VAT Directive	<p style="text-align: right;"><i>Art. 47 of the VAT Act</i> </p> <p style="text-align: right;"><i>Art. 148 of the VAT Directive</i> </p>			
	<i>Exemption with credit (0 %)</i>			
	<i>Qualifying vessels</i>			
	The Croatian VAT Act basically uses the definition of Art. 148 a) of the VAT Directive, except that vessels used for inshore fishing are not explicitly mentioned in Croatia (Art. 47 of the VAT Act).			
	<i>Airlines operating chiefly on international routes</i>			
	<p>A definition of airlines operating for reward chiefly on international routes is given in the VAT Ordinance.</p> <p>It is considered that airline companies are engaged in transportation of goods and passengers chiefly on international routes, if more than 50% of their total annual transport is relating to international transport or if they are recognized as such by international air services agreements.⁵⁶</p>			
VAT on fuel	<i>Supplies of goods and services covered</i>			
	The Croatian version of Art. 148 VAT Directive is Art. 47 of the Croatian VAT Act. The English version is very similar to the wording of the VAT Directive, with the exception that inshore fishing seems to be out of scope.			
	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced excise duties</i>
	Petrol	25 %	yes	-
	Gas oil (diesel)	25 %	yes	-
	Kerosene	25 %	yes	-
Liquefied Petroleum Gas (LPG)	25 %	yes	generally reduced rate for propellant use	
Electricity	25 %	yes	-	
VAT on means of transport	<p>Art. 61 VAT Act generally forbids the deduction of input VAT incurred on the supply of means of passenger transportation⁶¹ (pleasure boats, aircraft, passenger cars, etc.) and accessories as well as services in relation thereto. Art. 136 (3) VAT Ordinance mentions e.g. fuel, oil, ongoing maintenance and the like. However, this does not apply to:⁶²</p> <ul style="list-style-type: none"> vessels or aircraft used for the economic activity of passenger or goods transport, for renting or for resale, and to passenger cars and other means of transport used for resale, hire, commercial passenger or goods transport, drivers training and certain other activities. 			
Special rules	-			

Administrative Obligations

<i>Registration</i>	Every person is obliged to register for VAT by submitting the respective form, if the value of his supplies exceeds HRK 230,000. A taxable person performing transactions within the
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⁶¹ For a more precise definition see Art. 136 (3) VAT Ordinance.

⁶² Art. 61 (2) VAT Act and Art. 136 (5) VAT Ordinance.

	EU shall be obliged to request from the Tax Administration the allocation of VAT identification number by way of submitting a stipulated form. Details can be found in Art. 77 of the VAT Act. ⁵⁹
<i>Tax point</i>	According to the general rule VAT becomes chargeable when the goods or services have been supplied. In case of advance payments VAT becomes due when the payment is received. If an invoice must be issued, VAT is chargeable at the date the invoice is issued or upon the expiry of the time limit for issuing the invoice (i.e. the 15 th day of the month following the month of the taxable supply) in case of an intra-community supplies and acquisitions. ⁵⁹
<i>VAT returns</i>	<p>The tax period is the calendar year, however, the accounting period, for which VAT returns must be submitted, is usually monthly (Art. 84 of the VAT Act).</p> <p>Enterprises with supplies (including VAT) of less than HRK 800,000 (EUR 104,000) in the previous year (HRK 300,000 before 1 January 2013) may submit quarterly returns (opting for monthly returns is possible). This does not apply to:</p> <ul style="list-style-type: none"> • taxable persons performing transactions in the EU (Art. 73 (4) VAT Ordinance) and • taxable persons not established in Croatia, with no fixed establishment, permanent address or habitual residence. <p>Foreign providers are therefore usually required to submit monthly returns.</p> <p>VAT returns are due by the 20th day of the month following the accounting period. The final calculation for the complete calendar year is due by the end of February (Art. 173 (3) and (6) VAT Ordinance).</p> <p>Entrepreneurs liable to pay corporate income tax must calculate VAT on the basis of issued / received invoices, entrepreneurs who are liable to pay income tax on the basis of considerations received / input tax paid in the accounting period.</p>
	<i>Nil returns</i>
	It is obligatory to submit VAT returns for periods, in which no taxable transactions occurred with the exception for foreign carriers providing international occasional passenger transport services. ⁵⁶
<i>VAT payable</i>	<p>Different from the VAT returns payment is due by the last day of the month following the calculation period (month or quarter) (Art. 76 VAT Act).</p> <p>Any difference in the annual return must be paid together with the submission of the annual report by the end of February.</p>
<i>VAT deductible</i>	Input VAT can be deducted as soon as goods/services have been supplied and a qualified invoice has been received (Art. 133 VAT Ordinance).
<i>VAT refunds</i>	In case of excess input VAT the taxable person can choose to either carry the excess amount forward to the following accounting period or to have a refund. In case of a refund the amount shall be refunded within 30 days from the submission of the VAT return or if applicable within 90 days from the start of the auditing procedure (Art. 66 VAT Act).
<i>Invoicing requirements</i>	The required content of invoices is stipulated in the Art. 79 VAT Act. Simplified rules are in place for invoices with an amount of no more than HRK 700 (~EUR 90) (Art. 78 (7) VAT Act), but not in case for the supplies of goods or services to another Member State where the VAT is due and where his fixed establishment does not intervene in the supply in the meaning of Article 192a of the VAT Directive and the person liable to pay VAT is the receiver of goods or services (Art. 79 (13) VAT Act).

	<p>No separate invoice is necessary when selling tickets in public transport (Croatian Tax Administration (2012, p. 50)).</p> <p>The amounts which appear on invoices shall be expressed in HRK and may be additionally expressed in any other currency, provided that the amount of VAT payable or to be adjusted is expressed in HRK, using the conversion rate referred to in Art. 36, par. 2 VAT Act.⁵⁹</p>
<i>Special regimes</i>	<i>Small businesses</i>
	<p>Taxable persons established in Croatia, who supplied goods and services (taxable plus certain exempt supplies, but not taking into account capital assets) of less than HRK 230,000 (EUR 30,000) in the preceding year, are exempt from VAT (no output VAT, no input VAT deduction).⁶³ Opting out in favour of the normal regime is possible (Art. 90 VAT Act).</p>
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<p><u>VAT Registration⁶⁴:</u></p> <p>Before supplying taxable supplies, foreign taxable persons have to register for VAT purposes with the Tax Administration, Regional Office Zagreb.</p> <p>The necessary forms are the application for registration for VAT (P-PDV) and the application for the assignment of a personal identification number (OIB). Taxable persons from third countries need to enclose the application for issuance of a decision on tax representation.</p> <p>Required documents include:</p> <ul style="list-style-type: none"> • A document proving a person's registration (e.g. Act of the Establishment or excerpt from court register); • Proof for registration as a taxable person in the home country; • Statement of intention to perform business activities in Croatia; • Verified power of attorney for tax representative (if applicable). <p>A VAT ID number is usually assigned within 8 days, from that moment tax returns have to be submitted.</p> <p><u>Exceptions:</u></p> <p>No registration is necessary, if only exempt supplies (with no right to deduct input tax) or reverse charge supplies are provided (Art. 4 (3) VAT Ordinance).</p>
	<i>Registration for exempt international passenger transport services</i>
	<p>Foreign providers of exclusively exempt international passenger transport services have to register for VAT purposes.⁵⁶</p>
<i>Tax representative</i>	<p><u>Taxable persons from EU Member States:</u></p> <p>A tax representative is optional.</p> <p><u>Taxable persons from third countries not established in Croatia or the EU:</u></p> <p>A tax representative is required, unless from a country with which Croatia has a mutual assistance agreement (Art. 126 VAT Act).</p>

⁶³ This does not apply to intra-community acquisitions of new means of transport and reverse charge VAT.

⁶⁴ More information can be found in Art. 154 VATO and in the information leaflets for foreign taxable persons available on <http://www.porezna-uprava.hr/en/Pages/Vat-for-foreign-persons.aspx>.

<i>Reverse charge</i>	According to Art. 75, Par. 1 (6) and (7) and Art. 75, Par. 2 of the VAT Act the reverse charge procedure is applied to services subject to the general place of supply rules, not including passenger transport of natural persons. ⁵⁹
<i>Languages</i>	The application for the assignment of an OIB number is available in Croatian, English and German. Other forms are usually available in Croatian, sometimes with some documentation in other languages. Directives to providers of bus transport not seated in the Republic of Croatia are translated into English, German, Italian and French. ⁶⁵ Documents in foreign languages have to be submitted together with a certified translation. Tax procedures must be conducted in Croatian. ⁵⁹
<i>Special rules</i>	The VAT Ordinance provides a derogation regarding foreign transporters who conduct international occasional road transport of passengers in the Republic of Croatia. Those transporters are obliged to submit VAT returns only for those months in which they have conducted that kind of transport. ⁵⁶

Business Travel

<i>VAT deductible</i>	There are no restrictions with respect to the deduction of input VAT on business travel (e.g. travel tickets) (Art. 61 of the VAT Act).
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2. Other Passenger Taxes

According to the Croatian VAT Authorities, there are no additional taxes aside from VAT (with the exception of some extra fees and similar).⁵⁶

Some sources⁶⁶ list a civil aviation tax in Croatia (CCAA passenger tax and CCAA goods tax), which is included in the ticket price and payable per departing passenger or per freight ton in civil air traffic⁶⁷. The current amounts are⁶⁸:

- EUR 1.37 per departing passenger in international traffic,
- EUR 0.68 per departing passenger in domestic traffic and per transfer passenger,
- EUR 0.02 per kilo of goods/cargo carried in scheduled and non-scheduled air transport in departure.

However, as this tax is primarily aimed at financing the Croatian Civil Aviation Agency, it also has the character of an infrastructure fee. Therefore it is not dealt with in more detail.

3. Sources:

Publications

Croatian VAT Act (*Zakon o porezu na dodanu vrijednost*, Official Gazette of RC Narodne novine No. 73/13, 99/13 – Rješenje USRH, 148/13, 153/13 – Rješenje USRH), as amended, available on http://www.porezna-uprava.hr/en_propisi/_layouts/in2.vuk.sp.propisi.intranet/propisi.aspx?id=pro113.

⁶⁵ More information are available on <http://www.porezna-uprava.hr/en/Pages/Vat-for-foreign-persons.aspx>.

⁶⁶ E.g. http://www.ebaa.org/documents/document/20140116101401-aviation_taxes_in_europe_-_a_snapshot_jan_2014.pdf.

⁶⁷ http://www.ccaa.hr/english/naredba-o-utvrdivanju-visine-agencijske-naknade--takse_46/.

⁶⁸ http://narodne-novine.nn.hr/clanci/sluzbeni/2010_04_40_1026.html.

Croatian Regulations on Value Added Tax (*Pravilnik o porezu na dodanu vrijednost*, NN 79/13, 85/13-ispravak, 160/13, 35/14), available on http://www.porezna-uprava.hr/hr_propisi/_layouts/in2.vuk.sp.propisi.intranet/propisi.aspx#id=pro1472.

KPMG: Croatia: VAT Essentials, available on <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/croatia.aspx>.

Croatian Tax Administration (Republic of Croatia, Ministry of Finance, Tax Administration): The Croatian Tax System, Zagreb, April 2012, available on http://www.porezna-uprava.hr/en/EN_publicacije/Documents/HPS_2012_ENG.pdf.

Websites

Website of the Croatian Ministry of Finance, Tax Administration, <http://www.porezna-uprava.hr>.



Cyprus

1. Value Added Tax (Φόρος Προστιθέμενης Αξίας)

VAT Overview

Basic VAT Information					
Name	Foros Prostithemenis Axias (Φόρος Προστιθέμενης Αξίας)				
Legal basis	VAT Act (ΝΟΜΟΣ ΠΟΥ ΠΡΟΒΛΕΠΕΙ ΓΙΑ ΤΗΝ ΕΠΙΒΟΛΗ ΚΑΙ ΕΙΣΠΡΑΞΗ ΤΟΥ ΦΟΡΟΥ ΠΡΟΣΤΙΘΕΜΕΝΗΣ ΑΞΙΑΣ, Law N. 95(I)/2000)				
Additional documents	Several amendments to the VAT Act VAT Regulations and Orders ⁶⁹ Explanatory documents issued by the tax authorities ⁷⁰				
Territorial application	The territory of Cyprus comprises Cyprus and the islands lying off its coast. Excluded are the British bases Acroteri and Dhekelia, which are under the sovereignty of the United Kingdom. The territories of the Republic not under the effective control of the Government (Northern Cyprus) have its own VAT system. ⁷¹				
VAT rates	Standard	Reduced	Super-reduced	Parking	Zero
	19 % ⁷²	9 % ⁷³ , 5 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
Definition of „passenger transport“	There is no legal definition of the term “ <i>passenger transport service</i> ” with respect to the national VAT regulations.
	Passenger transport services are supplied when a vehicle (taxi, bus) is provided together with a driver for the carriage of passengers. Where a vehicle is supplied without a driver, this is not a supply of passenger transport services, but leasing of a mean of transport. ⁷⁴
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There seem to be no special rules. Annex 13, Part 1, Item 2 of the VAT Act states that pleasure cruises and cruises for educational purposes are considered passenger transport with respect to the place of supply rules.

⁶⁹ Available in Greek on <http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/AF9436A63D19337AC225723C002FECDE>.





























⁷⁰ Available in Greek on <http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/2A4DC55B6A78BE62C225723C002A89EB>.

⁷¹ With comments/additions by the Cypriot VAT Authorities.

⁷² 18 % until 12 January 2014, by N.167(I)/2012 ([http://www.mof.gov.cy/mof/vat/vat.nsf/All/FF4C552D486B6246C2257AD000423CA0/\\$file/Τροποποιητικός_\(Αρ. 5\) Νόμος του 2012.pdf](http://www.mof.gov.cy/mof/vat/vat.nsf/All/FF4C552D486B6246C2257AD000423CA0/$file/Τροποποιητικός_(Αρ. 5) Νόμος του 2012.pdf)).

⁷³ 8 % until 12 January 2014.

⁷⁴ Reply to our questionnaire by the Cypriot VAT Authorities.

<i>Place of supply</i>	<i>Annex 13, Part 1, Item 2 of the VAT Act</i> 			
	<i>Art 48 of the VAT Directive</i> 			
	<p>Passenger transport services including the transport of accompanying motor vehicles and luggage are deemed to be supplied in the country, where the transport takes place. If more than one country is involved, the allocation is based on the distances covered.</p> <p>Pleasure cruises and cruises for educational purposes are considered passenger transport with respect to the place of supply rules. The same rules also apply to goods and services supplied as part of the pleasure cruise.</p>			
	<i>Exceptions</i>			
	<p>Transport services, which partly take place outside of a country, are deemed to take place completely within the country, if two conditions are fulfilled:</p> <ul style="list-style-type: none"> • they take place between two point within the country (which can be as a part of a longer journey to/from other countries) and • the means of transport used does not stop, put in or land in another country between these two points (except in case of an emergency). 			
<i>Rates and special schemes</i>				
<i>Rates applicable</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	5 %  / 9 %  / 19 %  / special scheme ⁷⁵	0 % 	0 % 
	Taxi	9 %  / special scheme for urban taxis 	0 % 	0 % 
	Bus (sched)	5 %  / 9 % 	0 % 	0 % 
	Bus (non-s)	9 % 	0 % 	0 % 
	Rail⁷⁶	n.a.	n.a.	n.a.
	Train	n.a.	n.a.	n.a.
	HSR	n.a.	n.a.	n.a.
	Metro	n.a.	n.a.	n.a.
	Tram	n.a.	n.a.	n.a.
	Inland Waterways	19 % 	0 % 	0 % 
	sched	19 % 	0 % 	0 % 
	non-s.	19 % 	0 % 	0 % 

⁷⁵ 5 %: urban and rural bus services



























9 %: taxi services (except for urban taxis subject to the special scheme), tour buses and intercity buses

19 %: other road passenger transport services

Special scheme (optional): urban taxis

According to the Cypriot VAT Authorities the VAT laws contain no definitions for the terms “urban, rural, tour and intercity buses” and “intercity and rural taxis”. The definitions of “intercity” and “rural” taxis are governed by the relevant Road, Transport Legislation. For the definition of “urban taxis” see the relevant special scheme below.

⁷⁶ There is currently no rail system in Cyprus. As the VAT legislation does not contain a particular provision for rail services, in theory the standard rate would be applicable.







	Maritime Shipping	9 % 	0 % 	0 % 
	sched	9 % 	0 % 	0 % 
	non-s.	9 % 	0 % 	0 % 
	Air	19 % 	0 % 	0 % 
	sched	19 % 	0 % 	0 % 
	non-s.	19 % 	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal Background</i>			
	Cyprus applies four different rates to passenger transport services: 0 % (exempt with credit): intra-community and international passenger transport services, irrespective of the means of transport used 5 %: domestic urban and rural bus services 9 %: domestic suburban and rural taxi services, domestic services by tour buses and suburban buses, and domestic sea passenger transport 19 %: the remaining passenger transport services, i.e. especially domestic air passenger transport and transport by inland waterways, both of which seem to be of subordinate importance, as well as certain road transport services With respect to taxation of passenger transport services the Cypriot VAT legislation stipulates the following rules:			
		Standard Rate (19 %) Normal Scope		
	The standard rate of 19 % is applied to all passenger transport services not covered by any of the provisions below.			
		Reduced Rate (5 %) Normal Scope	<i>Annex 5, Table B, Par.4 of the VAT Act as amended by par. 2 of the Law N. 131(I) /2005 & par. 62(δ) of the Law 95(I) /2004⁷⁷</i>  <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> 	
	A rate of 5 % is applied to the transport of passengers and their accompanying luggage with urban and rural buses ⁷⁸ where each passenger pays individually.			
		Reduced Rate (9 %) Normal Scope	<i>Annex 12 of the VAT Act, inserted by law N.100(I)/2005⁷⁹</i>  <i>Annex 12 of the VAT Act, Par. (4), as amended by law N.148(I)/2005⁸⁰</i>  <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> 	
	A rate of 9 % (8 % until 12 January 2014) is in place for the transport of passengers and			

⁷⁷ [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/48FED6379646CDE5C225723C002FECF5/\\$file/23.01.240.2004%2520-252095\(I\)2004.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/48FED6379646CDE5C225723C002FECF5/$file/23.01.240.2004%2520-252095(I)2004.pdf), Par. 62 (δ).

⁷⁸ <http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/7431BBF01BB1ABA5C2257289003C8B35?OpenDocument>

⁷⁹ [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/CEE7330D06637554C225723C002FED37/\\$file/N.100\(I\)2005.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/CEE7330D06637554C225723C002FED37/$file/N.100(I)2005.pdf), Par. 5.

⁸⁰ [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/A51102C7DAB53EC0C225723C002FED35/\\$file/N.148\(I\)2005.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/A51102C7DAB53EC0C225723C002FED35/$file/N.148(I)2005.pdf), Par. 3.

	<p>their accompanying luggage within Cyprus with urban, intercity and rural taxis (as governed by the relevant road transport regulations) as well as with tour buses and suburban buses⁸¹ (Annex 12 of the VAT Act, inserted by law N.100(I)/2005⁸²). The same rate is also applied to the transport of passengers and their accompanying luggage within Cyprus by sea⁸³ since 1 January 2006.</p>
	<p>Zero-Rate/Exempt with credit (0 %) Derogation</p> <p><i>Annex 13, Part I, Item 2 of the VAT Act</i>  <i>Art. 383 (b) and Annex X, Part B, Item 10 of the VAT Directive</i>⁸⁴ </p>
	<p>According to the Cypriot VAT Authorities, international passenger transport is zero-rated/exempt based on Annex 13, Part I, Item 2 of the VAT Act. Previously this was governed by Par. 5 (ε) of the Sixth Schedule of the VAT Act, which stated that the carriage of passengers from the interior of Cyprus to abroad or the other way around, to the extent provided in Cyprus, was subject to the zero rate. This norm has been abolished following law from 1/1/2011 by Par. 6 of the Law N.37(I)/2011.⁸⁵ According to interpretative circular 129⁸⁶ the carriage of accompanying luggage is not considered a separate service and therefore subject to the same tax rate as the primary transport service.⁷¹</p>
	<p>Exempt (no credit) Normal Scope</p> <p><i>Annex 7, Part A, Item 16 of the VAT Act</i>  <i>Art. 132 (1) (p) of the VAT Directive</i> </p>
	<p>The transport of sick or injured people with ambulance vehicles is exempt.</p>
Special schemes	<p><i>Special scheme for urban taxis</i></p> <p><i>Art. 42A of the VAT Act</i>⁸⁷ and VAT (Special Scheme for Urban Taxis) Regulations (P.I. 357/2005)⁸⁸  <i>Art. 281 of the VAT Directive</i> </p>
	<p>On 1 August 2005 Cyprus introduced a special scheme for city taxis⁸⁹, which can be applied by owners of up to two urban taxi licenses and which exclusively engage in the transport of passengers and their accompanying luggage. It cannot be applied to taxis used in intercity transport or in rural areas. Businesses under this scheme can charge VAT on their services⁹⁰, but are released from most VAT related obligations (e.g. submission of VAT returns and bookkeeping) and cannot deduct any input VAT. Instead VAT is set as a fixed amount of EUR 512.58 per license, which has to be paid in two equal instalments (10 July and 10 January of the following year at the latest) and can be changed by the VAT Commissioner.</p> <p>Registration must be effected within 30 days from the start of the business activities.</p> <p>Businesses holding more than two licenses and businesses carrying out also other taxable</p>

⁸¹ <http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/7431BBF01BB1ABA5C2257289003C8B35?OpenDocument>

⁸² [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/CEE7330D06637554C225723C002FED37/\\$file/N.100\(I\)2005.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/CEE7330D06637554C225723C002FED37/$file/N.100(I)2005.pdf), Par. 5.

⁸³ [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/BFDBDF5D36BFAE41C225723C002AA220/\\$file/EE106.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/BFDBDF5D36BFAE41C225723C002AA220/$file/EE106.pdf).

⁸⁴ Art. 383 (b) of the VAT Directive: “Cyprus may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions: [...] (b) the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.”

⁸⁵ [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/10263986EDD6A0F2C22578A8002DC384/\\$file/N37\(I\)2010.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/10263986EDD6A0F2C22578A8002DC384/$file/N37(I)2010.pdf).

⁸⁶ [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/4365D905AFB7BC21C225750800407764/\\$file/EPM129.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/4365D905AFB7BC21C225750800407764/$file/EPM129.pdf).

⁸⁷ <http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/CEE7330D06637554C225723C002FED37/%24file/N.100%28I%292005.pdf>.

⁸⁸ [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/EE3AA923BBAAB9C2C22575C30022EF0A/\\$file/357.2005.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/EE3AA923BBAAB9C2C22575C30022EF0A/$file/357.2005.pdf).



⁸⁹ The VAT Act defines “urban taxis” as motor vehicles for public transport, which are licensed as urban taxis according to the provisions of the relevant Regulation of Road Transport Law.

⁹⁰ Currently 9 %.

	<p>activities cannot register under this special regime but must apply the normal VAT rules. Businesses falling under the special scheme by default can opt to register under the normal rules. But if a business switches from the normal regime to the special scheme for urban taxis, an adjustment for input VAT deducted on fixed assets might be necessary.</p> <p>Detailed information can be found in the information brochure on the special scheme for urban taxis⁹¹.</p>
<i>Supplementary Information</i>	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	<p>According to Annex 13, Part 1, Item 2 of the VAT Act transport services, which partly take place outside of a country, are deemed to take place completely within the country, if two conditions are fulfilled</p> <ul style="list-style-type: none"> • they take place between two point within the country (which can be as a part of a longer journey to/from other countries) and • the means of transport used does not stop, put in or land in another country between these two points (except in case of an emergency). <p>Such services as well as passenger transport services taking place completely in Cyprus are treated as domestic.⁷¹</p>
	<i>Two-sector trips</i>
	<p>According to the Cypriot VAT Authorities two-sector trips are treated as a single international transport service, since currently there is no domestic connection - at least in the case of air transport. However the practical importance is probably limited.⁷⁴</p>
	<i>International waters/airspace</i>
	<p>According to Annex 13, Part 1, Item 2 of the VAT Act transport services, which partly take place outside of a country, are deemed to take place completely within the country, if they take place between two points within the country and the means of transport used does not stop, put in or land in another country between these two points (except in case of an emergency). Journeys starting and ending within Cyprus, but passing through international waters or airspace, are therefore considered domestic with respect to VAT.</p> <p>However services consisting of transportation of passengers are treated as supplied in the country where the transportation takes place to the extent that it takes place in that country. International transport is outside the scope of the VAT.⁷⁴</p>
<i>Ancillary services subject to the same tax rates</i>	<p>According to interpretative circular 140 the transport of accompanying luggage is not considered as a separate service and therefore subject to the same rate as the underlying passenger transport service.</p> <p>The transport of accompanying vehicles is treated in the same place as the passenger transport and also subject to the same rate as the passenger transport service based on Annex 13, Part I, Item 2(1) of the VAT Act.</p>

⁹¹ [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/C8A994ECB891E169C225723C002AA218/\\$file/EIΔΙΚΟ_ΚΑΘΕΣΤΩΣ_ΑΣΤΙΚΩΝ_ΤΑΞΙ.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/C8A994ECB891E169C225723C002AA218/$file/EIΔΙΚΟ_ΚΑΘΕΣΤΩΣ_ΑΣΤΙΚΩΝ_ΤΑΞΙ.pdf)

Input VAT

Input VAT in the Passenger Transport Sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<p><i>Zero-rate (0 %)</i></p> <p style="text-align: right;"><i>Annex 6, Par. 3-5 and Art. 25 (6) (β) of the VAT Act</i> </p> <p style="text-align: right;"><i>Art 148 of the VAT Directive</i> </p>
	<i>Qualifying vessels</i>
	<p>Qualifying vessels are:</p> <ul style="list-style-type: none"> • ships used for navigation on the high seas⁹² and carrying of passengers for reward or used for the purpose of commercial, industrial or fishing activities; and • lifeboats and other ships maritime assistance and inshore fishing vessels. <p>Cruise ships can be zero-rated, if they are suitable for the use of providing commercial cruise or passenger transport services and unsuitable for private use.</p> <p>Pleasure boats can be zero-rated provided they are supplied for use in business activities.</p> <p>Additional information is given in interpretative circular 144.⁷¹</p>
	<i>Airlines operating chiefly on international routes</i>
	<p>The VAT legislation contains no definition of airlines operating chiefly on international routes.⁷⁴</p>
	<i>Supplies of goods and services covered</i>
	<p>The relevant provisions can be found in Annex 6, Par. 3-5 and Article 25 (6) (β) of the VAT Act, additional information is given in several Circulars (18A, 68, 84, 84A, 95, 120, 130, 144).</p> <p>The supplies of the following goods and services are zero-rated:</p> <ul style="list-style-type: none"> • the supply, modification, repair, maintenance, chartering and hiring of qualifying vessels and aircraft⁹³; • the supply, hiring, repair and maintenance of equipment (for the operation, navigation and safety) - including fishing equipment - which is incorporated in qualifying vessels or aircraft or used to exploit them; • the delivery of goods for the use as supplies on sea routes or airline flights with a final destination place outside Cyprus or goods for retail sale to persons carried on the route or flight by sea or air to a destination outside the EU⁹⁴; • services for the immediate needs of qualifying vessels or aircraft (e.g. arrangements for the supervision of maintenance, inspection and repair, recruitment and crew allocation, arrangements for loading and unloading, arrangements for the supply of food supplies to ships, arrangements for the supply of fuel and lubricants)⁹⁵; • services with respect to the cargoes of qualifying vessels or aircraft (e.g. storage, loading and unloading); • pilotage, salvage and towing services; and • certain assessment and inspection services for qualifying ships/aircraft; • the services of brokers and intermediaries, acting in the name and on behalf of another person, with respect to the above-mentioned supplies (Sched. 6 Para. 9 of the VAT

⁹² Until 2010 this was bound to a minimum weight of 15 tonnes (repealed by Law N.97 (I)/2010).

⁹³ Until 21 October 2010 only aircraft with a minimum weight of at least 8 tons were covered.

⁹⁴ Details are laid down in the Circulars 84 and 84A.

⁹⁵ Details and examples can be found in Circular 68.

	Act).			
	Type	VAT Rate	Deductibility	Reduced excise duties
VAT on fuel	Petrol	19 %	yes	-
	Gas oil (diesel)	19 %	yes	-
	Kerosene	19 %	yes	-
	Liquefied Petroleum Gas (LPG)	19 % / 5 % ⁹⁶	yes	-
	Electricity	19 %	yes	- ⁹⁷
VAT on means of transport	<p><u>Motor cars:</u></p> <p>Input tax incurred on the supply, leasing, letting or import of a motor car is usually not deductible, that restriction however does not apply to (among others) cars used as taxis or rental cars. A (motor) car is further described as an ordinary passenger car, not including e.g. buses with 10 or more seats, vans, ambulance vehicles, vehicles heavier than three tonnes and special purpose vehicles.⁹⁸</p> <p>Input VAT on means of transport used for commercial passenger transport and related operations as well as associated repair and maintenance costs will therefore usually be deductible.</p>			
Special rules	-			

Administrative Obligations

Registration	<p>The obligation to register arises⁹⁹:</p> <ul style="list-style-type: none"> at the end of the month, in which the turnover (excluding the sale of capital assets and goodwill) has exceeded the threshold of EUR 15,600 within the period of one year, or immediately, if the threshold is likely to be exceeded within the next 30 days. <p>In both cases the application for registration must be submitted within 30 days.</p>
Tax point	<p>The tax point with respect to the supply of services is deemed to be:</p> <ul style="list-style-type: none"> when they are performed (general rule), when payment is received (if earlier), or when the VAT invoice is issued (if before or within 14 days after the supply and payment is not received before).
VAT returns	<p>Returns are due generally by the 10th day of the second month following the taxable period, which is by default 3 months. Monthly returns are admissible in certain cases (e.g. for exporters).</p> <p>For practical purposes the taxable persons are divided into three groups with respect to the start and end of their tax periods: The first taxable period is either January to March, February to April or March to May. Which one applies is indicated on the certificate of registration.¹⁰⁰</p>

⁹⁶ 5 % only if supplied in cylinders (derogation based on Art. Annex 5, Par. 8 of the VAT Act and Art. 104a of the VAT Directive).

⁹⁷ No excise duty, but other electricity tax.

⁹⁸ IBFD (2012), p. 71 and [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/62CAA8CC6F0DFBD3C225723C002A8DE1/\\$file/Γενικός_Οδηγός_N95I-2000.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/62CAA8CC6F0DFBD3C225723C002A8DE1/$file/Γενικός_Οδηγός_N95I-2000.pdf), p.33f.

⁹⁹ <http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/9B3DB20ABD258029C2257289003A26B4>.

¹⁰⁰ [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/62CAA8CC6F0DFBD3C225723C002A8DE1/\\$file/Γενικός_Οδηγός_N95I-2000.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/62CAA8CC6F0DFBD3C225723C002A8DE1/$file/Γενικός_Οδηγός_N95I-2000.pdf), p. 81f.

	No annual summary return is required.
	<i>Nil returns</i>
	Returns must also be filed for periods, in which no taxable supplies were effected.
<i>VAT payable</i>	See returns (40 days after the end of the accounting period). No payment is required if VAT due is less than EUR 1.71.
<i>VAT deductible</i>	Input VAT cannot be deducted, before the supplier's tax point occurs, which is usually when the invoice is issued. A deduction in later periods is possible, depending on the circumstances either in the normal return or as a correction to the previous return, but not later than three years after the tax point of the supplier. ¹⁰¹ Input VAT cannot be deducted before a VAT invoice or equivalent document is received.
<i>VAT refunds</i>	In general excess input VAT can be either refunded or carried forward. According to Art. 20(4) of the VAT Act and Order 20/2008 taxable persons can apply for a refund in certain cases (e.g. the excess has been carried forward for more than two years from 1 January 2014, one year from 1 January 2015 and eight months from 1 January 2016, or is attributable to the acquisition of capital goods, zero-rated supplies or supplies made outside of Cyprus), otherwise the excess amount must be carried forward to the subsequent tax periods. According to Art. 20 as amended by Law 135(I)/2012 from 20 February 2013 refunds are dealt with within four months from application. If the taxable person has suffered delay in receiving payment of an amount due by VAT Authorities following the expiry of this four months period, VAT Authorities must pay interest to the taxable person. In cases where controls take place, the period of four months is extended to eight months. ⁷⁴
<i>Invoicing</i>	<u><i>VAT invoices:</i></u> In general VAT invoices must be issued for taxable supplies (standard rate, reduced and zero rated transactions) by registered persons to other taxable persons. For supplies to non-taxable persons legal receipts must be issued instead. Additional information is given in interpretative circular 161. VAT invoices do not have to be issued for exempt transactions. The time limit for the issuance of a VAT invoice is 30 days. Invoices in foreign currencies are admissible as long as VAT due is shown in EUR. ^{71 102}
<i>Special regimes</i>	<i>Small businesses</i> Small businesses with a turnover of not more than EUR 15,600 within one year are exempted from VAT related obligations, unless they register voluntarily. The VAT threshold is not applied to urban taxis under the special regime. If the turnover has exceeded the threshold, the taxable person becomes liable to register for VAT by the end of that month (or immediately if the threshold is likely to be exceeded in the next 30 days).
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	There are no special rules regarding the liability of foreign businesses to register.

¹⁰¹ IBFD (2012), p. 73 and [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/C4975F81EF32F150C22572D7003D4E69/\\$file/EPM_EΓΚ_Διεκδίκηση_φόρου_εισροών.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/C4975F81EF32F150C22572D7003D4E69/$file/EPM_EΓΚ_Διεκδίκηση_φόρου_εισροών.pdf).

¹⁰² <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/cyprus.aspx#7>.

	<i>Registration for zero-rated international passenger transport services</i>
	For taxable persons only making zero-rated supplies (e.g. providers of exclusively zero-rated international passenger transport services) there is no obligation to register for VAT. ⁷⁴
<i>Tax representative</i>	The VAT Commissioner can propose the appointment of a tax representative, which is jointly liable for the fulfilment of VAT related obligations, in certain situations (no business address or permanent residence in Cyprus; established in a third country, which has no mutual assistance arrangement with Cyprus). ¹⁰³ Taxable persons established in Member States may appoint a representative voluntarily.
<i>Reverse charge</i>	Reverse charge is applied to certain services falling under the general place of supply rules, therefore passenger transport services are not covered ¹⁰⁴ .
<i>Languages</i>	Some basic information on VAT is available in English and Turkish, but legal documents ¹⁰⁵ , brochures aso. are provided only in Greek. VAT related procedures can be conducted only in Greek, the same holds for forms ¹⁰⁶ (registration, deregistration, VAT returns etc.), which are also provided and accepted in Greek only. However supporting documents (e.g. documents required for registration) are accepted both in Greek and English. For documents written in other languages, an official translation is required. ⁷¹
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	We found no restrictions with respect to the deductibility of input VAT incurred on passenger transport (travel tickets, aso.). ¹⁰⁷
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2. Other Passenger Taxes

There are no passenger taxes, which are administrated by the Tax Department.⁷⁴

3. Sources:

Publications

Cypriot VAT Act (*NOMOS ΠΟΥ ΠΡΟΒΛΕΠΕΙ ΓΙΑ ΤΗΝ ΕΠΙΒΟΛΗ ΚΑΙ ΕΙΣΠΡΑΞΗ ΤΟΥ ΦΟΡΟΥ ΠΙΟΣΤΙΘΕΜΕΝΗΣ ΑΞΙΑΣ*, N. 95(I)/2000), as amended, available on [http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/C65BA685536DC0CBC225723C002FECFB/\\$file/N95\(I\)2000.pdf](http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/C65BA685536DC0CBC225723C002FECFB/$file/N95(I)2000.pdf) (Greek).

¹⁰³ European Commission - TAXUD/c/1 (2010), p. 6ff and <http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/15174C6A076E29B6C22572890041F99C>.

¹⁰⁴ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/cyprus.aspx#6>.

¹⁰⁵ <http://www.mof.gov.cy/mof/VAT/VAT.nsf/All/AF9436A63D19337AC225723C002FECDE> and <http://www.cyprus.gov.cy/portal/portal.nsf/gwp.getGroup?OpenForm&access=0&SectionId=business&CategoryId=Legislations&SelectionId=Laws%20regarding%20Taxation&print=0&lang=en>.

¹⁰⁶ <http://www.cyprus.gov.cy/portal/portal.nsf/gwp.getGroup?OpenForm&access=0&SectionId=business&CategoryId=Businesses&SelectionId=Applications%20%20Forms%20regarding%20registration%20%20cancellation%20of%20VAT&print=0&lang=en>, http://www.mof.gov.cy/mof/VAT/VAT.nsf/DMLforms_gr/DMLforms_gr?OpenDocument.

¹⁰⁷ IBFD (2012), p.71.

IBFD (Yiannis Tsangaris), Value Added Taxation – Cyprus, IBFD, 2012.

European Commission - TAXUD/c/1: *Vademecum on VAT obligations – Cyprus*, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-cyprus_2010_en.pdf

KPMG: Cyprus: VAT Essentials, available on <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/cyprus.aspx>.

Websites

Republic of Cyprus, Ministry of Finance, Department of Customs and Excise, http://www.mof.gov.cy/mof/customs/ced.nsf/DMLindex_en/DMLindex_en?OpenDocument.















Czech Republic

1. Value Added Tax (*Dan z přidané hodnoty*)

VAT Overview

Basic VAT Information					
Name	<i>Dan z přidané hodnoty</i>				
Legal basis	Value Added Tax Act 2004 (Act No 235/2004 on VAT, <i>Zákon c. 235/2004 Sb. o dani z přidané hodnoty ve znění pozdějších předpisů</i>)				
Additional documents					
Territorial application	According to Art. 2 of the VAT Act Czech VAT must be accounted for on taxable supplies effected in the territory of the Czech Republic. ¹⁰⁸				
VAT rates	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	21 %	15 %	-	-	0 %








































Output VAT

Output VAT in the Passenger Transport Sector				
Definition of „passenger transport“	There is no legal definition for the term „passenger transport services“. ¹⁰⁹			
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>			
	A-to-A passenger transport services are not subject to special rules. ¹⁰⁹			
Place of supply	<p style="text-align: right;"><i>Art. 10a of the VAT Act</i> </p> <p style="text-align: right;"><i>Art 48 of the VAT Directive</i> </p>			
	It is the place where the transport takes place, having regard to the distances covered (Art. 10a of the VAT Act).			
	<i>Exceptions</i>			
	There are no derogations from the rule of taxation of passenger transport services as provided for in Article 10a of the VAT Act, neither in case of domestic nor international passenger transport. ¹⁰⁹			
<i>Rates and Special Schemes</i>				
Rates applicable ¹¹⁰		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	21 %  / 15 % 	0 % 	0 % 
	Taxi	21 % 	0 % 	0 % 
	Bus (sched.)	15 % 	0 % 	0 % 

¹⁰⁸ Note by the VAT Authorities: The Article 2 of the VAT Act also includes exempt supplies.





¹⁰⁹ Reply to our questionnaire by the Czech VAT Authorities.

¹¹⁰ 0 % denotes an exemption with credit here.

	Bus (non-s.)	21 % 	0 % 	0 % 	
	Rail	15 %  (21 % ) ¹¹¹	0 % 	0 % 	
	Train	15 % 	0 % 	0 % 	
	HSR ¹¹²	{ 15 %  }	{ 0 %  }	{ 0 %  }	
	Metro	15 % 	-	-	
	Tram	15 % 	-	-	
	Inland Waterways	21 %  / 15 % 	0 % 	0 % 	
	sched.	15 % 	0 % 	0 % 	
	non-s.	21 % 	0 % 	0 % 	
	Maritime Shipping	not applicable	not applicable	not applicable	
	sched.				
	non-s.				
	Air	21 %  / 15 % 	0 % 	0 % 	
	sched.	15 % 	0 % 	0 % 	
	non-s.	21 % 	0 % 	0 % 	
<i>Rates – Legal Background</i>	<i>Legal background</i>				
	Three different rates are applied to passenger transport services in the Czech Republic: <ul style="list-style-type: none"> • international services by any mode of transport are exempt with credit, • the reduced rate (15 %) to scheduled domestic services and transport by funiculars, teleferics and ski lifts, and • the standard rate (21 %) to occasional domestic services. The detailed rules are:				
		Standard Rate (21 %) Normal Scope			
	Passenger transport services not covered by any of the rules below are subject to the standard rate of 21 %. This applies mainly to occasional domestic passenger transport, irrespective of the mode of transport.				
		Reduced Rate (15 %) Normal Scope	<i>Annex II of the VAT Act</i> 	<i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> 	
	Public transport (scheduled mass transport of passengers and their baggage by land, water or air) and passenger transport by funiculars, teleferics and ski lifts is subject to the reduced rate of 15 % (VAT Act, Appendix 2). Scheduled mass transport is thereby defined as the carriage of passengers along specified routes, where they can embark and disembark at predetermined stopping points, or transport according to predefined schedules as approved by the relevant transport laws.				

¹¹¹ Most rail transport will be scheduled and therefore be taxed at the reduced rate.

¹¹² Currently there is no infrastructure for HSR in the Czech Republic, but a HSR network is planned (http://en.wikipedia.org/wiki/High-speed_rail_in_the_Czech_Republic).



	<p>Exempt with credit (0 %) Derogation</p> <p>Art 70 of the VAT Act  Art. 381 and Annex X, Part B, Item 10 of the VAT Directive </p>
	<p>International passenger transport (incl. luggage), which is described as transport between Member States or between Member States and third countries, is exempt with credit according to Art. 70 of the VAT Act, no matter if the transport is provided by a domestic or foreign provider or even by a subcontractor.¹¹³ This is also applied to services directly associated with passenger transport, like booking and ticketing. This exemption is a derogation based on Art. 381 of the VAT Directive.¹¹⁴</p>
	<p>Exempt (no credit) Normal Scope</p> <p>Art 58 of the VAT Act  Art. 132 (1)(p) of the VAT Directive </p> <p>Medical passenger transport services are exempt without credit (Art. 58 of the VAT Act).</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	There are no other VAT exemptions or special rules for providers of passenger transport services. ¹⁰⁹
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	According to Art. 70 of the VAT Act international passenger transport is defined as transport between Member States or between Member States and third countries. In case of passenger transport services starting and ending in the Czech Republic, but leading through foreign territory: - it is considered international if there is a scheduled stopover on the foreign territory, and - it is considered domestic if the journey through the foreign territory is without any scheduled stopover. ¹¹⁵
	<i>Two-sector trips</i>
	In general terms, the domestic connection within the above described two-sector trips is considered to be a part of the international transport service. The criterion used to recognize this is a single ticket. When the single ticket for the whole journey is issued, the domestic part is considered to be part of the international transport, irrespective of whether the connection is direct or indirect (with the need to change the connection in the course of the travel). ¹⁰⁹
	<i>International waters/airspace</i>
	Not applicable.
<i>Ancillary services subject to the</i>	According to Art. 70 and Annex II of the VAT Act the transport of accompanying luggage is subject to the same VAT treatment (exemption/the same tax rate) as the underlying

¹¹³ See also <http://www.financnisprava.cz/cs/dane-a-pojistne/dane/dan-z-pridane-hodnoty/informace-stanoviska-a-sdeleni/preprava-zbozi-a-osob/uplatnovani-dph-u-prepravy-a-sluzeb-2038>.

¹¹⁴ Art. 381 of the VAT Directive: “The Czech Republic may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.”

<i>same tax rates</i>	<p>passenger transport service.</p> <p>Accompanying vehicles (except for small vehicles, e.g. bicycles) are not considered to be luggage, their transportation is not subject to the same VAT rules.</p> <p>Other services considered to be ancillary are following: supply of passenger transport services by an intermediary acting in the name and on behalf of another person, ticketing, booking including changes of booking, replacement of tickets.</p> <p>The services directly associated with passenger transport are listed in Article 70 of the VAT Act.¹¹⁵</p>
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Input VAT

Input VAT in the Passenger Transport Sector				
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<i>Exempt with credit (0 %)</i>		<i>Art. 68 (1)-(6) of the VAT Act</i>  <i>Art. 148 of the VAT Directive</i> 	
	<i>Qualifying vessels¹¹⁵</i>			
	<p>According to Art. 68 (1) of the VAT Act the following ships qualify for the exemption (with deductibility of input VAT):</p> <ul style="list-style-type: none"> vessels used for navigation on the high seas and carrying passengers for consideration or used for commercial, industrial or fishing activities, vessels used to provide rescue or assistance at sea, or for inshore fishing, excluding ships' provisions in the case of vessels used for inshore fishing, ships of war, leaving the country and bound for foreign ports and anchorages. 			
	<i>Airlines operating chiefly on international routes</i>			
	The VAT Act contains no further specification.			
	<i>Supplies of goods and services covered</i>			
	The wording of the Czech VAT Act is practically identical to the VAT Directive, a few additional examples are given.			
<i>VAT on fuels</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced excise duties</i>
	Petrol	21 %	yes	-
	Gas oil (diesel)	21 %	yes	-
	Kerosene	21 %	yes	-
	Liquefied Petroleum Gas (LPG)	21 %	yes	-
	Electricity ¹¹⁶	21 %	yes	exemption for railways and public transport
<i>VAT on means of transport</i>	There are no restrictions regarding the deductibility of VAT on means of transport and related supplies anymore.			
<i>Special rules</i>	-			

¹¹⁵ With comments/additions by the Czech VAT Authorities.

¹¹⁶ Exemption from excise duties for public transport (railways, trolleybuses, tram, aso.).

Administrative Obligations

<i>Registration</i>	<p>A taxable person, who has established his business in the Czech Republic, must register for VAT (standard registration as a “VAT payer”), if the revenue exceeds the registration threshold of CZK 1 Mio. (EUR 36,500) in any 12 consecutive months. The revenue as stated above takes into account only activities with the place of supply in the Czech Republic and includes taxable and zero-rated supplies and – if not on an occasional basis – the transfer and rent of buildings, flats and non-residential premises and financial and insurance activities.</p> <p>The registration application has to be submitted by the 15th day of the month following the month, in which the threshold was exceeded. The registration comes into effect on the first day of the second month following the exceeding.</p> <p>A voluntary registration is possible, if the threshold is not exceeded.</p> <p>A taxable person, who has established his business in the Czech Republic, must also register for VAT (simplified registration as an “identified person”), if he is not already registered as a VAT payer and he becomes liable to pay VAT in the Czech Republic as a result of acquiring goods or receiving services or he becomes liable to submit a recapitulative statement in the Czech Republic as a result of providing services according to Article 44 of the VAT Directive.</p> <p>For registration rules of foreign taxable persons see below.¹¹⁵</p>
<i>Tax point</i>	<p>The VAT liability usually arises on the date of the supply or the payment, whichever occurs earlier.</p>
<i>VAT returns</i>	<ul style="list-style-type: none"> • Monthly returns are obligatory: <ul style="list-style-type: none"> ○ if the turnover for preceding calendar year reached CZK 10 Mio. (~EUR 365,000), ○ (irrespective of the size of turnover) for all newly registered taxable persons, and ○ (irrespective of the size of turnover) if the taxable person is identified as a so called “unreliable VAT payer”. • Opting for monthly or quarterly returns is possible, if the turnover for preceding calendar year did not exceed CZK 10 Mio. (~EUR 365,000). <p>From 1st January 2014 returns must be submitted exclusively in electronic form¹¹⁷ (not applied to individuals with turnover below CZK 6 Mio. (~EUR 219,000)).</p> <p>VAT returns are due on the 25th day of the month following the taxable period.¹¹⁵</p> <p><i>Nil returns</i></p> <p>VAT returns must also be submitted for periods without any taxable turnover.</p>
<i>VAT payable</i>	<p>VAT due is payable by the 25th day of the month following the taxable period in which the liability to account for VAT arose.</p>
<i>VAT deductible</i>	<p>Input VAT may be deducted at the earliest in the period, in which the supply was effected and a tax invoice or a similar document of proof is available. The time limit for deduction is three years starting from the time when the supply was effected.¹¹⁵</p>

¹¹⁷ <http://www.financnisprava.cz/en/financial-administration/news/2013/vat-submission-only-electronically-from-january-2014-4517>

<i>VAT refunds</i>	Where the amount of deductions exceeds the amount of VAT due, a refund of VAT will be made by the tax authorities within 30 days, provided that the amount exceeds CZK 100 (EUR 3.65) (Art. 105 of the VAT Act).
<i>Invoicing</i>	<p><u>General rules:</u> Invoices generally have to be issued for all taxable and zero-rated transactions to other taxable persons and legal entities within 15 days from the date of the supply or the receipt of payment (whichever earlier).</p> <p><u>Simplified invoices:</u> May be issued only for transactions carried out in the Czech Republic with a maximum VAT-inclusive value of CZK 10.000 (~EUR 365). Simplified invoices must contain the following details: name, address and tax identification number of the supplier; reference number of tax invoice; subject and scope of transaction, date, VAT rate, and VAT amount or total consideration including VAT.¹¹⁵</p> <p><u>Language, currency:</u> Tax base and amount of tax must be stated in CZK. If references like “reverse charge” are made in a foreign language, the term used shall be identical with the official translation of the VAT Directive in the respective language.¹¹⁸ The tax authorities may require a Czech translation of the invoice.¹¹⁵</p>
<i>Special Regimes</i>	<i>Small Businesses</i>
	The registration for VAT is only obligatory, if the turnover from taxable supplies exceeds CZK 1 Mio. (~EUR 36,500) in 12 successive months. Registration must be initiated at latest by the 15 th of the month following the month in which the threshold was exceeded, the registration becomes effective by the first day of the second month after the threshold was exceeded. Taxable persons with lower turnover may opt for VAT registration. These rules do not apply to non-resident taxable persons. ¹¹⁵
<i>Foreign suppliers</i>	
<i>VAT registration</i>	Foreign taxable persons (both with or without a fixed establishment in the Czech Republic) must register for VAT (standard registration as a “VAT payer”), if they become liable to pay VAT in the Czech Republic as a result of supplying goods or services, or if they carry out intra-community supply of goods. A voluntary registration is possible if a foreign taxable person carries out or intends to carry out supplies of goods or services with right of deduction (in case of foreign taxable person without fixed establishment in the Czech Republic only the supplies with the place of supply in the Czech Republic are taken into account). Foreign taxable persons must also register for VAT (simplified registration as an “identified person”) if they are not already registered as a VAT payer and they become liable to pay VAT in the Czech Republic as a result of acquiring goods or receiving services or they become liable to submit a recapitulative statement in the Czech Republic as a result of providing services according to Article 44 of the VAT Directive from their fixed establishment in the Czech Republic. ¹¹⁵
	<i>Registration for exempt international passenger transport services</i>
	Registration is optional.

¹¹⁸ http://www.financnisprava.cz/assets/cs/prilohy/d-seznam-dani/2013_Fakturace-dotazy_na_web.PDF.

<i>Tax representative</i>	The appointment of a tax representative is not obligatory in Czech Republic, although foreign traders (non-EU and EU-traders) are entitled to have one. ¹¹⁹ It is not obligatory to set up a bank guarantee.
<i>Reverse charge</i>	The reverse charge procedure is applied to passenger transport services ¹²⁰ in cases where a supplier not established in the Czech Republic makes a supply of such a service for a taxable person registered for VAT in the Czech Republic. This is also applied in case where a foreign supplier has a fixed establishment in the Czech Republic but the service is not provided from this fixed establishment. ¹¹⁵
<i>Languages</i>	All VAT forms are available in Czech version only. ¹²¹ However, as regards VAT recapitulative statements, there is a guideline and explanation provided on the English web page of the Czech tax administration. The supporting documents required for registration must be accompanied by a certified translation on request of the tax authority. ¹¹⁵
<i>Special rules</i>	There are no special tax procedures, simplifications or other special rules for the foreign suppliers of passenger transport services. ¹⁰⁹

Business Travel

<i>VAT deductible</i>	VAT on business travel is generally deductible, unless it has the character of business entertainment.
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2. Passenger Taxes

There are no other passenger taxes, which are added directly to the ticket price.¹⁰⁹

3. Sources:

Publications

Czech VAT Act, available on <http://www.financnisprava.cz/cs/dane-a-pojistne/legislativa-a-metodika/danove-zakony/zakon-c-235-2004-sb-2164>.

European Commission, TAXUD/C/1: Vademecum on VAT obligations – Czech Republic, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat-traders/vat_refunds/2010/vademecum-refund-czech_republic_2010_en.pdf.

IBFD (Tomicek Milan): Value Added Taxation – Czech Republic, IBFD, 2012.

KPMG in the Czech Republic, Financial Update – Special Issue, December 2012.

KPMG: Czech Republic: VAT Essentials, available on <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/czech-republic.aspx>.

¹¹⁹ EC, TAXUD/C/1 (2010), p. 5.

¹²⁰ EC, TAXUD/C/1 (2010), p. 4.

¹²¹ http://www.financnisprava.cz/cs/danove-tiskopisy/databaze-aktualnich-danovych-tiskopisu.aspx?lang=cs&rok=2013&cislo=&nazev=&tiskdruh=TDFU&dan=T_WEB04&a=1#search-result or <http://www.financnisprava.cz/en/tax-forms/forms-and-information/value-added-tax>.

Websites

Website of the Financial Administration of the Czech Republic, <http://www.financnisprava.cz/>.





Denmark

1. Value Added Tax (*Meromsætningsafgift*)

VAT Overview

Basic VAT Information					
<i>Name</i>	<i>Meromsætningsafgift (moms)</i>				
<i>Legal basis</i>	Value Added Tax Act 1994, consolidated version of VAT Act 2013 (<i>Momsloven</i>)				
<i>Additional documents</i>	Statutory Order on the VAT Act (<i>Bekendtgørelse om merværdiafgiftsloven (Momsloven)</i>) 2013				
<i>Territorial application</i>	Danish VAT is applicable in Denmark, the territorial seas (up to ~ 12 nautical miles from the coast) and the airspace above. Greenland and the Faroer Islands are not part of the Danish VAT area.				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	25 %	-	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	The VAT exemption for passenger transport services (see below) covers only the carriage of passengers itself, whereas other services (e.g. the making of travel arrangements, the provision of bus station services, the sale of timetables or information services) are not covered. ¹²² On the other hand, the interpretation of passenger transport seems to be rather wide and covers e.g. air transport for parachuting and the transport of persons in their own vehicles. ¹²³ The intermediation of passenger transport services is taxable. ¹²⁴
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There are no special rules.
<i>Place of supply</i>	<i>Art. 19 of the VAT Act</i>  <i>Art 48 of the VAT Directive</i> 
	The place of supply of passenger transport services is in Denmark, when the transport takes place in Denmark (Art. 19 of the VAT Act). If only a part of the transport takes place in Denmark, this part is subject to Danish VAT in proportion to the distances covered. Empty runs are not taken into account. ¹²⁵
	<i>Exceptions</i>
	None.

¹²² <http://www.skat.dk/SKAT.aspx?oID=1947142&chk=209219> and <http://www.skat.dk/SKAT.aspx?oID=1966718&chk=209219>.

¹²³ <http://www.skat.dk/SKAT.aspx?oID=1947142&chk=209219>.

¹²⁴ <http://www.skat.dk/SKAT.aspx?oID=1947143&chk=209219>.

¹²⁵ <http://www.skat.dk/SKAT.aspx?oId=1973307&vId=209219>.

<i>Rates and Special Schemes</i>					
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>	
		<i>Rates applicable¹²⁶</i>	Road¹²⁷	ex.¹²⁸ 25 % (D) (S)	25 % (S) (D)
Taxi	exempted (D)		0 % (D)	0 % (D)	
Bus (sched.)	exempted (D)		0 % (D)	0 % (D)	
Bus (non-s.)	25 % (S)		25 % (S)	25 % (S)	
Rail	exempted (D)		0 % (D)	0 % (D)	
Train	exempted (D)		0 % (D)	0 % (D)	
HSR ¹²⁹	(exempted (D))		(0 % (D))	(0 % (D))	
Metro	exempted (D)		-	-	
Tram	exempted (D)		-	-	
Inland Waterways	exempted (D)		0 % (D)	0 % (D)	
sched.	exempted (D)		0 % (D)	0 % (D)	
non-s.	exempted (D)		0 % (D)	0 % (D)	
Maritime Shipping	exempted (D)		0 % (D)	0 % (D)	
sched.	exempted (D)		0 % (D)	0 % (D)	
non-s.	exempted (D)		0 % (D)	0 % (D)	
Air	exempted (D)		0 % (D)	0 % (D)	
sched.	exempted (D)		0 % (D)	0 % (D)	
non-s.	exempted (D)		0 % (D)	0 % (D)	
<i>Rates – legal background</i>	<i>Legal background</i>				
	<p>Domestic passenger transport is mostly exempted from VAT (without credit) in Denmark. The exemption holds for transport by all means of transport (taxis, trains, vessels, aircraft, etc.) except for non-scheduled bus services. Passenger transport with non-scheduled (tourist) buses and similar vehicles is subject to VAT at a rate of 25 % (VAT Act §3 (1)(15)). A special VAT scheme for the transport of passengers in foreign registered tourist busses was abolished effective from 1 July 2014. Intra-community and extra-EU passenger transport - except for non-scheduled bus services - is exempt with credit.¹³⁰</p> <p>The detailed provisions are:</p>				

¹²⁶ 0 % denotes an exemption with credit here.













¹²⁷ Road passenger transport: Road passenger transport is taxed at these conditions (details see “legal background”):

- Domestic road passenger transport is exempt without credit;
- Intra-community and extra-EU road passenger transport is exempt with credit (zero-rated);
- Exception: non-scheduled bus services are subject to 25 % VAT.

¹²⁸ ex. = exempted

¹²⁹ The first HSR is currently under construction (http://en.wikipedia.org/wiki/High-speed_rail_in_Denmark).

¹³⁰ With comments/additions by the Danish VAT Authorities.

	<p> Standard Rate (25 %) <i>Art. 33 of the VAT Act</i>  Normal Scope <i>Art. 96-97 of the VAT Directive</i> </p>
	<p>Passenger transport services by bus, which are not regular services as defined below, are taxed at the standard rate of 25 %. This includes occasional bus transport like tourist bus services and similar.</p>
	<p> Exempt (no credit) <i>Art. 13(1)(15) of the VAT Act</i>  Derogation <i>Art. 371 and Annex X, Part B, Item 10 of the VAT Dir.</i> </p>
	<p>Most domestic passenger transport services are exempted from VAT in Denmark (without deductibility of input VAT), which is based on Art 13 (1) Item 15 of the VAT Act. This exemption covers all passenger transport services by taxis, trains, vessels and aircraft as well as regular services with buses. Not covered are passenger transport services by bus other than regular services. A bus in tax law is defined as a vehicle for the carriage of more than 9 persons (incl. the driver)¹³¹. Regular services are defined in Art. 19 of the Transport Act as passenger transport services by motor vehicles on specified routes, taking place at least 3 days and running at least once a week, where passengers embark and disembark in predetermined zones¹³². In short, the exemption covers all (domestic) forms of passenger transport except for non-regular transport services by buses.</p> <p>In domestic transport, the transport of accompanying baggage and vehicles is covered by the exemption if not charged extra.</p> <p>Providers of exempt passenger transport services, with the exception of international (intra-community and extra-EU) passenger transport, will however be subject to payroll tax¹³³ if the tax base exceeds DKK 80,000 per year. Payroll tax does not apply to non-scheduled bus transport, as this is subject to VAT.¹³⁴</p>
	<p> Exempt with credit (0 %) <i>Art. 13(1)(15) and Art. 37 (8) of the VAT Act</i>  Derogation <i>Art. 371, Annex X, Part B, Item 10 and Art. 110 of the VAT Dir.</i> </p>
	<p>International passenger transport is exempt with credit. The exemption is based on Art. 13(1)(15) (see above), while Art. 37 (8) of the VAT Act allows the recovering of input VAT for purchases exclusively used for international passenger transport.¹³⁵ According to SKAT deduction of such input VAT is based on Art. 110 of the VAT Directive.</p> <p>In contrast to domestic passenger transport, the transport of accompanying luggage and means of transport is even exempt, if charged separately (Art. 13 (1) (15), second sentence).</p>
	<p> Exempt (no credit) <i>Art. 13(1) (15) of the VAT Act</i>  Normal Scope <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
<p>There is no special provision for the transport of sick or injured persons in specially equipped vehicles in the Danish VAT Act, as such passenger transport is covered by the exemption of Art. 13 (1) (15).</p>	

¹³¹ What is relevant is the number of seats available during a trip. If less seats are available, e.g. because a wheelchair is transported, this is not regarded as bus transport.

¹³² <https://www.retsinformation.dk/Forms/r0710.aspx?id=131257>.

¹³³ <http://www.skat.dk/SKAT.aspx?oId=2122192&vId=0&lang=US>.

¹³⁴ For details see <http://www.skat.dk/SKAT.aspx?oId=1977040> (Danish).

¹³⁵ Details can be found on <http://www.skat.dk/SKAT.aspx?oId=2085641> (Danish).

	<i>Special scheme for passenger transport service providers</i>
	<p><u>Former special scheme for foreign buses¹³⁶ (abolished 1 July 2014):</u></p> <p>There was a special scheme for foreign buses, which applied to occasional or tourist (i.e. not falling under the exemption of Art. 3 (1)(15) of the VAT Act) passenger transport services in buses not registered in Denmark (Art. 73 of the VAT Act). According to this scheme VAT payable was calculated based on an average passenger fare per pkm (DKK 0.25/pkm/~EUR 0.0335/pkm until June 2014), which was multiplied by the number of passengers on board, the (estimated) route length in Denmark and the VAT rate of 25 % to obtain the amount of VAT payable. In summary, this led to a fixed VAT rate of DKK 0.0625 (~EUR 0.0084) per passenger-kilometre travelled in Denmark. Providers, who only occasionally supplied such services in Denmark, could account for VAT in the course of the individual transport service and pay the resulting amount at the Danish border upon entry. To account for input VAT, the refund rules for persons not registered and established in Denmark were applied. With the introduction of new VAT rules on 1 July 2014 this scheme was abolished, instead the general VAT rules must be applied.¹³⁷</p>
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	International transport of passengers is between a destination inside the Danish VAT territory and a destination outside the Danish VAT territory. Passenger transport services starting and ending in Denmark, but leading through foreign territory, are considered a domestic transport. ¹³⁸
	<i>Two-sector trips</i>
	<p>The domestic connection is normally considered a separate domestic transport service. For international transportation by airplanes the following conditions must apply for an international connection followed (or preceded) by a purely domestic connection to be considered a single international transport service:</p> <ol style="list-style-type: none"> 1. The change from the domestic connection to the international connection must be met within 24 hours. 2. If the passenger has any luggage to check in, it must be checked in at the beginning of the journey. 3. A boarding card covering the whole trip (domestic and international) must be issued at the beginning of the journey. <p>If the conditions aren't met, the domestic connection is regarded as domestic.¹³⁸</p>
	<i>International waters/airspace</i>
Journeys starting and ending within Denmark, but passing through international waters or airspace, are considered domestic with respect to VAT. ¹³⁸	



¹³⁶ Further information is available on <http://www.skat.dk/SKAT.aspx?oID=1921147> (Danish) and <http://www.skat.dk/skat.aspx?old=10162&vld=205053&lang=US> (English).

¹³⁷ <http://www.skat.dk/SKAT.aspx?oId=2158342&vld=0&lang=US>.

¹³⁸ Reply to our questionnaire by the Danish VAT Authorities.

<i>Ancillary services subject to the same tax rates</i>	In case of domestic passenger transport the transport of accompanying luggage and vehicles is exempt, if there is no extra charge. In case of international transport the exemption also holds if the service is charged separately.
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Input VAT

Input VAT in the passenger transport sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<i>Exemption with credit (0 %)</i>
	<i>Art. 34 (1), Items 7-12 and Art. 34 (2) of the VAT Act</i> 
	<i>Art. 148 of the VAT Directive</i> 
	<i>Qualifying vessels</i>
	<p>According to Art. 34 (1), Item 7 the following vessels are covered by the exemption¹³⁹:</p> <ul style="list-style-type: none"> • Vessels with a gross tonnage of 5 tons or a gross registered tonnage of 5 tons or more, • which are not considered pleasure craft. <p>This rule differs from the VAT Directive, it was introduced as a simplification measure and communicated to the Commission in 1977.¹⁴⁰ The derogation is based on Art. 27 (5) of the Sixth Directive (Art. 394 of the VAT Directive).¹⁴¹</p> <p>The VAT Act does not contain a definition of the term "pleasure craft", the assessment depends on appearance of the boat, criteria can be the legislation with respect to ship registration, furthermore the structure, design and use of the vessel are considered. In case of doubts the actual use is given priority. Vessels, which are not used for business purposes, are considered pleasure craft in any case, houseboats are also not covered by the exemption.</p>
	<i>Airlines operating chiefly on international routes</i>
	<p>The criterion to be regarded as an airline operating mainly on international routes – as laid down in Art. 34 (3) of the VAT Act and Art. 53 of the VAT Ordinance – is a 55 % share of international traffic as part of the total traffic, measured on the basis of both turnover and number of kilometres flown in the previous financial year. A list of approved carriers is published by SKAT¹⁴² and is valid for one year. Foreign carriers providing solely international voyages do not have to be included in the list.</p>
<i>Supplies of goods and services covered</i>	
<p>Covered are:</p> <p><u>Maritime navigation:</u>¹⁴³</p> <p>For qualifying vessels as defined above the supply of the following goods and services is exempt with credit:</p> <ul style="list-style-type: none"> • The supply of qualifying ships as above and the supply of their fixed equipment, 	

¹³⁹ Input VAT can be deducted based on Art. 37 (1) of the VAT Act.

¹⁴⁰ <http://www.skat.dk/SKAT.aspx?oId=1978307>.

¹⁴¹ http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/key_documents/table_derogations/vat_index_derogations_en.pdf.

¹⁴² <http://skat.dk/SKAT.aspx?oID=2133312>.

¹⁴³ Details can be found on <http://www.skat.dk/SKAT.aspx?oId=1978308> and <http://www.skat.dk/SKAT.aspx?oId=1978307> in Danish language.

	<ul style="list-style-type: none"> • the modification, repair and maintenance of qualifying ships as above and the repair and maintenance of their fixed equipment, including the materials used¹⁴⁴, and • the hiring and chartering of qualifying ships as above and their fixed equipment, including full and partial charter as well as charter for a certain time or a specific trip. <p>Furthermore the following goods and services supplied to ships engaged in international voyages¹⁴⁵, with the exception of pleasure craft, are exempt (with credit):</p> <ul style="list-style-type: none"> • necessary equipment¹⁴⁶ supplied for use on board ships engaged in international voyages, • services performed to meet the direct needs of such ships and their cargoes¹⁴⁷, and • the supply of goods for the fuelling and provisioning of such ships, including for consumption on board or the sale to passengers in accordance with the Danish Customs Act. <p><u>Aviation:</u></p> <p>The following supplies to/by airlines operating chiefly on international routes are exempt:</p> <ul style="list-style-type: none"> • the supply of aircraft¹⁴⁸, • the modification, repair and maintenance¹⁴⁹ of aircraft, • the hiring and chartering of aircraft, both full and partial, • the supply, hiring, repair and maintenance of fixed equipment¹⁵⁰ and equipment necessary on board, including materials used, • services supplied to meet the direct needs of aircraft or their cargoes¹⁵¹ (e.g. de-icing, hangar charges, fire charges, interior and exterior cleaning of the aircraft), and • the supply of fuel and provisions. <p>In addition also the supply, modification, repair, maintenance, chartering and hiring of aircraft used by state institutions is exempt, including items incorporated or used therein (Art 34 (1) (13) of the VAT Act based on Art. 371 and Annex X, Part B, Item 11 of the VAT Directive).</p>			
	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced excise duties</i>
<i>VAT on fuel</i>	Petrol	25 %	no, if the service is exempt and for use by passenger cars, motorcycles, aso; yes otherwise (int. passenger transport and domestic occasional bus transport)	-
	Gas oil (diesel)	25 %	no, if the service is exempt and for use by passenger cars, motorcycles, aso; yes otherwise (int. passenger transport and domestic occasional bus transport)	reduction for railways

¹⁴⁴ Irrespective of whether it is invoiced to the shipyard or the shipowner.

¹⁴⁵ An international voyage is understood as a voyage, where more than 50 % of the service is either between foreign ports or between ports inside and outside the Danish VAT area.

¹⁴⁶ Includes installed and loose equipment, which is necessary for the operation of the vessel.

¹⁴⁷ It is conditional that these services are supplied directly to the shipowner.

¹⁴⁸ Covered is also the supply of aircraft to an operator, who is not a carrier chiefly operating on international routes himself, but acquires the aircraft for the sole use of such an operator (see also ECJ Case C-33/11, A Oy).

¹⁴⁹ But if the service is done by subcontractors, they have to include VAT in their invoices.

¹⁵⁰ "Fixed equipment" is not defined in the VAT Act, but criteria can be, that the equipment is permanently installed and necessary for the aircrafts interior design or construction. Examples include motors, radar, navigation equipment and safety equipment.

¹⁵¹ Only when supplied directly to the airline.

	Kerosene	25 %	no, if the service is exempt; yes otherwise (int.)	-
	Liquefied Petroleum Gas (LPG)	25 %	no, if the service is ex. and for passenger cars, motorcycles, aso; yes otherwise (int. passenger transport and domestic occasional bus transport)	-
	Electricity	25 %	no, if the service is exempt; yes otherwise (int.)	only CO ₂ tax
<i>VAT on means of transport</i>	<p>As most domestic passenger transport is exempt (without credit), input VAT incurred on means of transport will be not deductible in many cases. However, deduction of input VAT is possible in case of international passenger transport (which is exempt with credit) and in case of occasional bus transport (taxed at 25 %). In such cases the following deduction rules apply:</p> <p><u>Passenger cars (<10 seats) and motorcycles¹⁵²:</u></p> <ul style="list-style-type: none"> • Input VAT from the acquisition and operation of passenger cars is not deductible (except for car dealers, leasing companies and driving schools) (Art. 42 (1) Item 7 and Art 42 (6) of the VAT Act). • Input VAT on leased or hired cars is however partially deductible, if the lease/hire is for more than 6 consecutive months and the vehicle is used at least 10 % of the annual mileage for business purposes. The basis for deduction is not the entire leasing/hiring fee, but a lower amount referring to the vehicle registration fee and the interest component (Art. 42 (4) and (5) of the VAT Act), if this amount cannot be determined accurately a share of 55 % is assumed. • VAT on operating costs (fuel, repairs, parking fees, tolls, ferry tickets etc.) for passenger cars is neither deductible, with the exception of the passage charge of the fixed link across the Sound¹⁵³ (Art. 42 (1), Item 7 and (7)). <p>With respect to EU VAT law these rules are based on Art. 176 of the VAT Directive.</p> <p><u>Buses¹⁵⁴ and other vehicles:</u></p> <ul style="list-style-type: none"> • Large goods vehicles, buses and other vehicles are subject to the general deduction rules. <p><u>Full/partial deduction:¹³⁸</u></p> <ul style="list-style-type: none"> • VAT on means of transport, repair and maintenance costs aso. exclusively used for international passenger transport is fully deductible (Art. 37 (8) VAT Act). International services are treated as an exemption with right to deduct according to VAT Directive Art. 110. • If the costs also relate to domestic (exempt without credit) passenger transport, the VAT is only partially deductible according to Art 38 (1) VAT Act / Art. 173-175 VAT Directive (<i>proportional deduction</i>). 			
<i>Special rules</i>	-			

¹⁵² <http://skat.dk/SKAT.aspx?oId=2085714>.

¹⁵³ Due to special authorization, the part of VAT for the Swedish part of the link can be deducted in Denmark as well (IBFD [2012], p.31).

¹⁵⁴ <http://skat.dk/SKAT.aspx?oID=2085728>.

Administrative Obligations

<p><i>As most passenger transport services are exempt from VAT, many of the following administrative obligations only apply to non-scheduled bus services.</i></p>	
Registration	<p>Registration is required 8 days before commencing taxable activities at latest, if the turnover is likely to exceed DKK 50,000 (~EUR 6,700) in a 12-months-period. Below this threshold registration is optional (Art. 47 of the VAT Act).</p> <p>The competent authority is the Danish Commerce and Companies Agency (<i>Erhvervs- og Selskabsstyrelsen</i>), registration must be effected via http://www.virk.dk. Starting with the day of registration VAT must be charged, declared and paid¹⁵⁵.</p> <p>After registration a registration certificate and a registration number (called CVR/SE-number) will be issued.</p> <p>Taxable persons engaged in the supply of goods or services, which are not exempt under Art. 13 of the VAT Act, must register for VAT. Providers of solely exempt passenger transport services, based on Art. 13 (1) (15) of the VAT Act, should therefore not be obliged to register for VAT.¹⁵⁶</p>
Tax point	<p>The chargeable event is the time of the supply of goods or services. However, if an invoice is issued before, the tax liability arises on the invoice date (Art. 23 (1) of the VAT Act).</p>
VAT returns	<p>The tax period and the deadline for the submission of the return and the payment of VAT¹⁵⁷ depends on the annual turnover, it is:¹⁵⁸</p> <ul style="list-style-type: none"> • one month, if the turnover exceeds DKK 50 Mio. (~EUR 6.7 Mio.) (<i>large businesses</i>); the corresponding return is due not later than 25 days after the end of the tax period, • three months, if the turnover is between DKK 5 Mio. and DKK 50 Mio. (~EUR 0.67 Mio – 6.7 Mio.) (<i>medium-sized businesses</i>); the return is due not later than one month and ten days after the end of the period, and • six months, if the turnover is less than DKK 5 Mio (~EUR 0.67 Mio) (<i>small businesses</i>); the return is due within two months after the end of the taxable period. <p>It is possible to opt for a shorter VAT period, new business usually start with a 3-months-period.¹⁵⁹</p> <p>VAT returns must be submitted via the online system of the Danish tax authorities. If the due date is no working day, the deadline is extended to the next business day.</p>
	<p><i>Nil-returns</i></p>
	<p>Registered persons must always submit periodic VAT returns, whether they are positive, zero or negative.¹⁶⁰</p>
VAT payable	<p>The due date for payment is the same as for the submission of the return (see there).¹⁶¹</p>

¹⁵⁵ <http://www.skat.dk/SKAT.aspx?oId=2122170&vId=0&lang=US>.

¹⁵⁶ European Commission - TAXUD/c/1 (2010), p. 5.

¹⁵⁷ The receipt for the declaration must be received by 24.00 on the relevant date (<http://www.skat.dk/SKAT.aspx?oId=2131404&vId=0&lang=US>).

¹⁵⁸ The thresholds have been increased in 2014, see <http://www.skat.dk/SKAT.aspx?oId=2122141&vId=0>.

¹⁵⁹ IBFD (2012), p. 41.

¹⁶⁰ <http://www.skat.dk/SKAT.aspx?oId=2122194&vId=0&lang=US>.

¹⁶¹ For more details see <http://www.skat.dk/SKAT.aspx?oId=2131404&vId=0&lang=US>.

<i>VAT deductible</i>	In general deduction of input VAT will not be possible in many cases, as domestic passenger transport services are mostly exempt. If a deduction is allowed, the period of deduction is determined by the invoice date.
<i>VAT refunds</i>	Excess input VAT will be refunded to the taxable person immediately (Art. 56 (1) of the VAT Act). However, if the taxable person has not submitted proper VAT returns for the current or preceding periods, the refund will not be granted. According to SKAT, the amount can be expected to be credited to the taxable person's account no later than 21 days after declaring VAT. If there are other debts with SKAT or other public authorities, those will be set off first. ¹⁶²
<i>Invoicing</i>	<p>Passenger transport services exempt under Art. 13 of the VAT Act do not fall under the invoicing requirements (Art. 52a of the VAT Act). The following rules therefore hold mainly for non-scheduled bus transport:</p> <p><u>General rule:</u></p> <ul style="list-style-type: none"> • A taxable person is required to issue invoices to his customers for supplies of goods or services (Art. 52a of the VAT Act). <p><u>Simplified invoices:</u></p> <ul style="list-style-type: none"> • Taxable persons, who mainly supply services to private individuals, may use simplified invoices or issue till receipts instead, unless the invoiced amount is DKK 5,000 or more.¹⁶³ <p><u>Foreign currency and languages:</u></p> <ul style="list-style-type: none"> • There is no requirement with respect to the language used, but tax authorities may require a translation into Danish. • Invoices can also be issued in foreign currencies, but the amount of VAT must be specified in DKK or EUR, or the respective exchange rate must be stated.¹⁶⁴
<i>Special regimes</i>	<i>Small Businesses</i>
	There is no special treatment of small businesses except the registration limit, which is currently DKK 50,000 (~EUR 6,700) in any 12-months period. Taxable persons below this registration limit can however register voluntarily.
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	Foreign suppliers are basically subject to the same registration requirements as domestic, but the registration threshold of DKK 50,000 must not be applied. Required documents include the application form, a copy of the financial statements, and a statement proving registration for VAT in the applicant's home country.
	<i>Registration for exempt international passenger transport services</i>
	Foreign providers of exempt international passenger transport services have to register for VAT and submit VAT returns, if they want to deduct input VAT. ¹³⁸
<i>Tax representative</i>	<u>EU-established businesses and those from the Faroe Islands, Greenland, Iceland and Norway:</u> There is no obligation to appoint a tax representative, but a taxable person established in

¹⁶² <http://www.skat.dk/SKAT.aspx?oId=2122216&vId=0&lang=US>.

¹⁶³ IBFD (2012), p. 39.

¹⁶⁴ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/denmark.aspx#7>.

	<p>these countries can elect to do so. A bank guarantee might be required, if the tax authority suspects a likely risk of loss of tax revenues.</p> <p><i>Businesses established in other countries:</i></p> <p>Taxable persons from other countries, which don't have an establishment in Denmark and supply goods and services there, must be registered through a representative, who is jointly and severally liable for the VAT related obligations.</p>
<i>Reverse charge</i>	Not applied to passenger transport, even if taxable in Denmark (non-scheduled bus transport). ¹⁶⁵
<i>Language</i>	<p>Skat provides VAT related information in Danish, English and German. VAT related procedures can always be conducted in Danish and English.¹⁶⁶ All other EU languages are also accepted by the Danish VAT Authorities, if they can understand the language used. If not, they will ask the foreign company to make a translation of the documents into Danish, English or German. The authorities can ask for a certified translation, but only very rarely use this opportunity.</p> <p>Regarding refund of VAT the language has to be Danish, English, Swedish or German.¹³⁸</p>
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	As most passenger transport services are exempt, the deductibility of business travel will only be an issue for non-scheduled bus services. VAT on these services is deductible, as the VAT Act doesn't state a respective restriction.
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2. Passenger Taxes

Currently there are no passenger taxes, which are added directly to the ticket price of the final consumer. Between 1991 and 2006 an aviation passenger tax (Tax on certain types of flights, Transportation Tax¹⁶⁷) was in place¹⁶⁸.

3. Sources:

Publications

(Danish VAT Act) Value Added Tax Act 1994 (*Momsloven*), available on <https://www.retsinformation.dk/Forms/R0710.aspx?id=145054> (only Danish).

(Danish VAT Order) Statutory Order on the VAT Act (*Bekendtgørelse om merværdiafgift (momsbekendtgørelsen)*) 2006, available on <https://www.retsinformation.dk/Forms/R0710.aspx?id=152514> (Danish).

¹⁶⁵ IBFD (2012), p. 35, <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/denmark.aspx#6>.

¹⁶⁶ http://english.virk.dk/myndigheder/stat/ERST/Registration_of_Non-Danish_Company_Start_-_40112.

¹⁶⁷ The Danish name is *Afgift af visse flyrejser (Passagerafgift)*; see http://ec.europa.eu/taxation_customs/tedb/taxDetail.html?id=190/1230768000&taxType=Other+indirect+tax.

¹⁶⁸ <https://www.retsinformation.dk/Forms/R0710.aspx?id=17156>.

European Commission - TAXUD/c/1: *Vademecum on VAT obligations – Denmark*, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-denmark_2010_en.pdf.

IBFD (Krag Anne): *Value Added Taxation – Denmark*, IBFD, 2012.

KPMG: Denmark: VAT Essentials, <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/denmark.aspx>.

KPMG: VAT in Denmark – A short guide, 2009, <http://www.kpmg.com/DK/da/nyheder-og-indsigt/nyhedsbreve-og-publikationer/publikationer/tax/moms-told-afgifter/Documents/VAT-in-Denmark.pdf>.

Pricewaterhouse Coopers: *Be prepared for Value Added Tax in Denmark – A guide for non-resident businesses*, 2012, <http://www.pwc.dk/da/moms/assets/tax-guide-2010.pdf>.

WKO, Fachgruppe Autobus-, Luftfahrt- und Schifffahrtunternehmungen: *Länderblätter Dänemark*, available on <http://wko.at/wknoe/verkehr/Vfg2/laender/Daenemark.pdf> (German).

Websites

Website of the Danish Tax Authority (SKAT), <http://skat.dk/>, especially

- information on VAT in English: <http://www.skat.dk/SKAT.aspx?oId=2122141&vId=0>,
- guide “VAT for Foreign Enterprises”: <http://www.skat.dk/getFile.aspx?Id=52864>, and
- VAT Manual: <http://skat.dk/SKAT.aspx?oId=1921126> (Danish).





Estonia

1. Value Added Tax (*Käibemaks*)

VAT Overview




















































Basic VAT Information					
<i>Name</i>	<i>Käibemaks</i>				
<i>Legal basis</i>	VAT Act (<i>Käibemaksuseadus</i> , RT I, 2003, 82, 554 of 10 December 2003) VAT Application Regulations by the Ministry of Finance ¹⁶⁹				
<i>Additional documents</i>					
<i>Territorial application</i>	Estonian VAT is applicable in the territory under the jurisdiction of the Republic of Estonia (Art. 2(1)(1) of the VAT Act).				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	20 %	9 %	-	-	0 %

Output VAT





Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	The Estonian Public Transport Act provides the basis for the organisation of public transport in road, railway, waterway and air traffic. Bus, tram, trolleybus and taxi traffic is deemed to be road traffic, train and railbus traffic is deemed to be railway traffic, ship, small craft and ferry traffic is deemed to be waterway traffic and aircraft traffic is deemed to be air traffic. "Public transport" means the fee-charging carriage of passengers. ¹⁷⁰
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There are no special rules for A-to-A passenger transport services. ¹⁷⁰
<i>Place of supply</i>	<p style="text-align: right;"><i>Art. 10 (2) (3) of the VAT Act</i> </p> <p style="text-align: right;"><i>Art. 48 of the VAT Directive</i> </p>
	According to Art. 10 (2) (3) of the VAT Act the place of supply is Estonia for “ <i>transport services related to the carriage of passengers, including their personal luggage and personal means of transport [...] provided in Estonia</i> ”. This also holds for Estonian sections of international passenger transport services as well as the organization of such transport services. Foreign sections of international passenger transport (i.e. provided outside Estonia) are on the other hand outside the scope of Estonian VAT (Art. 10 (4) (4) of the VAT Act).

¹⁶⁹ Available in Estonian on <http://www.emta.ee/index.php?id=32679>.

¹⁷⁰ Reply to our questionnaire by the Estonian VAT Authorities.

		<i>Exceptions</i>			
		-			
<i>Rates and Special Schemes</i>					
<i>Rates applicable</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>	
		Road	20 % 	0 % 	0 % 
		Taxi	20 % 	0 % 	0 % 
		Bus (sched.)	20 % 	0 % 	0 % 
		Bus (non-s.)	20 % 	0 % 	0 % 
		Rail	20 % 	0 % 	0 % 
		Train	20 % 	0 % 	0 % 
		HSR ¹⁷¹	{20 % 	{0 % 	{0 % 
		Metro ¹⁷¹	{20 % 	-	-
		Tram	20 % 	-	-
		Inland Waterways	20 % 	0 % 	0 % 
		sched.	20 % 	0 % 	0 % 
		non-s.	20 % 	0 % 	0 % 
		Maritime Shipping	20 % 	0 % 	0 % 
		sched.	20 % 	0 % 	0 % 
		non-s.	20 % 	0 % 	0 % 
		Air	20 % 	0 % 	0 % 
		sched.	20 % 	0 % 	0 % 
		non-s.	20 % 	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal Background</i>				
	Estonia applies two different rates to passenger transport services, the zero-rate and the standard rate. While the standard rate is valid for domestic passenger transport by any mode, international services are generally zero-rated.				
	The detailed provisions are:				
	 Standard Rate (20 %) Normal Scope				
	With respect to domestic passenger transport services the VAT Act contains no special rule, such services are therefore taxed at the standard rate of 20 %.				

¹⁷¹ Currently not existent.

	<p>ⓓ Zero-Rate (0 %) <i>Art. 15 (4) (13) of the VAT Act</i> </p> <p>Derogation <i>Art. 382 and Annex X, Part B, Item 10 of the VAT Dir.</i> </p>
	<p>The Estonian section of international and intra-community passenger transport services is zero-rated based on Art. 15 (4) (13) of the VAT Act.^{172 173} This provision includes the transport of personal luggage and means of transport. With respect to the VAT Directive, this constitutes a derogation based on Art. 382 VAT Directive.¹⁷⁴ Furthermore Art. 15 (4) (1) VAT Act zero-rates all services, which are deemed to be supplied outside Estonia.</p>
	<p>ⓔ Exempt (no credit) <i>Art. 16 (1) (7) of the VAT Act</i> </p> <p>Normal Scope <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>The transportation of sick, injured or disabled persons in specially designed vehicles, which correspond to the requirements laid down in the Traffic Act, is exempt according to Art. 16 (1) (7) of the VAT Act.</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	-
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	International passenger transport service, in the meaning of the Estonian VAT legislation, is: <ul style="list-style-type: none"> 1) transport services related to the carriage of passengers, including their personal luggage and personal means of transport provided outside Estonia (Art. 10 (4) (4) VAT Act); 2) transport services related to the carriage of passengers, including their personal luggage and personal means of transport, which is provided in Estonia, but where the carriage of passengers in Estonia constitutes a part of international transport of passengers (Art. 15 (4) (13) VAT Act).¹⁷⁰
	<i>Two-sector trips</i>
	A domestic connection following or preceding an international transport service in the course of a two-sector trip is considered a part of the international transport service, if there is a single ticket or a single contract. ¹⁷⁰
	<i>International waters/airspace</i>
Journeys starting and ending within Estonia, but passing through international waters or airspace, are considered international with respect to VAT. ¹⁷⁰	
<i>Ancillary services</i>	In case of international passenger transport the zero-rate is also applied to the transport of accompanying luggage and means of transport (Art. 15 (4) (13) of the VAT Act). Other



¹⁷² „The rate of value added tax on the following services shall be 0 per cent of the taxable value: [...]13) carriage of passengers specified in clause 10 (2) 3) of this Act, including their personal luggage and personal means of transport, if the carriage of passengers in Estonia constitutes a part of international transport of passengers”.

¹⁷³ Unless an exemption according to Art. 16 VAT Act can be applied (e.g. ambulance transport).

¹⁷⁴ Strictly speaking Art. 382 VAT Directive refers to an exemption: “Estonia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.”

<i>subject to the same tax rates</i>	services can also be treated as ancillary, this is checked on a case-by-case basis. ¹⁷⁶
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Input VAT

Input VAT in the passenger transport sector				
<i>Exemptions based on Art. 148 of the VAT Directive</i>	Zero-rate (0 %)		<i>Art. 15 (3) (3)-(4) and Art. 15 (4) (2)-(7) of the VAT Act</i>  <i>Art 148 of the VAT Directive</i> 	
	<i>Qualifying vessels</i>			
	Zero-rating applies to sea-going vessels navigating in international waters, except pleasure craft used for purposes other than business interests (Art. 15 (3) (3) VAT Act).			
	<i>Airlines operating chiefly on international routes</i>			
	Domestic carriers are considered to be operating mainly on international routes, if at least 51 % of their turnover comes from international/intra-community flights ¹⁷⁵ . For foreign providers this is assumed without a need for prove.			
	<i>Supplies of goods and services covered</i>			
	<p>The relevant provisions can be found in Art. 15 (3) (goods) and Art. 15 (4) (services) VAT Act. Covered are:</p> <ul style="list-style-type: none"> • the supply, repair, maintenance, chartering and hiring of or the establishment of a usufruct on qualifying vessels and aircraft (modification is not explicitly mentioned); • the supply of equipment and other supplies used on qualifying vessels/aircraft, as well as the repair, maintenance and hiring of or the establishment of a usufruct on such equipment; • fuel, spare parts and other supplies used on qualifying vessels/aircraft; the supply of goods to be transferred to passengers for consumption on board, except goods sold on board during intra-Community passenger transport to be taken away; • the provision of port services to meet the direct needs of vessels navigating international waters; • the provision of navigation services and airport services directly connected to provision of services to qualifying aircraft; • the provision of services necessary for the journey to passengers on board vessels or aircraft during the international transport of passengers (they have to be directly related to the passenger transport services, e.g. cabin assignment, meals, baggage transport, but not entertainment services, beauty treatments and similar); and • related services of intermediaries. 			
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced excise duties</i>
	Petrol	20 %	yes	-
	Gas oil (diesel)	20 %	yes	reduction for railways and commercial shipping
	Kerosene	20 %	yes	-
	Liquefied Petroleum Gas (LPG)	20 %	yes	-
Electricity	20 %	yes	-	

¹⁷⁵ <http://www.emta.ee/index.php?id=28460#8.3>.

<i>VAT on means of transport</i>	Art 29 (4) VAT Act specifies, that input VAT incurred on automobiles, motor fuel acquired for these automobiles and costs directly related to the automobiles is 100% deductible regardless of actual proportion of business use, unless by a sole proprietor.
<i>Special rules</i>	-

Administrative Obligations

<i>Registration</i>	If the taxable turnover (excluding the supply of capital goods) exceeds EUR 16,000 in a calendar year, an application for registration has to be submitted within 3 working days. Below this threshold registration is voluntary, no registration obligation usually arises, if all taxable supply is zero-rated (Art. 19 (1) and 20 (1)-(2) of the VAT Act). An electronic registration system is available, furthermore email registration is possible.
<i>Tax point</i>	The provisions regarding time of supply rely on the earlier moment concept, i.e. the time of supply of services is deemed to be the first of two events: receipt of (pre)payment or the actual provision of the service (Art. 11 (1) VAT Act).
<i>VAT returns</i>	The taxable period is usually a calendar month, longer taxable periods can be granted on request (Art. 27 VAT Act). VAT returns must be filed by the 20 th day of the month following the taxable period electronically. VAT returns on paper are allowed in the first 12 months as a taxable person or later on for good reasons.
	<i>Nil returns</i> Obligatory. Every person who is registered for VAT liability in Estonia shall submit the VAT return for every taxable period, even there were no taxable transactions during the particular taxable period. ¹⁷⁰
<i>VAT payable</i>	Art. 38 VAT Act specifies that VAT payable must be remitted by the date of the submission of the VAT return, which is the 20 th day of the month following the taxable period at latest.
<i>VAT deductible</i>	VAT can be deducted in the period, in which a valid VAT invoice (or a similar document) is available (Art. 31 (1) VAT Act).
<i>VAT refunds</i>	Excess input tax can be carried forward or refunded. A refund is usually effected within 60 days from the date of the receipt of the application, but may be delayed under certain conditions (Art. 34 VAT Act). ¹⁷⁶
<i>Invoicing requirements</i>	Invoices must be issued for supplies by taxable persons to persons, except for supplies to natural persons for their private use. The time limit is 7 calendar days from the date of supply (or the date payment was received, if earlier). Simplified invoices are allowed for the supply of passenger transport services up to an amount of EUR 160 (excl. VAT) (Art. 37 (9) VAT Act). Necessary information includes issue date, name and registration number of the provider, name or description of the services provided, the taxable amount and the VAT amount. In case of zero-rated (international passenger transport), exempt (ambulance etc.) or reverse charge supplies a reference to the underlying legal rule is necessary.

¹⁷⁶ With comments/additions by the Estonian VAT Authorities.

	Invoices can be issued in any currency, but the VAT amount must be displayed in EUR. With respect to the language used, an invoice can be drafted in other languages than Estonian, however the Tax Board may require a translation.
<i>Special regimes</i>	<i>Small Businesses</i>
	Small businesses with a turnover of up to EUR 16,000 in a calendar year (taxable turnover excluding the supply of capital goods) do not have to register for VAT, but may do so voluntarily. Up to annual supplies of EUR 200,000 (excluding the transfer of capital goods and incidental transfers of immovable property) a cash-based VAT taxation system can be applied (Art. 44 VAT Act).
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<u><i>Foreign suppliers having a fixed establishment in Estonia</i></u> Basically the same rules as for domestic providers apply.
	<u><i>Foreign suppliers having no fixed establishment in Estonia</i></u> Non-resident providers with no fixed establishment in Estonia have to register as soon as they make taxable supplies in Estonia, which are not subject to reverse charge (Art. 19 (3) VAT Act).
	<u><i>Registration procedure</i></u> ¹⁷⁷ Application form (form KR) must be filled in in Estonian language and submitted to the Tax and Customs Board in person (or by an authorized person/tax representative). The taxable person is registered within 5 working days, the registration is effected as on the date the registration obligation arose. ¹⁷⁶
	<u><i>Registration for zero-rated international passenger transport services</i></u>
	A registration is not obligatory, if only zero-rated supplies (e.g. international passenger transport services) are provided. ¹⁷⁸
<i>Tax representative</i>	Taxable persons from third countries, who do not have a fixed establishment in Estonia, must appoint a tax representative, who has to be approved by the tax authorities. Otherwise tax representation is optional (Art. 20 (6) VAT Act).
<i>Reverse charge</i>	Reverse Charge is applied to passenger transport services supplied in Estonia. ¹⁷⁹
<i>Languages</i>	VAT information is available in Estonian, the most important information also in other languages (Russian, English). Some forms are provided in English ¹⁸⁰ . In general VAT related procedures can be conducted in languages other than Estonian and supporting documents (e.g. documents required for registration) are accepted in other languages as well, but the tax authority may demand, if necessary, a translation to Estonian. ¹⁷⁶
<i>Special rules</i>	-

¹⁷⁷¹⁷⁷ <http://www.emta.ee/index.php?id=2201>.

¹⁷⁸ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/estonia.aspx#2>.

¹⁷⁹ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/estonia.aspx#6>.

¹⁸⁰ See <http://www.emta.ee/?id=22204>.

Business Travel

VAT <i>deductible</i>	There are no restrictions regarding the deduction of VAT incurred on business travel. ¹⁸¹
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2. Passenger Taxes

None.

3. Sources:

Publications

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Estonia, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-estonia_2010_en.pdf.

IBFD (Rait Kaarma, Law Office LAWIN): Value Added Taxation – Estonia, IBFD, 2012.

KPMG: Estonia: VAT Essentials, <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/estonia.aspx>.

Estonian VAT Act (*Käibemaksuseadus*, RT I, 2004, 82, 554 of 10 December 2003) as amended, available on <http://www.legaltext.ee/text/et/X70060K6.htm> (Estonian) or <http://www.legaltext.ee/text/en/X70060K6.htm> (English).

Websites

Website of the Estonian Tax and Customs Board, <http://www.emta.ee>.

¹⁸¹ Deloitte: European VAT Refund Guide, GTC— Global Tax Center (Europe), p. 55.





Finland

1. Value Added Tax (*Arvonlisäverotus / Mervärdesskatt*)

VAT Overview






















































Basic Information					
<i>Name</i>	<i>Arvonlisäverotus / Mervärdesskatt</i>				
<i>Legal basis</i>	VAT Act (<i>Arvonlisäverolaki</i> , Nr. 1993/1501 of 30 December 1993), as subsequently amended VAT Decree (<i>Arvonlisäveroasetus</i> , Nr. 1994/50 of 21 January 1994), as subsequently amended				
<i>Additional documents</i>	Detailed instructions on special VAT topics are available on the website of the Finnish Tax Administration (http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus).				
<i>Territorial application</i>	Finland comprises continental Finland and the territorial waters. The autonomous region of the Åland islands are part of the Customs territory but not the VAT territory of the Community (Art. 6 (1) VAT Directive). For VAT purposes the Åland islands are therefore treated as a third country. However, according to the Finnish Tax Administration, the passenger transport services between the Åland islands and the mainland of Finland are considered domestic transportations and are taxed with the reduced rate of 10 %. ¹⁸²				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	24 %	14 % / 10 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of passenger transport</i>	There is no separate legal definition for the term “ <i>passenger transport service</i> ”. According to current legal praxis, the supply is a passenger transport service, when the main purpose of the supply is to transport people from one place to another. If the supply contains only minor amount of transport service, the supply is not considered as a passenger transport service. ¹⁸³
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There are no special rules concerning A-to-A passenger transport services, therefore the decisive factor is the contents of the supply. ¹⁸³
<i>Place of supply</i>	Art. 68 of the VAT Act  Art 48 of the VAT Directive 
	Passenger transport services are deemed to be supplied in Finland, if they are performed there (Art. 68 of the VAT Act).





¹⁸² With comments/additions by the Finnish VAT Authorities.

¹⁸³ Reply to our questionnaire by the Finnish VAT Authorities.

		<i>Exceptions</i>		
		There are no derogations from the rule concerning the place of supply of passenger transport services. However passenger transport services, which take place directly to or from abroad are exempted (Art. 71(11) of the VAT Act). ¹⁸³		
Rates and Special Schemes				
<i>Rates applicable¹⁸⁴</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	10 % 	0 % 	0 % 
	Taxi	10 % 	0 % 	0 % 
	Bus (sched.)	10 % 	0 % 	0 % 
	Bus (non-s.)	10 % 	0 % 	0 % 
	Rail	10 % 	{0 %}  ¹⁸⁵	0 % 
	Train	10 % 	{0 %} 	0 % 
	HSR	10 % 	{0 %} 	0 % 
	Metro	10 % 	-	-
	Tram	10 % 	-	-
	Inland Waterways	10 % 	{0 %}  ¹⁸⁵	0 % 
	sched.	10 % 	{0 %} 	0 % 
	non-s.	10 % 	{0 %} 	0 % 
	Maritime Shipping	10 % 	0 % 	0 % 
	sched.	10 % 	0 % 	0 % 
	non-s.	10 % 	0 % 	0 % 
	Air	10 % 	0 % 	0 % 
	sched.	10 % 	0 % 	0 % 
non-s.	10 % 	0 % 	0 % 	
<i>Rates – legal background</i>	<i>Legal Background</i>			
	Domestic passenger transport in Finland is taxed at the reduced rate of 10 %, international and intra-community services are exempt with credit:			
		Reduced Rate Normal Scope	<i>Art. 85a (1) of the VAT Act</i>  <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> 	
	Domestic passenger transport services are taxed at the reduced rate of currently 10 % (Art. 85a (1) of the VAT Act – normal scope based on Art. 98/Annex III (5) VAT Directive).			

¹⁸⁴ 0 % denotes an exemption with credit here.

¹⁸⁵ Currently there is no intra-community rail connection.

	<p>Exempt with credit (0 %) Derogation</p> <p style="text-align: right;"><i>Art. 71 (11) and Art. 131 of the VAT Act</i>  <i>Art. 379 and Annex X, Part B, Item 10 of the VAT Dir.</i> </p>
	<p>Passenger transport services supplied directly to or from abroad are exempt with credit according to Art. 71 (11) (exemption) and Art. 131 (deductibility of input VAT) of the VAT Act. This is in line with Art. 379 of the VAT Directive.¹⁸⁶ The tax administration specifies¹⁸⁷ that passenger transport services are only taxable, if the transport starts and ends in Finland. Journeys starting or ending in other Member States or third countries as well as transit transport and cruises through international waters are exempt, irrespective if supplied to a business or a private customer. Sections in Finland are considered to be part of the international journey, if supplied under the same contract (or as indicated on the ticket). It does not matter though, if the transport is actually performed by the supplier or if multiple modes of transport are used. If the trip however is interrupted for other than technical reasons¹⁸⁸, the domestic section between the starting or ending point in Finland and the place of interruption is taxable.</p>
	<p>Exempt (no credit) Normal Scope</p> <p style="text-align: right;"><i>Art. 36 (1) of the VAT Act</i>  <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>Ambulance services (“<i>the transport of patients by vehicles specially equipped for that purpose</i>”) are exempt without credit for input VAT (Art. 36 (1) of the VAT Act).</p>
<i>Special schemes</i>	<p><i>Special schemes for passenger transport service providers</i></p> <p>-</p>
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<p><i>Definition of international passenger transport services</i></p>
	<p>According to the Finnish tax administration¹⁸⁷ passenger transport services are only taxable (i.e. domestic), if the transport starts and ends in Finland. Journeys starting or ending in other Member States or third countries as well as transit transport and cruises through international waters are considered international and therefore exempt, irrespective if supplied to a business or a private customer.</p>
	<p><i>Two-sector trips</i></p>
	<p>Sections in Finland are considered to be part of the international journey and therefore exempt, if supplied under the same contract (or as indicated on the ticket). It does not matter, if the transport is actually performed by the same supplier or if multiple modes of transport are used. But if the trip is interrupted for other than technical reasons, the domestic section between the starting or ending point in Finland and the place of interruption is taxable.</p>
	<p><i>International waters/airspace</i></p> <p>Journeys starting and ending within Finland, but passing through international waters or</p>




¹⁸⁶ Art. 379 VAT Directive: “Finland may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the supply of [...] the transactions listed in points (5), (9) and (10) of Annex X, Part B, for as long as the same exemptions are applied in any of the Member States which were members of the Community on 31 December 1994.”

¹⁸⁷ [http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Palvelujen_ulkomaankaupan_arvonlisaverot\(14323\)](http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Palvelujen_ulkomaankaupan_arvonlisaverot(14323)).

¹⁸⁸ Technical reasons e.g. include a breakdown of the vehicle, bad weather conditions causing delays, overnight stays due to the schedules aso.

	airspace, are considered domestic with respect to VAT. ¹⁸³
<i>Ancillary services subject to the same tax rates</i>	Based on current taxation praxis accompanying luggage and accompanying vehicles are considered as ancillary services and therefore subject to the same tax rate as the underlying passenger transport service. ¹⁸³

Input VAT

Input VAT in the passenger transport sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<i>Art. 58, 70 (6)-(7), 71 (3)-(4) of the VAT Act</i> 
	<i>Art 148 VAT Directive</i> 
	<i>Act concerning the conditions of accession of the Republic of Finland OJ C 241(extended by tacitly approved decision in 2000)</i> 
	<i>Exempt with credit (0 %)¹⁸⁹</i>
	<i>Qualifying vessels</i>
	Art. 58 of the VAT Act exempts the “sale, hiring out and chartering of vessels with a maximum hull length of at least 10 meters and which by their structure are not mainly intended for recreational or sports purposes.” This provision is wider than the corresponding formulation in the VAT Directive, since it is not conditional, that the vessel is used in international traffic or on the high seas ¹⁹⁰ . This derogation is based on the <i>Act concerning the conditions of accession of the Republic of Finland (OJ C 241)</i> ¹⁹¹ . The authorisation has been extended by tacitly approved decision in 2000 without time limit. ¹⁹²
<i>Airlines operating chiefly on international routes</i>	
The VAT Act does not contain definition of airlines operating for reward chiefly on international routes. According to prevailing practice an airline is operating for chiefly on international routes when at least 50 % of its flights are oriented outside Finland. ¹⁸³	
<i>Supplies of goods and services covered</i>	
The following supplies are exempt with credit (the respective exemptions can be found in Art. 58, 70 and 71 of the VAT Act, deduction of input VAT is based on Art. 131 (1) of the VAT Act): ¹⁹²	
<ul style="list-style-type: none"> • the supply, leasing and chartering of qualifying vessels and the supply of work on these vessels or on goods which have been removed for repair, the supply of goods used in that work or the supply of goods, which have been installed on the vessel in connection with that work (Art. 58 of the VAT Act); • the supply of aircraft, their spare parts or equipment, as well as hiring out or chartering of aircraft and hiring out their spare parts or equipment and the supply of work on these and the supply of goods for the provisioning of aircraft to carriers operating for reward chiefly on international routes (Art. 70 (1)(6) and 71 (4) of the VAT Act); 	

¹⁸⁹ Deduction of input VAT is governed by Art. 131 (1) of the VAT Act.

¹⁹⁰<http://vero.fi/sv->

[FI/Detailjerade skatteanvisningar/Momsbeskattning/Kraven pa fakturan/Faktureringskraven vid mervardesbeskattning\(25884\).](http://vero.fi/sv-)

¹⁹¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:11994NN15/09:EN:HTML>.

¹⁹² With comments/additions by the Finnish VAT Authorities.

	<ul style="list-style-type: none"> the supply of goods for sale on board vessels and aircraft in commercial international traffic as well as the sales on board such vessels and aircraft to passengers travelling to a foreign country, excluding supplies of goods, which are taken away in luggage, if the sales take place during the section effected within the Community (Art. 70 (1)(7) and 70 (2) of the VAT Act)¹⁹³; the supply of goods for the provisioning of vessels in commercial international traffic (Art. 70 (8) of the VAT Act); the supply of services to satisfy the direct needs of vessels in commercial international traffic, or of their cargo, as well as sales of services on board such vessels and aircraft to passengers travelling to a foreign country (Art. 71 (3) and (4) of the VAT Act); the supply of services to satisfy the direct needs of aircraft or of their cargo to carriers operating for reward chiefly on international routes (Art. 71 (4) of the VAT Act); brokerage services in connection with the above-mentioned supplies (Art. 71 (12) of the VAT Act). 			
VAT on fuel	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced excise duties</i>
	Petrol	24 %	yes ¹⁹⁴	-
	Gas oil (diesel)	24 %	yes ¹⁹⁴	reduction for railways
	Kerosene	24 %	yes ¹⁹⁴	-
	Liquefied Petroleum Gas (LPG)	24 %	yes ¹⁹⁴	generally exempt for propellant use
	Electricity	24 %	yes ¹⁹⁴	-
VAT on means of transport	<p>Art. 114 (5) of the VAT Act states that input VAT deduction is not permitted in connection with the acquisition of “passenger cars, motorcycles, caravans, vessels, which by their structure are mainly intended for recreational or sports purposes, and aircraft with a maximum permissible take-off weight not exceeding 1,550 kilograms, as well as goods and services related to their use.” However, these restrictions do not apply to “vehicles and vessels, which have been acquired for the purposes of sale or of hiring out, or for use for commercial passenger transport or for driving instruction, neither to passenger cars, which have been acquired exclusively for use, which entitle to deduction.” Input VAT on vehicles used for commercial passenger transport is therefore deductible.</p> <p>For more detailed information see the website of the Finnish Tax Administration.^{192 195}</p>			
Special rules	-			

Administrative Obligations

<i>Registration</i>	Registration shall be effected before starting the taxable activity (Art. 161 of the VAT Act).
<i>Tax point</i>	The chargeable event occurs, when the services are rendered or, if first, payment is received (Art. 15 of the VAT Act). In the first case, transactions are usually assigned to the month, when the invoice is received. If this does not happen before the end of the accounting period, the transaction is assigned to the last month of the accounting period.

¹⁹³ Tax is payable on sales of goods to passengers on vessels or aircraft, to be taken away in their luggage, if the sales take place during intra-community passenger transport.

¹⁹⁴ Fuel and other costs associated with vehicles used for commercial passenger transport are generally deductible.

¹⁹⁵ Especially [http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Kaksikayttoautot_arvonlisaverotuksessa\(10135\)](http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Kaksikayttoautot_arvonlisaverotuksessa(10135)) and [http://vero.fi/fi-FI/Yritys_ja_yhteisoasiakkaat/Osakeyhtio_ja_osuuskunta/Arvonlisaverotus/Ajoneuvon_hankinta_kaytto_ja_myynti_arvo\(20416\)](http://vero.fi/fi-FI/Yritys_ja_yhteisoasiakkaat/Osakeyhtio_ja_osuuskunta/Arvonlisaverotus/Ajoneuvon_hankinta_kaytto_ja_myynti_arvo(20416)).

<i>VAT returns</i>	Generally VAT returns have to be submitted monthly, they are due on the 7 th (in paper) or 12 th (electronic) of the second month following the taxable period (Art. 162 of the VAT Act). Smaller taxable persons (except for foreign taxable persons) can apply for longer periods (Art. 162a of the VAT Act) ¹⁹⁶ : <ul style="list-style-type: none"> • Quarterly, if the turnover does not exceed EUR 50,000 in the calendar year; due on the 7th (in paper) or 12th (electronic) of the second month following the respective quarter; • Yearly, if the turnover does not exceed EUR 25,000 in the calendar year, due on the last day of February.
	<i>Nil returns</i>
	VAT returns must also be submitted for periods, in which no taxable transactions have been conducted.
<i>VAT payable</i>	VAT is payable on the 12 th day of the second month following the month (or quarter) in which the chargeable event occurred. Small taxable persons submitting yearly returns have to pay VAT by the last day of February.
<i>VAT deductible</i>	VAT is basically deductible in the period, in which the invoice is received. However, if this is not before the end of the accounting year, input VAT for goods /services already acquired and received shall be deducted in the last month or quarter of the taxable period.
<i>VAT refunds</i>	Excess input VAT can be used to cover other tax liabilities on the tax account, otherwise it is refunded or - optionally - retained in the tax account and offset against future tax liabilities. ¹⁹⁷
<i>Invoicing requirements</i>	Invoices have to be issued, when a taxable person makes taxable supplies of goods or services to other taxable persons or non-taxable legal persons (Art. 209b of the VAT Act). Additionally an invoice is necessary, when zero-rated or certain exempt supplies are made. Simplified invoices are generally allowed, if the amount (including VAT) does not exceed EUR 400 (Art. 209f of the VAT Act). They have to include the following information: date of issuance, seller's name and VAT number, description and quantity of the goods rendered, VAT due or tax base specified per rate of VAT. For some supplies, which include passenger transport services unless meant for resale, these simplified rules apply irrespective of the invoiced amount. The invoice can be issued in any language, but the tax administration may require a translation ¹⁹⁸ .
<i>Special regimes</i>	<i>Small Enterprises</i>
	Small enterprises of any legal form – except for territorial authorities and foreign taxable persons without a fixed establishment in Finland – are not required to account for VAT (Art. 3 of the VAT Act). Currently the respective threshold is net sales of EUR 8,500 in the current fiscal year. ¹⁹⁹ If this threshold is exceeded, VAT has to be paid for the entire year in retrospect. Voluntary registration is possible, below the limit of EUR 8,500 all VAT paid

¹⁹⁶ See also [http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Pidennetyt_ilmoitus_ja_maksujaksot\(14534\)](http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Pidennetyt_ilmoitus_ja_maksujaksot(14534)).

¹⁹⁷ For details see [http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Arvonlisaveron_palautukset\(19476\)](http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Arvonlisaveron_palautukset(19476)).

¹⁹⁸ [http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Laskua_koskevat_vaatimukset/Laskutusvaatimukset_arvonlisaverotuksess\(23291\)](http://vero.fi/fi-FI/Syventavat_veroohjeet/Arvonlisaverotus/Laskua_koskevat_vaatimukset/Laskutusvaatimukset_arvonlisaverotuksess(23291)).

¹⁹⁹ Some types of taxable turnover are not taken into account when calculating the threshold, e.g. lease income from real estate, on the other hand many not taxable transactions have to be included.

	<p>will be refunded at the end of the year.</p> <p>Taxable persons with a turnover between EUR 8,500 and EUR 22,500 can get a part of the VAT paid during the year refunded (Chapter 14a of the VAT Act), the relevant formula is:</p> $\text{refunded VAT} = \text{VAT} - \frac{(\text{turnover} - 8,500) \times \text{VAT}}{14,000}.$
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<p><u><i>Foreign suppliers having a fixed establishment in Finland</i></u></p> <p>are required to register for VAT in Finland, if they supply taxable goods or services²⁰⁰. Suppliers of scheduled transport services are considered having a fixed establishment in Finland per se.</p> <p><u><i>Foreign suppliers having no fixed establishment in Finland</i></u></p> <p>are mainly required to register, if they supply taxable goods or services to private persons. Supplies to taxable persons are usually subject to reverse charge (however this does not hold for most domestic passenger transport services).</p> <p><u><i>Registration procedure</i></u></p> <p>The tax offices competent for foreign companies are Uusimaa Corporate Tax Office (for corporate entities) and Helsinki Area Tax Office (in all other cases).</p> <p>Registration is required before the start of the business activities in Finland, necessary documents include:</p> <ul style="list-style-type: none"> • the start-up notification form, an explanation of the business conducted in Finland and – if relevant – a power of attorney for the signature, • a trade register extract or equivalent document, • articles of association, by-laws, partnership agreement or similar, if no trade register extract is provided, • foreign businesses having no fixed establishment in the EU might require additional documents proving the appointment of a tax representative.
	<u><i>Registration for exempt international passenger transport services</i></u>
	<p>Foreign businesses (without a fixed establishment) supplying only exempt (with credit)²⁰¹ operations in Finland (e.g. international passenger transport) only have to register in order to get input VAT refunded.</p>
<i>Tax representative</i>	<p>In the case a non-EU taxable person without a fixed establishment in Finland chooses to apply for registration as a person liable to tax in Finland, it is required to appoint a tax representative, if no agreement on mutual assistance is in place between the country of establishment and Finland.¹⁸³</p>
<i>Reverse charge</i>	<p>Reverse charge is applied to most goods and services provided by foreign businesses without a fixed establishment in Finland (or in cases, where the fixed establishment is not involved) to taxable persons, however passenger transport services are excluded (Art. 9 of the VAT Act).</p>

²⁰⁰ There are cases, which are subject to reverse charge, if the local establishment is not involved in the supply.

²⁰¹ International passenger transport is exempt with credit in Finland, so the supplies are basically not taxable. However, businesses providing only such exempt supplies are not entitled to use the special refund procedure for foreigners (see [http://vero.fi/en-US/Precise information/Value added tax/VAT registration of foreigners in Finland\(14701\)](http://vero.fi/en-US/Precise%20information/Value%20added%20tax/VAT%20registration%20of%20foreigners%20in%20Finland(14701))).

<i>Languages</i>	Some forms (e.g. the start-up notification form and the VAT return form) are available in English and can also be issued in English, others only in Finnish and Swedish. For documents in foreign languages usually a translation to Finnish or Swedish is required. ¹⁹²
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	Travel expenses incurred in the course of work are deductible, even if reimbursed to employees. No deduction is possible for travel expenses for employees or taxable persons between home and the place of work, since these are deemed to be the employees' personal expenses, even if paid by the employer.
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2. Other Passenger Taxes

There are no specific taxes, which are added directly to the ticket price.

3. Sources:

Publications

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Finland, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-finland_2010_en.pdf.

IBFD (Päivi Taipalus): Value Added Taxation – Finland, IBFD, 2012.

Finnish VAT Act (*Arvonlisäverolaki*, Law 1501 of 30 December 1993) as amended, available on <http://www.finlex.fi/fi/laki/ajantasa/1993/19931501> (Finnish); an English translation as of 2003 is available on <http://www.finlex.fi/en/laki/kaannokset/1993/en19931501>.

Websites

Website of the Finnish Tax Administration, <http://www.vero.fi>.



France

1. Value Added Tax (*Taxe sur la valeur ajoutée*)

VAT Overview

Basic VAT Information					
<i>Name</i>	<i>Taxe sur la valeur ajoutée</i>				
<i>Legal basis</i>	French General Tax Code, Chapter I of Title II of Part I (<i>Code Général des Impôts, Titre II, Chapitre premier: Taxe sur la valeur ajoutée</i>), Art. 256-0 – 298 septdecies Act on Fiscal Procedures (<i>Livre des Procédures Fiscales</i>)				
<i>Additional documents</i>	Annexes to the CGI issued by the Minister of Finance Basic Administrative Commentary to the CGI Instructions on new tax developments				
<i>Territorial application</i>	France for VAT purposes comprises continental France, the coastal islands, Corsica, the Principality of Monaco ²⁰² , the territorial sea (12 nautical miles) and the continental shelf, but not the overseas departments (Guadeloupe, French Guiana, Martinique, Réunion, St. Martin, Saint-Barthelémy) and overseas territories (French Polynesia, New Caledonia, Wallis and Futuna, Mayotte and Saint Pierre and Miquelon, etc.), which are neither part of the French nor the EU VAT area. ²⁰³				
<i>VAT rates</i> ²⁰⁴	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	20 %	5.5 % / 10 %	2.1 %	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of passenger transport</i>	<p>The reduced rate in place for passenger transport also applies to²⁰⁵:</p> <ul style="list-style-type: none"> the provision of a vehicle including a driver and if relevant the crew²⁰⁶, lifts operated by communities and departments, tourist bus lines operated regularly, including access to an audio phonic information system, accompanying baggage, the transport of small vehicles (bicycles, mopeds,...) – if incidental to a passenger transport service, other incidental services like the provision of sleeping compartments, seat reservations, admission fees to docks and similar, even if charged separately, and commissions paid to carriers. <p>In the case of cruises, services included in the price are taxed at the same rate (e.g. accommodation, restaurant services, site visits), whereas goods and services billed</p>













































²⁰² In Monaco French VAT is applied following the Treaty of 18 May 1963.

²⁰³ IBFD (2012), p.26.

²⁰⁴ The rates have been changed taking effect on 1 January 2014.

²⁰⁵ <http://bofip.impots.gouv.fr/bofip/477-PGP.html>.

²⁰⁶ In case of renting a vessel decisive characteristics for the application of the reduced rate are e.g. that the route is defined by the provider of the vehicle and that he provides a professional crew, which ensures the operation of the vessel (see <http://bofip.impots.gouv.fr/bofip/477-PGP.html>).

	separately are also taxed separately at the appropriate rate. However, the following goods and services are taxed at the standard rate: <ul style="list-style-type: none"> • Freight transport, courier services, transport of luggage (if not closely related to passenger transport) and radio communication services for dispatching of taxis²⁰⁷. 			
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>			
	We found no special rules for such services.			
<i>Place of supply</i>	Art. 259A (4) CGI  Art 48 of the VAT Directive 			
	The transport of passengers is subject to French VAT according to the distance travelled in France (Art. 259A (4) CGI). When a passenger transport service takes place partly in France and partly abroad, French VAT is due only on the price corresponding to the French section. Unless this price is clearly identified, the allocation is based on the ratio between the distance covered in France and the total distance (Art. 68 of Annex III to the CGI). ^{208 209}			
	<i>Exceptions</i>			
	-			
Rates and Special Schemes				
<i>Rates applicable²¹⁰</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	10 % 	10 %  (0 % )²¹¹	10 %  (0 % )
	Taxi	10 % 	10 % 	10 % 
	Bus (sched.)	10 % 	10 % 	10 % 
	Bus (non-sched.)	10 % 	10 %  (0 % )	10 %  (0 % )
	Rail	10 % 	0 %  ²¹² 10 % 	0 %  ²¹² 10 % 
	Train	10 % 	10 %  0 % 	10 %  0 % 
	HSR	10 % 	0 %  (10 % )	0 %  (10 % )
	Metro	10 % 	-	-
	Tram	10 % 	-	-
	Inland Waterways	10 % 	10 % 	10 % 
	sched.	10 % 	10 % 	10 % 
	non-s.	10 % 	10 % 	10 % 

²⁰⁷ See <http://bofip.impots.gouv.fr/bofip/477-PGP.html>.




























²⁰⁸ See also BOI-TVA-CHAMP-20-50-30-20120912, <http://bofip.impots.gouv.fr/bofip/1490-PGP.html>.

²⁰⁹ With comments/additions by the French VAT Authorities.

²¹⁰ 0 % denotes an exemption with credit here.

²¹¹ International bus transport of foreigners (for further information see below).




²¹² Certain international connections (mainly HSR) and transit traffic are zero-rated, otherwise the reduced rate is applied.

	Maritime Shipping	10 %  (0 % ) ²¹³	0 % 	0 % 
	sched.	10 %  (0 % ) ²¹³	0 % 	0 % 
	non-s.	10 %  (0 % ) ²¹³	0 % 	0 % 
	Air	10 % 	0 % 	0 % 
	sched.	10 % 	0 % 	0 % 
	non-s.	10 % 	0 % 	0 % 
<i>Legal background</i>	<i>Legal background</i>			
	In summary, international air, sea and most rail passenger transport and international road transport of foreigners in groups of at least 10 persons is exempt with credit. Other modes of transport are taxed at the reduced rate of – since 1 January 2014 – 10 %.			
	Reduced Rate (10 %)		<i>Art. 279 b quarter CGI</i> 	
	 Normal Scope	<i>Art. 371 and Annex X, Part B, Item 10 of the VAT Dir.</i> 		
	Passenger transport in France is generally taxed at the reduced rate of currently 10 % ²¹⁴ (Art. 279 b quarter CGI), irrespective of the means of transport used, unless subject to any of the exceptions below.			
Exempt with credit (0 %)		<i>Art 262 II (8)-(11) and Art. 261 V (c) CGI</i> 		
 Derogation	<i>Art. 371 and Annex X, Part B, Item 10 of the VAT Directive</i> 			
<i>Legal background</i>	Exempt with credit ²¹⁵ are: ²⁰⁹			
	<ul style="list-style-type: none"> • Passenger transport by air or sea to and from foreign destinations or overseas territories (Art. 262 II (8) CGI). • Railway passenger transport, where the place of departure and the place of destination is abroad (transit traffic) (Art. 262 II (9) CGI). • Railway passenger transport on certain international relations, including pre- and post-transport, as defined by the Minister of Finance and the Minister of Transport (Art. 262 II (10) CGI). This list is contained in Art. 24 A of Annex IV to the CGI and includes the following connections: <ul style="list-style-type: none"> ○ Paris-Londres, Paris-Bruxelles, Paris-Luxembourg, Paris-Dusseldorf Paris-Cologne, Paris-Francfort, Paris-Stuttgart, Paris-Munich, Paris-Bâle, Paris-Berne, Paris-Lausanne, Paris-Genève, Paris-Turin ○ Paris-Milan, Paris-Barcelone, Paris-Madrid, Paris-Bilbao ○ Strasbourg-Bruxelles, Strasbourg-Francfort, Strasbourg-Londres ○ Lille-Londres, Lille-Bruxelles, Lille-Bale ; Lyon-Londres, Lyon-Bruxelles, Lyon-Luxembourg, Lyon-Cologne, Lyon-Francfort, Lyon-Genève, Lyon-Milan, Lyon-Barcelone ; Marseille-Londres, Marseille-Genève, Marseille-Rome ; Nice-Copenhague, Nice-Genève, Nice-Zurich, Nice-Gênes, Nice-Londres, Nice-Milan, Nice-Barcelone, Nice-Madrid, Nice-Lisbonne, Nice- 			

²¹³ In case of passenger transport services to Corsica, the sections outside of continental France are zero-rated.

²¹⁴ Until 31 December 2013 the rate was 7 %.

²¹⁵ Deduction of input VAT is based on Art. 261 V (c) CGI.

	<p>Francfort, Nice-Luxembourg, Nice-Bruxelles; Bordeaux-Bilbao, Bordeaux-Genève, Bordeaux-Londres</p> <ul style="list-style-type: none"> ○ Toulouse-Genève, Toulouse-Barcelone; Lourdes-Bruxelles, Lourdes-Dublin, Lourdes-Cork <ul style="list-style-type: none"> • Additionally international railway transport of groups of at least the size of a railcar or a sleeping car, where the places of departure and destination are served by a passenger airport (Art. 262 II (10) CGI and Art. 24 A of Annex IV to the CGI) and transport through the Channel Tunnel. • International road transport of foreign travellers²¹⁶ to or from foreign destinations and travelling in groups of at least 10 persons (Art. 262 II (10) CGI). In order to qualify for this exemption in case of transshipment to a French port or airport, the provider must carry a document containing the route, the registration number of the vehicle, the distance and the number of passengers (Art. 73 F of Annex III to the CGI). • In case of passenger transport services between continental France and Corsica: The part of the journey outside continental France is exempt (Art. 262 II (11) CGI, based on Art. 371 and Annex X, Part B, Item 10²¹⁷).
	<p> Exempt (no credit) Art. 261 (4), Item 3 CGI </p> <p>Normal Scope Art. 132 (1)(p) of the VAT Directive </p>
	<p>Art. 261 (4), Item 3 CGI exempts, without credit, the transport of sick or injured persons by certain organisations in vehicles specially designed for this purpose²¹⁸.</p>
<i>Special Schemas</i>	<i>Special schemes for passenger transport service providers</i>
	<p><u>Lower rates on Corsica</u></p> <p>For Corsica basically the same rules apply, but there are lower rates than in continental France for some goods and services (Art. 297 CGI). The rate applied to passenger transport services taxed at the reduced rate of 10 % in continental France is 2.1 % in Corsica, certain petroleum products are taxed at 13 %.</p>
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	<p>International passenger transport is described in Art. 262 (II) (8°) CGI as transport to or from foreign destinations or overseas territories.²¹⁹</p>
	<p><u>Two-sector trips</u></p> <p>In case of air transport, domestic flights are in general subject to 10 % VAT. However, domestic flights, which form the initial or final part of an otherwise international trip, do not give rise to a VAT liability, even if operated by a different carrier, if the whole trip is covered by a single ticket. Thus if airline A serves a connection from Lyon to Paris and airline B provides a subsequent flight to New York, both flights are treated as international, if a single ticket is issued.²²⁰</p>

²¹⁶ The travelers can also be of French nationality, if their permanent residence is abroad (excluding certain French overseas territories) (see Ministry of Economy and Finance (2013), recital 2136).

²¹⁷ See also ECJ Case C-30/89.



²¹⁸ For details see <http://bofip.impots.gouv.fr/bofip/709-PGP.html> or http://www.legifrance.gouv.fr/affichCode.do?sessionId=F1B4D5CB3E9753D77EA51AEBDC39B680.tpdjo09v_3?idSectionTA=L.EGISCTA000006171602&cidTexte=LEGITEXT000006072665&dateTexte=20140103.

²¹⁹ See also BOFIP BOL-TVA-CHAMP-20-60-10, available on <http://bofip.impots.gouv.fr/bofip/2270-PGP>.

²²⁰ Reply to our questionnaire by the French VAT Authorities.

	<p>In case of maritime transport on the other hand every part is assessed separately. A part of an international transport is only covered by the exemption, if this part is to or from abroad or carried out outside the French territorial waters. Purely domestic trips, even in the course of an international journey, are subject to 10 % VAT for the distance travelled in French territorial waters.^{219 220}</p> <p>And in the case of rail transport, domestic connections are exempt with credit, if they form a part of an exempt international trip as described above (transit or pre-/post-transport to certain international connections).</p>
	<p><i>International waters/airspace</i></p>
	<p>Distances travelled in/over international waters are not taxed, even in the case of purely domestic journeys (e.g. cruises to international waters and back).²²¹</p>
<p><i>Ancillary services subject to the same tax rates</i></p>	<p><u>Accompanying luggage:</u> The reduced rate is applicable to surcharges for accompanying baggage.</p> <p><u>Accompanying vehicles:</u> The reduced rate is also applicable to the transport of small vehicles like bicycles and mopeds, which are realized incidentally to a passenger transport service.</p> <p><u>Other services:</u> The reduced rate is furthermore applicable to surcharges for other services closely linked to the passenger transport service (e.g. for sleeper cars, couchettes, seat reservations, entry tickets to docks).^{220 222}</p>

Input VAT

Input VAT in the passenger transport sector	
<p><i>Exemptions based on Art. 148 of the VAT Directive</i></p>	<p style="text-align: right;"><i>Art. 262 (II) (2°-7°) in conj. with Art. 271 V (c) of the VAT Act (CGI)</i> </p> <p style="text-align: right;"><i>Art 148 of the VAT Directive</i> </p>
	<p><i>Qualifying vessels</i></p>
	<p>According to Art. 262 (II) (2°) CGI the following vessels qualify for exemption (with credit)²²³:</p> <ul style="list-style-type: none"> • vessels used for the transport of goods or passengers or other commercial activities on the high seas; • vessels used for commercial sea fishing; and • vessels used for rescue and assistance at sea. <p>This includes e.g. cruise ships, ships used for industrial activities outside French territorial waters, ships used for international traffic, but not suction dredgers, ships for maritime research and ships which are only used within the territorial waters or for inland navigation (even if for commercial navigation on international rivers), pleasure boats, race boats and similar.²²⁴</p>

²²¹ <http://bofip.impots.gouv.fr/bofip/477-PGP.html>.

²²² See BOFIP BOI-TVA-LIQ-30-20-60-20130625 (par. 30), available on <http://bofip.impots.gouv.fr/bofip/477-PGP.html>.

²²³ Input VAT can be deducted based on Art. 271 V (c) CGI.

²²⁴ For details see BOFIP BOI-TVA-CHAMP-30-30-30-10-20130625, <http://bofip.impots.gouv.fr/bofip/231-PGP.html>.

	<i>Airlines operating chiefly on international routes</i>			
	Qualifying aircraft are defined as those which are used by French or foreign companies whose services to or from metropolitan France (i.e. excluding the overseas departments) represent at least 80% of their services (Art. 262 (II) (4°) of the CGI).			
	<i>Supplies of goods and services covered</i>			
	<p>The following supplies of goods and services are covered²²⁵:</p> <ul style="list-style-type: none"> • the supply, repair, modification, maintenance, chartering and hiring of qualifying vessels and aircraft; • the supply, rental, repair and maintenance of goods intended to be incorporated in qualifying vessels/aircraft or to be used for their exploitation/flight operations (including spare parts, containers, fishing gear and nets, working clothes for fishermen, furniture, etc.); • the supply of goods for the fuelling and provisioning (i.e. food and supplies to be consumed or used on board for the needs of the crew and passengers as well as other products for use in meeting the special needs of the crew) of qualifying vessels/aircraft as well as warships as defined in subheading 89-01 of the Common Custom Tariff, with the exception of ships' provisions for vessels used for inshore fishing²²⁶; • the supply of services to meet the direct needs of qualifying vessels/aircraft or their cargoes²²⁷. <p>Furthermore exempt (with credit) are the services rendered by intermediaries acting in the name and for the account of third persons with respect to the above mentioned transactions (Art. 263 CGI) and the importation of most goods covered above (Art. 291 (II) CGI).</p>			
VAT on fuel	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced excise duties</i>
	Petrol	20 %	no	refund for taxis
	Gas oil (diesel)	20 %	yes / 80 % ²²⁸	reduction for railways; (partial) refund for taxis, buses and comm. use ²²⁹ ; exemption for goods transport on inland waterways
	Kerosene	20 %	yes / 50 % ²²⁸	-
	Liquefied Petroleum Gas (LPG)	20 %	yes	generally reduced rate for propellant use
	Electricity	20 %	yes	-
	<i>LPG and natural gas</i> : deduction of input VAT is permitted;			

²²⁵ For details see BOFIP BOI-TVA-CHAMP-30-30-30-20120912, <http://bofip.impots.gouv.fr/bofip/2267-PGP.html>.

²²⁶ Art. 73 of Annex III to the CGI defines inshore fishing as fishing by vessels with an overall length of less than twelve meters using only non-towed gear, and where the stay at sea does not exceed 24 hours.

²²⁷ A list of services covered can be found in Art. 73b to 73e of Annex III to the CGI. Examples include piloting, tugging, mooring, use of port and airport facilities, disinfecting, cleaning of holds, guarding, security, technical expertise, assistance in case of distress, aso. (cf. IBFD (2012), p. 44).

²²⁸ Depending on whether input VAT on the respective vehicle was deductible.

²²⁹ Commercial use as defined in Art. 7(2) of Council Directive 2003/96/EC (includes commercial passenger transport by buses).

	<p><i>Petrol</i>: is totally excluded from the right to deduct input VAT;</p> <p><i>Other fuels</i>: fully deductible, if the respective vehicle was entitled to deduct; otherwise limited to 80% for diesel and E85 fuel, to 50% for petroleum gas and kerosene and to 0% for aviation fuel.^{220 230}</p>
VAT on means of transport	<p><u>Vehicles</u>:²³¹</p> <p>No deduction is allowed for input VAT on vehicles (i.e. cars, motorcycles, ships and aircraft) designed for the transportation of persons (even if also used for freight transport as a dual use), if</p> <ul style="list-style-type: none"> • the vehicles are treated as fixed business assets, or • they are not destined for sale as a new asset (e.g. by a car dealer). <p>This also holds for components, spare parts, accessories of such vehicles and services rendered in respect of them.</p> <p>However there are a number of exceptions from these restrictions, e.g. vehicles</p> <ul style="list-style-type: none"> • used by public passenger transport enterprises solely for the transportation of persons (taxis, buses, excursion boats aso.),²³² • which can transport more than 8 passengers (excl. driver) and which are used by businesses to transport their personnel to work premises, and • used for leasing purposes. <p>Input VAT on means of transport used for the provision of public passenger transport services is therefore usually deductible.²⁰⁹</p>
Special rules	-

Administrative Obligations

VAT registration	<p>Every person making taxable supplies in France is regarded as a taxable person. Registration is mandatory, if the taxable person is liable for VAT remittance. In that case, the commencement of business activities in France must be reported to the Trade Register within 15 days, together with information about the activities conducted (identification declaration). This registration with the trade register is automatically linked to a registration for VAT.</p> <p>In principle there is no threshold for registration, but thresholds, below which no VAT must be accounted for (see ‘small businesses’ below). Businesses can apply also for an exemption from registration in this case.²³³</p>
VAT due	VAT for the supply of services becomes due, when the consideration is received (Art. 269 (2)(c) CGI). ²³⁴
VAT returns	<p>The taxable period is (Art. 287 (2) CGI)</p> <ul style="list-style-type: none"> • generally one month, • a calendar quarter, if VAT payable annually is less than EUR 4,000, • a calendar year, if the thresholds for the special scheme for small enterprises are not

²³⁰ See also Art. 206 IV (2)(8) and Art. 206 IV (3)-(4) of Annex II to the CGI, and <http://bofip.impots.gouv.fr/bofip/1194-PGP>.

²³¹ IBFD (2012), p. 55; <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/france.aspx>

²³² In addition, the deduction is strictly limited to vehicles, which are actually used for the provision of the passenger transport services, vehicles used by such enterprises for other purposes do not qualify.

²³³ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/france.aspx#2>.

²³⁴ IBFD (2012), p. 34.

	<p>exceeded.</p> <p>In certain cases seasonal filing is granted.²³⁵</p> <p>The due date depends on the competent tax department, the legal form and the business's name, but is mostly around the 20th day of the month following the tax period:</p> <ul style="list-style-type: none"> • 19th of the following month for EU-established businesses (except French), • 24th for corporations, • 15th to 24th for other taxable persons. <p>In practice the tax authorities inform the taxable person of the due date after registration.</p> <p>Businesses with a turnover exceeding EUR 230,000 must file returns electronically (the threshold does not apply to businesses not established in France, who have to use electronic returns in any way).</p>
	<i>Nil returns</i>
	'Nil-statements' must be filed for periods, in which no taxable transactions were carried out.
<i>VAT payable</i>	See returns.
<i>VAT deductible</i>	The right for deduction arises when the tax becomes due and input VAT can be deducted in the respective tax period. However the right cannot be exercised, before an invoice or another document of proof is available. ²³⁶
<i>VAT refunds</i>	<p>If input VAT deductible exceeds output VAT, this excess amount is carried forward to the following periods.</p> <p>A refund can be granted under certain circumstances²³⁷:</p> <ul style="list-style-type: none"> • After the end of the tax year, if it amount to at least EUR 150 • After the end of the quarterly tax period, if the quarterly return shows a credit of at least EUR 760 and the amount requested for reimbursement is also EUR 760 or more • After the end of the monthly tax period, if the refundable amount is at least EUR 760.
<i>Invoicing requirements</i>	Operators providing passenger transport services are subject to the general invoicing rules. ²²⁰
	<i>Small Businesses</i>
<i>Special regimes</i>	Small businesses, whose turnover in the previous year is below certain thresholds, do not have to charge output VAT and cannot deduct input VAT. With respect to passenger transport, the thresholds are EUR 32,600 (entry) and EUR 34,600 (exit). Both thresholds are exclusive of VAT, certain transactions are not included in the calculation. VAT will be due from the first day of the month, in which the exit threshold is exceeded. Opting for normal taxation is possible. This scheme cannot be used by taxable persons not established in France (Art. 293B – 293G CGI).
<i>Foreign suppliers</i>	
<i>VAT registration</i>	<p><u>Fixed establishment in France:</u></p> <p>The normal rules apply.</p>

²³⁵ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/france.aspx#4>.

²³⁶ IBFD (2012), p. 52 and <http://bofip.impots.gouv.fr/bofip/1505-PGP>.

²³⁷ BOFIP BOI-TVA-DED-50-20-10-20120912, <http://bofip.impots.gouv.fr/bofip/1435-PGP.html>.

	<p><i>No fixed establishment in France:</i></p> <p>Businesses from Member States have to register with the Department for Non-resident Companies using a special registration form. Registration takes 3 to 6 weeks²³⁸.</p> <p>Businesses from third countries must register via a VAT representative, unless there is a mutual assistance agreement between France and the country of establishment.</p>
	<p><i>Registration for exempt international passenger transport services</i></p> <p>Foreign operators carrying out only exempt international passenger transport services are not obliged to register for VAT in France or to submit returns, since they are not liable to pay tax in France.²²⁰</p>
<i>Tax representative</i>	<p>Taxable persons from third countries without a fixed establishment in France performing taxable transactions there are obliged to appoint a VAT representative, who takes over all VAT related obligations and is also liable for the payment of VAT (Art. 289A (I) CGI). Since 2013 this obligation is dropped for countries, which have a mutual assistance agreement with France.²³⁹</p> <p>EU-based companies can voluntarily register through a tax agent, who is in contrast to a VAT representative not liable for VAT payment.²⁴⁰</p> <p>There is also the possibility to appoint a VAT representative with a limited license, who represents his client only with respect to certain transactions.</p>
<i>Reverse charge</i>	<p>Reverse charge is applied to all services subject to the general place-of-supply-rules performed by non-established suppliers to customers liable to VAT in France (Art. 259 (1) and 283 (2) CGI). Since passenger transport services are not subject to the general place-of-supply-rule, reverse charge is not applicable.</p>
<i>Languages</i>	<p>VAT registration forms are provided in several languages (English, German, Italian, Spanish), the same holds for applications for VAT refunds. The form for VAT returns on the other hand is currently available in French only.²²⁰</p>
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	<p>Input VAT on passenger transport services and incidental operations (seat reservations, booking fees, aso.) is generally not deductible (5 ° 2 of IV of Article 206 of Annex II of the General Code). There are however a few exceptions, e.g.:²⁴¹</p> <ul style="list-style-type: none"> • transport for the account of a public transport enterprise, • subcontracted transport services carried out on behalf of a transport company, or • transport under a permanent contract to transport personnel of an enterprise to the work premises.
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²³⁸ IBFD (2012), p. 63.

²³⁹ <http://www.tmf-vat.com/vat/france-vat.html>.

²⁴⁰ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/france.aspx#2>.

²⁴¹ IBFD (2012), p. 56; <https://blog.capitainetrain.com/2101-les-justificatifs-de-voyages-la-solution-a-vos-problemes-comptables>.

2. Other Taxes

Civil Aviation Tax

Civil Aviation Tax (<i>Taxe de l'aviation civile</i>)	
<i>Relevant legislation</i>	Article 302 bis K of the General Tax Code (<i>Code général des impôts, CGI</i>)
<i>In place since</i>	1 January 1999
<i>What is taxed?</i>	The number of passengers ²⁴² and the tons of freight and mail embarked from French territory (metropolitan France, French overseas departments, French Overseas Collectivities of Saint-Bartholomew and Saint-Martin) on commercial flights, whether scheduled or not, by public air transport companies
<i>Exceptions</i>	<p><u>Flights:</u></p> <ul style="list-style-type: none"> • Discovery flights, emergency medical flights, local flights without transport, private flights in own airplanes <p><u>Passengers/freight:</u></p> <ul style="list-style-type: none"> • Onboard personnel directly linked to the flight • Children < 2 years • Direct transit passengers, freight or mail departing on the same plane with an identical flight number • Passengers, freight and mail departing after a forced landing
<i>Tax rates</i>	<p>As per 1 April 2014 the following rates apply:</p> <ul style="list-style-type: none"> • EUR 4.36 per passenger to destinations within France (including overseas departments and collectivities), other EU countries, Iceland, Liechtenstein, Norway and Switzerland • EUR 7.85 per passenger to other destinations • EUR 1.30 per tons of freight or mail to any destination <p>As from 2011 the rates are revalued annually based on the consumer price index.</p>
<i>Who is liable?</i>	The air transport company
<i>Registration and administration</i>	<p>Civil aviation tax must generally be declared monthly, due by the end of the following month. Companies, who have declared an amount of no more than EUR 12,000 in the previous year, may file quarterly declarations. In periods without taxable activity a nil declaration must be submitted.</p> <p>Declarations must be sent to the <i>GFU des taxes aéroportuaires</i> by mail, e-mail or online form.</p>
<i>Tax liability</i>	The tax liability arises at the time the passengers, freight or mail are embarked.
<i>Tax payment</i>	Payment is due together with the submission of the respective form.

²⁴² Including passengers travelling free of charge.

Solidarity Tax on aircraft tickets

Solidarity Tax (<i>Taxe de solidarité sur les billets d'avion</i>)				
<i>Relevant legislation</i>	Article 302 bis K of the General Tax Code (<i>Code général des impôts, CGI</i>), paragraph VI			
<i>In place since</i>	1 July 2006			
<i>What is taxed?</i>	<p>The Solidarity Tax, administered by the French Agency for Development, is an additional charge to the Civil Aviation Tax destined to contribute to the financing of developing countries, especially with respect to health projects.</p> <p>Basis for taxation is the number of passengers embarked from the French territory, including overseas departments, Saint-Bartholomew and Saint-Martin, the rate depends on the destination and the class of travel.</p>			
<i>Exceptions</i>	In addition to the exceptions listed above (see Civil Aviation Tax) passengers on connection flights are not taxed, if the difference between the scheduled arrival and the scheduled departure does not exceed 24 hours.			
<i>Tax rates</i>	Since 1 April 2014 the applicable rates per passenger are:			
		Rate	Increased rate	Normal rate
	Destination		Applied to passengers in first class, business class and similar. ²⁴³	Applied to other classes of travel.
	Final destination in France (including overseas departments and territories), other EU countries, Iceland, Liechtenstein, Norway and Switzerland		EUR 11.27	EUR 1.13
	Other destinations		EUR 45.07	EUR 4.51
<i>Who is liable?</i>	The responsibility to declare and pay solidarity tax lies with the air transport company.			
<i>Registration and administration</i>	Together with Civil Aviation Tax; the declaration of Solidarity Tax is integrated in the Civil Aviation Tax declaration form. ²⁴⁴			
<i>Tax liability</i>	See Civil Aviation Tax.			
<i>Tax payment</i>	See Civil Aviation Tax.			

²⁴³ Article 302 bis K, paragraph VI, defines that the increased rate are applied, if the passenger can benefit from services - without extra payment on board – to which the other passengers don't have access for free.

²⁴⁴ See https://www.formulaires.modernisation.gouv.fr/gf/cerfa_14878_01.do.

Tax on public air and sea transport to Corsica

<i>(Taxe sur le transport public aérien et maritime en provenance ou à destination de la Corse)</i>	
<i>Relevant legislation</i>	Article 1599 vicies of the General Tax Code (<i>Code général des impôts, CGI</i>)
<i>In place since</i>	1 July 1993
<i>Competent authority</i>	The tax is set by the Corsican Assembly, which also benefits from the revenues. The basic conditions are laid down by the central government.
<i>What is taxed?</i>	The number of passengers embarking on or disembarking from ships and aircraft in Corsican territory in the course of commercial flights (including charter flights) or on regular shipping lines.
<i>Exceptions²⁴⁵</i>	<p><u>Flights/sea crossings:</u></p> <ul style="list-style-type: none"> • Military flights and sea crossings • Private trips with own means of transport • Flights without passengers • Inland transport: Trips starting and ending in Corsica including short boat trips and excursions, but not sea cruises departing from or arriving in Corsica. <p><u>Persons:</u></p> <ul style="list-style-type: none"> • Persons transported free of charge (crew, young children,...) • Persons transported in the course of medical emergencies • Passengers in direct transit by ship or air (e.g. leaving on a flight with the same flight number after a short break) • Passengers landing only temporarily in the course of a cruise or similar
<i>Tax rates</i>	<p>The tax is fixed by the Corsican Assembly, the central government only states a maximum of EUR 4.57 per passenger. The rates currently applied are²⁴⁶:</p> <ul style="list-style-type: none"> • EUR 1.52 / passenger for distances of less than 20 km (some connections from Sardinia) • EUR 4.57 / passenger otherwise
<i>Who is liable?</i>	The tax is paid to the authorities by airlines and sea carriers, which in turn add it to the ticket price.
<i>Registration and administration</i>	<p>The tax on public air and sea transport to Corsica is declared and paid together with VAT (form No. 3310 A).</p> <p>Taxable persons not established in the EU must appoint a representative.</p>
<i>Tax liability</i>	The tax liability arises on the embarkation or disembarkation of passengers.
<i>Tax payment</i>	The tax is paid together with VAT.
<i>Remark</i>	A similar tax for passengers embarking on maritime ships and aircraft (max. EUR 4.57 per passenger) is in place in Guadeloupe, Guyana, Martinique, Mayotte and Reunion, which however are not part of the European VAT area (Art. 285 ter of the Customs Code). ²⁴⁷

²⁴⁵ For details see <http://bofip.impots.gouv.fr/bofip/159-PGP.html>.

²⁴⁶ http://ec.europa.eu/taxation_customs/tedb/taxDetail.html?id=293/1357119787&taxType=Other+indirect+tax.

²⁴⁷ *Code des douanes*, available on http://www.legifrance.gouv.fr/affichCode.do?sessionId=E604B6B64865416F33AD233F58558128.tpdjo13v_1?cidTexte=LEGITEXT000006071570.

Tax on maritime passengers embarking to nature reserves

<i>(Taxe sur les passagers maritimes embarqués à destination d'espaces naturels protégés)</i>	
<i>Relevant legislation</i>	Article 285 quater of the Customs Code (<i>Code des douanes</i>) ²⁴⁸
<i>In place since</i>	
<i>Competent authority</i>	The tax is determined, collected and controlled by the customs service. 2.5 % of the proceeds are retained by the State, the rest is for the benefit of the public entity responsible for the management of the nature reserves or the municipality, where the site is located and which is responsible for its preservation.
<i>What is taxed?</i>	The number of passengers embarking in maritime transport to nature reserves and certain other protected sites. Details are set in the decree law of 22 December 2011. ²⁴⁹
<i>Exceptions</i>	<ul style="list-style-type: none"> passengers, who need the connection in order to reach their primary residence or their place of work; passengers transported free of charge
<i>Tax rates</i>	The tax is set to 7 % of the transport fee, with a maximum of EUR 1.63 per passenger. If several such destinations are visited on the same day, the rate is reduced.
<i>Who is liable?</i>	The tax is declared and paid by the shipping companies, which in turn add it to the ticket price.
<i>Registration and administration</i>	The tax must be declared and paid within 48 hours from the arrival of the ship in the protected area or the respective port. Monthly statements can be granted to operators, which serve a certain circuit several times per month. In the latter case the due date is the 15 th day of the following month.
<i>Tax liability</i>	See above.
<i>Tax payment</i>	See above.

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²⁴⁸ Available on http://www.legifrance.gouv.fr/affichCodeArticle.do;jsessionid=FC4AD35977B26C4F5EBE1A6D4B6021FD.tp_djo13v_1?idArticle=LEGIARTI000006615251&cidTexte=LEGITEXT000006071570&categorieLien=id.

²⁴⁹ *Arrêté du 22 décembre 2011 fixant le tarif et les modalités d'application de la taxe sur les passagers maritimes embarqués à destination d'espaces naturels protégés prévue par l'article 285 quater du code des douanes*, available on http://www.legifrance.gouv.fr/affichTexte.do;jsessionid=FC4AD35977B26C4F5EBE1A6D4B6021FD.tp_djo13v_1?cidTexte=JORFTEXT000025055944.

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- Tax on public air and sea transport to and from Corsica: *Livre premier, Deuxième Partie, Titre II bis, Chapitre III, Article 1599 vicies*, available on http://www.legifrance.gouv.fr/affichCodeArticle.do;jsessionid=BC6183950B235010FCEDE01EEC81067D.tpdjo12v_2?idArticle=LEGIARTI000006306465&cidTexte=LEGITEXT000006069577.

Customs Code (*Code des douanes*), available on http://www.legifrance.gouv.fr/affichCode.do;jsessionid=E604B6B64865416F33AD233F58558128.tpdjo13v_1?cidTexte=LEGITEXT000006071570.

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Germany

1. Value Added Tax

VAT Overview

Basic VAT Information					
<i>Name</i>	Umsatzsteuer				
<i>Legal basis</i>	VAT Act 2005 (<i>Umsatzsteuergesetz 2005</i>)				
<i>Additional documents</i>	VAT Ordinance (<i>Umsatzsteuer-Durchführungsverordnung</i>), VAT Application Decree (<i>Umsatzsteuer-Anwendungserlass</i>)				
<i>Territorial application</i>	The German VAT area consists of the territory of the Federal Republic of Germany, excluding the territory of Büsingen (enclave in Switzerland), the Isle of Helgoland, the free port areas and the area beyond the coastline (Art. 1 (2) of the VAT Act). ^{250 251}				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	19 %	7 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	Passenger transport is defined as a transportation service aimed at the spatial or geographical movement of persons. Conditional is that at least one passenger, beside the persons responsible for the transport, will be transported over a certain distance. Not regarded as a transportation service is the hiring of means of transport, which can be used for passenger transportation.
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There are no special rules for A-to-A passenger transport services like cruises starting and ending in the same port or sightseeing tours. Such services are subject to the normal rules for passenger transport services.
<i>Place of supply</i>	<i>Art. 3b (1) of the VAT Act</i>  <i>Art. 48 of the VAT Directive</i> 
	Transport-of-passenger services are supplied where they physically take place. In case of cross-border transportation the allocation is based on the distances covered (Art. 3b (1) of the VAT Act).
	<i>Exceptions</i>
	Short sections in German territory are seen as taking place outside Germany under certain conditions. Similarly, short foreign sections are deemed to be in German territory in certain circumstances (Art. 2 to 7 VAT Ordinance – details see below).

²⁵⁰ IBFD (2012), p. 27.

²⁵¹ With comments/additions by the German VAT Authorities.

<i>Rates and Special Schemes</i>				
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
		Road	7 % $\text{\textcircled{R}}$: <50 km²⁵³ 19 % $\text{\textcircled{S}}$: other	7 % $\text{\textcircled{R}}$: <50 km²⁵⁴ 19 % $\text{\textcircled{S}}$: other
	Taxi ²⁵⁵	7 % $\text{\textcircled{R}}$	7 % $\text{\textcircled{R}}$	7 % $\text{\textcircled{R}}$
	Bus (sched)	7 % $\text{\textcircled{R}}$ ²⁵³ 19 % $\text{\textcircled{S}}$	7 % $\text{\textcircled{R}}$ ²⁵⁴ 19 % $\text{\textcircled{S}}$	7 % $\text{\textcircled{R}}$ ²⁵⁴ 19 % $\text{\textcircled{S}}$
	Bus (non-s)	19 % $\text{\textcircled{S}}$	19 % $\text{\textcircled{S}}$	19 % $\text{\textcircled{S}}$
	Rail	7 % $\text{\textcircled{R}}$: <50 km²⁵⁶ 19 % $\text{\textcircled{S}}$: other	7 % $\text{\textcircled{R}}$: <50 km²⁵⁷ 19 % $\text{\textcircled{S}}$: other	7 % $\text{\textcircled{R}}$: <50 km²⁵⁷ 19 % $\text{\textcircled{S}}$: other
	Train	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$
	HSR	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$
	Metro	7 % $\text{\textcircled{R}}$	-	-
	Tram	7 % $\text{\textcircled{R}}$	-	-
	Inland Waterways	7 % $\text{\textcircled{R}}$: <50 km²⁵⁸ 19 % $\text{\textcircled{S}}$: other	7 % $\text{\textcircled{R}}$: <50 km²⁵⁹ 19 % $\text{\textcircled{S}}$: other (0 % $\text{\textcircled{D}}$: certain ferries)²⁶⁰	7 % $\text{\textcircled{R}}$: <50 km²⁵⁹ 19 % $\text{\textcircled{S}}$: other
	sched.	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$ (0 % $\text{\textcircled{D}}$)	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$
	non-s.	19 % $\text{\textcircled{S}}$	19 % $\text{\textcircled{S}}$	19 % $\text{\textcircled{S}}$
	Maritime Shipping	7 % $\text{\textcircled{R}}$: <50 km²⁵⁸ 19 % $\text{\textcircled{S}}$: other 0 % $\text{\textcircled{D}}$: to and from Helgoland and trips with a short section in Germany²⁶¹	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	sched.	7 % $\text{\textcircled{R}}$ 19 % $\text{\textcircled{S}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	non-s.	19 % $\text{\textcircled{S}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$

²⁵² In case of passenger transport by ship, 0 % refers to an exemption with credit (to and from Helgoland), or the service is defined as out of scope of German VAT, with deductibility of input VAT. With respect to international aviation on the other hand, 0 % denotes an actual zero-rate.

²⁵³ Within a municipality or for distances less than 50 km with taxis or trolleybuses, for other motor vehicles restricted to approved regular services.

²⁵⁴ German leg is within a municipality or shorter than 50 km with taxis or trolleybuses, for other motor vehicles restricted to approved regular services.

²⁵⁵ For taxi services in most cases the reduced rate will apply, however, if the distance is more than 50 km and the journey is not within a municipality, the service is standard-rated.

²⁵⁶ within a municipality or distance less than 50 km.















²⁵⁷ German leg is within a municipality or less than 50 km.

²⁵⁸ Ferry services and approved regular services within a municipality or for a distance less than 50 km.

²⁵⁹ Ferry services and approved regular services, when German leg is within a municipality or less than 50 km.

²⁶⁰ Cross-border passenger ferry services across Rhine, Danube, Elbe, Neisse and Oder.









²⁶¹ Passenger transport to or from Helgoland is zero-rated; furthermore this also applies to services starting and ending in German ports, where the German section is not longer than 20 km and the foreign section is longer than 10 km.

	Air	19 % 	0 % 	0 %  (19 % ) ²⁶²
	sched.	19 % 	0 % 	0 % 
	non-s.	19 % 	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal Background</i>			
	Basically the standard rate of 19 % applies to passenger transportation. But the VAT Act specifies a number of exceptions for certain kinds of passenger transportation services, so that in summary three different rates are relevant: <ul style="list-style-type: none"> • the zero-rate/exemption with credit for international aviation and maritime shipping, which is a derogation based on Art. 371/Annex X, Part B, Item 10 of the VAT Directive, • the reduced rate for local/regional traffic, in line with Art 98/Annex III (5) VAT Directive and • the standard rate for other services, i.e. mainly bus tours and long-distance transport. <p>The detailed provisions are:</p>			
	 Standard Rate (19 %) Normal Scope			
	All passenger transport services not subject to any of the rules below are taxed at the standard rate of 19 %. This is basically domestic long-distance transport and international transport by road, rail and inland waterways with long (>50 km) German sections. Furthermore bus tours and other occasional transport services with buses are always taxed at the standard rate.			
	 Reduced Rate (7 %) <i>Art. 12 (2) 10. of the VAT Act</i>  Normal Scope <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> 			
The most extensive exception is stated in Art. 12 (2) 10. of the VAT Act (based on Art. 98/Annex III, Item 5 VAT Directive), according to which the reduced rate of 7 % applies to the transport of passengers by rail, with motor vehicles in approved regular services ²⁶³ , taxis, trolleybuses, cableways and similar facilities as well as on ships (in approved regular services) and ferries, if the transport takes place within a municipality or the distance is not more than 50 kilometres ²⁶⁴ (in line with Art. 98/Annex III Item 5. VAT Directive). The reduced rate is as well applied to incidental services, especially the transport of accompanying luggage.				

²⁶² International air passenger transport is not generally zero-rated, 0 % VAT only applies to a list of countries issued by the German Ministry of Finance. However, this list covers all Member States and practically all important connections to third countries. For details see section “legal background” below.

²⁶³ “Regular services” are defined in sect. 12.13 (4) VAT Application Decree as regular services between specific points of departure and arrival, whereby passengers can embark or disembark at certain stations. A fixed schedule with stated times of arrival/departure is not conditional. Examples also include the transport of workers between residence and place of work, of students between residence and school, of kindergarten kids and theatergoers. Basically the reduced rate can only be applied, if those services are approved by the respective authority. However, for some types of services (e.g. the transport of workers to construction sites or between different workshops) approval is deemed given or not necessary. For details see sect. 12.13 VAT Application Decree.

²⁶⁴ For details on determining the relevant distance see sect. 12.14 VAT Application Decree.

D	<p>Zero-Rate (0 %) Derogation</p>	<p><i>Art. 26 (3) of the VAT Act</i>  <i>Art. 371 and Annex X, Part B, Item 10 of the VAT Dir.</i>²⁶⁵ </p>
	<p><u>Zero-rating of international flights:</u></p> <p>The extensive zero-rating of passenger transport on international flights is due to Art. 26 (3) of the VAT Act, which defines that the Federal Ministry of Finance may set a lower or the zero rate for cross-border passenger transportation on board planes, subject to the condition that the operator doesn't issue invoices with separate identification of VAT. In case of foreign operators this arrangement can be dependent on whether the country, where the foreign operator resides, imposes VAT or similar taxes on cross-border air transportation by German operators.²⁶⁶</p>	
	<p>Exempt with credit / out of scope (0 %) Derogation</p>	<p><i>Art. 4 6. D and Art. 15 (3) of the VAT Act</i>  <i>Art. 3b of the VAT Act and Art. 7 of the VAT Ordinance</i>  <i>Art. 371 and Annex X, Part B, Item 10 of the VAT Directive</i>  <i>Out of scope</i> </p>
	<p><u>Exemption of international shipping:</u>²⁵¹</p> <p>International passenger transport in maritime shipping is exempt or out of scope (with deductibility of input VAT) – i.e. effectively zero-rated - based on a couple of provisions:²⁶⁷</p> <ul style="list-style-type: none"> • Passenger and ferry services with vessels for maritime navigation between domestic seaports and Helgoland are exempt with credit based on Art. 4 6. D) in conjunction with Art. 15 (3) of the VAT Act²⁶⁸. • In case of journeys, which start and end in German ports, the domestic section is considered foreign, if the domestic section is not longer than 20 km and the foreign section is longer than 10 km. In such cases the whole service is out of scope of German VAT (Art. 7 (2) 2. of the VAT Ordinance), but input VAT can be deducted. • For cross-border transport of passengers and ferry services with seagoing vessels between foreign ports or between a domestic port and a foreign port Art. 7 (3) of the VAT Ordinance provides that the domestic sections are treated as foreign sections and therefore not subject to German VAT. In case of cruises starting and ending in the same port, the condition is fulfilled if at least one foreign port is called in between. Input VAT is deductible (Art. 15 (3) of the VAT Act). • The same holds for cross-border ferry services for passengers across Rhine, Danube, Elbe, Neisse and Oder, which are also considered to be abroad (Art. 7 (5) of the VAT Ordinance). 	
E	<p>Exempt (no credit) Normal Scope</p>	<p><i>Art. 4 17. B) of the VAT Act</i>  <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>The transportation of sick or injured persons with special vehicles is exempt from VAT (without right to deduct input VAT) (Art. 4 17. B) of the VAT Act).</p>	

²⁶⁵ Strictly speaking Art. 371 of the VAT Directive refers to an exemption.

²⁶⁶ The current list is available on http://www.bundesfinanzministerium.de/Content/DE/Downloads/BMF_Schreiben/Steuerarten/Umsatzsteuer/2013-07-19-personenbefoerderung-luftverkehr.pdf.

²⁶⁷ For details see the respective sections in the VAT Application Decree, especially Chapter 3b.1.

²⁶⁸ The island of Helgoland is excluded from the territorial scope of the VAT Directive (Art. 6, Item 2 (a)).



	Special schemes for passenger transport service providers
	<p><i>Journey-specific VAT assessment (derogation based on Art. 395 VAT Directive)²⁶⁹:</i></p> <p>With respect to occasional foreign passenger transport services using buses or coaches not registered in Germany a journey-specific VAT assessment procedure is applied, if a third-country border (i.e. the Swiss border or at ports) is crossed during the journey (Art. 16 (5) VAT Act). According to this method VAT is calculated for each taxable turnover separately at the border by the competent customs office and has to be paid right there (Art. 18 (5) VAT Act). The tax base used for calculation is an average transport price (Art. 10 (6) VAT Act), which is currently 0.0443 EUR per passenger kilometre (Art. 25 VAT Ordinance). Taxed at the standard rate of 19 %, this results in a tax amount of 0.0084 EUR per passenger kilometre travelled in Germany. Input VAT can be reimbursed using the normal input tax refund procedure. After the tax period, the service provider can request to calculate VAT according to the general taxation procedure, whereby journey-specific VAT paid at a third-country border is credited (Art. 16 (5b) and 18 (5b) VAT Act). This procedure does not apply to scheduled transport services and occasional transport services carried out by foreign enterprises, which do not cross a third-country border. In these cases the general taxation procedure must be applied (Art. 18 (12) VAT Act).</p>
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of „international passenger transport services“</i>
	The German VAT Act does not contain a specific definition of international passenger transport services, instead the term ‘cross-border transport’ is used. The distinction between services out of scope of German VAT and services subject to German VAT in international shipping is based on special place-of-supply rules, which define the German section as taking place outside Germany, if certain conditions (minimum distance outside German territorial waters and maximum distance in German territorial waters or transport between foreign ports or between a foreign and a domestic port) are fulfilled. ²⁵¹
	<i>Two-sector trips</i>
	Decisive are the respective service relations. Typically domestic feeder services are supplied by a different provider than the international transport, in which case they are considered as a separate domestic transport for VAT purposes. On the other hand, stopovers in Germany in the course of an international flight do not preclude the application of the lower rate or the zero rate according to Art. 26 (3) of the VAT Act, if the passenger continues his flight on the same aircraft or, if this aircraft does not fly to the passenger’s destination, on the next available connecting flight. Details can be found in Sect. 26.2 of the VAT Application Decree. ²⁷⁰
	<i>International waters/airspace</i>
	Journeys starting and ending within Germany, but passing through international waters or airspace, can be considered domestic or international, depending on the distances covered in German territorial and international waters. Sections through international waters can only be subject to German VAT, if they are not longer than 10 km (Art. 7 (2) 1. of the VAT Act).

²⁶⁹ See http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/key_documents/table_derogations/vat_index_derogations_en.pdf, p. 11.

²⁷⁰ Reply to our questionnaire by the German VAT Authorities.

<i>Ancillary services subject to the same tax rates</i>	<p>In case of passenger transport services subject to the reduced rate, the reduced rate is also applied to incidental services, especially the transport of accompanying luggage (Art. 12 (2)(10) of the VAT Act). If passenger transport services by ship are outside the scope of German VAT, the same will apply to related incidental services.</p> <p>Further services can be covered based on the general principles of section 3.10 of the VAT Application Decree (individual vs. composite supplies).</p>
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Input VAT

Input VAT in the Passenger Transport Sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<p style="text-align: right;"><i>Art. 4 (2) and Art. 8 of the VAT Act</i> </p> <p style="text-align: right;"><i>Art 148 of the VAT Directive</i> </p> <p><i>Exemption with credit (0 %)</i>²⁷¹</p>
	<p><i>Qualifying vessels</i></p> <p>Vessels qualifying for exemption (with credit) are specified by Art. 8 (1)(1) of the VAT Act as seagoing vessels “<i>which are intended to be used for reward or for saving shipwrecked persons (vessels as defined in Nos. 8901 and 8902 00, from sub 8903 9210, 8904 00 and 8906 9010 of the customs tariff)</i>”.²⁷²</p> <p>According to the German VAT Application Decree, chapter 8.1 (2), the design of the ship and the classification according to the customs tariff is decisive. Furthermore they must actually be used mainly or exclusively for the above-mentioned activities, according to the German VAT Authorities the actual use on the high seas is also a necessary condition. Examples include merchant ships, seagoing passenger ships and ferries, fishing vessels and seagoing tugs and towboats, but not pleasure craft and vessels of the authorities. The boundaries of sea-shipping are defined in the Flaggenrechtsverordnung²⁷³ mainly as the coastline of the mainland and islands, the seaward limit of inland waterways and the lines connecting the pier heads of seaports.²⁵¹</p>
	<p><i>Airlines operating chiefly on international routes</i></p> <p>Airlines operating chiefly on international routes are defined as airlines, which generate a higher turnover from international (incl. intra-community) routes than from domestic routes. Furthermore the exemption is subject to the restriction, that the airline does not supply specialized domestic air transport services for sick or injured people or only to a negligible extent²⁷⁴. The tax authorities issue a list with domestic providers, which fulfil these requirements. Airlines not yet included in this list can apply for a provisional written confirmation. Airlines established abroad are deemed to operate mainly on international routes (sect. 8.2 VAT Application Decree).</p>
	<p><i>Supplies of goods and services covered</i></p> <p>The following supplies are covered:</p> <ul style="list-style-type: none"> • the supply, modification, repair, maintenance, chartering and hiring of qualifying vessels/aircraft;

²⁷¹ Deductibility of input VAT is governed by Art. 15 (3) of the VAT Act.

²⁷² Translation by IBFD (2012), p. 42.

²⁷³ <http://www.gesetze-im-internet.de/bundesrecht/flrv/gesamt.pdf>.

²⁷⁴ http://www.bundesfinanzministerium.de/Content/DE/Downloads/BMF_Schreiben/Steuerarten/Umsatzsteuer/2014-01-29-steuerfreie-umsaetze-luftfahrt.pdf.

	<ul style="list-style-type: none"> the supply, repair, maintenance chartering and hiring of equipment used on qualifying vessels/aircraft (including fixed as well as movable equipment, e.g. optical and nautical equipment, ropes, covers, tools, anchor chains, lifeboats and other life-saving devices, furniture, clothes, charts, manuals aso., but not conventional containers); supplies for the fuelling and provisioning of qualifying vessels/aircraft, including technical consumables (e.g. fuel, lubricants and paint), products for the consumption by crew or passengers (e.g. food and beverages, toiletries, newspapers and magazines) and goods for onboard pharmacies, board canteens and board shops, even if they are not destined for use on board; also covered is the fuelling and provisioning of certain warships, excluded is the supply of the ships' provisions to vessels for coastal fishing; other services to meet the direct needs of qualifying vessels/aircraft, their equipment and cargoes (e.g. the services of ship brokers, claims agents and other experts, towing, piloting and salvaging, loading and unloading, security services, airport services, cleaning of aircraft aso., but not air traffic control services, accommodation and transport services for the crew, rental of maintenance facilities on airports aso.); <p>Furthermore exempt (with credit) are the services of intermediaries in connection with the above-mentioned supplies (Art. 4 (5) of the VAT Act). The applicability of the exemption must be proven by proper documents.</p>																								
<i>VAT on fuel</i>	<table border="1"> <thead> <tr> <th><i>Type</i></th> <th><i>VAT Rate</i></th> <th><i>Deductibility</i></th> <th><i>Reduced excise duties</i></th> </tr> </thead> <tbody> <tr> <td>Petrol</td> <td>19 %</td> <td>yes</td> <td>-</td> </tr> <tr> <td>Gas oil (diesel)</td> <td>19 %</td> <td>yes</td> <td>-</td> </tr> <tr> <td>Kerosene</td> <td>19 %</td> <td>yes</td> <td>-</td> </tr> <tr> <td>Liquefied Petroleum Gas (LPG)</td> <td>19 %</td> <td>yes</td> <td>-</td> </tr> <tr> <td>Electricity</td> <td>19 %</td> <td>yes</td> <td>reduced (but still relatively high) rate for railways and public transport</td> </tr> </tbody> </table>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced excise duties</i>	Petrol	19 %	yes	-	Gas oil (diesel)	19 %	yes	-	Kerosene	19 %	yes	-	Liquefied Petroleum Gas (LPG)	19 %	yes	-	Electricity	19 %	yes	reduced (but still relatively high) rate for railways and public transport
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	Kerosene	19 %	yes	-																					
Liquefied Petroleum Gas (LPG)	19 %	yes	-																						
Electricity	19 %	yes	reduced (but still relatively high) rate for railways and public transport																						
<p>According to Art. 15 (1) of the VAT Act, VAT on supplies used less than 10 % for business purposes cannot be deducted. IBFD²⁷⁵ states, that VAT on company cars used also for private purposes can be split according to the usage or be fully deducted. In the latter case a self-supply of the car is calculated based on all costs and taxed during use as a compensation, usually the taxable amount is 1 % of the catalogue price of the car per month (if the business use is at least 50 %). Similar rules exist for rented or leased cars.</p> <p>VAT on means of transport used for commercial passenger transport services and related expenses (fuel, maintenance, repairs aso.) is therefore deductible.</p>																									
<i>Special rules</i>	-																								

²⁷⁵ IBFD (2012), p.48; see also http://www.bundesfinanzministerium.de/Content/DE/Downloads/BMF_Schreiben/Steuerarten/Umsatzsteuer/Umsatzsteuer-Anwendungserlass/2014-06-05-vorsteuerabzug-und-umsatzbesteuerung-bei-teil-unternehmerisch-verwendeten-fahrzeugen.pdf?__blob=publicationFile&v=2.

Administrative Obligations

<i>Registration</i>	As soon as a business makes taxable supplies in Germany, it must notify the tax authorities of the commencement of taxable activities and it will receive a fiscal registration number in the following. A separate VAT identification number, which can be obtained in a second step, is especially required, if intra-community supplies in Germany are effected. ²⁷⁶
<i>Tax point</i>	The general rule is that VAT becomes due at the end of the tax period, in which the goods are supplied or the services are completed. There are however exceptions, e.g. in case of advance payments or if the taxable person accounts for VAT on a cash basis VAT becomes due when the payment is received. ²⁷⁷
<i>VAT returns</i>	Preliminary VAT returns are due 10 days after the end of the filing period (an extension is possible in certain cases). The frequency of the preliminary returns depends on last year's VAT payable or refunded: <ul style="list-style-type: none"> • Monthly preliminary VAT returns are required from providers, whose VAT payable or VAT refunded in the previous fiscal year exceeded EUR 7,500. • Enterprises below these thresholds have to file quarterly returns. • For providers with VAT payable of EUR 1,000 or less in the previous year, a relief from the obligation to submit preliminary VAT returns can be granted on request. <p>The annual summarizing VAT return is due by 31 May of the year following the reporting period (extension possible).</p> <p>Returns must generally be submitted electronically, but the tax authorities can permit returns in paper, if the electronic submission would lead to undue hardship.</p> <p>According to Chapter 18.6 of the VAT Application Decree the tax office can exempt taxable persons from the submission of returns for periods, if regularly no VAT arises in these periods.</p>
	<i>Nil returns</i>
	It is obligatory to submit VAT returns for periods, in which no taxable transactions occurred (nil returns). ²⁷⁰
<i>VAT payable</i>	Together with the preliminary VAT returns within 10 days after the end of the respective filing period, an extension is possible in certain cases.
<i>VAT deductible</i>	After the supplies are effected, input VAT can be deducted in the month when the invoice is received.
<i>VAT refunds</i>	If deductible input VAT exceeds output VAT, normally a refund is granted. ²⁷⁸
<i>Invoicing requirements</i>	Simplified invoicing requirements are in place for invoices with a total amount of not more than EUR 150 (Art. 33 VAT Ordinance). Travel tickets ²⁷⁹ and corresponding vouchers for luggage are treated as invoices, if they contain the name and the address of the enterprise effecting the travel services, the date of issue, the total amount of consideration incl. VAT and if relevant a remark referring to the application of the reduced rate or cross-border air passenger transportation. In case of cross-border transportation services additionally a confirmation is required, which fraction of the

²⁷⁶ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/germany.aspx#2>.

²⁷⁷ IBFD (2012), p. 33.

²⁷⁸ IBFD (2012), p. 47.

²⁷⁹ According to IBFD this does not hold for shipping (IBFD (2012), p. 58).

	total consideration is attributable to the German section (Art. 34 VAT Ordinance, for further details see sect. 14.7 VAT Application Decree).
<i>Special Regimes</i>	<i>Small Businesses</i>
	For small enterprises with a total turnover of not more than EUR 17,500 in the previous year and not more than EUR 50,000 in the current year (expected) a special tax scheme applies. Though these businesses are in principle subject to VAT, the financial authorities don't collect it according to Art. 19 VAT Act. Such small enterprises are in exchange not allowed to deduct input VAT on purchases of goods and services. This scheme is only available for taxable persons established in Germany, opting out in favour of normal taxation is possible.
	Furthermore Art. 23 VAT Act. (in conjunction with Art. 69 and 70 VAT Ordinance) specifies optional flat rates for the calculation of deductible input VAT, which can be applied by enterprises with a turnover of not more than EUR 61,356 in the previous year under certain conditions. This rate is all-inclusive, the deduction of additional input VAT (e.g. paid for capital goods) is forbidden. For passenger transportation with motor vehicles (e.g. taxis) the flat rate is 6 %. Opting out to be subject to the ordinary VAT rules is possible. Art. 20 of the VAT Act allows taxation according to moneys received in certain cases (e.g. if the turnover in the previous calendar year doesn't exceed EUR 500,000). This scheme is optional and can be used only after permission of the tax authorities.
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	Providers with a branch office in Germany must register at the tax office of the region, where the branch is located. Businesses not established in Germany have to register at the tax office competent for the country where they are established. ²⁸⁰
	<i>Registration for exempt/zero-rated international passenger transport services</i>
	Providers of exclusively zero-rated international passenger transport services are obligated to register for German VAT. ²⁷⁰
<i>Tax representative</i>	The use of VAT representatives is confined to very special cases.
<i>Reverse charge</i>	Basically yes, but some passenger transport services are except from the reverse charge procedure (Art. 13b (6) of the VAT Act): <ul style="list-style-type: none"> • cases in which the journey-specific VAT assessment procedure must be applied; • passenger transport with land motor vehicles (buses, taxis); and • cross-border passenger transport by air.
<i>Languages</i>	Forms, legislation and most VAT-related information on the websites ²⁸¹ currently seem to be available in German language only. Some basic topics (e.g. on taxation of international passenger transport services using buses or coaches that are not registered in the Federal Republic of Germany) are also offered in other languages. The language of tax procedures is generally German. ²⁵¹
<i>Special rules</i>	-

²⁸⁰http://www.bzst.de/DE/Steuern_International/USst_im_In_und_Ausland/USst_Zustaendigkeit%C3%BCbersicht.pdf.

²⁸¹<http://www.bundesfinanzministerium.de>, <http://www.bzst.de>.

Business Travel

<i>VAT deductible</i>	There are no special restrictions with respect to the deduction of VAT on business travel (Art. 15 of the VAT Act). Details on the calculation of VAT on travel tickets can be found in Art. 35 of the VAT Ordinance and in Ch. 15.5 of the VAT Application Decree.
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Additional Information

Details on Place of Supply Rules

According to Art. 3b (1) VAT Act the Federal Government, with the consent of the Federal Assembly, may define that short domestic sections of cross-border journeys can be deemed as foreign and short foreign sections can be deemed as domestic under certain circumstances. These derogations are based on Art. 394 VAT Directive²⁸² (Art. 27 (5) of the Sixth Directive respectively). The basic rules according to Art. 2 to 7 VAT Ordinance are as follows (for more detailed information see Sect. 3b.1. VAT Application Decree):

- In international passenger transportation, which starts and ends abroad, a short section in German territory (not longer than 30 km) of a journey is considered as foreign, if it forms the shortest or most convenient connection²⁸³. This does not hold for scheduled services with motor vehicles (Art. 2 VAT Ordinance), for cross-border passenger transport services with vessels or ferry services, other rules apply.
- Similarly, short foreign sections (not longer than 10 km) of journeys between two locations in Germany are seen as domestic, except for scheduled services with motor vehicles (Art. 3 VAT Ordinance). Again, there are special rules for cross-border passenger transport services with vessels or ferry services.
- Short connecting routes in Germany run by foreign railway companies are treated as foreign transport sections and vice versa.
- Short sections of non-scheduled international road passenger transport services with motor vehicles in Germany (up to 10 km in one direction) are deemed to be foreign. This especially applies to taxi transport, touristic excursions, rented bus transportation, rented car transportation and the like (Art. 5 VAT Ordinance and Sect. 3b.1. (12) VAT Application Decree).
- Regarding cross-border passenger transport with vessels, which begins and ends in domestic ports, the foreign section is to be regarded as domestic, if it is not longer than 10 km, and the domestic leg is treated as foreign, if the foreign portion is longer than 10 km and the domestic portion is not longer than 20 km. With respect to passenger transport by seagoing vessels between two foreign seaports or between a foreign and a domestic seaport, the domestic leg is treated as foreign and the transport is not taxable in Germany. International ferry traffic on Rhine, Danube, Elbe, Neisse and Oder is to be seen as foreign traffic (Art. 7 VAT Ordinance). For passenger transport on ships along the Rhine special rules apply (Sect. 3b.1. (17) VAT Application Decree).
- Free ports and the water area between the territorial sovereignty frontiers and the shore are mostly treated as domestic with regard to passenger transport (Art. 4, 6, 7 VAT Ordinance, Sect. 3b.1. (11), (12), (13) VAT Application Decree), except for international passenger transport on seagoing vessels to and/or from foreign seaports (Art. 7 (3) VAT Ordinance).

²⁸² Source: http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/key_documents/table_derogations/vat_index_derogations_en.pdf_p.11.

²⁸³ This condition must be assessed on a case by case basis, unless it is derived from bilateral agreements (Sect. 3b.1. (7) VAT Application Decree).

2. Passenger Taxes

Air Passenger Tax

<i>Air Passenger Tax</i>	
<i>Relevant legislation</i>	Air Transport Tax Act (<i>Luftverkehrsteuergesetz, LuftVStG</i>)
<i>In place since</i>	1 January 2011 (date of departure)
<i>What is taxed?</i>	The legal process which leads to the departure of passenger from a domestic airport using a plane or helicopter (§ 1 LuftVStG).
<i>Exceptions</i>	<ul style="list-style-type: none"> • Passengers < 2 years without a separate seat • Flight crew • Flights serving exclusively military or other sovereign purposes • Flights serving exclusively medical purposes • Renewed departures after aborted flights • Small planes and helicopters (planes: maximum authorized take-off weight not exceeding 2 tons; helicopters: maximum authorized take-off weight not exceeding 2.5 tons for round trip flights) • Certain flights to and from German, Dutch and Danish isles²⁸⁴ • Departures by transit and transfer passengers (not included in the definition of 'departure' according to § 2 LuftVStG)
<i>Tax rates (for 2014)</i>	<p><u>Short haul:</u></p> <ul style="list-style-type: none"> • EUR 7.50/passenger (not including VAT for domestic flights) • Applied to flights to most European and Mediterranean countries (Annex 1 LuftVStG) <p><u>Medium Haul:</u></p> <ul style="list-style-type: none"> • EUR 23.43/passenger • Applied to flights to certain African and Asian countries (Annex 2 LuftVStG) <p><u>Long Haul (> ~6,000 km):</u></p> <ul style="list-style-type: none"> • EUR 42.18/passenger • Applied to flights to all other countries <p>The Ministry of Finance is authorized to reduce the rates based on the costs of EU emissions trading.</p>
<i>Who is liable?</i>	Tax debtor is the air carrier performing the departure.
<i>Registration and administration</i>	<p>The air carrier must register with the relevant tax office no later than three weeks before the first departure, which is subject to Air Passenger Duty. Later registration is admissible in certain cases.</p> <p>Air carriers, which are not established in the EU, have to appoint a tax representative in Germany.</p> <p>The aircraft owner must calculate the duty himself, a monthly statement must be submitted by the 10th day of the calendar month following the month of the departure; payment is due by the 20th day of the calendar month following the departure. Special rules are in place for December.</p>

²⁸⁴ According to BMF (2013), p. 110, such flights are subject to a reduced rate of EUR 1.50/passenger.

<i>Tax liability</i>	End of the calendar month of departure
<i>Tax payment</i>	20 th day of the calendar month following the departure

3. Sources:

Publications

Air Passenger Tax Act (*Luftverkehrsteuergesetz, LuftVStG*), available on <http://www.gesetze-im-internet.de/bundesrecht/luftvstg/gesamt.pdf>.

BMF: Steuern von A-Z – Ausgabe 2013, 2013, available on http://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren_Bestellservice/2013-09-24-steuern-von-a-z.pdf.

European Commission - TAXUD/c/1: *Vademecum on VAT obligations – Germany*, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-germany_2010_en.pdf.

German VAT Act (*Umsatzsteuergesetz 2005*), as amended, available on http://www.gesetze-im-internet.de/ustg_1980/BJNR119530979.html.

German VAT Application Decree (*Umsatzsteuer-Anwendungserlass*), available on http://www.bundesfinanzministerium.de/Web/DE/Themen/Steuern/Steuerarten/Umsatzsteuer/Umsatzsteuer_Anwendungserlass/umsatzsteuer_anwendungserlass.html.

German VAT Ordinance (*Umsatzsteuer-Durchführungsverordnung*), as amended, available on http://www.gesetze-im-internet.de/ustdv_1980/BJNR023590979.html.

IBFD (Dennis Kleine-Koenig and Julia Bader): *Value Added Taxation – Germany*, IBFD, 2012.

Umsatzsteuerstatistik (Voranmeldungen) 2012 des Statistischen Bundesamtes, Fachserie 14 Reihe 8.1, Sonderauswertung für das Bundesministerium der Finanzen.

Websites

Website of the German Ministry of Finance <http://www.bundesfinanzministerium.de>, especially <http://www.bundesfinanzministerium.de/Web/DE/Themen/Steuern/Steuerarten/Umsatzsteuer/umsatzsteuer.html>.

Website of the Federal Central Tax Office (BZSt), <http://www.bzst.de>.

<http://de.wikipedia.org/wiki/Luftverkehrabgabe>.











Greece

1. Value Added Tax

VAT Overview

Basic VAT Information					
<i>Name</i>	Φόρος Προστιθέμενης Αξίας				
<i>Legal basis</i>	VAT Act (Law 2859/2000), as subsequently amended				
<i>Additional documents</i>	Several ministerial orders and circulars				
<i>Territorial application</i>	The Greek territory for VAT purposes excludes Mount Athos and includes the territorial waters.				
<i>VAT rates</i> ²⁸⁵	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	23 %	13 % / 6.5 %	-	-	0 %



















































Output VAT

Output VAT in the Passenger Transport Sector				
<i>Definition of passenger transport</i>	The VAT Act contains no definition.			
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>			
	There seem to be no special rules for such services.			
<i>Place of supply</i>	<p style="text-align: right;"><i>Art. 14 (5) of the VAT Act</i>  <i>Art 48 of the VAT Directive</i> </p>			
	Corresponding to Art. 48 of the VAT Directive passenger transport services are deemed to be supplied where the transport takes place, proportionate to the distances covered (Art. 14 (5) of the VAT Act). Regarding international services therefore the domestic section is subject to the Greek VAT rules, whereas the foreign section is not.			
	<i>Exceptions</i>			
	-			
<i>Rates and Special Schemes</i>				
<i>Rates applicable</i> ²⁸⁶		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	13 % 	13 %  ²⁸⁷	13 %  ²⁸⁷
	Taxi	13 % 	13 % 	13 % 



²⁸⁵ Lower rates (by approximately 30 %) are in place for certain Aegean Islands (Art. 21 (4)-(6) of the VAT Act). The respective rates are currently: 16 % (std.), 9 % / 5 % (red.). However those rates only cover goods, but no services.

²⁸⁶ 0 % denotes an exemption with credit here.



²⁸⁷ Some sources mention, that a lump sum scheme is applied in international bus transport. However we have not been able to verify this by official sources (see also section “special schemes” below).

	Bus (sched.)	13 % 	13 % 	13 % 
	Bus (non-s.)	13 % 	13 % 	13 % 
	Rail	13 % 	13 % 	13 % 
	Train	13 % 	13 % 	13 % 
	HSR	13 % 	13 % 	13 % 
	Metro	13 % 	-	-
	Tram	13 % 	-	-
	Inland Waterways	13 % 	13 % 	13 % 
	sched.	13 % 	13 % 	13 % 
	non-s.	13 % 	13 % 	13 % 
	Maritime Shipping	13 % 	0 % 	0 % 
	sched.	13 % 	0 % 	0 % 
	non-s.	13 % 	0 % 	0 % 
	Air	13 % 	0 % 	0 % 
	sched.	13 % 	0 % 	0 % 
	non-s.	13 % 	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal Background</i>			
	Greece applies either the reduced rate or an exemption with credit to passenger transport services:			
		Reduced Rate (13 %) Normal Scope	<i>Art. 21 (1) and Art. 68 (Ann. III), Part B, Item 1 of the VAT Act</i>  <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> 	
	The supply of other passenger transport services, including the transport of accompanying baggage, is taxed at the reduced rate of 13 % (Art. 21 (1) and Art. 68 (Annex III), Part B, Item 1 of the VAT Act).			
		Exempt with credit (0 %)	<i>Art. 27 (1) (ι) and Art. 30 (2) (γ) of the VAT Act</i>  <i>Legal basis in European law not found</i> 	
Air and sea passenger transport from Greece to abroad or vice versa and related ancillary services are exempt with credit (Art. 27 (1) (ι) and Art. 30 (2) (γ) of the VAT Act). The legal basis in European law is not clear, as such passenger transport is not covered by Art. 375 of the VAT Directive. ²⁸⁸				

²⁸⁸ Usually the exemptions for passenger transport services can be found in Art. 371/375-390c of the VAT Directive. Art. 375 however, which contains the derogations applicable in Greece, does not cover international passenger transport by maritime shipping and air (i.e. point (10) of Annex X, Part B), as it reads: “Greece may continue to exempt the transactions listed in points (2), (8), (9), (11) and (12) of Annex X, Part B, in accordance with the conditions applying in that Member State on 1 January 1987.”

	<p>ⓔ Exempt (no credit) Normal Scope</p> <p style="text-align: right;"><i>Art. 22 (1) (i) of the VAT Act</i>  <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>The transport of sick or injured persons is exempt without credit, if it is conducted in vehicles specially designed for that purpose and it has been given approved by the competent public authority (Art. 22 (1) (i) of the VAT Act).</p>
<i>Special schemes</i>	<p><i>Special schemes for passenger transport service providers</i></p>
	<p>According to the Austrian Chamber of Commerce²⁸⁹ VAT in international road passenger transport by buses is collected directly at the border upon entry. The lump-sum amount is EUR 45 for buses with more than 30 seats and EUR 30 otherwise. We have not found any official sources on this lump sum taxation.</p>
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<p><i>Definition of international passenger transport services</i></p>
	<p>According to Art. 27 (1) (i) of the VAT Act international air and sea passenger transport services are described as services from Greece to abroad and vice versa.</p>
	<p><i>Two-sector trips</i></p>
	<p><i>International waters/airspace</i></p>
<i>Ancillary services subject to the same tax rates</i>	<p>If the passenger transport service is taxed at the reduced rate, the transport of baggage is also subject to the same rate (Art. 21 (1) of the VAT Act). The exemption for international air and sea passenger transport also applies to related ancillary services (Art. 27 (1) (i) of the VAT Act).</p>

Input VAT

Input VAT in the Passenger Transport Sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<p><i>Exempt with credit (0 %)</i></p> <p style="text-align: right;"><i>Art. 27 (1) α-ε of the VAT Act</i>  <i>Art 148 of the VAT Directive</i> </p>
	<p><i>Qualifying vessels</i></p>
	<p>According to Art. 27 (1) (α) of the VAT Act the exemptions (with credit)²⁹⁰ apply to vessels, which are intended to be used by taxable persons for merchant shipping, fishing, other utilization or breaking up.</p> <p>Furthermore vessels for use by the armed forces or the State in general and rescue and salvage vessels are covered, excluded are private vessels intended for recreation or sport.</p> <p>The wording of the Greek legislation differs from the provisions of Art. 148 (a) VAT Directive in some respects. Greece e.g. generally exempts vessels used by the State and the armed forces, furthermore there is no clear indication for a use on the high seas, which</p>

²⁸⁹ <http://wko.at/wknoe/verkehr/Vfg2/laender/Griechenland.pdf>.

²⁹⁰ Input VAT can be deducted based on Art. 30 (2) (γ) of the VAT Act.

	might however be required by administrative practice.			
	<i>Airlines operating chiefly on international routes</i>			
	<u>Qualifying aircraft:</u> Art. 27 (1) (β) of the VAT Act exempts with credit aircraft used by airlines operating for reward chiefly on international routes and aircraft used by the armed forces or state institutions. ²⁹¹ Airlines operating chiefly on international routes are defined as airlines, which realize more than 50 % of the total annual gross revenues from aviation in the previous business year from international transportation.			
	<i>Supplies of goods and services covered</i>			
	The scope of the goods and services covered seems to be similar to the rules of the VAT Directive. The provisioning of vessels used for domestic merchant shipping, fishing in Greek territorial waters and other domestic use seems to be not covered.			
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	23 %	yes ²⁹²	-
	Gas oil (diesel)	23 %	yes ²⁹²	-
	Kerosene	23 %	yes ²⁹²	-
	Liquefied Petroleum Gas (LPG)	23 %	yes ²⁹²	-
Electricity	23 %	yes ²⁹²	-	
<i>VAT on means of transport</i>	Art. 30 (4) (ε) of the VAT Act generally forbids the deduction of input VAT for the purchase, intra-community acquisition and importation of <ul style="list-style-type: none"> • private passenger vehicles with up to nine seats, • motorcycles and mopeds, • private vessels and aircraft intended for recreation or sports, and • expenditure connected thereto (e.g. fuel, repairs, spare parts, leasing). However this rule does not apply, if the vehicle/ship/aircraft is used for commercial passenger transport, hire or resale.			
<i>Special rules</i>	-			

Administrative Obligations

<i>VAT registration</i>	Taxable persons are required to register before the start of taxable activities. The tax authorities issue a unique tax identification number, which is used both for income tax and VAT. Registration is also required, if exempt (with credit) supplies are provided ²⁹³ .
<i>Tax point</i>	The VAT liability in principle arises, when the services (or goods) are supplied or, if a VAT invoice is issued, at the time of issue of the invoice (Art. 16 of the VAT Act).

²⁹¹ Derogation based on Art. 375 and Annex X, Part B, Item 11.

²⁹² Given that the means of transport was deductible, which is usually the case for commercial passenger transport providers (see there).

²⁹³ European Commission - TAXUD/c/1 (2010), p. 14.

<i>VAT returns</i>	<p>Preliminary VAT returns must be submitted</p> <ul style="list-style-type: none"> • monthly, if the taxable person's turnover exceeds EUR 1.5 mio., or • quarterly otherwise. <p>Those preliminary returns are due by the 20th day of the month following the taxable period. Additionally a recapitulative return is due at the end of the financial year.</p> <p>Suppliers of exempt transactions with credit also have to submit VAT returns.</p>
	<i>Nil returns</i>
<i>VAT payable</i>	<p>VAT payment must be received by the tax authorities also by the 20th day of the month following the reporting period.</p> <p>Payment of VAT due in multiple instalments is admitted under certain circumstances. VAT payable of less than EUR 3 can be transferred to the following month (Art. 38 of the VAT Act).</p>
<i>VAT deductible</i>	<p>Input VAT can be recovered in the period, in which the invoice is dated.</p>
<i>VAT refunds</i>	<p>If VAT deductible exceeds VAT payable, usually a refund will be granted.²⁹⁴</p>
<i>Invoicing requirements</i>	<p>Invoices must generally be issued for supplies of goods and services to traders and certain other customers (e.g. state institutions, legal persons, non-profit associations). With respect to services the invoice should be issued when the supply of the service is completed, but in no case later than the end of the financial year.</p> <p>For supplies not exceeding EUR 50 a retail receipt is sufficient, unless the customer asks for an invoice. Special rules are in place for taxi services, which are also exempt from the obligation to issue invoices up to an amount of EUR 50 per transaction.²⁹⁵</p>
<i>Special regimes</i>	<i>Small Enterprises</i>
	<p><u>Exemption for small enterprises (Art 39 of the VAT Act):</u></p> <p>Small enterprises with a total revenue of not more than EUR 100,000 in a calendar year²⁹⁶ (excluding VAT and certain other items) and/or which are either not required to keep official records or to keep only a purchase ledger according to the Code of Books are not obligated to declare and pay VAT. This scheme is not available for taxable persons not established in Greece, exporters and certain other businesses. If the above-mentioned threshold is exceeded, the enterprise will be taxed according to the normal rules starting with the following accounting period, voluntary taxation according to the normal rules is also possible.</p> <p><u>Lump sum taxation:</u></p> <p>There is also a flat-rate taxation scheme for certain classes of small businesses (Art. 40 of the VAT Act). Such a flat-rate scheme was e.g. available for taxi operators, but has been abolished in 2010.²⁹⁷</p>

²⁹⁴ IBFD (2012), p. 50.

²⁹⁵ European Commission - TAXUD/c/1 (2010), p. 8-14.

²⁹⁶ IBFD (2012), p. 58.

²⁹⁷ See e.g. <http://www.forin.gr/articles/article/4389/pol-1096-21-6-2010-antimetwpish-thematwn-ekmetalleutwn-taksi-pou-prokuptoun-apo-thn-entaksh-tous-sto-kanoniko-kathestws-forologhshs-thn-thrhsh-bibliwn-esodwn-eksodwn-kai-thn-ekdosh-a-p-u>.

Foreign Suppliers	
VAT registration	<u>Foreign suppliers having a fixed establishment in Greece</u> The standard rules apply.
	<u>Foreign suppliers having no fixed establishment in Greece</u> The standard rules apply with some exceptions (e.g. if only reverse charge supplies are provided).
	<u>Registration for exempt international passenger transport services</u>
Tax representative	<u>Taxable persons established in third countries (no permanent establishment in Greece)</u> The appointment of a tax representative, who shares responsibility for VAT related obligations, is necessary, a bank guarantee is not required.
	<u>Taxable persons established in the Community (no permanent establishment in Greece)</u> The appointment of a tax representative is optional.
Reverse charge	Reverse charge is generally applied in Greece (Art. 35 of the VAT Act), not sure if passenger transport services are covered.
Languages	Information and forms are mostly available in Greek only. ²⁹⁸
Special rules	-

Business Travel

VAT deductible	Art. 30 (4) (δ) of the VAT Act restricts the deduction of travel expenses of employees, according to IBFD ²⁹⁹ VAT incurred on travel and accommodation expenses reimbursed to employees cannot be recovered by the employer.
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2. Passenger Taxes

None.

3. Sources:

Publications

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Greece, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-greece_2010_en.pdf.

IBFD (George Vassalakis): Value Added Taxation – Greece, IBFD, 2012.

Greek VAT Act (*Law 2859/2000*) as amended, available on http://www.gsis.gr/gsis/export/sites/default/gsis_site/TaxGuide/documents_FPA-VIES/kodikopoihsh_FPA.pdf or <http://www.taxheaven.gr/laws/law/index/law/5> (consolidated).

²⁹⁸ European Commission - TAXUD/c/1 (2012), p. 19; www.gsis.gr.

²⁹⁹ IBFD (2012), p. 51.

WKO – Fachverband Autobus-, Luftfahrt- und Schifffahrtunternehmen: Länderblatt Griechenland, WKO, 2013, available on <http://wko.at/wknoe/verkehr/Vfg2/laender/Griechenland.pdf>.

Websites

Greek tax administration, <http://www.gsis.gr>.

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










1. Value Added Tax (Általános forgalmi adó)

VAT Overview





































Basic VAT Information					
Name	Általános forgalmi adó				
Legal basis	Value Added Tax Act (Act CXXVII of 2007 on Value Added Tax, 2007. évi CXXVII törvény az általános forgalmi adóról), as amended				
Additional documents					
Territorial application	The territory of Hungary for VAT purposes is defined as the territory surrounded by the national borders. ³⁰⁰				
VAT rates	Standard	Reduced	Super-reduced	Parking	Zero
	27 %	5 % / 18 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector				
Definition of „passenger transport“	The VAT Act contains no definition.			
	A-to-A passenger transport services (cruises, sightseeing tours)			
	There seem to be no special rules.			
Place of supply	Art. 40 of the VAT Act  Art 48 of the VAT Directive 			
	Art. 40 of the VAT Act states that “the place of supply of transport passengers shall be the place where the transport takes place, proportionately in terms of distances covered”.			
	Exceptions			
	-			
Rates and Special Schemes				
Rates applicable ³⁰¹		domestic	intra-community	extra-EU
	Road	27 % 	0 % 	0 % 
	Taxi	27 % 	0 % 	0 % 
	Bus (sched.)	27 % 	0 % 	0 % 
	Bus (non-s.)	27 % 	0 % 	0 % 

³⁰⁰ IBFD (2012), p. 24.

³⁰¹ 0 % denotes an exemption with credit here.

	Rail	27 % 	0 % 	0 % 
	Train	27 % 	0 % 	0 % 
	HSR ³⁰²	{ 27 % 	{ 0 % 	{ 0 % 
	Metro	27 % 	-	-
	Tram	27 % 	-	-
	Inland Waterways	27 % 	0 % 	0 % 
	sched.	27 % 	0 % 	0 % 
	non-s.	27 % 	0 % 	0 % 
	Maritime Shipping			
	sched.	not applicable	not applicable	not applicable
	non-s.			
	Air	27 % 	0 % 	0 % 
	sched.	(27 %  ³⁰³)	0 % 	0 % 
non-s.	27 % 	0 % 	0 % 	
<i>Rates – legal background</i>	<i>Legal Background</i>			
	International passenger transport is exempt with credit, irrespective of the means of transport used. Other commercial passenger transport is taxed at the standard rate of 27 %.			
		Standard Rate (27 %) Normal Scope		
	Passenger transport not subject to any of the rules below is taxed at the standard rate of 27 %. This applies to domestic passenger transport by any mode.			
		Exempt with credit (0 %) Derogation	<i>Art. 105 of the VAT Act</i>  <i>Art. 386 and Annex X, Part B, Item 10 of the VAT Directive</i> 	
	Art. 105 of the VAT Act exempts the transport of passengers, if the place of departure, destination, or both are outside of Hungary. Art. 121 of the VAT Act allows the deduction of input VAT. This derogation is based on Art. 386 of the VAT Directive. ³⁰⁴			
		Exempt (no credit) Normal Scope	<i>Art 85 (1) (b) of the VAT Act</i>  <i>Art. 132 (1)(p) of the VAT Directive</i> 	
	Ambulance services are exempt as in public interest according to Art 85 (1) (b) of the VAT Act.			



³⁰² Currently there is no high-speed line in Hungary.

³⁰³ According to <http://wikitravel.org/en/Hungary>, there are currently no scheduled domestic flights in Hungary.

³⁰⁴ Art. 386 VAT Directive: “Hungary may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.”

<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	-
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	According to Art. 105 of the VAT Act the place of departure, the place of destination or both must be outside of Hungary. Journeys starting and ending in Hungary, but leading through foreign territory should therefore be treated as domestic.
	<i>Two-sector trips</i>
	In the case of air transport this question is of limited relevance, since currently there are no scheduled domestic flights.
	<i>International waters/airspace</i>
	Not applicable.
<i>Ancillary services subject to the same tax rates</i>	

Input VAT

Input VAT in the Passenger Transport Sector			
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<i>Exemption with credit (0 %)³⁰⁵</i>		<i>Art. 103-104 of the VAT Act</i>  <i>Art 148 of the VAT Directive</i> 
	<i>Qualifying vessels</i>		
	The VAT Act uses a wording similar to the VAT Directive, additional details are not stated. Art. 103 VAT Act exempts vessels used exclusively or chiefly for navigation on the high seas and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities, or rescue or assistance at sea, or for inshore fishing.		
	<i>Airlines operating chiefly on international routes</i>		
	The VAT Act gives no definition.		
	<i>Supplies of goods and services covered</i>		
	The wording matches the VAT Directive, no specific examples are given.		
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>
	Petrol	27 %	yes / no ³⁰⁶
	Gas oil (diesel)	27 %	yes / no ³⁰⁶
			<i>Reduced Excise Duties</i>
			-
			exemption for railways (via refund); reduced commercial rate ³⁰⁷

³⁰⁵ Input VAT can be deducted based on Art. 121 (b) of the VAT Act.

³⁰⁶ Not deductible, if used for a passenger car.

³⁰⁷ Commercial use as defined in Art. 7(2) of Council Directive 2003/96/EC (includes commercial passenger transport by buses).

	Kerosene	27 %	yes	-
	Liquefied Petroleum Gas (LPG)	27 %	yes / no ³⁰⁶	-
	Electricity	27 %	yes	-
<i>VAT on means of transport</i>	<p>Input VAT deduction is restricted for (Art. 124 VAT Act) inter alia:</p> <ul style="list-style-type: none"> supplies of motor fuels (tariff headings 2710 11 41, 2710 11 45, 2710 11 49, 2710 11 59) and other fuels used in connection with the operation of a passenger car (tariff heading 8703); supplies of other goods in connection with the operation or maintenance of a passenger car; supplies of passenger cars (except for funerary vehicles) and certain motorcycles³⁰⁸ services in connection with the operation and maintenance of passenger cars are only 50 % deductible (Art. 124 (4) VAT Act) supplies of yachts and other vessels suitable for sports or entertainment purposes; parking services and highway tolls, with the exception of motorized land vehicles with a gross weight of more than 3.5 tons <p>But there are a number of exceptions (Art. 125 VAT Act), which have to be proven by the taxable person, e.g.</p> <ul style="list-style-type: none"> goods and services purchased for resale, leasing or letting passenger cars used chiefly (>90%) for the supply of taxi services <p>It is not completely clear from the VAT Act, if the latter exception from the restriction for taxi services only holds for the passenger car itself or also for related expenses (fuel, repair aso.). According to kpmg³⁰⁹ only VAT on the car itself is fully recoverable, whereas it seems fuels can not and operating/maintenance costs only partially be recovered. Aside from that, input VAT related to commercial passenger transport will usually be recoverable.</p>			
<i>Special cases</i>	-			

Administrative Obligations

<i>Registration</i>	<p>Registration is required prior to conducting business activities in Hungary.</p> <p>The registration for VAT is done together with the general registration with the tax authorities.³¹⁰</p> <p>A tax number, which also serves as VAT identification number, is issued within 30 days.</p>
<i>Tax point</i>	VAT for the supply of goods or services becomes chargeable, when either the goods/services are supplied or (a part of) the payment is received, whatever happens first.
<i>VAT returns</i>	<p>Basically quarterly VAT returns, due on the 20th day of the month following the respective quarter.</p> <p>Monthly returns are required, if the VAT in the previous year amounted HUF 1 mio. (~EUR 3,200) or more, or if a VAT group is constituted. They are also due by the 20th day of following month.</p> <p>Yearly returns are applicable for taxable persons with a turnover from taxable activities</p>

³⁰⁸ The deduction regarding leasing and letting of passenger cars, motorcycles, yachts and other pleasure boats has been restricted until 2011.

³⁰⁹ <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/hungary.aspx#5>.

³¹⁰ http://en.nav.gov.hu/taxation/registration/general_rules.html.

	(excl. VAT) of not more than HUF 8 mio. (~EUR 26,000) in the previous tax year, they are due by 15 February of following year.
	<i>Nil returns</i>
<i>VAT payable</i>	The same deadlines as for the VAT returns apply.
<i>VAT deductible</i>	In order to deduct input VAT, the taxable person must possess an invoice or a similar document, but the amount does not have to be paid yet. VAT is deductible in the VAT return of the period, in which “ <i>the liability for the payment of the tax deductible is due</i> ”. ³¹¹ If the invoice is received after the deadline for the relevant VAT return, VAT can be deducted in the period, in which the invoice is received.
<i>VAT refunds</i>	Excess input vat can either be carried forward or requested for refund. A refund is only granted on request, if (Art. 186 VAT Act): <ul style="list-style-type: none"> • in case of monthly returns: VAT reclaimed exceeds HUF 1 mio. (~EUR 3,200); • in case of quarterly returns: VAT reclaimed exceeds HUF 250,000 (~EUR 800); • in case of annual returns: VAT reclaimed exceeds HUF 50,000 (~EUR 160). Excess input VAT is refunded within 30 days from the due date of the respective VAT return, if the amount is not more than HUF 500,000 (~EUR 1,600), higher amounts are refunded within 45 days.
<i>Invoicing requirements</i>	A taxable person, who supplies goods or services in Hungary, is generally – with some exceptions - liable to issue an invoice to the customer <ul style="list-style-type: none"> • immediately after the completion of the taxable event, if the consideration is paid in cash or by a cash-substitute instrument, or • within 15 days otherwise. <p><u>Currency:</u> Invoices can be issued in any currency, but the amount of VAT must be stated in HUF (Art. 172 VAT Act).</p> <p><u>Language:</u> Invoices can be issued in any language, but the tax authorities might request a Hungarian translation, if considered necessary (Art. 178 VAT Act).</p> <p><u>Simplifications for providers of passenger transport:</u> The VAT Act is not specific.</p>
<i>Special regimes</i>	<i>Small Businesses</i> Hungary provides an exemption for small undertakings, which is granted to small taxable persons with a turnover in previous year (or predicted revenue in current year in case of a new business) of not more than HUF 5 mio. (~EUR 16,000) on request (certain transactions like exempt activities and supplies of capital goods are excluded). Registration for VAT is still necessary, but the turnover is mostly exempt (there are some exceptions like self-supplies and intra-community acquisitions of new means of transport). Such exempt small businesses shall not make certain transactions (e.g. provision of services abroad, importation). Input VAT deduction is prohibited and VAT returns are (usually) not necessary (Art. 187-196 VAT Act). This scheme is only available to taxable persons with a fixed establishment or residence in Hungary.

³¹¹ IBFD (2012), p. 42.

<i>Foreign suppliers</i>	
<i>VAT registration</i>	<p><u>Foreign suppliers having a fixed establishment in Hungary:</u> Registration is required prior to the start of any business activities in Hungary with the tax office APEH Kiemelt Adózók Igazgatósága in Budapest.</p> <p><u>Foreign suppliers not having a fixed establishment in Hungary:</u> Registration is not necessary, if only reverse charge activities are conducted, e.g. passenger transport services supplied to a business customer like a travel agency.</p> <p><u>Registration process:</u> See http://en.nav.gov.hu/taxation/registration/specific_rules.html.</p>
	<i>Registration for exempt international passenger transport services</i>
<i>Tax representative</i>	<p>The appointment of a tax representative is obligatory for taxable persons having their business establishment (or permanent address or usual residence) in a Third State (Art. 148 VAT Act).</p> <p>Taxable persons established in the European Union may appoint a tax representative voluntarily.</p>
<i>Reverse charge</i>	Reverse charge is applied to the supplies of a number of goods and services, including passenger transport, if the supplier does not have a business establishment or, otherwise, a permanent or temporary address in Hungary (Art. 140 VAT Act).
<i>Languages</i>	Forms have to be submitted in Hungarian, but there are English filling-out instructions and translations of the forms for information. ³¹²
<i>Special rules</i>	According to IBFD ³¹³ extended deadlines for the submission of VAT returns are in place for non-resident taxable persons. In case of quarterly returns they are due by the last day of the month following the respective quarter, in case of annual returns the deadline is 30 June of the following year. These deadlines cannot be extended further under any circumstances.

Business Travel

<i>VAT deductible</i>	According to Art. 124 of the VAT Act input VAT incurred on taxi services is not deductible. Aside from that case the normal deduction rules apply.
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2. Passenger Taxes

None.

3. Sources:

Publications

Hungarian VAT Act (*Act CXXVII of 2007 on Value Added Tax*), available on http://njt.hu/cgi_bin/njt_doc.cgi?docid=111467.252681. An unofficial translation to English is provided by the International

³¹² See http://en.nav.gov.hu/taxation/registration/general_rules.html.

³¹³ IBFD (2012), p. 55.

Center for Not-for-Profit Law (ICNL) on http://www.icnl.org/research/library/files/Hungary/vatact_ENG.pdf.

IBFD (Borbála Kolozs [Corvinus University of Budapest]): Value Added Taxation – Hungary, IBFD, 2012.

KPMG: Hungary: VAT Essentials, <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/hungary.aspx>.

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Hungary, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-hungary_2010_en.pdf.

WKO, Fachverband Bus: Länderblatt Ungarn, available on <http://wko.at/wknoe/verkehr/Vfg2/laender/Ungarn.pdf>.

Websites

Website of the National Tax and Customs Administration of Hungary (NTCA), <http://www.nav.gov.hu/>.





Ireland

1. Value Added Tax

VAT Overview

Basic VAT Information					
<i>Name</i>	<i>Value Added Tax</i>				
<i>Legal basis</i>	Value Added Tax Consolidation Act 2010 (VATCA)				
<i>Additional documents</i>	Value Added Tax Regulations, VAT Orders, Notes for Guidance – VAT Consolidation Act 2010, Tax and Duty Manuals on VAT				
<i>Territorial application</i>	The Irish VAT area comprises the territory of Ireland and the territorial sea, which extends 12 nautical miles from the coast.				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	23 %	13.5 % / 9 %	4.8 % ³¹⁴	13.5 %	0 %

Output VAT






















































Output VAT in the Passenger Transport Sector	
<i>Definition of passenger transport</i>	There is no legal definition of the term “passenger transport service” ³¹⁷ , but a number of non-legal rules used for the assessment. In general passenger transport seems to be interpreted rather wide; according to the website of the Irish Tax and Customs the transport of passengers by all means of transport is exempt as well as the transport of accompanying baggage or vehicles. ³¹⁵ The same holds for the hire of vehicles including a driver/pilot (e.g. coaches, helicopters, limousines), unless the transport element is of minor relevance (e.g. the hire of a boat for fishing or scuba diving is taxed at the reduced rate of 9 % ³¹⁶). The hire of a vehicle without a driver is taxed at the standard rate of 23 %.
	<i>A-to-A passenger transport services</i>
	A-to-A passenger transport services are not subject to special rules unless they form part of a supply within the Travel Agent Margin Scheme (TAMS). ³¹⁷
<i>Place of supply</i>	<i>Sect. 34 (d) of the VAT Act</i>  <i>Art 48 of the VAT Directive</i> 
	Passenger transport services are supplied at the place or the places where the transport takes place (Sect. 34 (d) VAT Act).
	<i>Exceptions</i>
	The VAT legislation does not provide any derogations from the rule of taxation of passenger transport services in the Member State in relation to the place of supply. ³¹⁷

³¹⁴ Livestock.

³¹⁵ <http://www.revenue.ie/en/tax/vat/rates/index.jsp>.

³¹⁶ <http://www.revenue.ie/en/tax/vat/rates/decision-detail-00175.jsp>.



³¹⁷ Reply to our questionnaire by Irish Tax and Customs.

<i>Rates and Special Schemes</i>					
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>	
	<i>Rates applicable³¹⁸</i>	Road	exempt 	0 % 	0 % 
Taxi		exempt 	0 % 	0 % 	
Bus (sched.)		exempt 	0 % 	0 % 	
Bus (non-s.)		exempt 	0 % 	0 % 	
Rail		exempt 	0 % 	0 % 	
Train		exempt 	0 % 	0 % 	
HSR ³¹⁹		{ exempt  }	{ 0 %  }	{ 0 %  }	
Metro		{ exempt  }	-	-	
Tram		exempt 	-	-	
Inland Waterways		exempt 	0 % 	0 % 	
sched.		exempt 	0 % 	0 % 	
non-s.		exempt 	0 % 	0 % 	
Maritime Shipping		exempt 	0 % 	0 % 	
sched.		exempt 	0 % 	0 % 	
non-s.		exempt 	0 % 	0 % 	
Air		exempt 	0 % 	0 % 	
sched.		exempt 	0 % 	0 % 	
non-s.		exempt 	0 % 	0 % 	
<i>Rates – legal background</i>		<i>Legal Background</i>			
		The transport of passengers and their accompanying baggage is generally exempted in Ireland (Paragraph 14 (3) of Schedule 1 of the VAT Act). This exemption is based on Article 371 of the VAT Directive. Consequently input VAT cannot be deducted for domestic passenger transport services. However, Section 59(1)(a) of the VAT Act lists “transport outside the State of passengers and their accompanying baggage” as a qualifying activity for deduction purposes, which permits the deduction of input VAT for passenger transport outside of Ireland, which makes such transports effectively zero-rated ³²⁰ .			
		Exempt (no credit) Derogation	Schedule 1, Par. 14 (3) of the VAT Act  Art. 371 and Annex X, Part B, Item 10 of the VAT Dir. 		
	Schedule 1, Par. 14, Item 3 of the VAT Act exempts (without credit for input VAT) any transport of passengers and their accompanying luggage. There seems to be no separate provision for ambulance services.				



³¹⁸ 0 % refers to an exemption with credit here.

³¹⁹ Currently there is no high-speed line and no metro line in Ireland.

³²⁰ This is applied to the domestic leg as well (see e.g. KPMG (1997), p. 83).

	<p>Exempt with credit (0 %) Derogation</p> <p>D</p> <p><i>Schedule 1, Par. 14 (3) and Sect. 59 (1) (a) of the VAT Act</i>  <i>Art. 371 and Annex X, Part B, Item 10 of the VAT Directive</i> </p>
	<p>Sect. 59 (1) (a) of the VAT Act makes the “<i>transport outside the State of passengers and their accompanying baggage</i>” a qualifying activity, which allows the deduction of input VAT. According to KPMG (1997) input VAT can also be recovered for the domestic sections. Irish Tax and Customs confirmed that saying that the domestic leg of international transports does count as international transport for recovery purposes.³¹⁷</p>
<p><i>Special schemes</i></p>	<p><i>Special schemes for passenger transport service providers</i></p> <p>There are no special schemes for providers of passenger transport services. There is a special scheme called the travel agent’s margin scheme (TAMS) providing for the taxation of margin scheme services (which includes passenger transport services) supplied by tour operators and travel agents, acting as principals. In this scheme, VAT is accounted for on the basis of the travel agent’s margin rather than the full consideration the travel agent receives for the supply.³¹⁷</p>
<p>Supplementary Information</p>	
<p><i>International passenger transport services (as opposed to domestic services)</i></p>	<p><i>Definition of international passenger transport services</i></p> <p>There is no legal definition of the term “international passenger transport service”.³¹⁷</p> <p><i>Two-sector trips</i></p> <p>Two-sector trips are considered to form part of the international transport service. The criterion used is that there is a single ticket/single contract.³¹⁷</p> <p><i>International waters/airspace</i></p> <p>Journeys starting and ending within Ireland but passing through international waters or airspace are considered to be domestic with respect to VAT.³¹⁷</p>
<p><i>Ancillary services subject to the same tax rates</i></p>	<p>According to Schedule 1, Par. 14, Item 3 of the VAT Act the transport of accompanying baggage is also exempt. In case of international passenger transport deduction of input VAT is allowed as well (Sect. 59 (1) (a) of the VAT Act).</p> <p>Further supplies can be subject to the same rules as well under certain conditions. According to Irish Tax and Customs each supply will be examined on its facts and the rules relating to composite and multiple supplies contained in VATCA 2010 (as amended) will be applied to same.³¹⁷</p>

Input VAT

Input VAT in the Passenger Transport Sector		
<i>Exemptions based on Art. 148 of the VAT Directive</i>	Zero-rate (0 %) ³²¹	Sched. 2, Par. 4 of the VAT Act  Art 148 of the VAT Directive 
	<i>Qualifying vessels</i>	
	Vessels are defined as waterborne craft of any type, whether self-propelled or not, including hovercraft (Sect. 2 (1) of the VAT Act). In order to qualify for zero-rating, a vessel must be sea-going, have a gross tonnage of more than 15 tons and be used for (Schedule 2, Paragraph 4, Item 2 (a) of the VAT Act)	
	<ul style="list-style-type: none"> • the carriage of passengers for reward, • the purposes of a sea fishing business, • other commercial or industrial purposes, or • rescue or assistance at sea. 	
	<i>Airlines operating chiefly on international routes</i>	
	<p>There is no definition in Irish VAT legislation of airlines operating for reward chiefly on international routes. Whether an airline operates for reward chiefly on international routes (between nations and across national boundaries) is a factual matter to be proved by evidence and the decision of the ECJ in <i>Cimber Air</i> (Case C-382/02). Revenue will accept the following as evidence that an airline is an airline operating for reward chiefly on international routes:</p> <ul style="list-style-type: none"> • The airline must be registered with the national aviation authority in its country of origin. • More than 50% of the air miles flown are in respect of international transport. • More than 50% of the passengers are carried in the course of international transport. • More than 50% of the routes are flown in the course of international transport. • More than 50% of the revenue is generated in the course of international transport.³¹⁷ 	
<i>Supplies of goods and services covered:</i>		
<p>The following supplies of goods and services are covered (zero-rated):</p> <ul style="list-style-type: none"> • the supply, modification, repair, maintenance, chartering and hiring of qualifying vessels/aircraft; • the supply, hiring, repair and maintenance of equipment incorporated in or for use in qualifying vessels/aircraft; • the supply of goods for the fuelling and provisioning of qualifying vessels/aircraft, with the exception of goods for supply on board the vessels/aircraft to passengers with a view to those goods being taken off the vessels or aircraft by those passengers; • the provision of docking, landing, loading or unloading facilities (including customs clearance), directly in connection with the disembarkation or embarkation of passengers, or the importation or exportation of goods; • the supply of navigation services by the Irish Aviation Authority to meet the needs of qualifying aircraft; • the supply of certain related intermediary services. 		

³²¹ With respect to the exemptions for maritime shipping and international aviation, the VAT Act refers to an actual zero-rate (i.e. a VAT rate of 0 %).

	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
<i>VAT on fuel</i>	Petrol	23 %	no	-
	Gas oil (diesel)	23 % / 13.5 % (railways)	partial ³²²	Reduction for railways; partial refund for qualified commercial operators ³²³
	Kerosene	23 % / 13.5 % (air navigation)	partial ³²²	-
	Liquefied Petroleum Gas (LPG)	23 %	partial ³²²	-
	Electricity	13.5 %	partial ³²²	-
<i>VAT on means of transport</i>	<p>Since commercial passenger transport is VAT-exempt, input VAT is not deductible. A (partial) recovery of input VAT is however possible in some cases, e.g. for vehicles in international transport or also used for hiring. In that case the normal rules apply. According to Irish Tax and Customs the deduction of VAT can be based on direct attribution, the apportionment method or other means agreed with the Tax Administration.³¹⁷³²⁴</p> <p>The purchase, hiring, intra-Community acquisition or importation of means of transport is in general standard-rated, if not zero-rated based on Schedule 2, Paragraph 4 of the VAT Act.</p> <p>Passenger motor vehicles (passenger cars, motorcycles, aso.) are not deductible (Sect. 60 (2) (iv) VATA), except for resale, hire or lease or for driving instruction. Not included are buses with more than 16 seats (incl. driver), vans, lorries and invalid vehicles. For low emission³²⁵ passenger motor vehicles used at least 60 % for business purposes 20 % of input VAT may be deducted³²⁶.</p> <p>Vat incurred on the purchase of petrol is also not deductible (Sect. 60 (2) (v) of the VAT Act).</p> <p>The standard rate applies to spare parts and tires. Certain repairs are taxed at the reduced rate (Schedule 3, Paragraph 20 of the VAT Act).</p>			
<i>Special rules</i>	-			

Administrative Obligations

As passenger transport services are exempt from VAT, many of the following administrative obligations will rarely apply, but they are mentioned for the sake of completeness.

<i>Registration</i>	<p>The general rules are:</p> <ul style="list-style-type: none"> • Registration for VAT is compulsory, if certain thresholds for the annual taxable turnover are exceeded (or will likely be exceeded). • The registration must be submitted within 30 days from that point, electronically³²⁷ or in paper. • It becomes effective with the beginning of the two-month tax period following the receipt of the registration or an earlier date agreed between the tax authorities and the
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³²² Fuel used for international transport is deductible.

³²³ Commercial use as defined in Art. 7(2) of Council Directive 2003/96/EC (includes commercial passenger transport by buses).

³²⁴ With comments/additions by the Irish VAT Authorities.

³²⁵ CO2 emissions of less than 156g/km.

³²⁶ www.revenue.ie/en/tax/vat/leaflets/vat-deduction-on-certain-cars.pdf

³²⁷ <http://www.revenue.ie/en/online/eregistration/index.html>.

	<p>applicant.</p> <p>Since the provision of passenger transport is exempt from VAT, passenger transport providers usually do not supply taxable services, registration may however be required for other reasons, e.g.³²⁸:</p> <ul style="list-style-type: none"> • importation or intra-community acquisition of means of transport, • refund of input VAT following international passenger transport services, or • reverse charge supplies
<i>Tax point</i>	<p>Not really applicable, because passenger transport is exempt from VAT, however the basic rules are: in general VAT becomes due:</p> <ul style="list-style-type: none"> • if an invoice must be issued: at the date the invoice is issued, or should at latest be issued, • otherwise when the goods/services are supplied, • if an advance payment is received before, at the time of the advance payment.
<i>VAT returns</i>	<p>Not applicable in most cases, as passenger transport is exempt, but the basic rules are:</p> <ul style="list-style-type: none"> • Basically every second month, in certain cases (permanent refund position) the authorities may allow monthly returns. Longer taxable periods can be granted to small taxable persons. • VAT returns are due on the 19th day of the month following the end of the taxable period, in certain cases on the 23rd (if both return and payment are submitted via Revenue Online Service). • After the end of the fiscal year additionally a Return of Trading Details Form³²⁹ must be submitted.
	<i>Nil returns</i>
	Not applicable for exempt services.
<i>VAT payable</i>	See VAT returns
<i>VAT deductible</i>	<p>A valid invoice or other document of evidence is necessary.</p> <p>VAT recovery is possible in the month the invoice is dated.</p>
<i>VAT refunds</i>	<p>Excess input VAT is refunded by the Revenue Authorities. A claim for refund must be made within 4 years from the end of the taxable period, to which the refund relates.</p> <p>VAT on inputs to international passenger transport services can be refunded. The procedure depends on the origin of the provider:³¹⁷</p> <ul style="list-style-type: none"> • Where the provider of international passenger transport services is established in Ireland, a refund of VAT incurred on inputs for the services is obtained through the filing of an Irish VAT return. • Where the provider is established outside the State but within the EU and Irish VAT is incurred on inputs in relation to international passenger transport services, a refund of VAT incurred on inputs for the services is claimed through the Electronic VAT Refund (EVR) process. • Where the provider is established outside the EU and Irish VAT is incurred on inputs in relation to international passenger transport services, application for repayment of VAT incurred on inputs for the services is made by way of a Form VAT 60OEC which must

³²⁸ <http://www.revenue.ie/en/tax/vat/guide/registration.html#section17>.

³²⁹ <http://www.revenue.ie/en/tax/vat/guide/accounting.html#section1>.

	be lodged within six months of the end of the year in which the tax paid became chargeable. The form must be forwarded to the Revenue office located in Limerick. In order to be eligible for repayment, the provider must fulfil certain conditions.
<i>Invoicing requirements</i>	Invoices must be issued for supplies of taxable goods or services ³³⁰ . Since passenger transport services are VAT exempt, no VAT invoice is required.
<i>Special Regimes</i>	<i>Small Businesses</i>
	Not applicable for providers of passenger transport services, which are exempt in any case. [general rules: Small enterprises with a turnover of not more than the threshold (EUR 37,500 for services) in any continuous period of 12 months are not obliged to register for VAT. As a result their revenues are practically exempt, unless they opt to account for VAT voluntarily. Furthermore small taxable persons may be granted longer taxable periods (e.g. six months or one year) ³³¹ .]
<i>Foreign suppliers</i>	
<i>VAT registration</i>	Basically no registration is necessary, since passenger transport services are exempt. If registration is required for other reasons (e.g. intra-community acquisitions, importation) the respective thresholds are not applicable, unless the taxable person has an establishment in Ireland.
	<i>Registration for exempt international passenger transport services</i>
	Not necessary, as passenger transport services are exempt. For refunds of input VAT with respect to international passenger transport services the Electronic VAT Refund (EVR) process (EU Member States) or Form VAT 60OEC (Third countries) is used, which doesn't require registration for VAT either.
<i>Tax representative</i>	Not necessary.
<i>Reverse charge</i>	Not applicable.
<i>Languages</i>	Information is available in English, some also in Irish. VAT related procedures may be conducted in English and in certain cases also in Irish. Supporting documents are accepted in English and Irish. Certified translations are not necessary. ³¹⁷
<i>Special rules</i>	In cases where the provider of international passenger transport services is established in another Member State, the Electronic VAT Refund procedure must be used for obtaining refunds on input VAT. ³¹⁷

Business Travel

<i>VAT deductible</i>	Not applicable, since all passenger transport services are exempt (with or without credit).
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³³⁰ <http://www.revenue.ie/en/tax/vat/guide/credit-notes.html#section1>.

³³¹ EC, TAXUD/c/1, p. 13.

2. Passenger Taxes

Ireland applied an air travel tax, which was added directly to the ticket price for the final consumer. However this was abolished with effect from 1 April 2014. The final rate was EUR 3 per passenger departing from an Irish airport. Until 2011 there were distinct rates for domestic flights (and certain flights to the UK) [EUR 2 per passenger] and for flights to other destinations [EUR 10 per passenger].³³²

3. Sources:

Publications

Irish VAT Act (Value Added Tax Consolidation Act 2010), available on <http://www.oireachtas.ie/documents/bills28/acts/2010/a3110.pdf>.

Irish Tax and Customs: Guide to VAT, available on <http://www.revenue.ie/en/tax/vat/index.html>.

Irish Tax and Customs: Tax and Duty Manuals on VAT, available on <http://www.revenue.ie/en/about/foi/s16/templates/value-added-tax/>.

Irish Tax and Customs: Notes for Guidance – VAT Consolidation Act 2010, available on <http://www.revenue.ie/en/practitioner/law/notes-for-guidance/vat/vat-consolidation-act2010.pdf>.

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Ireland, , Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-ireland_2010_en.pdf.

IBFD (Alan McManus[Mazars, Dublin]): Value Added Taxation – Ireland, IBFD, 2012.

Websites

Website of the Irish Tax and Customs, <http://www.revenue.ie>.

³³² <http://www.revenue.ie/en/about/foi/s16/excise/air-travel-tax-manual.pdf>.



Italy

1. Value Added Tax

VAT Overview

Basic VAT Information					
<i>Name</i>	<i>Imposta sul valore aggiunto (IVA)</i>				
<i>Legal basis</i>	VAT Act (<i>Istituzione e disciplina dell'imposta sul valore aggiunto</i> , Presidential Decree 633/72) as amended Single Market VAT Act (Decree Law 331/1993)				
<i>Additional documents</i>	Further relevant laws, decrees, circulars aso. can be found on the website of the Ministry of Finance. ³³³				
<i>Territorial application</i>	<p>The territory of the Republic of Italy for VAT purposes excludes Livigno and Campione d'Italia (enclaves in Switzerland) and the Italian part of Lake Lugano (Art. 7 VAT Act). San Marino and Vatican City are also not part of the Italian VAT territory, transactions in these countries are however subject to special rules.</p> <p>A special derogation from Art. 5 of the VAT Directive is further on in place for Col de Tende Road Tunnel between Italy and France and a new tunnel, which is built alongside the old one. According to EC Decision No. 2010/582/EU³³⁴ (based on Art. 395 VAT Directive) both tunnels may be considered Italian territory for VAT purposes. The carriageway within the tunnels of Mont Blanc and Fréjus is considered VAT territory of the state, where the journey starts.³³⁵</p>				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	22 %	10 %	4 %	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	<p>According to the Italian VAT Authorities, there is no definition of the term "passenger transport service" in the Italian VAT law. Under civil law, a "passenger transport service" is a service which transfers a person (and their accompanying luggage) from a place to another.³³⁶</p> <p><i>A-to-A passenger transport services (cruises, sightseeing tours)</i></p> <p>Composite services where the transport is accompanied by other services, such as entertainment services or tourist services, are not covered by the above definition for VAT purposes. Therefore e.g. sightseeing tours combined with on board entertainment and the like are outside the scope³³⁷ and consequently taxable at the standard rate.</p>




























































³³³ http://def.finanze.it/DocTribFrontend/RS1_HomePage.jsp.

³³⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:256:0026:0026:EN:PDF>.

³³⁵ http://eur-lex.europa.eu/LexUriServ/site/en/oj/2004/l_369/l_36920041216en00580059.pdf.

³³⁶ Reply to our questionnaire by the Italian VAT Authorities.

³³⁷ <http://def.finanze.it/DocTribFrontend/getPrassiDetail.do?id={AEDE7270-CCD4-423E-8504-51801DF2805A}>.









	Cruises could have the characteristics of the services of travel agents, depending on the "package" that has been purchased by the customer. ³³⁶			
Place of supply	<i>Art. 7 quater (1) b of the VAT Act</i>  <i>Art 48 of the VAT Directive</i> 			
	Passenger transport services are deemed to be supplied in Italy in proportion to the distance covered (Art. 7 quater (1) b of the VAT Act).			
	<i>Exceptions</i>			
	In case of international services a fixed percentage of the total distance can be deemed domestic, subject to certain conditions (5 % for maritime shipping, 38 % for aviation). ³³⁸ However, international services are exempt anyway.			
Rates and Special Schemes				
Rates applicable ³³⁹		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	10 %  / ex.  ³⁴⁰	0 % 	0 % 
	Taxi	ex. 	0 % 	0 % 
	Bus (sched.)	10 % 	0 % 	0 % 
	Bus (non-s.)	10 % 	0 % 	0 % 
	Rail	10 % 	0 % 	0 % 
	Train	10 % 	0 % 	0 % 
	HSR	10 % 	0 % 	0 % 
	Metro	10 % 	-	-
	Tram	10 % 	-	-
	Inland Waterways	10 %  / ex.  ³⁴¹	0 % 	0 % 
	sched.	10 %  / ex. 	0 % 	0 % 
	non-s.	10 %  / ex. 	0 % 	0 % 
	Maritime Shipping	10 %  / ex.  ³⁴¹	0 % 	0 % 
	sched.	10 %  / ex. 	0 % 	0 % 
	non-s.	10 %  / ex. 	0 % 	0 % 
	Air	10 % 	0 % 	0 % 
	sched.	10 % 	0 % 	0 % 
	non-s.	10 % 	0 % 	0 % 

³³⁸ See e.g. circolare del 29/07/2011 n. 37 (<http://def.finanze.it/DocTribFrontend/getPrassiDetail.do?id={84D18F05-D449-4EC7-B3D7-A85B0CA6751B}>), circolare n. 11/420390 del 7 marzo 1980 (<http://def.finanze.it/DocTribFrontend/decodeurn?urn=urn:doctrib::CIR:1980-03-07:11>) and risoluzione del 23/04/1997 n. 89 (<http://def.finanze.it/DocTribFrontend/decodeurn?urn=urn:doctrib::RIS:1997-04-23:89>).

³³⁹ 0 % denotes an exemption with credit here.

³⁴⁰ Exempt is urban taxi transport (distance <50 km or within a municipality).

³⁴¹ Exempt is urban passenger transport on the sea, lakes, rivers or in lagoons (distance <50 km or within a municipality).



	<i>Legal background</i>
	<p>Passenger transport services in Italy are either</p> <ul style="list-style-type: none"> • exempt with credit: international passenger transport by any means, • exempt without credit: urban public passenger transport by taxis and ships, or • taxed at the reduced rate of 10 %: all other passenger transport services. <p>The detailed provisions can be found in the following articles:</p>
	<p>Ⓜ Reduced Rate (10 %) <i>Table A, Part III, Item 127 and 127-novies VAT Act</i> </p> <p>Normal Scope <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> </p>
	<p>Table A, Part III, Item 127-novies provides for the application of the reduced rate of 10 % to passenger transport services, including accompanying luggage, in so far as they are not exempt based on the following regulations. The 10 % rate therefore is applied to most domestic passenger transport services with the exception of urban transport by taxis and ships.</p> <p>Table A, Part III, Item 127 furthermore explicitly applies the reduced rate to passenger transport services by certain public cable cars, ski lifts and similar means.</p>
	<p>Ⓧ Exempt (no credit) <i>Art. 10 (14) of the VAT Act</i> </p> <p>Derogation: <i>Art. 371 and Annex X, Part B, Item 10 of the VAT Dir.</i> </p>
	<p>The supply of urban passenger transport services by taxi or any means of transport on the sea, lakes, rivers or in lagoons is exempt (without a right of deduction) as being in public interest. Urban transport is thereby defined as within a municipality or between municipalities not more than 50 km distant from each other. The providers of such exempt services still have to register for VAT according to Italian law, but may neither charge VAT on their services nor deduct VAT incurred on their inputs, and they are excused from certain other obligations (Art. 36-bis). Exempt is also the transport of accompanying luggage and the hire of vehicles incl. driver for urban water transport.³⁴²</p>
	<p>Ⓧ Exempt with credit (0 %) <i>Art 9 (1) in conjunction with Art. 19 (3) (a) of the VAT Act</i> </p> <p>Derogation <i>Art. 371 and Annex X, Part B, Item 10 of the VAT Directive</i> </p>
	<p>Art 9 (1) in conjunction with Art. 19 (3) (a) of the VAT Act exempts (with credit) international passenger transport, i.e. services which partly takes place in Italy and partly in a foreign territory, on the condition that they are provided under a single contract. Input VAT can also be deducted for sections in foreign territory according to Art. 19 (3) (b) of the VAT Act.</p>
	<p>Ⓧ Exempt (no credit) <i>Art. 10 (15) of the VAT Act</i> </p> <p>Normal Scope <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>According to Art. 10 (15) of the VAT Act the supply of transport services for sick and injured persons in vehicles designed for that purpose and carried out by authorized companies or non-profit-organisations is also exempt.</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	-

³⁴² See e.g. http://fons.pa.cnr.it/fons/DRE-Sicilia/iva-el/Trasporti_pub.htm and Mogorovich (2013), p. 97.

<i>Supplementary Information</i>	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	Art. 9, first paragraph, No. 1) of Presidential Decree No. 633 of 1972 (the VAT Act) defines international passenger transport services as services which partly takes place in Italy and partly in a foreign territory. “ <i>The section of a passenger transport operation effected within the Community</i> ” is defined in Art. 7, paragraph 1, letter e) of the same Decree. ³⁴³
	<i>Two-sector trips</i>
	Art. 9 of Presidential Decree No. 633 of 1972 (VAT Act), in defining international passenger transport, makes reference to the concept of “ <i>single contract</i> ”. Thus, if provided under a single contract, a transport operation with an overseas destination, also including a domestic section, is still considered as international transport. ³³⁶
	<i>International waters/airspace</i>
	Any transport operation that begins and ends in Italy with no stopovers, but passing through international waters or airspace, is considered as a domestic transport. Thus the entire transport operation falls within the scope of application of the tax, and is therefore subject to VAT. ³³⁶
<i>Ancillary services subject to the same tax rates</i>	<p><u><i>Accompanying luggage:</i></u></p> <p>According to Table A, Part III, Item 127-novies of the VAT Act the transport of accompanying luggage is taxed at the reduced rate along with the underlying passenger transport service. The same holds for Art. 10 (14) (exemption of urban transport), which provides also an exemption for accompanying luggage. Art. 9 (1) of the VAT Act (exemption with credit for international passenger transport) does not contain such a provision.</p> <p><u><i>Accompanying vehicles:</i></u></p> <p>The transport of motor vehicles and the transport of passengers should be considered as distinct and independent services with no prominence of one on the other, nor any ancillary relation. Therefore, it can be deemed that each service should maintain its tax scheme for VAT purposes.</p> <p>Other services are not considered ancillary. These rules can be found in Art. 12 of Presidential Decree No. 633/72 (VAT Act) concerning ancillary operations and in Art. 422 and 423 of the Navigation Code, approved by Royal Decree of 30 March 1942, No. 327.³⁴³</p>

³⁴³ With comments/additions by the Italian VAT Authorities.

Input VAT

Input VAT in the Passenger Transport Sector				
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<i>Art. 8bis of the VAT Act</i> 			
	<i>Art 148 of the VAT Directive</i> 			
	<i>Exempt with credit (0 %) ³⁴⁴</i>			
	<i>Qualifying vessels</i>			
	<p>In addition to the vessels covered by the VAT Directive the following types of vessels are covered by the exemption:</p> <ul style="list-style-type: none"> vessels intended for scrapping (Art. 8bis (a) of the VAT Act)³⁴⁵ and certain military vessels (Art. 8bis (a-bis) of the VAT Act).³⁴⁶ <p>The tonnage is irrelevant.³⁴⁷ Vessels for pleasure use do not qualify for exemption.</p>			
	<i>Airlines operating chiefly on international routes</i>			
<p>In order to determine the prevalence criterion (operating chiefly on international routes) circular nr. 26 of 3 August 1979 states, that the consideration for transports performed partly in Italy and partly abroad or between two foreign states must be considered compared to consideration received for inland flights.</p> <p>For the purposes of the prevalence criterion, the amount of the consideration for international services should be greater than that received for services related to domestic transport. The comparison should be made between the consideration for transports performed partly in Italy and partly abroad, or between two or more foreign States, and the consideration received for transport services wholly performed within the Italian territory. In particular, prevalence should be determined on an annual basis and should be present both in the current year and in the previous one (see ris. No. 126 of 2009).³³⁶</p> <p>In addition to aircraft used by airlines for reward chiefly on international routes also aircraft (including satellites) used by state bodies are deemed qualifying (Art. 8bis (b) of the VAT Act).³⁴⁸</p>				
<i>Supplies of goods and services covered</i>				
Besides the services stated by the VAT Directive also services relating to the dismantling of ships are covered (Art. 8bis (e) of the VAT Act).				
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility³⁴⁹</i>	<i>Reduced Excise Duties</i>
	Petrol	22 %	yes	-
	Gas oil (diesel)	22 %	yes	reduction for railways; slight reduction for buses, taxis and other commercial use ^{350 351}

³⁴⁴ Art. 8bis of the VAT Act exempts the supplies and Art. 19 (3) (a) allows deduction of input VAT.

³⁴⁵ Derogation based on Art. 27 (5) of the Sixth Directive, corresponding to Art. 394 of the VAT Directive (see http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/key_documents/table_derogations/vat_index_derogations_en.pdf).

³⁴⁶ Derogation based on Art. 371 and Annex X, Part B, Item 12 of the VAT Directive.

³⁴⁷ <http://def.finanze.it/DocTribFrontend/getPrassiDetail.do?id={32918856-9D1F-435C-86FB-18AEB809A55B}>.

³⁴⁸ Derogation based on Art. 371 and Annex X, Part B, Item 11 of the VAT Directive.

³⁴⁹ With respect to providers of passenger transport services.

³⁵⁰ Commercial use as defined in Art. 7(2) of Council Directive 2003/96/EC (includes commercial passenger transport by buses).

³⁵¹ Reduced excise duties are in place for railways, taxis and ambulance cars (see http://ec.europa.eu/taxation_customs/resources/documents/taxation/excise_duties/energy_products/rates/excise_duties-part_ii_energy_products_en.pdf, p. 20 and 23).

	Kerosene	22 %	yes	-
	Liquefied Petroleum Gas (LPG)	22 %	yes	-
	Electricity	22 %	yes	exemption for railways and public transport
<i>VAT on means of transport</i>	<p>VAT on means of transport as used by providers of passenger transport services as well as related expenses is deductible in almost all cases. The detailed provisions are (Art 19bis.1 (1) (a)-(d) of the VAT Act):</p> <ul style="list-style-type: none"> • VAT on the purchase or importation of aircraft, their components and parts is not deductible, unless this forms the business activity or they are used exclusively for business purposes;³⁵² • VAT on the supply of motorcycles with more than 350 cc (see Table B to the VAT Act) and pleasure boats and ships, as well as their spare parts and components, is not deductible, unless this forms the business activity;³⁵² • VAT on the supply of other road motor vehicles³⁵³, their components and spare parts can generally be deducted to the amount of 40 %³⁵⁴, full deduction is allowed for vehicles used exclusively for business purposes as well as vehicles used by agents and sales representatives or if these vehicles are part of the main activity of the enterprise;³⁵⁵ • for goods and services related to such ships, aircraft and road motor vehicles (fuel, repair, maintenance, leasing, hiring aso.) these restrictions apply based on the deductibility of VAT on the underlying vehicle they are used for. <p>Art. 9 (3) of the VAT Act furthermore exempts (with credit) the hiring and leasing of motor vehicles, ships, aircraft, railway wagons etc. used for international transport services as far as subject to Italian VAT, except for pleasure boats.³⁵⁶</p>			
<i>Special cases</i>	<p>Art. 9 of the VAT Act exempts (with credit) a few further services in connection with international trade, which can be relevant for providers of international passenger transport:</p> <ul style="list-style-type: none"> • shipping services related to international transports (Art. 9 (4)), • services provided in ports, depots, airports and border railway stations that reflect directly the operation and maintenance of the premises or the movement of goods or means of transport, and the services of shipping agents (Art. 9 (6))³⁵⁷, and • intermediation services related to international transport (Art. 9 (7)). 			

³⁵² Derogation based on Art. 176 of the VAT Directive (Art. 16 (6) of Directive 77/388/EEC); see Circolare del 12/10/2007 n. 55, available on <http://def.finanze.it/DocTribFrontend/getPrassiDetail.do?id={338789D2-BEBF-4520-AD1B-E7B61BB79B5F}>.

³⁵³ This does not apply to tractors, buses (more than 9 seats incl. the driver) and vehicles with an authorized maximum mass not 3,500 kg.

³⁵⁴ Derogation based on Extension Council Implementing Decision 2013/679/EU, OJ L 31, currently limited until 31.12.2016.

³⁵⁵ According to KPMG (<http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/pages/italy.aspx#5>) this includes taxi transport.

³⁵⁶ <http://def.finanze.it/DocTribFrontend/getPrassiDetail.do?id={0932B611-B698-4C51-BCBD-96A150D099C8}>.

³⁵⁷ This provision covers services supplied to these facilities (e.g. repair, upgrading or renovation of port facilities), but also services related to the transport of persons (see e.g. Decree-law of 27 April 1990, nr. 90, available on http://def.finanze.it/DocTribFrontend/decodeurn?um=um:doctrib::DL:1990-04-27:90_art3-com13 and the resolution of 29 July 2008, nr. 322, available on <http://def.finanze.it/DocTribFrontend/getPrassiDetail.do?id={02AF1459-8EA9-49FF-A76B-3D7F90572EA8}>).

Administrative Obligations

<i>Registration</i>	<p>Registration for VAT must be effected within 30 days from the commencement of business activities (Art. 35(1) of the VAT Act). There is no registration threshold. Persons generating exclusively exempt turnover must also register, but are excused from certain administrative obligations.</p> <p>The taxable person must send an application form to the relevant local VAT office (electronically or by registered mail) and is then issued with a VAT registration number.</p>
<i>Tax point</i>	<p>In contrast to most other member states, the time of supply of services in Italy is by general rule the time, when the consideration for the service is paid (not when the service is performed). However, if an invoice is issued earlier, the time of issuance is relevant (Art. 6 VAT Act).</p>
<i>VAT returns</i>	<p>In general VAT returns must be filed annually, whereas payments are due monthly or quarterly.</p> <ul style="list-style-type: none"> • Most taxable persons must submit an aggregate annual tax return (<i>Modello Unico</i>), which comprises all relevant taxes (VAT, income taxes aso.). • Certain taxable persons must file a separate annual VAT return instead of the aggregate return, among others this is the case for taxable persons not established in Italy and taxable persons having a business year different from the calendar year. A separate VAT return can also be submitted when applying for an offset or refund of input VAT resulting from the annual return for the previous year. <p>The submissions are due by the following dates:</p> <ul style="list-style-type: none"> • A VAT report including information concerning the amounts of purchases and sales, intra-Community operations, exempt and zero-rated operations is due by the end of February. • The annual VAT return is due in the period from 1 February to 30 September. <p>Returns must be submitted electronically, either directly via the online services of the tax authorities or via an intermediary³⁵⁸; forms supplied in paper are accepted, but subject to penalties, the same holds for returns late by not more than 90 days.³⁵⁹</p> <p>Providers of exclusively exempt supplies (e.g. urban taxis) don't have to submit returns except for certain circumstances.³⁶⁰ Conversely, if the taxable person carries out only zero-rated transactions, he is still required to submit the return. However, non-established taxable persons that carry out zero-rated transactions are not required to submit VAT returns.³⁴³</p> <p><i>Nil returns</i></p> <p>See above.</p>
<i>VAT payable</i>	<p>Basically monthly, payment is due by the 16th day of the first month following the tax period³⁶¹.</p> <p>Certain taxable persons can opt for quarterly payment, including “minor taxpayers” with an</p>

³⁵⁸ <http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Home/CosaDeviFare/Dichiarare/Dichiarazioni+Iva/Iva+2014/SchedaIVA2014/Iva2014+come+si+presenta/>.

³⁵⁹ European Commission - TAXUD/c/1 (2010), p. 16.

³⁶⁰ <http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Home/CosaDeviFare/Dichiarare/Dichiarazioni+Iva/Iva+2014/SchedaIVA2014/Iva2014+contribuenti+esonerati/>.

³⁶¹ IBFD (2012), p. 52, referring to D.P.R. 100/98.

	<p>annual taxable turnover of not more than EUR 400,000 (exclusively services) or EUR 700,000 (other activities).³⁶² Such quarterly taxpayers must pay 1% interest on VAT each quarter. Quarterly payment can also be granted based on a special allowance of the Ministry of Finance (Art. 74(4) of the VAT Act), in this case the interest payment does not apply. The respective payments are due:</p> <ul style="list-style-type: none"> • For the first, second and third quarter, by the 16th day of the second month following the end of the quarter, and • For the fourth quarter, by March 16th of the following year. <p>Furthermore for the last month or quarter an advance payment is due by 27 December.³⁶³</p>
<p><i>VAT deductible</i></p>	<p><i>Time of deduction:</i> Input VAT is generally recoverable when VAT is due for the supplier, but at latest in the second year after the year the right for deduction arose (Art. 19(1) of the VAT Act). In order to exercise the right to recover input VAT the respective invoice should have already been entered in the books.³⁶⁴</p> <p>Persons making mainly exempt supplies can opt to waive the entitlement to VAT deduction, which reduces VAT-related obligations, but not in connection with taxable supplies.³⁶⁵</p>
<p><i>VAT refunds</i></p>	<p>Excess input VAT must generally be carried forward, a refund is mostly only possible at the end of the year, in certain cases quarterly refunds are granted.</p> <p>According to Art. 30 of the VAT Act, the following situations allow the refund of input VAT:</p> <ul style="list-style-type: none"> • cessation of business, • refunds following the annual VAT return (in certain cases quarterly refunds are possible), if the following conditions are fulfilled: <ul style="list-style-type: none"> ○ amount \geq EUR 2,582.28 and ○ one of the following situations is given: <ul style="list-style-type: none"> ▪ the VAT rate on purchases normally exceeds the rate on sales by 10 % or more, or ▪ the share of exports, intra-community supplies, supplies of international services and goods treated as exports exceeds 25 %, or ▪ VAT relates to the acquisition of capital goods or research and development, or ▪ mainly services are provided, which are deemed to be supplied outside of Italy, or ▪ the claimant is a non-resident business, which is registered for VAT in Italy. • If excess input VAT has been carried forward for 3 years in a row, the lowest amount can be refunded. <p>In order to get a refund, in general a bank guarantee covering the amount refunded including interest until the end of the fourth year following the period the refund refers to is required, however there are many exceptions to that rule³⁶⁶.</p>

³⁶² IBFD (2012), p. 52, referring to D.P.R. 542/99.

³⁶³ IBFD (2012), p. 53.

³⁶⁴ IBFD (2012), p. 78.

³⁶⁵ IBFD (2012), p. 78.

³⁶⁶ IBFD (2012), p.80.

	Annual refunds should be paid within 60 days to 3 months from the date the claim was submitted (depending on the competent authority ³⁶⁷), quarterly refunds should be paid until the 20 th day of the second month following the taxable period they refer to. ³⁶⁸
<i>Invoicing requirements</i>	<p>In general a tax invoice must be issued for all taxable transactions (unless stated otherwise) and even for many transactions not subject to VAT. Usually it must be issued at the time the transaction takes place, although there are certain exceptions (Art. 21(4) of the VAT Act). Simplified rules are available (Art. 21bis), e.g. for small amounts and small businesses.</p> <p>Exceptions from the obligation to issue invoices are defined in Art. 22 of the VAT Act, which among others includes the provision of passenger transport services including accompanying vehicles and luggage. This also holds for city tours, touristic excursions aso., unless an invoice is explicitly demanded by the customer.</p> <p>Foreign currencies are admissible, only the amount of output VAT must be expressed in EUR.</p>
<i>Special regimes</i>	<i>Small Businesses</i>
	<p>Italy does not apply an exemption threshold with respect to VAT registration. However, there are a number of simplifications for small taxable persons:</p> <ul style="list-style-type: none"> • Taxable persons with a turnover less than EUR 10,329.14, which fulfil certain further requirements, can account for VAT on a fixed basis.³⁶⁹ • “<i>Contribuenti minimi</i>”: there is a special regime for taxable persons with a turnover of not more than EUR 30,000 in the previous calendar year and fulfilling certain other conditions, which also provides for simplified VAT rules. Such persons have no VAT compliance obligations, do not apply VAT to their transactions and are not allowed to deduct input VAT.³⁷⁰ • “<i>Contribuenti minori</i>”: taxable persons with a turnover of not more than EUR 400,000 (services) or EUR 700,000 (other activities) may apply simplified rules for invoicing, record keeping and VAT payment (Art. 32 of the VAT Act). <p>Furthermore there is a cash accounting scheme for small enterprises, which can be applied by taxable persons with a turnover of not more than EUR 2,000,000 in the previous fiscal period. This scheme is only applicable to B2B transactions.^{371 343}</p>
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<p><u><i>Foreign businesses established in Italy:</i></u></p> <p>Foreign companies established in Italy have to register at the tax office competent for the place of establishment. Basically the same rules as for domestic taxable persons apply.</p> <p><u><i>Foreign businesses not established in Italy:</i></u></p> <p>Foreign businesses not resident in Italy are assigned to the VAT office in Rome or Pescara. If a VAT representative is appointed, the VAT office of the district, where the representative is resident, is responsible.</p>

³⁶⁷ 60 days, if the refund can be handled by the tax collection office, 3 months, if the Agenzia delle Entrate office having territorial jurisdiction is competent (e.g. in case the refunds exceed a certain amount per year or the applicant ceased business or filed bankruptcy).

³⁶⁸ European Commission - TAXUD/c/1 (2010), p. 13f.

³⁶⁹ IBFD (2012), p. 83.

³⁷⁰ IBFD (2012), p. 83., Article 1, paragraphs 96 to 117 of Law 244 of 24 December 2007.

³⁷¹ IBFD (2012), p. 51f.; Art. 32-bis of Law decree n° 83 of 22 June 2012, converted into Law n. 134 of 7 August 2012.

	<p>The registration must be effected before the commencement of any business activities in Italy using the relevant form (ANR/3), which is available in Italian, English, German and Slovenian language. The form must be submitted either in person or by registered mail (including a copy of an identity document and a document proving the VAT-taxable status in the country of origin) to the Revenue Agency's Pescara Operational Centre.³⁷²</p> <p><i>Registration for exempt international passenger transport services</i></p> <p>All taxable persons performing operations where the place of supply is in the Italian territory, are required to register for VAT purposes. Non-established taxable persons performing exempt with credit operations are not required to submit VAT returns.³³⁶</p>
<i>Tax representative</i>	<p>Taxable persons from the Member States and third countries, with which Italy has an agreement on information exchange and assistance, can register directly in Italy.</p> <p>Suppliers established in other states are required to appoint a tax representative, when they make supplies in Italy, which are not subject to the reverse charge rule. In case of passenger transport services a full tax representative will be necessary.</p> <p>Bank guarantees are not required.</p>
<i>Reverse charge</i>	<p>The reverse charge procedure is applicable to passenger transport services.³⁷³</p>
<i>Languages</i>	<p>Most of the information provided on the websites of the financial authorities is only available in Italian, some taxpayer guides are published in further languages (French, German, Albanian, Arabic, Romanian and Serbo-Croatian).</p> <p>As a general rule, the forms and the relevant instructions are available only in Italian, but there are exceptions for special procedures specifically regarding the non-residents. For example, form ANR for registration for VAT purposes of persons established in other EU Member States is also available in English.^{374 336}</p> <p>Documents supporting the application for a VAT registration number by persons established in other EU Member States, can be written in English, French, German and Spanish, as long as a translation of their text, drafted and signed by the party concerned, is attached to prove their authenticity.³³⁶</p>
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	<p>Input VAT incurred on passenger transport services is not deductible, except for businesses engaging in passenger transport (Art. 19bis.1 (1) (e) of the VAT Act).</p>
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³⁷² http://www1.agenziaentrate.gov.it/inglese/international_taxation/vat_identification.htm.

³⁷³ IBFD (2012), p. 93, Art. 17 of the VAT Act.

³⁷⁴ VAT return and registration forms and relevant instructions are available in Italian, English, German and Slovenian (see <http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Strumenti/Modelli/Modelli+in+altre+lingue/>). Similarly, instructions in English can be found on the website of the Agenzia delle Entrate with reference to the claims for VAT refunds that EU taxable persons may submit in accordance with Directive 2008/9/EC.

2. Passenger Taxes

City Council Tax

<i>City Council Tax (addizionale comunale sui diritti d'imbarco)</i>	
<i>Relevant legislation</i>	Legge 24 dicembre 2003, n. 350, Art. 2 (11) Legge 31 marzo 2005, n. 43, Art. 6 quarter (2) Legge 27 dicembre 2006, n. 296, Art. 1 (1329) Legge 27 ottobre 2008, n. 166 Legge 28 giugno 2012, n. 92, Art. 4 (75)
<i>In place since</i>	1 January 2004
<i>What is taxed?</i>	the boarding of passengers on an aircraft in Italy
<i>Exceptions</i>	Passengers in transit, coming from other domestic airports, are except from City Council Tax. ³⁷⁵
<i>Tax rates (for 2014)</i>	<u>Roma Fiumicino, Roma Ciampino:</u> EUR 7.50/passenger ³⁷⁶ <u>Other Italian Airports:</u> EUR 6.50/passenger
<i>Who is liable?</i>	The air carrier, who includes it in the ticket price
<i>Registration and administration</i>	The air carriers collect the tax from their passengers as an additional surcharge to the ticket price. The carrier in turn must submit the amount due to the airport within 3 months from the end of the month, in which the obligation arose. ³⁷⁷ Upon introduction, the first EUR 30 million was transferred to the state budget, the rest was split between the municipalities, where the airports are situated (20 %), or was earmarked for general security measures in airports and major train stations. Since that time the tax was repeatedly increased, whereby additional revenues were earmarked for a fund for the income support, employment and retraining of staff in the air transport sector and for fire-fighting measures on airports. ³⁷⁸ Currently a large portion of the revenues is managed by the National Institute of Social Security ³⁷⁹ (INPS). For details on the procedure see the INPS circular of 25 July 2013, n. 112. ³⁸⁰
<i>Tax liability</i>	See above.
<i>Tax payment</i>	See above.
<i>Additional information</i>	The city council tax has been introduced in 2004 and since then been frequently amended. The revenues from this tax are intended for different purposes, only one of which is the

³⁷⁵ http://www.asca.it/news-Trasporti_Camera_dl_Destinazione_Italia_le_misure_per_il_settore_aereo-1354066.html.

³⁷⁶ <http://vivi-caselle.blogspot.co.at/2011/08/addizionale-comunale-magari-sui-diritti.html>.

³⁷⁷ <http://www.investireoggi.it/fisco/tassa-imbarco-aeromobili-le-istruzioni-dallinps/>.

³⁷⁸ <http://ale.riolo.co.uk/2013/12/addizionale-comunale-sui-diritti.html>.

³⁷⁹ Istituto Nazionale Previdenza Sociale, <https://www.inps.it>.

³⁸⁰ <http://www.inps.it/bussola/VisualizzaDoc.aspx?sVirtualURL=%2fCircolari%2fCircolare%20numero%20112%20del%2025-07-2013.htm>.

	support of the municipalities the airport is situated in.
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Air Taxi Tax

<i>Air Taxi Tax</i>	
<i>Relevant legislation</i>	Decreto-legge del 6 dicembre 2011 n. 201, Art. 16, Item 10-bis, as amended
<i>In place since</i>	29 April 2012 ³⁸¹
<i>What is taxed?</i>	The transport of passengers on air taxi flights, which are described as flights by planes or helicopters, which are operated for passenger transport under charter contracts for the entire capacity of the aircraft. Unlike the City Council Tax, not only the embarking in Italian airports is taxed, but also the deboarding, if a flight subject to Air Taxi Tax arrives at an Italian airport from abroad. ³⁸²
<i>Exceptions</i>	-
<i>Tax rates (for 2014)</i>	<p><100km: EUR 10 / passenger and leg</p> <p>100 - 1,500 km: EUR 100 / passenger and leg</p> <p>>1,500 km: EUR 200 / passenger and leg</p> <p>Each section of a journey is taxed separately.</p>
<i>Who is liable?</i>	The tax must be paid by the passenger to the air carrier, who forwards it to the financial authorities.
<i>Registration and administration</i>	<p>Payment of the tax is administered by the air carrier.</p> <p>Details can be found in Resolution n. 72 of 4 July 2012³⁸³.</p>
<i>Tax liability and payment</i>	<p>Taxes for flights with aircraft registered in Italy or other member states of the European Economic Area must be paid by the end of the following month.</p> <p>Taxes for flights with aircraft registered outside the EU are due for each leg before departure or within one day of arrival in Italy.</p>

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³⁸¹ http://def.finanze.it/DocTribFrontend/executeCallFromMenu.do?actionParam=versione%20successiva&idAttoCorrente={7C411488-D58D-4734-BDDF-48BCB79918E4}&chiaveArticolo=200001600000000|Articolo%2016&idversione=03&TIPO_CITATI=ATTO_NORMATIVO.

³⁸² <http://www.agenziaentrate.gov.it/wps/wcm/connect/10b64e804bc82b0285a9fd067ba7a5f6/97718-+Provvedimento+imposta+aeromobili+-++27+giugno.pdf?MOD=AJPERES&CACHEID=10b64e804bc82b0285a9fd067ba7a5f6>, p.2.

³⁸³ <http://www.agenziaentrate.gov.it/wps/wcm/connect/ee5d95004bda907a931fb7692e0e8a0b/risoluzione+72e.pdf?MOD=AJPERES&CACHEID=ee5d95004bda907a931fb7692e0e8a0b>.

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Latvia

1. Value Added Tax (*Pievienotās vērtības nodoklis*)

VAT Overview




























































Basic VAT Information					
<i>Name</i>	<i>Pievienotās vērtības nodoklis (PVN)</i>				
<i>Legal basis</i>	Value Added Tax Act 2013 (<i>Pievienotās vērtības nodokļa likums</i>)				
<i>Additional documents</i>	VAT Regulations, Regulations of the Cabinet of Ministers implementing the VAT Law (<i>Pievienotās vērtības nodokļa likuma normu piemērošanas kārtība un atsevišķas prasības pievienotās vērtības nodokļa maksāšanai un administrēšanai, Ministru kabineta noteikumi 17 2013</i>) Law on Application of Taxes in Free Ports and Special Economic zones (<i>Par nodokļu piemērošanu brīvostās un speciālajās ekonomiskajās zonās</i>)				
<i>Territorial application</i>	Latvia for VAT purposes contains the Latvian land territory, territorial and inland waters, the Latvian airspace and artificial islands and construction territories. ³⁸⁴				
<i>VAT rates</i>	Standard	Reduced	Super-reduced	Parking	Zero
	21 %	12 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of “passenger transport”</i>	Regulatory enactments regulating the VAT do not provide for such a definition. ³⁸⁵
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There seem to be no special rules.
<i>Place of supply</i>	<p style="text-align: right;"><i>Art. 21 of the VAT Act</i> </p> <p style="text-align: right;"><i>Art 48 of the VAT Directive</i> </p>
	Place of supply of passenger transport services is the place, where the transport physically takes place, having regard to the distances covered in Latvia and abroad.
	<i>Exceptions</i>
	-












³⁸⁴ IBFD (2012), p. 31.

³⁸⁵ Reply to our questionnaire by the Latvian VAT Authorities.

<i>Rates and Special Schemes</i>				
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
		Road	12 % : sched. 21 % : others	0 % 
	Taxi	21 % 	0 % 	0 % 
	Bus (sched.)	12 % 	0 % 	0 % 
	Bus (non-s.)	21 % 	0 % 	0 % 
	Rail³⁸⁶	12 %  (21 % 0 % 	0 % 	
	Train	12 % 	0 % 	0 % 
	HSR	12 % 	0 % 	0 % 
	Metro	12 % 	0 % 	0 % 
	Tram	12 % 	0 % 	0 % 
	Inland Waterways³⁸⁷	21 % : others (12 % 0 % 	0 % 	
	sched.	(12 %  0 % 	0 % 	
	non-s.	21 % 	0 % 	0 % 
	Maritime Shipping³⁸⁷	21 % : others (12 % 0 % 	0 % 	
	sched.	(12 %  0 % 	0 % 	
	non-s.	21 % 	0 % 	0 % 
	Air³⁸⁷	21 % : others (12 % 0 % 	0 % 	
	sched.	(12 %  0 % 	0 % 	
	non-s.	21 % 	0 % 	0 % 
<i>Rates applicable</i>	<i>Legal background</i>			
	<i>Reduced rate:</i> Within the territory of Latvia the reduced VAT rate of 12 % is applied to scheduled passenger transport services.			
	<i>Zero-rate:</i> Passenger transport services (luggage included) starting and/or ending outside Latvia are subject to zero-rating with respect to VAT (VAT Act, Art. 46 §3).			
	<i>Standard rate:</i> Other passenger transport services (e.g. taxi) are subject to the standard rate. The detailed provisions are:			
		Standard Rate (21 %) Normal Scope		
Domestic passenger transport services not covered by any of the rules below, i.e. are taxed at the standard rate of 21 %.				

³⁸⁶ As nearly all passenger transport services by rail are scheduled.

³⁸⁷ Practically all domestic passenger transport services by water and air transport are standard-rated.



	<p> Reduced Rate (12 %) Art. 42 (4) of the VAT Act  Normal Scope Art. 98 and Annex III, Item 5 of the VAT Directive </p>
	<p>The reduced rate is applied to the transport of passengers and their baggage on scheduled domestic services.</p> <p>Scheduled services are thereby defined as the carriage of passengers along a previously determined route, with a previously determined intensity and regularity, for a certain passenger fare (Section 1, Clause 7 of the Law On Public Transport Services). Also – carriage of passengers by suitable vehicles in accordance with certain timetables on a regular basis following certain routes for a previously determined fare and payment for the carriage of baggage (Section 1, Clause 24 of the Law On Carriage by Road).³⁸⁵</p>
	<p> Zero-Rate (0%) Art. 46 (3) of the VAT Act  Derogation Art. 384 and Annex X, Part B, Item 10 of the VAT Dir. </p>
	<p>Intra-community and extra-EU passenger transport is zero-rated based on Art. 46 (3) of the VAT Act. This also holds for accompanying baggage and, if applicable, the transport of the vehicle, with which the passenger travels. This is based on Art. 384 of the VAT Directive.³⁸⁸ Art. 46 (4) of the VAT Act furthermore zero-rates the sale of tickets in the name of a third party.</p>
	<p> Exempt (no credit) Art. 52 (1) 15) of the VAT Act  Derogation</p>
	<p>Transportation services for pupils carried out by licensed carriers and (partly) financed from the municipal budget, as specified in the “Law on local governments”, are exempt from VAT.</p>
	<p> Exempt (no credit) Art. 52 (1) 4) a of the VAT Act  Normal Scope Art. 132 (1)(p) of the VAT Directive </p>
	<p>The transport of passengers in special vehicles equipped with medical devices (as laid down in legislation) is exempt from VAT.</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	None.
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	<p>Art. 46 (3) of the VAT Act describes zero-rated passenger transport as traffic on international routes or to/from other Member States, where the passenger crosses the Latvian border. Transit journeys starting and ending in Latvia, but passing through foreign territory, should therefore be considered international.</p> <p>IBFD on the other hand states – based on the old VAT Act - , that either the place of departure or the place of destination must be outside Latvia.³⁸⁹</p> <p>The place where the carriage of passengers is commenced shall be the first intended place</p>

³⁸⁸ Strictly speaking the VAT Directive refers to an exemption. Art. 384 VAT Directive reads: “For as long as the same exemptions are applied in any of the Member States which were members of the Community on 30 April 2004, Latvia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions: [...] (b) the international transport of passengers, as referred to in point (10) of Annex X, Part B.”

³⁸⁹ IBFD (2012), p. 39.

	<p>of boarding in the territory of the European Union (also after stopping outside the territory of the European Union). The final destination of the carriage of passengers shall be the last intended place of disembarkation in the territory of the European Union for passengers who have boarded a ship, an aircraft or a train in the territory of the European Union (also prior to stopping outside the territory of the European Union) (Section 29(3) and Section 29(4) of the Value Added Tax Law).³⁸⁵</p> <p><i>Two-sector trips</i></p> <p>Taking into account the next answer provided (please see below), a VAT rate of 0 per cent shall be applied to the part of the carriage of passengers that occurs inland. Whereas, the VAT of Latvia shall not be applied to the part of the carriage of passengers that occurs outside inland.³⁸⁵</p> <p><i>International waters/airspace</i></p> <p>The place of the provision of passenger transport services shall be the place where the actual carriage of passengers occurs in proportion to the distances travelled inland and in other states. A VAT rate of 0 per cent shall be applied to the international carriage of passengers, if a passenger crosses the border of Latvia by train, bus, air plane or ship. A reduced VAT rate shall be applied to the inland transport carriage of passengers. A reduced VAT rate shall be also applied to passenger transport services provided during the carriage of passengers by road within the framework of international routes, as well as during international railway carriage, if a route is planned to include the boarding and disembarkation of passengers inland and a passenger boards and disembarks inland.</p> <p>Thus, in case of journeys starting and ending within Latvia, but passing through international waters or airspace, the place of the provision of passenger transport services shall be the place where the actual carriage of passengers occurs in proportion to the distances travelled inland and in other states. Hence, such journeys are considered domestic and a VAT rate of 12 per cent is applied to the part of a trip, which occurs inland.³⁸⁵</p>
<p><i>Ancillary services subject to the same tax rates</i></p>	<p><u><i>Accompanying luggage and vehicles:</i></u></p> <p>In case of domestic journeys the transport of accompanying baggage is taxed at the same rate as the respective passenger transport service. In case of zero-rated international journeys also the transport of accompanying vehicles is covered (Art. 42 (4) and 46 (3) of the VAT Act).</p> <p><u><i>Other services:</i></u></p> <p>If separate services that are not included in the service of carriage of passengers and the service of carriage of baggage thereof are provided, the value added tax shall be applied to them taking into account the place of provision of services.³⁸⁵</p>

Input VAT

Input VAT in the Passenger Transport Sector				
<i>Exemptions based on Art. 148 of the VAT Directive</i>	Zero-rate (0 %) ³⁹⁰ Art. 47-48 of the VAT Act  Art 148 of the VAT Directive 			
	<i>Qualifying vessels</i>			
	According to Art. 47 (1) of the VAT Act the zero-rate applies to vessels used <ul style="list-style-type: none"> • for navigation on the high seas and carrying passengers for reward or conducting commercial, industrial or fishing activities, • for rescue or assistance at sea, or • for coastal fishing. Further requirements are not mentioned.			
	<i>Airlines operating chiefly on international routes</i>			
	Art. 48 (4) of the VAT Act specifies “airlines operating for reward chiefly on international routes” as airlines, which meet the following two conditions: <ul style="list-style-type: none"> • The turnover from international routes is at least 80 % of the total turnover, and • the number of routes to international destinations amounts at least 80 % of the total number of routes. 			
	<i>Supplies of goods and services covered</i>			
The details are laid down in Art. 47 and 48 of the VAT Act and are formulated very similar to the VAT Directive. Covered are: <ul style="list-style-type: none"> • the supply, import, modification, repair, maintenance, chartering and hiring of qualifying vessels/aircraft; • the supply, import, repair, maintenance and replacement of equipment incorporated or used in qualifying vessels/aircraft, including fishing equipment; • the refuelling of qualifying vessels/aircraft and certain warships and the supply of goods to those vessels/aircraft except for vessels for inshore fishing; • other services for the needs of qualifying vessels/aircraft or their cargoes, including the services of shipping agents; Art. 51 (1) of the VAT Act states that the zero-rate can only be applied, if appropriate documents of proof can be presented. More details are given in Art. 20 of the VAT Regulations. And in case of advance payments the respective supply must follow within 6 months (Art. 51 (4) of the VAT Act).				
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	21 %	yes	-
	Gas oil (diesel)	21 %	yes	-
	Kerosene	21 %	yes	-
	Liquefied Petroleum Gas (LPG)	21 %	yes	-

³⁹⁰ The supplies are taxable at a rate of 0 %.

	Electricity	21 %	yes	exemption for railways and public transport
<i>VAT on means of transport</i>	<p><u>Passenger cars:</u></p> <p>According to Art. 2 of the VAT Act 20 % of the input VAT on passenger cars³⁹¹ not used exclusively for business purposes (purchase, lease, intra-community acquisition and import) and their maintenance and operating costs (repair, fuel aso.) cannot be deducted.³⁹²</p> <p>Additionally, since 1 January 2014 no input VAT on the supply of the passenger car and the related costs can be deducted, if the acquisition cost exceed a certain value stated the corporate income tax law (EUR 50,000 excl. VAT).³⁹³ This again also holds for operating and maintenance costs (Art. 1 of the VAT Act).</p> <p>Both restrictions do not apply to:</p> <ul style="list-style-type: none"> • cars which are used for businesses such as: car rental services, passenger transport services for reward (including taxis), driving schools or guard services, for sale or for freight transport, • emergency vehicles; • cars used as demonstration cars, or • cars used exclusively for business purposes, which must be proven by the taxable person. <p>Means of transport used for commercial passenger transport services and related maintenance and operating costs will therefore be 100 % deductible.³⁹⁴</p>			
<i>Special Rules</i>	-			

Administrative Obligations

<i>Registration</i>	<p>Entrepreneurs must register as a VAT payer in Latvia with the local office of the State Revenue Service competent for the entrepreneur's place of business. The registration is mandatory if the taxable transactions during a 12-month period exceed the threshold of EUR 50,000 (~LVL 35,000; usually excluding fixed assets). Below this threshold, registration for VAT is optional (Art. 55 and 59 of the VAT Act). Registration is also obligatory, if services to other Member States are provided, as well as before a taxable person carries out taxable transactions or receives such services in Latvia the place of supply of which is determined in accordance with Section 19, Paragraph one of VAT Act.</p> <p>The application can be submitted by mail, electronically using a secure signature or the electronic declaration system. The following documents must be submitted.³⁹⁵</p> <ul style="list-style-type: none"> • the registration application (as shown in the appendices to the VAT Regulations); • if the registration application is signed by an authorised person, then it must be accompanied by a written power of attorney. <p>The State Revenue Service decides within 5 working days after the receipt of the</p>
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³⁹¹ Passenger cars are specified as cars with no more than 8 seats excluding the driver and no more than 3.5 tons (<http://www.meridianglobalservices.com/blog/2013/04/18/Latvian-deduction-on-company-cars>).

³⁹² This is a derogation from Art. 26 (1), 168 and 168a of Directive 2006/112/EC, which is based on Council Implementing Decision 2013/191/EU OJ L 113 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:113:0011:0012:EN:PDF>).

³⁹³ http://www.ahk-balt.org/fileadmin/ahk_baltikum/Newsletter/10-2013/Latvian_Indirect_Tax_News_September_2013.pdf.

³⁹⁴ With comments/additions/corrections by the Latvian Vat Authorities.

³⁹⁵ <https://www.vid.gov.lv/default.aspx?tabid=8&id=6790&hl=2>.

	<p>application or requests additional information (Art. 66 of the VAT Act).</p> <p>The Latvian VAT number consists of 13 digits starting with 'LV'.</p>
<i>Tax point</i>	<p>The chargeable event is the time of supply of services or the date of receipt of a prepayment. A supply shall be included in the VAT return of the month, in which both conditions are met: The chargeable event has taken place and the invoice³⁹⁶ has been received³⁹⁷.</p>
<i>VAT returns</i>	<ul style="list-style-type: none"> • <i>monthly</i>: value of taxable transactions exceeds EUR 50,000 (LVL 35,000) in the current or previous year and/or taxable intra-community-supplies of goods and services are effected. • <i>quarterly</i>: company's annual taxable turnover lies between EUR 14,228.72 (LVL 10,000) and EUR 50,000 (LVL 35,000). The return has to be submitted by the 15th day of the month following the reporting period. • <i>semi-annually</i>: total value of taxable transactions in the previous year is less than EUR 14,228.72 (LVL 10,000). <p>The deadline is the 20th day after the taxable period in case of electronic returns, or the 15th day following the taxable period in case of submissions in paper (Art. 118 of the VAT Act).³⁹⁸</p> <p>An additional annual statement is only required under certain conditions, e.g. if corrections are necessary (changes according to the proportion of taxable and non-taxable transactions for the taxable year or corrections with respect to VAT payable or input VAT have been made). The annual return is due on 1st of May of the following year.³⁹⁹</p>
	<i>Nil returns</i>
	Returns must be submitted even if no taxable transactions have been carried out in the respective tax period (Art. 117 (2) of the VAT Act).
<i>VAT payable</i>	<p>VAT is payable on the 20th day of the month following the taxable period.</p> <p>If annual returns are made, the difference amount is due on 1st of May of the following year.</p> <p>The payment must already be received by the VAT authorities by the 20th day. Late charges (if it exceeds 5 days) shall be assessed in the amount of 0.05 % of the principal debt for each day not paid in time.</p>
<i>VAT deductible</i>	<p>According to the general rule input VAT can be deducted in the periodic VAT return at the moment the goods or services are received and an invoice is available.⁴⁰⁰</p>
<i>VAT refunds</i>	<p>Excess input VAT deducted is first set off against other tax liabilities and then carried forward to the following tax periods. In the general case a refund will be made at the end of the fiscal year (within 30 days after the last return of the tax year has arrived at the State Revenue Service). There are however some exceptions, a refund will be granted earlier e.g. if (Art. 109 (5) of the VAT Act):</p> <ul style="list-style-type: none"> • a majority (at least 90 %) of the taxable transactions are zero-rated or effected abroad,

³⁹⁶ The time limit for issuing an invoice is 15 days from the chargeable event.

³⁹⁷ IBFD (2012), p. 42.

³⁹⁸ <https://www.vid.gov.lv/default.aspx?tabid=8&id=6792&hl=2>.

³⁹⁹ <http://www.meridianglobalservices.com/country-profile-latvia/>; IBFD, S. 88.

⁴⁰⁰ IBFD (2012), p. 64.

	<ul style="list-style-type: none"> the refundable amount exceeds EUR 1422.87 and the sum of transactions zero-rated, reduced-rated and effected abroad is at least 20 % of the total taxable transactions, the refundable amount originates from fixed assets, exceeds EUR 143.29 and the taxable person has requested a refund, or the excess amount exceeds EUR 11,382.97. <p>The State Revenue Service can also delay a refund, e.g. if documents proving the applicability of the zero-rate are missing.⁴⁰¹</p>
<i>Invoicing requirements</i>	<p>Invoices must be issued within 15 days after the (domestic) supply of goods or services (Art. 131 (1) of the VAT Act). Simplified invoicing procedures can be used, if the value (excluding VAT) is less than EUR 143 (Art. 126 of the VAT Act). Registered taxable persons supplying goods or services for a fixed price (e.g. travel tickets) don't have to issue a separate invoice (Art. 129 (10) of the VAT Act).</p> <p>The entrepreneur must keep, in his administration, duplicates of the invoices issued for a period of 5 years.</p> <p>Foreign currencies may be used, but taxable amount or VAT amount must be stated in EUR (Art. 129 (5) of the VAT Act).</p>
<i>Special regimes</i>	<i>Small Businesses</i>
	<p>Small Businesses don't have to register if their taxable turnover is less than EUR 50,000 (~LVL 35,000). In that case the enterprise is not allowed to issue VAT invoices or to deduct input VAT. This does not hold for foreign taxable persons (Art. 59 of the VAT Act).</p> <p>A cash-based VAT scheme is furthermore available for taxable persons with a turnover of not more than EUR 100,000 (Art. 137 of the VAT Act).</p>
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	Foreign taxable persons making taxable transactions in Latvia must register irrespective of any threshold. Details can be found on the websites of the tax administration. ⁴⁰²
	<i>Registration for zero-rated international passenger transport services</i>
	A foreign merchant has to register in the VAT Payer Register of the SRS before it starts providing a service of international carriage of passengers taxable at VAT rate of 0 per cent and has to submit VAT declarations. ³⁸⁵
<i>Tax representative</i>	The appointment of a tax representative for suppliers from Member States in Latvia is not obligatory ⁴⁰³ . Since 01.01.2014. suppliers from third countries are also not obliged to appoint a tax representative in Latvia. ³⁹⁴
<i>Reverse charge</i>	The reverse charge mechanism is applied to all services supplied in Latvia by foreign persons not registered for VAT in Latvia, including passenger transport (Art. 84 (5) of the VAT Act). Foreign persons supplying only reverse charge supplies are not obliged to register for VAT, but can do so voluntarily. ⁴⁰⁴
<i>Languages</i>	For the most part, VAT procedures require documents in Latvian. Documents in foreign languages are accepted from persons, if they have been enclosed with a Latvian translation

⁴⁰¹ IBFD (2012), p. 66f.

⁴⁰² <https://www.vid.gov.lv/default.aspx?tabid=8&id=6790&hl=2> and <https://www.vid.gov.lv/default.aspx?tabid=8&id=6791&hl=2>.

⁴⁰³ European Commission - TAXUD/c/1 (2010), p. 6, 10.

⁴⁰⁴ European Commission - TAXUD/c/1 (2010), p. 4.

	attested pursuant to procedures specified by the Cabinet of Ministers or attested by a public notary. For some activities (for instance, registration in the VAT Payer Register of the SRS, return of VAT overpayment to persons of a third state or third territory), documents may be submitted in English only. ³⁸⁵
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	For the most part, there are no restrictions with respect to deduction of VAT on business travel. But 60 per cent of the tax paid for goods for representation purposes and for services received with respect to the preparation of public conferences, receptions and meals, as well as for the manufacture of representative objects for taxable persons, shall not be deducted as input tax from the amount of tax payable into the State budget. ³⁸⁵
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2. Passenger Taxes

In Latvia, there is an airport security charge that is to be paid by travellers. Certain local governments have determined a charge for entering special-regime areas by vehicles. Likewise, certain local governments have determined a tourist fee for lodging in hotels for the night.³⁸⁵ But there is no general passenger tax for any mode of transport imposed by the central government.

3. Sources

Publications

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Latvia, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-latvia_2010_en.pdf.

IBFD (Irena Lejina, Ernst & Young Tax Advisers, Riga): Value Added Taxation – Latvia, IBFD, 2012.

KPMG: Latvia VAT Essentials, <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/latvia.aspx>

VAT Act: Legislation of the Republic of Latvia, <http://likumi.lv/doc.php?id=253451> (only in Latvian).

VAT Regulations (Cabinet Regulations Nr.17 of 3 January 2013 “Procedure of Applying Provisions of the Law on Value Added Tax and Certain Requirements Regarding the Payment and Administration of the Value Added Tax”), available on <http://m.likumi.lv/doc.php?id=254172>.

Websites

<http://www.sorainen.com/UserFiles/File/Publications/VAT-Profile.LAT.2012-12-28.pdf>.

<https://www.vid.gov.lv/>.





1. Value Added Tax

VAT Overview

Basic VAT Information					
<i>Name</i>	<i>Pridėtinės vertės mokestis (PVM)</i>				
<i>Legal basis</i>	Lithuanian VAT Act 2002 (<i>Pridėtinės vertės mokesčio įstatymas</i>), as amended Law of tax administration				
<i>Additional documents</i>	Resolutions of the Government of the Republic of Lithuania Orders of the Minister of Finance Orders of the Head of the STI ⁴⁰⁵ Commentaries to the VAT Act issued by the STI				
<i>Territorial application</i>	The VAT Act defines Lithuania as “ <i>the territory of the Republic of Lithuania and the area adjacent to the territorial waters of the Republic of Lithuania where, under the laws of the Republic of Lithuania and international law, the Republic of Lithuania has the right to carry out exploration and to exploit the sea-bed and underground natural resources</i> ” (Art. 2, Item 33 of the VAT Act).				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	21 %	9 % / 5 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	A comment on VAT by the tax authorities defines passenger transport as the carriage of people by road vehicles (buses, trolleybuses, cars, shuttles), trains, vessels and aircraft. ⁴⁰⁶
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There are no special rules, but depending on the circumstances A-to-A passenger transport services can fall under the special scheme for travel agents. ⁴⁰⁷
<i>Place of supply</i>	<p style="text-align: right;"><i>Art. 13 (5) of the VAT Act</i> </p> <p style="text-align: right;"><i>Art 48 of the VAT Directive</i> </p>
	The place of supply of passenger transport is in Lithuania, if it is physically carried out there. Passenger transport services physically taking place both in and outside Lithuania are considered to be supplied in Lithuania proportionate to the distances covered (Art. 13 (5) of the VAT Act). ⁴⁰⁸

⁴⁰⁵ State Tax Inspectorate of the Ministry of Finance of the Republic of Lithuania

⁴⁰⁶ <http://www.vmi.lt/cms/documents/10162/12258/Keleivi%C5%B3%20ve%C5%BEimo+paslaug%C5%B3%20apmokestinimas+prid%C4%97tin%C4%97s+vert%C4%97s+mokes%C4%8Diu>, p.1.

⁴⁰⁷ Reply to our questionnaire by the Lithuanian Ministry of Finance.

⁴⁰⁸ Nora Vitkniienė: “Lithuania- Value Added Taxation”, IBFD, 2012: p.30.

		<i>Exceptions</i>		
		There are no derogations for the place of supply of passenger transport services. However in order to simplify matters for the taxable persons the international passenger transport services carried out in Lithuania and outside Lithuania are treated as carried out completely in Lithuania (that simplifies filling in the VAT return – the taxable persons do not need to split the taxable amount). That does not mean that a foreign taxable person has to register as a VAT payer in Lithuania – if such a taxable person carries out only exempted (zero-rated) passenger transport services, then there is no obligation to register. ⁴⁰⁷		
<i>Rates and Special Schemes</i>				
<i>Rates applicable</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	9 % $\text{\textcircled{R}}$ / 21 % $\text{\textcircled{S}}$ ⁴⁰⁹	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Taxi	21 % $\text{\textcircled{S}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Bus (sched.)	9 % $\text{\textcircled{R}}$ / (21 % $\text{\textcircled{S}}$)	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Bus (non-s.)	21 % $\text{\textcircled{S}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Rail	21 % $\text{\textcircled{S}}$ (9 % $\text{\textcircled{R}}$) ⁴¹⁰	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Train	21 % $\text{\textcircled{S}}$ / 9 % $\text{\textcircled{R}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	HSR ⁴¹¹	{9 % $\text{\textcircled{R}}$ }	{0 % $\text{\textcircled{D}}$ }	{0 % $\text{\textcircled{D}}$ }
	Metro ⁴¹²	{9 % $\text{\textcircled{R}}$ }	-	-
	Tram ⁴¹³	{9 % $\text{\textcircled{R}}$ }	-	-
	Inland Waterways	21 % $\text{\textcircled{S}}$ / 9 % $\text{\textcircled{R}}$ ⁴⁰⁹	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	sched.	21 % $\text{\textcircled{S}}$ / 9 % $\text{\textcircled{R}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	non-s.	21 % $\text{\textcircled{S}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Maritime Shipping	21 % $\text{\textcircled{S}}$ ⁴⁰⁹ (9 % $\text{\textcircled{R}}$)	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	sched. ⁴¹⁴	(9 % $\text{\textcircled{R}}$ / 21 % $\text{\textcircled{S}}$)	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	non-s.	21 % $\text{\textcircled{S}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Air	21 % $\text{\textcircled{S}}$ ⁴⁰⁹ (9 % $\text{\textcircled{R}}$)	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	sched. ⁴¹⁵	(9 % $\text{\textcircled{R}}$ / 21 % $\text{\textcircled{S}}$)	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	non-s.	21 % $\text{\textcircled{S}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$

⁴⁰⁹ 9 % is applied to public passenger transportation services on regular routes, as determined by the Ministry of Transport and Communications (or by other institutions nominated to determine such routes by the Ministry of Transport and Communications) [remark: added by the Lithuanian Ministry of Finance] or by councils of municipalities; all other services are taxed at 21 %, e.g. occasional services or scheduled services not approved by the authorities.

⁴¹⁰ Interestingly, data on taxable turnover provided by the Latvian VAT Authorities suggest that rail passenger transport is subject to the standard rate of 21 %.








⁴¹¹ Currently there is no HSR connection in Lithuania (http://en.wikipedia.org/wiki/High-speed_rail_in_Europe#The_Baltics).

⁴¹² Currently there is no Metro connection in Lithuania.

⁴¹³ Currently there is no tram system in Lithuania (http://en.wikipedia.org/wiki/Trams_in_Europe).

⁴¹⁴ Currently there is no scheduled domestic maritime shipping.

⁴¹⁵ Currently there is no scheduled domestic air service shipping.



<i>Rates – legal background</i>	<i>Legal Background</i>	
	<p>Passenger transport services in Lithuania are taxed at three different rates:</p> <ul style="list-style-type: none"> • Reduced rate (9 %): approved domestic public passenger services going on regular routes, • Standard rate (21 %): other domestic passenger transport services, and • Zero-rate (0 %): international and intra-community passenger transport services. <p>The details are:</p>	
		<p>Standard Rate (21 %) Normal Scope</p>
	<p>Domestic passenger transport services not covered by the reduced rate, e.g. occasional services or regular services not approved by the competent authorities, are taxed at the standard rate of 21 %. Interestingly, this rate seems to be currently applied to most domestic passenger transport services by rail, ship and aircraft.</p>	
		<p>Reduced Rate (9 %) <i>Art. 19 (3), Item 5 of the VAT Act</i>  Normal Scope <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> </p>
	<p>Public passenger transportation services, including baggage, on regular routes, as determined by the Ministry of Transportation and Communications (or by other institutions nominated to determine such routes by the Ministry of Transport and Communications) or by councils of municipalities, are taxed at the reduced rate of 9 % (Art. 19 (3), Item 5 of the VAT Act).</p>	
		<p>Zero-Rate (0 %) <i>Art. 45 (6) of the VAT Act</i>  Derogation <i>Art. 385 and Annex X, Part B, Item 10 of the VAT Dir.</i> </p>
	<p>The transport of passengers on international routes, including the passengers' luggage⁴¹⁶, is zero-rated, irrespective of the type of the means of transport and irrespective of whether it is scheduled or not (Art. 45 (6) of the VAT Act). An international route is hereby defined as transportation where</p> <ul style="list-style-type: none"> • the place of departure is in Lithuania and the place of arrival is outside Lithuania, or • the place of departure is outside Lithuania and the place of arrival is in Lithuania, or • both the place of departure and the place of arrival are outside Lithuania. <p>The decision, if a transportation service is international, must be based on the route of the individual passenger not of the means of transport.⁴¹⁷ As far as follow-up connections are concerned, the tax authorities refer to the place of supply and destination as stated on the ticket, therefore the trip on a commuter train running wholly in Lithuania can still be zero-rated, if the ticket is to or from a place abroad.</p> <p>This derogation is based on Art. 385 of the VAT Directive.⁴¹⁸</p>	

⁴¹⁶ Luggage includes hand luggage and unaccompanied baggage

(<http://www.vmi.lt/cms/documents/10162/12258/Keleivi%C5%B3%20ve%C5%BEimo+paslaug%C5%B3%20apmokestinimas+prid%C4%97tin%C4%97s+vert%C4%97s+mokes%C4%8Diu>, p. 3).

⁴¹⁷ <http://www.vmi.lt/cms/documents/10162/12258/Keleivi%C5%B3%20ve%C5%BEimo+paslaug%C5%B3%20apmokestinimas+prid%C4%97tin%C4%97s+vert%C4%97s+mokes%C4%8Diu>, p. 2.

⁴¹⁸ Strictly speaking Art. 385 VAT Directive refers to an exemption: “Lithuania may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point

	<p>(E) Exempt (no credit) Art. 20 (5) of the VAT Act  Normal Scope Art. 132 (1)(p) of the VAT Directive </p> <p>Transportation of sick or injured persons or other persons in need of medical aid in specially designed vehicles is exempt without credit (Art. 20 (5) of the VAT Act). “Specially designed vehicles” encompasses such vehicles as ambulances but do not include such vehicles which are simply adapted for transportation of disabled people.⁴¹⁹</p>
<i>Special schemes</i>	<p><i>Special schemes for providers of passenger transport services</i></p> <p>Art. 21 (2) of the VAT Act provides that any services connected with the social services are exempted without credit if supplied by children and young people care institutions, by old people’s homes and/or by the care/guardship institutions for the disabled or by other non-profit making legal persons to the customers of social services. So, e.g., if the non-profit organization supplying social services will provide transportation services for disabled people then such transportation services will be exempt.⁴⁰⁷</p>
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<p><i>Definition of international passenger transport services</i></p> <p>Art. 45 (6) defines international routes as transportation where:</p> <ul style="list-style-type: none"> • the place of departure is in Lithuania and the place of arrival is outside Lithuania, or • the place of departure is outside Lithuania and the place of arrival is in Lithuania, or • both the place of departure and the place of arrival are outside Lithuania. <p>What counts is the route of the individual passenger.⁴²⁰</p> <p><i>Two-sector trips</i></p> <p>The criterion is the place of departure and destination as stated on the ticket. If the customer purchases a connected journey from the supplier, then the domestic part of the trip is still treated as part of the international transport service. If the customer purchases the two parts separately, then it is treated as two supplies: one is the domestic transport service and the other is the international one. The main criteria are a single ticket and a single contract.⁴¹⁹</p> <p><i>International waters/airspace</i></p> <p>Currently there are no journeys starting and ending in Lithuania, but leading through international waters or airspace. Hypothetically they should be treated as domestic, if there is no stop with embarkation/disembarkation outside Lithuania.⁴⁰⁷</p>
<i>Ancillary services subject to the same tax rates</i>	<p><u>Accompanying luggage:</u></p> <p>The transport of the passengers’ accompanying luggage is taxed at the same rate as the underlying passenger transport service (Art. 19 (3), Item 5 and Art. 45 (6) of the VAT Act).</p> <p><u>Other services:</u></p> <p>There are no specific rules for other services. If ancillary services are not considered as a separate supply then there is just one main supply – the passenger transport service, which is taxed at the respective rate. If services on the other hand are considered to be a separate</p>



(10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.”

⁴¹⁹ With comments/additions by the Lithuanian Ministry of Finance.

⁴²⁰ <http://www.vmi.lt/cms/documents/10162/12258/Keleivi%C5%B3%20ve%C5%BEimo+paslaug%C5%B3%20apmokestininimas+prid%C4%97tin%C4%97s+vert%C4%97s+mokes%C4%8Diu>, p. 2.

	supply then such a service is taxed under the normal rules. E.g. if the accompanying cars are hired then first it is determined where the place of supply of the hire is and if that is Lithuania the car hire is taxed at the standard rate. ⁴¹⁹
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Input VAT

Input VAT in the Passenger Transport Sector				
<i>Exemptions based on Art. 148 of the VAT Directive</i>	Zero-rate (0 %) ⁴²¹		Art. 43 and 44 of the VAT Act  Art 148 of the VAT Directive 	
	<i>Qualifying vessels</i>			
	The VAT Act states that ships must be navigating in the high seas and be used for goods or passenger transport on international routes or for the supply of other services for reward (Art. 43 (1) of the VAT Act).			
	The condition “navigating on the high seas” is fulfilled, if the ship is used mostly for that purpose. ⁴²²			
	<i>Airlines operating chiefly on international routes</i>			
	Airlines operating chiefly on international routes are defined as taxable persons who receive more than half of their annual income from transporting passengers and/or cargo on international routes or supply of other services for reward (Art. 43 (2) of the VAT Act).			
<i>Supplies of goods and services covered</i>				
Seem to have a similar scope as the VAT Directive, although the wording of the relevant provisions differs in some respects.				
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i> ⁴²³	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	21 %	yes	-
	Gas oil (diesel)	21 %	yes	-
	Kerosene	21 %	yes	-
	Liquefied Petroleum Gas (LPG)	21 %	yes	-
	Electricity	21 %	yes	-
<i>VAT on means of transport</i>	<p>VAT deduction is restricted with respect to the supply (acquisition, importation, lease, hire) of passenger cars designed for the transportation of no more than 8 persons (excluding the driver) and off-road vehicles, unless (Art. 62 (2), Item 3 of the VAT Act)</p> <ul style="list-style-type: none"> acquired for the purpose of further supply, lease or hire, or for the provision of passenger transport services for a consideration, or classified as special purpose motor vehicles according to the relevant legislation, or the VAT payer acts as an undisclosed agent and resells the services (Art. 62 (2)(4) VAT Act).⁴²⁴ 			

⁴²¹ The supplies are subject to a VAT rate of 0 %.

⁴²² <http://www.vmi.lt/cms/documents/10162/12258/Su+laivais+ir+orlaivais+susijusi%C5%B3%20sandori%C5%B3%20apmokestinimas+PVM>, p. 4.

⁴²³ Petrol, gas oil, kerosene and LPG can be zero-rated, if supplied as provisions according to Art. 43 and 44 of the VAT Act (see above) directly to the owner or the operator of the vessel or aircraft. Electricity is never treated as provisions and can therefore never be zero-rated. [reply to our questionnaire by the Lithuanian Ministry of Finance].

⁴²⁴ Addition by the Lithuanian Ministry of Finance.

	<p>There is no restriction regarding the deduction of VAT on supplies for the above mentioned passenger cars (e.g. fuel, repairs).</p> <p>VAT on means of transport used for commercial passenger transport services as well as other supplies connected thereto will therefore generally be deductible.</p>
<i>Special rules</i>	-

Administrative Issues

<i>Registration</i>	<p>Taxable persons supplying services in Lithuania are obliged to register⁴²⁵ for VAT, unless (Art. 71 VAT Act)</p> <ul style="list-style-type: none"> • the reverse charge rule is applied under Art. 95 (2) VAT Act, • the services are exempt from VAT without a right for deduction⁴²⁶, or • the registration threshold is not exceeded (in this case registration is optional). This threshold is only applicable if the supplier has established his business in Lithuania. <p>The application for registration must be submitted at latest 3 working days before the registration shall be in effect.⁴¹⁹</p>
<i>Tax point</i>	<p>VAT becomes chargeable, when the VAT invoice is issued, or, if no invoice is issued, when the goods / services are supplied, or the consideration is received (whichever occurs first) (Art. 14 VAT Act).</p>
<i>VAT returns</i>	<p>The standard tax period (except for natural persons) is the calendar month; returns are due by the 25th day of the following month.</p> <p>If the turnover did not exceed LTL 200,000 (~EUR 58,000) in the previous calendar year and the businesses have not purchased goods from other EU Member States or services from persons registered as VAT payers in other EU Member States under the reverse charge mechanism⁴²⁷, the taxable person can apply for a taxable period of a half-year. Returns are then due by the 25th day of first calendar month following the half-year.</p> <p>For natural persons the standard tax period is the half-year, but it can be changed to the calendar month on request or it is changed by default if the natural person acquires goods from other EU Member States or services from persons registered as VAT payers in other EU Member States under the reverse charge mechanism.</p> <p>Lithuanian legal and foreign (natural and legal) taxable persons can apply for diverging tax periods subject to certain conditions (Art. 84 (5) VAT Act).</p> <p>An additional annual return is required, if the deductible input tax must be adjusted (due 1 October of following year).</p>
	<i>Nil returns</i>
	VAT registered persons have to submit returns irrespective of whether or not taxable supplies have been effected in the period in question.

⁴²⁵ For details see http://www.vmi.lt/cms/leidiniai60/-/asset_publisher/QBkkkz8Ptpwx/content/kada-lietuvos-ir-uzsienio-apmokestinamieji-asmens-turi-pateikti-prasymus-iregistruoti-juos-pvm-moketojais-/10174.

⁴²⁶ Foreign taxable persons are also not required to register in cases where services supplied are exempted with a right to deduct (except the services falling under Art. 53 (5) of the VAT Act).

⁴²⁷ <http://www.vmi.lt/cms/pridetines-vertes-mokestis>.

<i>VAT payable</i>	<p>The deadlines are the same as for the VAT returns. However the VAT payer, whose average amount of VAT payable to the budget per calendar month for three successive months exceeded 10 million LTL, has an obligation to pay VAT in advance (such requirement is applied only to VAT payers whose tax period is a calendar month). Advance payment should be paid no later than on the 5th, 13th and 20th day of the particular month.</p> <p>The deadlines for non-registered taxable persons to pay VAT vary depending on the reasons for such payments (e.g. acquisition of new means of transport, acquisition of goods subject to excise duties etc.). The deadlines are indicated in Art. 92 of the VAT Act.⁴⁰⁷</p>
<i>VAT deductible</i>	<p>Input VAT is only deductible, if the VAT payer holds an appropriate invoice (Art. 64 VAT Act) and other conditions (e.g. usage of goods or services purchased for taxable economic activity) for deduction are satisfied⁴²⁴.</p>
<i>VAT refunds</i>	<p>Excess input VAT for Lithuanian VAT payers is (Art. 91 of the VAT Act)⁴²⁸:</p> <ul style="list-style-type: none"> • first set off against other tax debts; • the remaining amount, if any, can be either carried forward to the following tax periods, or refunded to the taxable person. <p>However, a refund, apart from the end of a half calendar year, is bound to the following conditions:</p> <ul style="list-style-type: none"> • the excess input VAT was not accrued more than 5 years ago, • the taxable person submitted an appropriate application, • the refundable amount must not exceed certain limits for each taxable period, and • the taxable person has not committed a deliberate violation of the tax laws. <p>If there is still an excess amount of input VAT left after a half of a calendar year, this total amount can be refunded to the taxable person (however the 5 year rule is still valid).</p> <p>A refund is made within 30 days from the date of the receipt of the application, unless an audit is conducted by the tax authorities.</p> <p>In certain cases refunds are granted without the above mentioned restrictions⁴²⁹.</p> <p>Refunds for foreign taxable persons not registered as VAT payers in Lithuania and not required to register are made in accordance with Chapter 13 of the VAT Act (Council Directive 2008/9/EC and Council Directive 86/560/EEC).⁴²⁴</p>
<i>Invoicing requirements</i>	<p>According to the legislation in place there are no special invoicing rules for passenger transport, i.e. normal rules are applicable.⁴⁰⁷</p>
<i>Special regimes</i>	<p><i>Small Businesses</i></p> <p>Small businesses with a turnover from the supply of goods and services⁴³⁰ in Lithuania not exceeding LTL 155,000 (~ EUR 45,000) during the past 12 calendar months are released from VAT obligations and do not have to register for VAT, submit returns or remit output VAT. In that case no deduction of input VAT is allowed. If the threshold is exceeded, VAT must be applied starting from that month. The threshold is also no longer applied if the acquisition of goods from other EU Member States exceeded LTL 35,000 during last and current calendar year.</p> <p>Small businesses can register voluntarily and are then subject to the normal rules. This scheme is not available for non-resident taxable persons.⁴¹⁹</p>

⁴²⁸ For details see Art. 91 VATA or IBFD (2012), p.52.

⁴²⁹ European Commission, TAXUD/c/1 (2010), p. 15.

⁴³⁰ Certain transactions are excluded from the calculation of the turnover, for details see Art. 71 VAT Act.

<i>Foreign suppliers</i>	
<i>VAT registration</i>	<p>Non-resident taxable persons supplying (goods or) services in Lithuania must register before they begin their operations, the registration threshold cannot be applied. Consequently the application must be submitted at latest 3 working days before the taxable activities begin.</p> <p>Prior to registration as VAT payer the foreign taxable person must register as taxpayer. The form for registration as taxpayer and the form for registration as VAT payer can be submitted together.</p> <p>The registration as VAT payer must be effected via the fixed establishment in Lithuania, if any, or a tax representative. This does not apply to businesses established in the EU or in territories to which provisions on mutual assistance, by the scope of their application substantially equivalent to the provisions of Council Directive No. 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures and Council Regulation No. 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax.</p> <p>If the registration is done via an agent (representative) then the power of attorney (original) and its certified translation into Lithuanian should be submitted.⁴¹⁹</p>
	<i>Registration for zero-rated international passenger transport services</i>
	<p>The obligation to register is dispensed, if the supplies are outside the scope of VAT or consist of exempt or certain zero-rated⁴³¹ transactions or are subject to reverse charge⁴³². Carriers providing solely zero-rated international passenger transport services will therefore not be obliged to register unless for other reasons (e.g. services connected with immovable property etc.). The carriers providing solely zero-rated international passenger transport services can get input VAT refunds in accordance with Chapter 13 of the VAT Act (Council Directive 2008/9/EC and Council Directive 86/560/EEC).⁴¹⁹</p>
<i>Tax representative</i>	<p>A tax representative is required for taxable persons from third countries, who do not have a fixed establishment in Lithuania. However if a third country is a territory in which provisions on mutual assistance, by the scope of their application substantially equivalent to the provisions of Directive 2010/24/EU and Regulation No. 904/2010, exist then a tax representative is not required. In such cases businesses can optionally appoint a tax representative.</p> <p>A tax representative is jointly liable for his clients' VAT obligations.</p> <p>A bank guarantee is not required.</p>
<i>Reverse charge</i>	<p>Reverse charge is applied to the supply of certain services and goods. The detailed list of supplies to which reverse charge is applicable can be found in the VAT Act (Art. 95) and in June 12, 2002 Regulation No. 900 of the Lithuanian Government⁴³³, passenger transport services do not fall under the reverse charge mechanism.</p>
<i>Languages</i>	<p>The VAT Act and some basic information are available in English (although the English</p>

⁴³¹ Included are international passenger transport services and zero-rated supplies in connection with qualifying vessels and aircraft.

⁴³² http://www.vmi.lt/cms/leidiniai60/-/asset_publisher/QBkkz8Ptpwx/content/kuriais-atvejais-uzsienio-apmokestinamasis-asmuo-neprivalo-isiregistruoti-pvm-moketoju-10174.

⁴³³ This regulation can be found at http://www3.lrs.lt/pls/inter3/dokpaieska.susije_l?p_id=168916.

	<p>version of the Tax Administration's website is currently under construction).</p> <p>Forms are usually in Lithuanian only⁴³⁴, however some are also available in English (e.g. form FR0227 for registration as a Lithuanian taxpayer).⁴¹⁹</p> <p>The vast majority of the VAT procedures are conducted in Lithuanian and translations are required. However there are some procedures which can be conducted in English: e.g. VAT refund (supporting documents do not need certified translations if they are in English), registration as taxpayer and VAT payer can be partially conducted in English.⁴⁰⁷</p>
<i>Special rules</i>	<p>Suppliers of international passenger transport services are not required to register as VAT payers in Lithuania. If such persons start supplying other goods and services they should check whether they can be released from the obligation to register.</p>

Business Travel

<i>VAT deductible</i>	<p>Deduction of VAT incurred on passenger transport services by passenger cars with no more than 8 seats (excl. the driver) and off-road vehicles is generally forbidden⁴³⁵ (Art. 62 (2), Item 4 of the VAT Act). This applies also to the rent of passenger transport vehicles, as well as to taxi transport.⁴¹⁹</p>
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2. Passenger Taxes

As far as taxes imposed by the government are concerned there are no additional passenger taxes.⁴⁰⁷

3. Sources:

Publications

European Commission, TAXUD/c/1: Vademecum on VAT obligations – Lithuania, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-lithuania_2010_en.pdf.

IBFD (Nora Vitkūnienė [Rödl & Partner UAB]): Value Added Taxation – Lithuania, IBFD, 2012.

KPMG: Lithuania: VAT Essentials, <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/lithuania.aspx>.

Lithuanian VAT Act 2002 (*Pridėtinės vertės mokesčio įstatymas*), as amended, available on http://www3.lrs.lt/pls/inter3/dokpaieska.susijec_l?p_id=163423; an official English translation is available on http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=282353 representing the situation as of 2006, an unofficial English translation is available on <http://www.vmi.lt/cms/en/teisine-informacija> representing the current situation.

Websites

http://en.wikipedia.org/wiki/Transport_in_Lithuania.

Website of the Lithuanian State Tax Inspectorate, <http://www.vmi.lt>.

⁴³⁴ European Commission, TAXUD/c/1 (2010), p. 19.

⁴³⁵ There is an exception for hidden intermediaries.





1. Value Added Tax

VAT Overview

Basic VAT Information					
Name	Taxe sur la valeur ajoutée (TVA)				
Legal basis	Loi du 12 Fevrier 1979 Concernant La Taxe Sur La Valeur Ajoutée (12 February 1979 VAT Act, CTVA), additional council directives				
Additional documents	Several VAT Regulations				
Territorial application	Luxembourgian VAT is applied in the territory of Luxembourg (Art. 2 of the VAT Act).				
VAT rates	Standard	Reduced	Super-reduced	Parking	Zero
	15 % ⁴³⁶	6 % / 12 % ⁴³⁷	3 %	12 %	0 %












































Output VAT

Output VAT in the Passenger Transport Sector	
Definition of „passenger transport“	A passenger transport consists in moving a person, generally from one location to another, where that person usually pays a fare to be moved and bears little or no responsibility for the transportation, for operating the mode of transport or for other tasks required to arrive at destination. ⁴³⁸
	A-to-A passenger transport services (cruises, sightseeing tours)
	A-to-A transportation is deemed a passenger transport if such a transport is, from the point of view of the typical consumer, the predominant element. ⁴³⁸
Place of supply	Art. 17 (2) (3) (a) of the VAT Act  Art 48 of the VAT Directive 
	The place of supply of passenger transport services is the place, where the transport takes place. In case of international transport the allocation is based on the distances covered in each country.
	Exceptions
	None.

⁴³⁶ Will rise to 17 % on 1 Jan. 2015.

⁴³⁷ Will rise to 8 % / 14 % on 1 January 2015.





⁴³⁸ Reply to our questionnaire by the Luxembourgian VAT Authorities.

<i>Rates and Special Schemes</i>				
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	<i>Rates applicable⁴³⁹</i>	Road	3 % 	0 % 
Taxi		3 % 	0 % 	0 % 
Bus (sched.)		3 % 	0 % 	0 % 
Bus (non-s.)		3 % 	0 % 	0 % 
Rail		3 % 	0 % 	0 % 
Train		3 % 	0 % 	0 % 
HSR		3 % 	0 % 	0 % 
Metro ⁴⁴⁰		{ 3 %  }	-	-
Tram ⁴⁴⁰		{ 3 %  }	-	-
Inland Waterways		3 % 	0 % 	0 % 
sched.		3 % 	0 % 	0 % 
non-s.		3 % 	0 % 	0 % 
Maritime Shipping		not applicable	not applicable	not applicable
sched.		-	-	-
non-s.		-	-	-
Air		(3 % )⁴⁴¹	0 % 	0 % 
sched.		(3 % )	0 % 	0 % 
non-s.		(3 % )	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal Background</i>			
	Luxembourg is the only country applying a super-reduced rate of 3 % to domestic passenger transport services. International passenger transport is exempt with credit, irrespective of the mode of transport.			
	The detailed provisions are:			
		Super-reduced rate (3 %) Derogation	<i>Art. 40 and Annex B, Item 11 of the VAT Act</i> 	<i>Art. 114 and Annex III, Item 5 of the VAT Dir.</i> 
	Passenger transport services not subject to any other rule are taxed at the super-reduced rate of 3 % according to Annex B, Item 11 of the VAT Act (“ <i>transport of passengers</i> “), which is a derogation from the normal scope of the VAT Directive based on Art. 114 and Annex III, Item 5 of the VAT Directive.			

⁴³⁹ 0 % refers to an exemption with credit here.



⁴⁴⁰ Currently Luxembourg does not operate metros or trams, but the reintroduction of a tram system is planned.

⁴⁴¹ Theoretical rate, currently there are no domestic flights.

	<p>Exempt with credit (0 %) Derogation</p> <p>Art. 43 (1) (q) and Art. 49 (2) (a) of the VAT Act  Art. 371 and Annex X, Part B, Item 10 of the VAT Dir. </p>
	<p>Art. 43 (1) (q) of the VAT Act exempts the “<i>the transport of persons to or from a country other the Grand Duchy of Luxembourg</i>” from VAT. Art. 49 (2) (a) allows the deduction of input VAT. A further clarification can be found in the decree of 16 June 1999, Art. 10, which says that transport within the country following or preceding an international transport is not considered as international transport, if provided under a separate contract, irrespective if the provider is the same or not.</p>
	<p>Exempt (no credit) Normal Scope</p> <p>Art. 44 (1) (m) of the VAT Act  Art. 132 (1)(p) of the VAT Directive </p>
	<p>“<i>The transport of sick or injured persons using vehicles specially designed for this purpose</i>” is exempt (without credit) according to Art. 44 (1) (m) of the VAT Act. If such a transport is international, it is exempt with credit (Decree of 16 June 1999, Art. 10).</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	-
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	Art. 43 (1) (q) of the VAT Act exempts (with credit) the “ <i>transport of persons to or from a country other the Grand Duchy of Luxembourg</i> ”. Strictly speaking this exemption only refers to the part of the passenger transport, which is taking place on Luxembourgian territory. ⁴⁴⁸
	<i>Two-sector trips</i>
	Art. 10 of the Decree of 16 June 1999 provides that transport within the country following or preceding an international transport is not considered as international transport, if provided under a separate contract, irrespective if the provider is the same or not. If there are two separate contracts, then the domestic transport preceding or following a transport to respectively from another country is purely a domestic transport. ⁴⁴⁸
	<i>International waters/airspace</i>
	Not applicable.
<i>Ancillary services subject to the same tax rates</i>	There are no specific rules. If there is no separate charge, the passenger transport service is usually seen as the core service and incidental services are subject to the same rules as the passenger transport service. If on the other hand there is a separate charge, the supplies are regarded as distinct supplies and the general VAT rules with respect to place of supply, rates and exemptions are applicable for the additional supply. ⁴⁴²

⁴⁴² Based on the reply to our questionnaire by the Luxembourgian VAT Authorities.

Input VAT

Input VAT in the Passenger Transport Sector	
<p><i>In general, there is a full right of deduction for input VAT related to the supply of services specified under "Output VAT" above for taxpayers</i></p> <p>- established in Luxembourg and supplying transport of passengers (domestic or out of LU scope), and</p> <p>- not established in Luxembourg but supplying transport of passengers where the place of supply is Luxembourg.⁴³⁸</p>	
<p><i>Exemptions based on Art. 148 of the VAT Directive</i></p>	<p><i>Art 43 (1) (h) and (i) of the VAT Act and several VAT Decrees</i> </p> <p><i>Art 148 of the VAT Directive</i> </p>
	<i>Exempt with credit (0 %)⁴⁴³</i>
	<i>Qualifying vessels</i>
	<p>According to Art. 43(1)(i), the following vessels are covered by the exemption:</p> <ul style="list-style-type: none"> • vessels used for navigation on the high seas and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities; • vessels used for rescue and assistance at sea; • vessels used for inshore fishing.
	<i>Airlines operating for reward chiefly on international routes</i>
	No detailed information available yet.
	<i>Supplies of goods and services covered</i>
	<p>The following supplies of goods and services are exempt (Art. 43 (1) (h) and (i) of the VAT Act; decree of 16 June 1999, Art. 6 and 7) – with deductibility of input VAT:</p> <p><u><i>Maritime navigation:</i></u></p> <ul style="list-style-type: none"> • the chartering and leasing of qualifying vessels; • the leasing of equipment, including fishing equipment, incorporated in qualifying vessels or used for their exploitation; • the supply of services other than those referred to above to meet the direct needs of the vessels referred to therein and their cargo, in so far as these services are not exempt pursuant to Art. 44 of the VAT Act. <p><u><i>International Aviation:</i></u></p> <ul style="list-style-type: none"> • the supply, modification, repair, maintenance, chartering and hiring of qualifying aircrafts; • the supply, hiring, repair and maintenance of equipment incorporated or used in qualifying aircrafts; • the supply of goods for the fuelling and provisioning of qualifying aircrafts; • the supply of services other than those stated above, to meet the direct needs of qualifying aircrafts and their cargo, in so far as these services are not exempt pursuant to Art. 44 of the VAT Act. <p>The services rendered by intermediaries acting on name and on behalf of others with respect to the above mentioned supplies are also exempt (Art. 43 (1) (s) of the VAT Act).</p>

⁴⁴³ Art. 43 (1) (h) and (i) of the VAT Act exempt the supplies, Art. 49 (2) (a) allows deduction of input VAT.

	Type	VAT Rate	Deductibility	Reduced Excise Duties
VAT on fuel	Petrol	15 %	yes	-
	Gas oil (diesel)	15 %	yes	exemption for railways ⁴⁴⁴
	Kerosene	15 % ⁴⁴⁵	yes	-
	Liquefied Petroleum Gas (LPG)	6 % ⁴⁴⁶	yes	generally reduced rate for propellant use
	Electricity	6 % ⁴⁴⁷	yes	-
VAT on means of transport	Subject to the exemption for supplies of qualifying vessels and aircrafts, the normal VAT rules apply. Means of transport are taxed at the standard rate and there are no restrictions regarding the deduction of VAT, as far as used for business purposes. ⁴⁴⁸			
Special rules	Art. 43 (1) (r) of the VAT Act exempts (with credit) certain goods and services (rail network, equipment) supplied by the national railways to railway companies established abroad.			

Administrative Obligations

VAT registration	Taxable persons must generally register within 15 days from the start of their business activities ⁴⁴⁹ . The registration can be conducted electronically (Art. 62 (4) of the VAT Act).
Tax point	<p>The chargeable event occurs when the goods or services are supplied.</p> <p>Basically VAT becomes chargeable at the time of the chargeable event, with the following exceptions:</p> <ul style="list-style-type: none"> • If an invoice must be issued: the date of the issuance, but not later than the 15th of the month following the supply. • If payment is received before the supply or the cash accounting method is applied: the date the payment is received.
VAT returns	<p>Frequency and due date of the VAT returns:</p> <ul style="list-style-type: none"> • <i>monthly</i>: by default, VAT is due no later than by the 15th of the month following that in which the tax became chargeable. <p>Taxpayers are allowed to file quarterly or annual returns if:</p> <ul style="list-style-type: none"> • <i>quarterly returns</i>: the turnover or the amount of intra-Community acquisitions of goods and services does not exceed EUR 620,000, but is higher than EUR 112,000; returns are due by the 15th day of the month following the taxable quarter; • <i>annual returns</i>: the turnover does not exceed EUR 112,000; returns are due by March 1st of the following year. <p>Opting for monthly, respectively quarterly, returns is always possible, even if the turnover or the amount of intra-Community acquisitions of goods and services is below the respective thresholds for quarterly or annual returns; in case of monthly or quarterly returns</p>

⁴⁴⁴ Gas oil used by railways is exempt from excise duties.

⁴⁴⁵ Zero-rated when supplied to qualifying aircraft.

⁴⁴⁶ Art. 40 VAT Act in conjunction with Annex A, Item 1, derogation based on Council Directive 2003/96/EC.

⁴⁴⁷ Art. 40 VAT Act in conjunction with Annex A, Item 2, derogation based on Art. 102 VAT Directive.

⁴⁴⁸ With comments/additions by the Luxembourgian VAT Authorities.

⁴⁴⁹ Details are laid down in the Decree of 1 December 2009, available on <http://eli.legilux.public.lu/eli/etat/leg/rgd/2009/12/01/n7>. There are some exceptions from the obligation to register, relevant for the providers of passenger transport services might be e.g. the application of the special regime for small businesses.

	<p>an additional annual recapitulative return is due by May 1st of the following year. Monthly and quarterly taxpayers must submit the returns electronically since 2013.⁴⁵⁰</p>
	<i>Nil returns</i>
	Are obligatory. ⁴³⁸
<i>VAT payable</i>	The deadlines for VAT payment correspond to the deadlines for the submission of the returns (see there).
<i>VAT deductible</i>	<p>Input VAT can be deducted in the period in which the tax has become chargeable. <i>Exception:</i> For tax payers using the cash accounting scheme, the right of deduction is postponed until the VAT on goods and services supplied to them has been paid to the supplier (based on Art. 167a VAT Directive).⁴⁴⁸</p>
<i>VAT refunds</i>	<p>If input VAT deductible exceeds output VAT, this excess is usually carried forward to the next period. (Art. 55 CTVA) The taxable person can however request a refund if:</p> <ul style="list-style-type: none"> • the excess amounts EUR 1,200 or more during the year, • the excess amounts EUR 2.40 or more at the end of the year.
<i>Invoicing requirements</i>	<p>In general VAT invoices must be issued by taxable persons (subject to the normal VAT rules) for supplies (including exempt supplies) to other taxable persons or non-taxable legal persons, unless these supplies are exempt from VAT pursuant to Art. 135 (1)(a) to (g) of VAT Directive, as well as for advance payments. The time limit is the 15th day of the month following the supply or, if payment is effected before the supply, the date of receipt of payment.</p> <p>Any currency or language can be used, but:</p> <ul style="list-style-type: none"> • The amount of tax must be stated in EUR (using the correct conversion mechanism), and • the tax authorities may require a translation of invoices issued in foreign languages for verification purposes. <p>Simplified invoices can be issued, if the total amount including VAT does not exceed EUR 100.⁴⁴⁸</p>
	<i>Small Businesses</i>
<i>Special regimes</i>	<p>Small businesses with a turnover of not more than EUR 25,000⁴⁵¹ in the previous calendar year (or estimated turnover in the current business year) are exempt from VAT. In case this threshold is exceeded the exemption is void starting from the first day of the subsequent month. A voluntary waiver of exemption is also possible. This scheme is not available for taxable persons not established in Luxembourg.</p>
<i>Foreign suppliers</i>	
<i>VAT registration</i>	<p><u><i>Foreign suppliers having a fixed establishment in Luxembourg:</i></u> The normal rules apply.</p>

⁴⁵⁰ http://www.aed.public.lu/actualites/2012/10/etva_obligation_depot_2/index.html.

⁴⁵¹ I.e. the turnover from the supply of goods and services, excluding VAT, certain exempt transactions and incidental sales of capital goods. Until 2012 the threshold was lower (EUR 10,000), but a reduction of the VAT liability was granted to taxable persons with a turnover between EUR 10,000 and EUR 25,000. This was amended in December 2012 (<http://eli.legilux.public.lu/eli/etat/leg/loi/2012/12/21/n2>).

	<p><i>Foreign suppliers not having a fixed establishment in Luxembourg:</i></p> <p>Non-resident taxable persons usually have to register, if they perform taxable transactions in Luxembourg. The exemption for small businesses cannot be applied.</p> <p>For taxable persons without a fixed establishment in Luxembourg tax office 10 is competent.</p>
	<p><i>Registration for exempt international passenger transport services</i></p> <p>Providers of exclusively exempt international passenger transport services have to register for Luxembourgian VAT.</p>
<i>Tax representative</i>	There is no obligation to appoint a tax representative, neither for taxable persons from other Member States nor from third countries. Taxable persons not established in the EU might however be required by the tax authorities to provide a bank guarantee.
<i>Reverse charge</i>	The reverse charge rules are applied to certain goods and services, but not including passenger transport services. ⁴⁵²
<i>Languages</i>	<p>Generally the French language is used, most information, forms and the online VAT portal are also available in German. Some forms are also provided in English, the submission of these English forms is accepted, but in case of problems regarding interpretation of VAT laws the French version will be referred to.⁴⁵³</p> <p>Supporting documents are accepted in Luxembourgian, French, German and English. Documents in other languages have to be translated by the tax payer.⁴³⁸</p>
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	There are no restrictions with respect to the deduction of input VAT incurred in the course of business travel (travel tickets aso.).
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2. Passenger Taxes

None.

3. Sources:

Publications

European Commission, TAXUD/c/1: Vademecum on VAT obligations – Luxembourg, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-luxembourg_2010_en.pdf.

IBFD (Michel Guilluy [PWC Luxembourg]): Value Added Taxation – Luxembourg, IBFD, 2012.

KPMG: Luxembourg: VAT Essentials, available on <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/luxembourg.aspx>.

⁴⁵² <http://www.aed.public.lu/tva/prestations/debiteur.html>.

⁴⁵³ <http://www.aed.public.lu/formulaires/index.html>.

VAT Act of Luxembourg (*Loi du 12 Fevrier 1979 Concernant La Taxe Sur La Valeur Ajoutée, CTVA*), as amended, available on <http://www.aed.public.lu/tva/loi/index.html>.

Websites

Administration de l'Enregistrement et des Domaines, <http://www.aed.public.lu>.

Le Gouvernement du Grand-Duché de Luxembourg - Service Central de Législation, <http://www.legilux.public.lu>.

Wikipedia: Public Transport in Luxembourg, http://en.wikipedia.org/wiki/Transport_in_Luxembourg.



1. Value Added Tax

VAT Overview

Basic VAT Information					
Name	Value Added Tax / <i>Taxxa fuq il-Valur Mizjud</i>				
Legal basis	Value Added Tax Act (Act XXIII of 1998, that is chapter 406 of the Laws of Malta) ⁴⁵⁴				
Additional documents	Various Value Added Tax Regulations ⁴⁵⁵ Additional information (instructions, guidelines, aso.) on http://www.vat.gov.mt/en/VAT-Information/Pages/default.aspx				
Territorial application	Malta in terms of the VAT Act includes the country as defined in the constitution ⁴⁵⁶ and the continental shelf.				
VAT rates	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero-rate</i>
	18 %	7 % / 5 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector				
Definition of „passenger transport“	The VAT Act contains no definition.			
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>			
	There seem to be no special rules.			
Place of supply	<i>Third Schedule, Part 2, Item 5 (1) of the VAT Act</i>			
	<i>Art 48 of the VAT Directive</i>			
	Passenger transport services are supplied where the transport takes place, proportionate to the distances covered (Third Schedule, Part 2, Item 5 (1) of the VAT Act).			
	<i>Exceptions</i>			
				-
Rates and Special Schemes				
Rates applicable ⁴⁵⁷		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	0 % / 18 % ⁴⁵⁸	not applicable	not applicable
	Taxi	18 %	not applicable	not applicable
	Bus (sched.)	0 %	not applicable	not applicable






















⁴⁵⁴ <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8872&l=1>.

⁴⁵⁵ <http://www.justiceservices.gov.mt/LegalPublications.aspx?pageid=32&type=4>.

⁴⁵⁶ <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8566&l=1>.

⁴⁵⁷ 0 % refers to an exemption with credit here.

⁴⁵⁸ Zero-rated are mainly scheduled bus services (see section “legal background” below).

	Bus (non-s.)	18 % 	not applicable	not applicable
	Rail⁴⁵⁹	not applicable	not applicable	not applicable
	Train	not applicable	not applicable	not applicable
	HSR	not applicable	not applicable	not applicable
	Metro	not applicable	not applicable	not applicable
	Tram	not applicable	not applicable	not applicable
	Inland Waterways	not applicable	not applicable	not applicable
	sched.	not applicable	not applicable	not applicable
	non-s.	not applicable	not applicable	not applicable
	Maritime Shipping	0 %  / 18 %  ⁴⁶⁰	0 % 	0 % 
	sched.	0 % 	0 % 	0 % 
	non-s.	18 % 	0 % 	0 % 
	Air	0 %  ⁴⁶¹	0 % 	0 % 
	sched.	(0 %  ⁴⁶²)	0 % 	0 % 
	non-s.	0 % 	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal background</i>			
	Malta applies two different rates to passenger transport services: <ul style="list-style-type: none"> • the standard rate of 18 %: occasional domestic road transport and non-scheduled passenger transport in maritime shipping; • exemption with credit: mainly international passenger transport by any means, scheduled bus services and scheduled inter-island sea passenger transport. 			
	The detailed provisions are:			
		Standard Rate (18 %) Normal Scope		
Passenger transport services not covered by one of the exemptions below are standard-rated (18%). This definitely holds for occasional road transport services by bus and taxi. Our sources do not fully correspond with respect to other services, which might be subject to the standard rate: <ul style="list-style-type: none"> • <i>Non-scheduled sea passenger transport</i>: While the VAT rate compilation by the European Commission⁴⁶³ states a rate of 0 % for all domestic sea passenger transport, 				





⁴⁵⁹ Currently there is no rail system in Malta. As the VAT Act doesn't contain any specific provisions, in theory the standard rate would be applied.

⁴⁶⁰ Zero-rated: scheduled inter-island sea transport of passengers.

⁴⁶¹ With respect to domestic air transport our sources were contradictory. While the VAT rate table published by the European Commission (http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf) states the zero rate, we could not find such a provision in the VAT Act (see below).

⁴⁶² Currently there seem to be no scheduled domestic air passenger transport services in Malta (http://en.wikipedia.org/wiki/Transport_in_Malta).

⁴⁶³ http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf.

	<p>the VAT Act does not contain such a provision. Also, the websites of various providers of cruises and sightseeing tours in Malta state, that the prices are “including VAT”.⁴⁶⁴</p>
	<p>Exempt with credit (0 %)   <i>Fifth Schedule, Part One, Items 4(1) and 11 of the VAT Act</i> <i>Art. 387 (c) and Annex X, Part B, Item 10 of the VAT Directive</i> Derogation</p>
	<p>The international transport of persons and the supply of related services are exempt with credit. This especially includes accompanying luggage and motor vehicles (Art. 9 of the VAT Act in conjunction with Fifth Schedule, part 1, Item 4 (1)).</p> <p>The same holds (Item 11) for the supply of:</p> <ul style="list-style-type: none"> • transport by scheduled bus services consisting of scheduled trips on scheduled routes; • scheduled inter-island sea transport of passengers by authorised carriers and other scheduled sea transport of passengers recognised as such by the Commissioner; • special regular services⁴⁶⁵ consisting in the carriage of school pupils and students to and from an educational establishment recognised as such by the Commissioner or the carriage of workers to and from their place of work. <p>The extensive exemption of passenger transport services is largely based on Art. 387, Item c) VAT Directive, which says: „For as long as the same exemptions are applied in any of the Member States which were members of the Community on 30 April 2004, Malta may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions: [...] with deductibility of the VAT paid at the preceding stage, inland passenger transport, international passenger transport and domestic inter-island sea passenger transport, as referred to in point (10) of Annex X, Part B.”</p> <p><i>Domestic air passenger transport:</i> For domestic air passenger transport the VAT rate compilation by the European Commission states a rate of 0 %, while the VAT Act seems to contain no such provision and several websites state “incl. VAT”.⁴⁶⁶ In the following we rely on the EC VAT rate compilation.</p>
	<p>Exempt (no credit)   Normal Scope <i>Fifth Schedule, Part Two, Item 11 (5) of the VAT Act</i> <i>Art. 132 (1)(p) of the VAT Directive</i></p>
	<p>The supply of transport services for sick, injured or disabled persons in vehicles specially designed for that purpose is exempt based on the Fifth Schedule, Part 2, Item 11 (5) and in line with Art. 132 (1)(p) VAT Directive.</p>
<i>Special regimes</i>	<p><i>Special regimes for passenger transport service providers</i></p> <p>-</p>
Supplementary Information	
<i>International passenger</i>	<p><i>Definition of international passenger transport services</i></p> <p>The VAT Act contains no definition.</p>



⁴⁶⁴ E.g. <http://www.captainmorgan.com.mt>, <http://www.imalta.co.uk/>, <http://heracruises.com/>.

⁴⁶⁵ “Special regular services” are defined in the Passenger Transport Services Regulations (Art. 83), see <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=11378&l=1>.

⁴⁶⁶ E.g. <http://www.maltairshow.com/News/Article.aspx?id=59>, <http://gozonews.com/1017/malta-gozo-seaplane-link-starts-on-23-july/>, <http://gozonews.com/931/seaplane-due-to-go-into-service-next-month/>.

<i>transport services (as opposed to domestic services)</i>	<i>Two-sector trips</i>
	<i>International waters/airspace</i>
<i>Ancillary services subject to the same tax rates</i>	<u><i>Accompanying luggage and vehicles:</i></u> Fifth Schedule, Part 1, Item 4 (1) of the VAT Act explicitly exempts (with credit) the transport of accompanying luggage and motor vehicles in case of international passenger transport.
	<u><i>Other services:</i></u> Fifth Schedule, Part 1, Item 4 (1) of the VAT Act furthermore exempts the supply of services related to the international transport of passengers.

Input VAT

Input VAT in the Passenger Transport Sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<i>Exemption with credit (0 %)</i> <i>Fifth Schedule, Part One, Paragraphs 6 and 7 of the VAT Act</i>  <i>Art 148 of the VAT Directive</i> 
	<i>Qualifying vessels</i>
	Identical to the VAT Directive.
	<i>Airlines operating chiefly on international routes</i>
	The VAT Act contains no definition.
	<i>Supplies of goods and services covered</i>
	Some differences compared to the VAT Directive with respect to the wording but similar scope. The supply of the following goods and services is covered: <ul style="list-style-type: none"> • the supply of qualifying vessels (as above)/aircraft and the modification, maintenance, chartering and hiring of these vessels/aircraft; • the supply of equipment incorporated or used therein to constructors, owners or operators of qualifying vessels/aircraft and its modification, maintenance, chartering and hiring; • the supply of goods for the fuelling or provisioning of qualifying vessels/aircraft to the owners or to the operators (with the exception of board provisioning for vessels used for coastal fishing and restrictions with respect to war ships); • the supply of other services for the direct needs of qualifying vessels (except for war vessels) and their cargo (e.g. towage, pilotage, mooring, rescue services, valuation, use of the ports/airports, services of maritime agents, services necessary for the entrance, departure or stay of the vessels in ports/of the aircraft in the airports, assistance provided to the passengers or the crew for the account of the shipowners/airline operators). The repair of qualifying vessels/aircraft is not explicitly mentioned, but will probably be

	covered as a service for the direct needs anyway.			
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	18 %	yes	-
	Gas oil (diesel)	18 %	yes	reduction for certain maritime commercial activities; exemption for foreign pleasure craft
	Kerosene	18 %	yes	reduction for air navigation between Malta and Gozo; exemption for outbound voyages with private pleasure aircraft
	Liquefied Petroleum Gas (LPG)	18 %	yes	-
	Electricity	18 %	yes	-
<i>VAT on means of transport</i>	<p>As a general rule, input VAT incurred on the supply, intra-community acquisition or importation of motor vehicles, vessels and aircraft (incl. their hire and lease) and goods and services connected thereto (repairs, maintenance, fuel, aso.) cannot be deducted (10th Schedule, Item 3 (1) (a) VAT Act).</p> <p>However, this does not apply to (10th Schedule, Item 3 (2) VAT Act) inter alia:</p> <ul style="list-style-type: none"> • motor vehicles, vessels and aircraft used for the transport of passengers or goods for a consideration or for resale, • motor vehicles acquired for being provided for hire in the normal course of the person's economic activity, • motor vehicles with 9 seats or more and most trucks, • vessels and aircraft acquired for being provided under charter or hire agreements, • vessels or aircraft used for the carriage of goods or personnel in the course of an economic activity or where the use of such vessels or aircraft constitutes a specific and essential element for the performance of the economic activity which would otherwise allow deduction. <p>Consequently, any means of transport used for commercial passenger transport services as well as related supplies of goods and services will be deductible.</p>			

Administrative Obligations

<i>Registration</i>	Registration for VAT is required by every taxable person, who makes supplies of goods or services in Malta for consideration (except for supplies exempt without credit), within 30 days, unless the threshold of EUR 7,000 is not exceeded (Art. 10 VAT Act).
<i>Tax point</i>	<p>VAT becomes due (4th Schedule, Sect. 3. VAT Act)</p> <ul style="list-style-type: none"> • at the time the service is performed (or the goods are delivered); • at the time (a part of) the payment is received (if earlier); • if a VAT invoice is issued by the fifteenth day of the month following the earlier of the two above mentioned events, then on the date of the VAT invoice.
<i>VAT returns</i>	The standard tax period is 3 months (Art. 17 (2) VAT Act). VAT returns are due by the 15 th day of the second month following the tax period (Art. 27 (1) VAT Act). For taxable persons submitting electronic returns an extension is granted ⁴⁶⁷ .

⁴⁶⁷ IBFD (2012), p. 40.

	<p>Diverging tax periods can be granted by the Commissioner, especially to</p> <ul style="list-style-type: none"> • certain small taxable persons: 12 months⁴⁶⁸, • taxable persons, who are in a permanent refund position for some time: 1 month⁴⁶⁹.
	<i>Nil returns</i>
<i>VAT payable</i>	Payment of VAT is due by the 15 th day of the second month following the tax period (Art. 21 (1) VAT Act).
<i>VAT deductible</i>	Input VAT is generally deductible, if a supporting VAT invoice or import document is available (Art. 22 (5) in conj. with 10 th Schedule, Item 2 (2) VAT Act). In case of an invoice indicating “Cash Accounting” deduction is allowed in the period the payment is made.
<i>VAT refunds</i>	Excess input VAT can either be refunded or carried forward. A refund has to be effected not later than 5 months from the submission deadline for the VAT return of the relevant tax period (or from the time the return was actually submitted, if later). In certain cases the time period for the refund can be extended by the tax authorities (Art. 24 VAT Act).
<i>Invoicing requirements</i> <small>470</small>	<p>A VAT invoice has to be issued by taxable persons registered under Art. 10 VAT Act (standard registration) for all taxable and exempt with credit supplies to other taxable persons by the 15th day of the month following the month, in which the chargeable event occurred or, if earlier, the payment is received.</p> <p>Simplified invoices are acceptable, if the amount incl. VAT is not more than EUR 100 and certain other conditions are fulfilled.</p> <p>Invoices can be issued in any language and currency, but the amount of VAT must be stated in EUR and the Commissioner may require a translation to Maltese or English.</p>
<i>Special regimes</i>	<p><i>Small Businesses</i></p> <p>Taxable Persons established in Malta with a turnover of less than EUR 7.000 are not required to register for VAT.</p> <p>Taxable persons with a turnover of not more than the entry threshold (EUR 24.000 for services with low value added, EUR 14.000 for other services) are required to register for VAT, but can opt to register under Art. 11, which basically treats their turnover as exempt, without deduction of input VAT (Schedule 6, Part A and Art. 11 VAT Act).⁴⁷¹</p>
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<p>Taxable persons not established in Malta have to register for VAT, if they supply taxable goods or services in Malta, which are not subject to the reverse charge rule.</p> <p><u>Registration process:</u> See EC, TAXUD/c/1 (2010), p. 5f.</p>
	<i>Registration for exempt international passenger transport services</i>

⁴⁶⁸ See Value Added Tax (Tax Period) Regulations, S.L.406.02, Legal Notice 14 of 1999, available on <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10595&l=1>, Art. 3.

⁴⁶⁹ See Value Added Tax (Tax Period) Regulations, S.L.406.02, Legal Notice 14 of 1999, available on <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10595&l=1>, Art. 4.

⁴⁷⁰ See also <http://www.vat.gov.mt/en/Documents/Leaflet%20Invoicing%20Rule.pdf>.

⁴⁷¹ For more detailed information see the relevant legislation.

<i>Tax representative</i>	Foreign businesses not established in the European Union may be required to appoint a tax representative. If they fail to do so, the VAT Commissioner can assign any person resident in Malta the foreign business has business relations with as the representative. A bank guarantee or a similar security can be required by the VAT Commissioner under certain circumstances. Foreign businesses established in another Member State can optionally appoint a tax representative.
<i>Reverse charge</i>	Seems to be applicable (Art. 20 (2) (c) VAT Act) ⁴⁷²
<i>Languages</i>	Forms are available in Maltese and English.
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	Not deductible is input VAT incurred on any supplies of goods and services used for the transport of employees, unless by vehicles with a seating capacity of seven seats or more (10th Schedule, Item 3 (1) (c) VAT Act).
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2. Passenger Taxes

Currently there are no passenger taxes. Malta used to charge an Airport Tax (Passenger Service Charge) between 1 February 1997 and 31 October 2008. The final rate was EUR 23.29 per passenger originating from Malta.⁴⁷³

3. Sources:

Publications

IBFD (Sarah Aquilina - Deloitte Malta): Value Added Taxation – Malta, IBFD, 2012.

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Malta, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-malta_2010_en.pdf.

Value Added Tax Act of Malta (Act XXIII of 1998), available on <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8872&l=1>.

Value Added Tax in Malta, International Tax Dialog, available on <http://www.itdweb.org/vatconference/documents/Malta%20-%20VAT%20in%20Malta.doc>.

Websites

Websites of the Maltese Tax Administration, <http://mfin.gov.mt> and <http://www.vat.gov.mt>.

⁴⁷² See also <http://www.vat.gov.mt/en/VAT-Information/general-information/Documents/04.%20Suppliers%20of%20Services.pdf>, p.6.

⁴⁷³ http://ec.europa.eu/taxation_customs/tedb/taxDetail.html?id=419/1313712000&taxType=Other+indirect+tax.





1. Value Added Tax

VAT Overview





















































Basic VAT Information					
<i>Name</i>	<i>Belasting over de Toegevoegde Waarde (BTW)</i>				
<i>Legal Basis</i>	Value Added Tax Act 1968 (<i>Wet op de omzetbelasting 1968</i>), as amended				
<i>Additional Documents</i>	Royal VAT Decree implementing VAT Law (<i>Uitvoeringsbesluit omzetbelasting 1968</i>) as amended Departmental Ordinance implementing VAT law (<i>Uitvoeringsbeschikking omzetbelasting 1968</i>) as amended Royal Decree on exclusions from tax credit (<i>Besluit uitsluiting omzetbelasting 1968</i>) as amended General Act on Taxes (<i>Algemene Wet inzake Rijksbelastingen</i>) as amended Ministerial General Act on Taxes Orders General Administrative Law Act (<i>Algemene wet bestuursrecht</i>)				
<i>Territorial application</i>	For VAT purposes the Netherlands consist of the European territory of the Kingdom of the Netherlands and the territorial waters, but not the overseas territories (Netherlands Antilles, Aruba) and the continental shelf. ⁴⁷⁴				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	21 %	6 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	The VAT Act contains no specific definition of the term “passenger transport service”. ⁴⁷⁵
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There are no specific rules apply for A-to-A passenger transport services. ⁴⁷⁵
<i>Place of supply</i>	<div style="text-align: right;"> <i>Art. 6c (1) of the VAT Act</i>  <i>Art 48 of the VAT Directive</i>  </div>
	According to Art. 6c (1) of the VAT Act, passenger transport services are supplied where the transport takes place, proportionate to the distances covered.
	<i>Exceptions</i>
	There no derogations and no simplified procedures in respect to the calculation of the distance. ⁴⁷⁵











⁴⁷⁴ IBFD (2012), p. 13.

⁴⁷⁵ Reply to our questionnaire by the Dutch VAT Authorities.

<i>Rates and Special Schemes</i>				
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
		<i>Rates applicable</i>	Road	6 % 
Taxi	6 % 		6 % 	6 % 
Bus (sched.)	6 % 		6 % 	6 % 
Bus (non-s.)	6 % 		6 % 	6 % 
Rail	6 % 		6 % 	6 % 
Train	6 % 		6 % 	6 % 
HSR	6 % 		6 % 	6 % 
Metro	6 % 		-	-
Tram	6 % 		-	-
Inland Waterways	6 %  ex.  : ferries ⁴⁷⁶		6 % 	6 % 
sched.	6 %  ex.  : ferries		6 % 	6 % 
non-s.	6 % 		6 % 	6 % 
Maritime Shipping	6 % 		0 % 	0 % 
sched.	6 % 		0 % 	0 % 
non-s.	6 % 		0 % 	0 % 
Air	21 %  (6 %  ⁴⁷⁷)		0 % 	0 % 
sched.	21 % 		0 % 	0 % 
non-s.	21 %  (6 %  ⁴⁷⁷)		0 % 	0 % 
<i>Rates – legal basis</i>	<i>Legal basis</i>			
	<p>Passenger transport services are taxed at the following rates:</p> <ul style="list-style-type: none"> • <i>Standard rate (21 %)</i>: domestic air passenger transport except for medical services and domestic air transport of persons performed with balloons, • <i>Reduced rate (6 %)</i>: most domestic passenger transport services and international and intra-community transport by road, rail and inland waterways, domestic air transport for medical services and domestic air transport of persons performed with balloons, • <i>Zero-rate</i>: international and intra-community passenger transport by air and sea, • <i>Exempt without credit</i>: services with ambulance cars and all ferry connections (optional). <p>The detailed rules are:</p>			

⁴⁷⁶ There is an optional exemption for providers of domestic ferry services under certain conditions.

⁴⁷⁷ 6 % are applied to special air transport services for sick and injured persons and domestic air transport of persons performed with balloons (see additional information below).

	Standard Rate (21 %) Normal Scope		
The standard rate of 21 % is applied to passenger transport services, which are not covered by any of the provisions below. This is basically domestic air passenger transport except for medical transport services and domestic air transport of persons performed with balloons. Renting of buses is also taxed at the standard rate.			
	Reduced Rate (6 %) Normal Scope	<i>Table I, Part b, Item 9 of the VAT Act</i>	 
The reduced rate of 6 % is applied to most domestic passenger transport services (except for air) and international transport by road, rail and inland waterways. In detail (Table I of the VAT Act, Part b, Item 9):			
<ul style="list-style-type: none"> • passenger transport by ship; • public passenger transport, defined as publically available passenger transport by bus, car, train, subway tram or vehicles propelled by a vehicle guiding system and running according to a timetable (in conjunction with Article 1, Item h of the Passenger Transport Act 2000⁴⁷⁸); • private bus transport, defined as passenger transport by bus not covered under ‘public passenger transport’ (in conjunction with Article 1, Item i of the Passenger Transport Act 2000); • taxi transport, defined as paid transport by a passenger car, not covered under ‘public passenger transport’ (in conjunction with Article 1, Item j of the Passenger Transport Act 2000); • the transport with cars in the course of weddings, funerals or cremations; • taxi transport by means of transport other than passenger cars, and • the domestic air transport of persons by balloons and other aircraft (planes, helicopters,...), if the latter are specially equipped for the transport of sick or injured persons.⁴⁷⁹ 			
	Zero-Rate (0 %) Derogation	<i>Art. 9 (2) (b) and Table II, Part b, Item 3 of the VAT Act</i> <i>Art. 371 and Annex X, Part B, Item 10 of the VAT Directive⁴⁸⁰</i>	 
The international and intra-community transport of passengers by seagoing ships or aircraft is zero-rated. Qualifying criterion is that either the place of departure or the place of destination is situated outside the Netherlands (Art. 9 (2) (b) and Table II of the VAT Act, Part b, Item 3) ⁴⁸¹ . The zero-rate is also applied to accompanying baggage, cars and motorcycles and the mediation of these services. ⁴⁸²			
	Exempt (no credit) Normal Scope	<i>Art. 11 (1) (g), Item 1 (b) of the VAT Act</i> <i>Art. 132 (1)(p) of the VAT Directive</i>	 
Exempt without credit are transport services for sick or injured persons by ambulance cars			

⁴⁷⁸ <http://wetten.overheid.nl/BWBR0011470/>.

⁴⁷⁹ With comments/additions by the Dutch VAT Authorities.

⁴⁸⁰ Art. 371 of the VAT Directive strictly speaking refers to an exemption.



⁴⁸¹ The services of intermediaries acting in the name and for the account of third parties and arranging such services are also covered (Table II of the VAT Act, Part b, Item 4).

⁴⁸² http://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/zakelijk/btw/tarieven_en_vrijstellingen/diensten_met_0_btw/internationaal_personenvervoer.

	(Art. 11 (1) (g), Item 1 (b) of the VAT Act). Ambulance services by other means of transport (e.g. planes or ships) are not covered by this exemption.
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	There is an optional exemption for domestic ferries, which can be applied under certain conditions. This scheme still exists and is not restricted to taxable persons that applied the special regime before 2003. Pursuant to the principle of equality, providers of ferry services can opt for application of this VAT-exemption. ^{483 475}
<i>Supplementary Information</i>	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	The VAT Act contains no definition of the term “ <i>international passenger transports service</i> ”. However, in order to be zero-rated as international passenger transport, either the place of departure or the place of destination must be situated outside the Netherlands (Table II of the VATA, Part b, Item 3).
	Art. 2a (1)(n), (o) and (p) of the VAT Act define the terms “ <i>part of intra-community passenger transport</i> ”, “ <i>place of departure</i> ” and “ <i>place of arrival</i> ” in relation to intra-community passenger transport. Art. 6a (1) of the VAT Act defines the place of supply of passenger transport. ⁴⁷⁹
	<i>Two-sector trips</i>
	Two-sector trips are separated in an international/EU-part and domestic part. (Art. 2a (1)(n), (o) and (p) and art. 6c (1) VAT Act). ⁴⁷⁵
	<i>International waters/airspace</i>
Journeys starting and ending within the Netherlands, but passing through international waters or airspace are considered as domestic (Art. 2a (1)(n) and (o) VAT Act). The distance through international waters/airspace is not subject to VAT in the Netherlands. ⁴⁷⁵	
<i>Ancillary services subject to the same tax rates</i>	<u><i>Accompanying luggage, accompanying vehicles:</i></u>
	In case of zero-rated international passenger transport the transport of accompanying baggage, cars and motorcycles and the mediation of the respective services is also zero-rated.
	As of publication of the renewed Decree ‘Clarification Tabel I’ (besluit Toelichting Tabel I), the reduced rate of 6% for passenger transport services of Table I of the VAT Act, Part b, Item 9 is also applicable on all means of transport brought along by the passenger (e.g. bike or car). ⁴⁷⁵
<u><i>Other services:</i></u>	
No other services are considered ancillary. ⁴⁷⁵	

⁴⁸³ <http://wetten.overheid.nl/BWBR0027976/>.

Input VAT

Input VAT in the Passenger Transport Sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<i>Table II, Part a, Item 3 and 4 of the VAT Act</i>  <i>Table II, Part b, Item 1 of the VAT Act</i>  <i>Art 148 of the VAT Directive</i> 
	<i>Zero-rate (0 %)</i>
	<i>Qualifying vessels</i>
	<p>Table II of the VAT Act, Part a, Item 3 allows the zero-rating of the supply, intra-Community acquisition and importation of seagoing vessels, with the exception of pleasure boats. Conditional is that the ships are built for the use on the high seas, e.g. ships for passenger or freight transport, ferries, fishing ships, tugs, pushers, fireboats, dredgers, warships and (certain) lifeboats. In detail zero-rating covers the CN categories 89.01, 89.02 and 89.04 to 89.06.⁴⁸⁴ The list regarding qualifying vessels concerning the supply of fuelling and provisioning is structured differently (seagoing vessels carrying out any economic activity, lifeboats, ships for assistance at sea, ships for inshore fishing – in the latter case excluding provisioning; for details see below), but seems to include the same types of ships.</p>
	<i>Airlines operating for reward chiefly on international routes</i>
	<p>The Dutch VAT Act does not contain a definition of “airlines operating for reward chiefly on international routes”. This term is interpreted in line with the case-law of the Court of Justice of the EU, especially Case 382/02, 16 September 2004 (Cimber Air) and Case C-33/11, 19 July 2012 (A Oy). For practical purposes, the term “airlines operating for reward chiefly on international routes” within the meaning of Table II, Part a, Item 3 is also defined in the Decree ‘Instructions Table II’ (besluit Voorschrift Tabel II) by referring to the CN-codes 88.01 and 88.02.⁴⁷⁵</p>
<i>Supplies of goods and services covered</i>	
<p>The tax authorities’ website states, that in order to profit from zero-rating, ships/aircraft must either navigate outside the Dutch territorial waters or cross the Dutch border.</p> <p><i>Goods:</i> The goods must be delivered to the operator of the vessel/aircraft, but not necessarily directly on board. Examples for zero-rated supplies are fuel, board supplies, food, beverages and goods for sale to the passengers⁴⁸⁵.</p> <p><i>Services related to qualifying ships:</i> Services directly related to seagoing ships and their cargoes are also zero-rated. Examples include:⁴⁸⁶</p> <ul style="list-style-type: none"> • towage, pilotage, salvage, services of waterclerks and port services, • maintenance, repairs, • transport services for the crew, • renting and chartering and their intermediation. 	

⁴⁸⁴ http://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/zakelijk/btw/tarieven_en_vrijstellingen/goederen_0_btw/levering_en_bevoorrading_van_zeeschepen_en_vliegtuigen.

⁴⁸⁵ http://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/zakelijk/btw/tarieven_en_vrijstellingen/goederen_0_btw/levering_en_bevoorrading_van_zeeschepen_en_vliegtuigen.

⁴⁸⁶ http://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/zakelijk/btw/tarieven_en_vrijstellingen/diensten_met_0_btw/diensten_bij_import_uit_en_export_naar_niet_eu_landen/diensten_bij_zeeschepen_en_lading_van_zeeschepen/.

	<i>Services related to qualifying aircraft: these include:</i> ⁴⁸⁷			
	<ul style="list-style-type: none"> • Leasing, hiring, chartering and their mediation; • Loading; • Repair and maintenance; • Certain airport services; • Some services by certified experts. 			
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	21 %	yes	-
	Gas oil (diesel)	21 %	yes	-
	Kerosene	21 %	yes	-
	Liquefied Petroleum Gas (LPG)	21 %	yes	reduced rate for public transport and certain other sectors
	Electricity	21 %	yes	-
<i>VAT on means of transport</i>	<p>There are no restrictions regarding the deduction of input VAT incurred on the supply of means of transport or other expenses related thereto (e.g. fuels, repairs) as long as used for business purposes.</p> <p>The private use of a business car, for which input VAT was deducted, is taxed as a deemed supply of services at the standard rate of 21 %.⁴⁸⁸</p>			

Administrative Obligations

<i>VAT registration</i>	<p>The VAT Act and the General Act on Taxes do not contain any provisions that oblige taxable persons to be registered for VAT or to report the commencing, change and ceasing of their taxable activities. However, any person liable to pay VAT to the Dutch tax authorities has to request the Dutch tax authorities to issue VAT returns, if VAT returns have not been issued to him yet (Art. 6(3) General Act on Taxes).⁴⁷⁵</p>
<i>Tax point</i>	<p><u>The general rules are (Art. 13 VAT Act):</u></p> <ul style="list-style-type: none"> • In cases, where a VAT invoice must be issued, VAT becomes due on the date the invoice is issued, but not later than the ultimate day the invoice had to be issued. As an exception to this main rule, VAT on services subject to the VAT reverse charge mechanism of Art. 12(2) VAT Act becomes due when the supply is made.⁴⁷⁹ • If no invoice must be issued, VAT becomes due when the supply is made. • In case of a prepayment or if the cash receipts basis is applied, VAT becomes due at the time the payment is received
<i>VAT returns</i>	<p>The general rule states that VAT amounts must be paid quarterly, due on the last working day of the month following the taxable period (Art. 19 General Act on Taxes and Art. 25 Ministerial Orders). However, a taxable period of a month can be granted following a taxable person's request or ordered by the tax authorities. Further, in exceptional cases, the tax inspector is allowed to assign a different taxable period.⁴⁷⁵</p> <p>A VAT return has to be filed within a period of at least one month after the taxable period,</p>

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http://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/zakelijk/btw/tarieven_en_vrijstellingen/diensten_met_0_btw/diensten_bij_import_uit_en_export_naar_niet_eu_landen/diensten_bij_vliegtuigen_en_de_lading.

⁴⁸⁸ IBFD (2012), p. 67, for details see <http://wetten.overheid.nl/BWBR0031807/>.

	<p>as determined by the tax inspector (Art. 10(2) General Act on Taxes). VAT returns must be submitted by a person, if issued by the tax inspector (Art. 8(1) General Act on Taxes); also if the VAT returns relate to periods, in which neither output nor input VAT occurred.⁴⁷⁵</p> <p>Foreign taxable persons must generally submit returns on a quarterly basis or, upon request, on a monthly basis.⁴⁸⁹ Returns must be filed electronically, with certain exceptions.</p>
	<i>Nil returns</i>
	If issued by the tax inspector, VAT returns must also be submitted for periods, in which neither output nor input VAT occurred.
<i>VAT payable</i>	<p>Payment must be received no later than the last working day of the month following the taxable period (Art. 19 (1) General Act on Taxes).</p> <p>In certain exceptional cases, VAT payment can be postponed (Art. 19(2)b General Act on Taxes and Art. 30 Ministerial Orders).⁴⁷⁹</p>
<i>VAT deductible</i>	Input VAT must be recovered in the period VAT became due (Art. 15(1) Vat Act). ⁴⁷⁹
<i>VAT refunds</i>	<p>Excess input VAT will be refunded by the tax authorities on request of the taxable person (Art. 17 VAT Act).</p> <p>If the return is submitted late, the refund is declared inadmissible.⁴⁹⁰ The tax inspector can, under circumstances, decide to ex officio grant the refund.</p> <p>Separate refunds are available under certain conditions, e.g. for VAT paid on written-off debts, ex-post rebates and cancelled supplies (Art. 29 VAT Act).⁴⁷⁹</p>
<i>Invoicing requirements</i>	<p>Invoices must generally be issued by taxable persons when supplying goods or services to other taxable persons (and in certain other cases, see Art. 34c and 34e VAT Act).</p> <p>Simplified invoices are accepted for amounts not exceeding EUR 100, but may not be issued by providers not established in the Netherlands (Art. 34d VAT Act).</p> <p>Invoices must be issued not later than by the 15th day of the month following the month, in which the supply was effected (Art. 34g VAT Act).</p> <p><i>Currency/Language:</i> Invoices in foreign currencies are acceptable, but the amount of VAT due or subject to revision must be stated in EUR (Art. 35a (4) VAT Act).</p> <p>A special rule is applied to among others <i>public transportation tickets and taxi transport</i>: In these cases no invoice must be issued, but the ticket is accepted instead as a proof for VAT deduction (Art. 35(6) VAT Act and Art. 33 of the Departmental Ordinance implementing VAT law).⁴⁷⁹</p>
	<i>Small Businesses</i>
<i>Special regimes</i>	<p>Small businesses with an annual VAT amount payable of no more than EUR 1,883, are entitled to a deduction of the VAT amount payable. This deduction is calculated as</p> $\text{deduction} = 2.5 \times (1,883 - \text{VAT amount actually due}).$ <p>Taxable persons with an annual VAT amount payable of less than or equal to EUR 1,345 will therefore obtain a deduction that equals the entire amount of VAT payable in that year. The deduction cannot be more than the payable VAT amount. This special provision can only be applied by individuals or groups of individuals (e.g. partnerships) resident or</p>

⁴⁸⁹ IBFD (2012), p. 93.

⁴⁹⁰ European Commission - TAXUD/c/1 (2010), p. 15.

	<p>established in the Netherlands, but neither by legal persons nor by foreign taxable persons without a fixed establishment in the Netherlands (Art. 25 VAT Act⁴⁹¹).</p> <p>Under certain conditions, small enterprises can apply for a waiver of VAT administrative obligations, in which case refund of excess input VAT is not allowed.⁴⁷⁹</p>
<i>Foreign suppliers</i>	
<i>VAT registration</i>	<p><u><i>Fixed establishment in the Netherlands</i></u></p> <p>The normal rules apply.</p> <p><u><i>No fixed establishment in the Netherlands</i></u></p> <p>The normal rules apply.⁴⁷⁹</p>
	<p><i>Registration for zero-rated international passenger transport services</i></p>
	<p>The VAT Act and the General Act on Taxes do not contain any provisions that oblige taxable persons to be registered for VAT. However, any person liable to pay VAT to the Dutch tax authorities has to request the Dutch tax authorities to issue VAT returns, if VAT returns have not be issued to him (Art. 6(3) General Act on Taxes).⁴⁷⁵</p>
<i>Tax representative</i>	<p>Foreign businesses not having a fixed establishment in the Netherlands may appoint a tax representative, based on either a general or a limited license.</p> <ul style="list-style-type: none"> • In case of a general license the representative will act on behalf of his client with respect to all supplies for which Dutch VAT is due, but the client has to register for VAT himself. • In case of a limited license the representative takes only care of certain transactions, but the client does not have to include those transactions in his VAT return. <p>The appointment of a VAT representative is usually optional, there is an obligation only in a few cases mainly in connection with certain international transactions (certain distance sales, imports aso.).⁴⁹²</p> <p>Bank guarantees are not required for foreign businesses.</p>
<i>Reverse charge</i>	<p>Reverse charge is applied in the Netherlands primarily on B2B-services.^{493 479}</p>
<i>Languages</i>	<p>Dutch administration uses the Dutch language, unless otherwise stated by a legal provision. Other languages can be used if the use of those languages is more sufficient and does not result in disproportionate harm of the interests of third parties (Art. 2:6 General Administrative Law Act).</p> <p>In practice, the main VAT forms (e.g. registration, VAT returns), explanatory notes and much information on the website are available in other languages (e.g. English, French, German). Depending on the tax inspector involved, further communication in a foreign language may be possible.⁴⁷⁵</p>
<i>Special tax procedures</i>	<p>VAT returns by taxable persons not established in the Netherlands must be filed electronically since 1 January 2014.⁴⁹⁴</p>

⁴⁹¹ Details can be found in Art. 24 to 25a of the Departmental Ordinance implementing VAT law and in the VAT Regulation regarding small businesses (<http://wetten.overheid.nl/BWBR0033123/>).

⁴⁹² http://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/zakelijk/btw/btw_aangifte_doen_en_betalen/fiscaal_vertegenwoordiger.

⁴⁹³ http://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/vat/vat_in_the_netherlands/vat_relating_to_services/reverse-charging_vat.

Business Travel

<i>VAT deductible</i>	<p>VAT incurred on business travel is generally deductible, unless for private purposes (e.g. commuting)⁴⁹⁵ (Art. 1 .of the Royal Decree on exclusions from tax credit).</p> <p>Expenses can only be recovered, if invoiced to a customer that qualifies as a taxable person.⁴⁹⁶</p>
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2. Passenger Taxes

There is no such taxation from central government.⁴⁷⁵

3. Sources:

Publications

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Netherlands, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-netherlands_2010_en.pdf.

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Dutch VAT Act (*Wet op de omzetbelasting 1968*), as amended, available on <http://wetten.overheid.nl/BWBR0002629/>.

Royal Decree on exclusions from tax credit (*Besluit uitsluiting omzetbelasting 1968*), as amended, available on <http://wetten.overheid.nl/BWBR0002636/>.

Royal VAT Decree implementing VAT Law (*Uitvoeringsbesluit omzetbelasting 1968*) as amended, available on <http://wetten.overheid.nl/BWBR0002633/>.

Departmental Ordinance implementing VAT law (*Uitvoeringsbeschikking omzetbelasting 1968*) as amended, available on <http://wetten.overheid.nl/BWBR0002634>.

Websites

Website of the Dutch tax authorities, <http://www.belastingdienst.nl>.

KPMG: Netherlands: VAT Essentials, <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/netherlands.aspx>.

tmf-vat.com: Dutch VAT, <http://www.tmf-vat.com/vat/dutch-vat.html>.

⁴⁹⁴ <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxnewsflash/pages/netherlands-electronic-filing-required-vat-returns-ec-sales.aspx>.

⁴⁹⁵ With certain exceptions, e.g. the provision of a car (private use is taxed separately), the provision of a bicycle or private bus transport for commuting.

⁴⁹⁶ <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/netherlands.aspx>.





1. Value Added Tax

VAT Overview



















































Basic VAT Information					
<i>Name</i>	<i>Podatek od towarów i usług</i>				
<i>Legal basis</i>	VAT Act (Act of 11 March 2004 on the Goods and Services Tax, <i>Ustawa z dnia 11 marca 2004 r. o. podatku od towarów i usług</i>), as subsequently amended				
<i>Additional documents</i>	Several VAT Decrees				
<i>Territorial application</i>	The territory of Poland for VAT purposes includes the territory surrounded by the national boundaries and the territorial waters (12 miles).				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	23 % (22 %) ⁴⁹⁷	8 % (7 %) 5 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	The Polish VAT Act relies on the Polish Classification of Goods and Services (PKWiU) in many cases, therefore the scope of the application of the reduced rate for passenger transport services is defined by the respective PKWiU categories. In most cases the reduced rate is also applied to the renting of vehicles with driver/crew, but not in the case for maritime shipping, which will however be zero-rated in many cases anyway.
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There are no special rules. ⁴⁹⁸
<i>Place of supply</i>	<p style="text-align: right;"><i>Art. 28f (1) of the VAT Act</i> </p> <p style="text-align: right;"><i>Art 48 of the VAT Directive</i> </p>
	Art. 28f (1) of the VAT Act defines the place of supply of passenger transport services as the place where the transport takes place, having regard to the distances covered. International passenger transport services supplied in multiple countries are therefore taxable in Poland according to the portion of the distance covered in Poland.










⁴⁹⁷ The standard VAT rate of 22 % (Art. 41 VAT Act) has been temporarily raised to 23 % in 2011 (Art. 146a VAT Act). This increase is currently limited to 31 December 2016. Furthermore Art. 146f stipulates further increases, if the public debt exceeds certain limits. For the reduced rate of 8 % the situation is similar.

⁴⁹⁸ Reply to our questionnaire by the Polish VAT Authorities.

	<i>Exceptions</i>			
	In order to simplify the accounting for VAT purposes, the place of supply of international transport services of passengers carried out by sea or air means of transport is the territory of the country. This means in practice that the whole service will be settled (taxed at the rate of 0%) in Poland. This simplification does not relieve the taxable person from the obligations arisen in other Member States, assuming that they exist.			
<i>Rates and Special Schemes</i>				
<i>Rates applicable</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	8 % 	8 % 	8 % 
	Taxi ⁴⁹⁹	8 % 	8 % 	8 % 
	Bus (sched.)	8 % 	8 % 	8 % 
	Bus (non-s.)	8 % 	8 % 	8 % 
	Rail	8 % 	0 % 	0 % 
	Train	8 % 	0 % 	0 % 
	HSR ⁵⁰⁰	{ 8 % 	{ 0 % 	{ 0 % 
	Metro	8 % 	-	-
	Tram	8 % 	-	-
	Inland Waterways	8 % 	8 % 	8 % 
	sched.	8 % 	8 % 	8 % 
	non-s.	8 % 	8 % 	8 % 
	Maritime Shipping	8 % 	0 % 	0 % 
	sched.	8 % 	0 % 	0 % 
	non-s.	8 % 	0 % 	0 % 
	Air	8 % 	0 % 	0 % 
	sched.	8 % 	0 % 	0 % 
	non-s.	8 % 	0 % 	0 % 
	<i>Rates – legal background</i>	<i>Legal background</i>		
<p>Poland applies the zero-rate and the reduced rate to passenger transport services:</p> <ul style="list-style-type: none"> • Zero-rated are international passenger transport services carried out by means of sea, air and rail transport, • all other passenger transport services are taxed at the reduced rate of currently 8 %. <p>The details are:</p>				

⁴⁹⁹ An optional flat rate scheme (currently 4 %) is also available.

⁵⁰⁰ Currently there seems to be no real high-speed connection in Poland, but respective plans exist (http://en.wikipedia.org/wiki/High-speed_rail_in_Poland).

		<p>Reduced Rate (8 %) Normal Scope</p>	<p><i>Art. 41 (2), 146a and Annex 3 of the VAT Act</i> <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i></p>	 
	<p>Passenger transport services not covered by the exemption/zero-rating below (i.e. domestic transport by any mode and international passenger transport by road or inland waterways for the part that takes place within the territory of Poland) are taxed at the reduced rate of currently 8 % (Art. 41 (2) in conjunction with Art. 146a and Annex 3 of the VAT Act). In detail the following services according to the PKWiU classification are listed:</p> <ul style="list-style-type: none"> • 49.10 Passenger rail transport services, interurban • 49.31 Urban and suburban passenger land transport services, • 49.32 Personal taxi operation services • 49.39 Other passenger land transport services n.e.c. • 50.10.1 Sea and coastal passenger water transport services, including short sea shipping • 50.30.1 Inland passenger water transport services • 50.30.20.0 Rental services of inland water vessels for passengers with crew • 51.10.1 Exclusively scheduled and unscheduled air passenger transport • 51.10.20.0 Rental services of passenger air transport equipment with crew <p>The rental (including driver/crew) of busses, passenger cars, aircraft and vessels for inland navigation is included, whereas the rental of vessels for maritime navigation is not mentioned. The latter will however usually be zero-rated by Art. 83.</p>			
		<p>Zero-Rate (0 %) Derogation</p>	<p><i>Art. 83 (1), Item 23 of the VAT Act</i> <i>Art. 388 and Annex X, Part B, Item 10 of the VAT Dir.</i></p>	 
	<p>International passenger transport is zero-rated (Art. 83 (1), Item 23 of the VAT Act⁵⁰¹) in accordance with Art. 388 of the VAT Directive.⁵⁰² International passenger transport is thereby defined (Art. 83 (3) Item 2 of the VAT Act) as the carriage or other manner of translocating persons by means of sea, air and rail transport, where</p> <ul style="list-style-type: none"> • the place of departure is in Poland and the place of destination outside Poland, or • the place of departure is outside Poland, but the place of destination in Poland, or • the place of departure and the place of destination are outside Poland, but the route leads through Polish territory. <p>Intermediation services connected with the above-mentioned services are also included. Passenger transport services starting and ending in Poland, but leading through foreign territories (the carriage outside the territory of the country has exclusively the character of transit), are not considered international (Art. 83 (4) of the VAT Act). The applicability of the zero-rate shall be proven by the ticket of the individual passengers (Art. 83 (5) of the VAT Act).⁵⁰³</p>			
	<p>Exempt (no credit) Normal Scope</p>	<p><i>Art. 43 (20) of the VAT Act</i> <i>Art. 132 (1)(p) of the VAT Directive</i></p>	 	
<p>Art. 43 (20) of the VAT Act exempts (without credit) medical transport services.</p>				

⁵⁰¹ Zero-rates „international transport services“ in general, including international passenger and freight transport.

⁵⁰² Strictly speaking Art. 388 VAT Directive refers to an exemption, as it reads: “Poland may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.”

⁵⁰³ With comments/additions by the Polish VAT Authorities.


<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	<p><u>Taxi services:</u></p> <p>For services rendered by taxi drivers an optional flat rate scheme is available⁵⁰⁴ (Art. 114 of the VAT Act). The flat rate is currently 4 %⁵⁰⁵, additional deduction of input VAT is not allowed.</p>
<i>Supplementary Information</i>	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of "international passenger transport"</i>
	<p>According to Art. 83 (3) of the VAT Act international passenger transport is defined as the carriage (or movement of persons by other means) by sea, air or rail, where:</p> <ul style="list-style-type: none"> • the place of departure is in Poland and the place of destination outside Poland, or • the place of departure is outside Poland, but the place of destination in Poland, or • the place of departure and the place of destination are outside Poland, but the route leads through Polish territory. <p>Passenger transport services starting and ending in Poland, but leading through foreign territories (has exclusively the character of transit), are not considered international (Art. 83 (4) of the VAT Act).</p>
	<i>Two-sector trips</i>
	<p>Transport of passengers, which is performed entirely within the territory of the country, forming part of the international transport services is taxed at the rate appropriate to the national transport - 8%.⁴⁹⁸</p>
	<i>International waters/airspace</i>
	<p>Since journeys starting and ending in Poland, but passing through foreign territory, are defined as domestic (Art. 83 (4) of the VAT Act), this is also the case for journeys through international areas. Only the part actually carried out in the territory of the Republic of Poland is subject to Polish VAT.⁵⁰³</p>
<i>Ancillary services subject to the same tax rates</i>	<u><i>Accompanying luggage and vehicles:</i></u>
	<p>A footnote to Annex 3 of the VAT Act states, that passenger transport services include the carriage of people together with their carry-on baggage and animals, for which there is no additional charge. The vehicle of a passenger is not considered carry-on baggage.</p> <p><u><i>Other services:</i></u>⁴⁹⁸</p> <p>Other services are treated separately or considered as ancillary and settled according to general rules and they are taxed at the appropriate rate of tax.</p> <p>If the passenger transport is taxed at the rate of 0%, services which consist in the transport of goods carried by travellers (such as luggage or motor vehicles) and services provided to people on means of transport carried out by sea, air and rail will also be taxed at the rate of 0%.</p>
	<u><i>Where can these rules be found?</i></u> ⁴⁹⁸
	<p>Paragraph 6 subparagraph 1, points 4 and 5 of the Regulation of the Minister of Finance of 23 December 2013 on the goods and services for which the rate of the goods and services</p>

⁵⁰⁴ This scheme cannot be applied for the rental of cars, even including a driver.

⁵⁰⁵ Art. 114 VAT Act states a rate of 3 %, which has been temporarily increased to 4 % until 31 December 2016.

	tax has been reduced and the conditions for the application of reduced rates (Journal of Laws of 2013, item 1719). ⁵⁰⁶
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Input VAT

Output VAT in the Passenger Transport Sector	
Exemptions based on Art. 148 of the VAT Directive	<i>Art. 83 (1) of the VAT Act</i> ⁵⁰⁷ <i>Art 148 of the VAT Directive</i> 
	<i>Zero-rate (0 %)</i>
	<i>Qualifying vessels</i>
	<p>The following vessels are covered (Art. 83 (1) (1) of the VAT Act):⁵⁰³</p> <ul style="list-style-type: none"> • Cruise ships, excursion boats and similar vessels principally designed for the transport of persons; ferry-boats of all kinds, but only if seagoing, • seagoing tankers for the carriage of crude oil, petroleum products, chemicals or liquefied gases, • seagoing refrigerating vessels, except for tankers, • other seagoing vessels for the transport of dry cargo (solid), except for non-selfpropelled barges, • seagoing fishing vessels, factory ships and other vessels for processing or preserving fishery products, • seagoing pusher crafts, and • sea fishery training and research ships and rescue sea vessels.
	<i>Airlines operating for reward chiefly on international routes</i>
	<p>Qualifying aircraft are aircraft used by carriers operating for reward chiefly on international routes. The following airlines are considered as working chiefly on international routes (Art. 83 (1a)-(1f) of the VAT Act):</p> <ul style="list-style-type: none"> • domestic airlines with a share of at least 60% in the previous fiscal year (or the forecast for the current year in case of a new carrier) with respect to (all 3 required): <ul style="list-style-type: none"> ○ revenues from activities in international transport relative to total transport, ○ the number of actual flights in international transport relative to total transport, and ○ the number of passengers or the volume of carried goods or the number of parcels carried in international transport relative to total transport. <p>A list of air carriers, which fulfil the requirements, is announced by the President of the Civil Aviation Office by 31 March of a given tax year.</p> • Foreign carriers are treated as operating chiefly on international routes, if they are either <ul style="list-style-type: none"> ○ authorized to perform international transport by the competent authority of their country of residence, or ○ contained on the list of air carriers operating chiefly on international routes announced by the competent authority of the country of residence.
<i>Supplies of goods and services covered</i>	
The respective rules can be found in Art. 83 (1) of the VAT Act. They cover the following	

⁵⁰⁶ <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20130001719>.

⁵⁰⁷ The supplies are taxed at a VAT rate of 0 %.

	supplies of goods and services (Item-Number in {brackets}):			
	<p><u>Maritime shipping:</u></p> <ul style="list-style-type: none"> • the supply, importation, renting, leasing, chartering, renovation, reconstruction and maintenance of qualifying vessels {1,2,12,15}; • the supply and import of spare parts and equipment, except for facilities for entertainment and sports purposes, and the renting, leasing, chartering, renovation, reconstruction and maintenance of equipment {3,4,12}; • the supply of goods for the direct supply of ships used for navigation on the high seas and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities, used for rescue or assistance at sea, or for inshore fishing, with the exception of the supply of provisioning (i.e. the supply of food) of vessels for inshore fishing, and of military vessels leaving Poland to foreign ports and harbours {10}; • services in the area of seaports involving the handling of transport by sea or serving the immediate needs of their cargoes {9}; • services provided in the area of seaports connected with international transport which consist of: support of land and inland transport modes or activities serving the needs of their cargo {9a}; • sea rescue services, supervision of the safety of maritime shipping and waterway transport, services relating to the protection of the marine environment and the maintenance of port areas and approach channels {11}; • services related to the operation of such vessels, with the exception of services provided for the personal needs of the crew {14}; • other services provided to shipowners or other parties engaged in maritime transport and serving the immediate needs of maritime transport, maritime fisheries and maritime rescue vessels referred to above or of their cargoes {17}; <p><u>Aviation:</u></p> <ul style="list-style-type: none"> • the supply, importation; renting, leasing, chartering; renovation, reconstruction and maintenance of qualifying aircraft (incl. their equipment and spare parts) {5,6,13,16}; • supply of goods for the supply of qualifying aircraft {18}; • services for the control and supervision of air traffic to airlines operating mainly on international routes {7}; • services related to take-off, landing, parking, handling of passengers and cargo, and other similar services provided to air carriers operating mainly international transport {8}. • 			
VAT on fuel	Type	VAT Rate	Deductibility	Reduced Excise Duties
	Petrol	23 %	yes/no ⁵⁰⁸	-
	Gas oil (diesel)	23 %	yes/no ⁵⁰⁸	-
	Kerosene	23 %	yes	jet fuel is exempt
	Liquefied Petroleum Gas (LPG)	23 %	yes/no ⁵⁰⁸	-
Electricity	23 %	yes	-	

⁵⁰⁸ VAT on the purchase of fuel for cars and other motor vehicles with a max. weight of 3,5 tons used exclusively for business purposes is deductible in full. Where these vehicles are used for mixed purposes (for business and private purposes), VAT, in general, is deducted at 50%. However, up to 30 June 2015 special regulations – under which VAT cannot be deducted on the purchase of fuel for vehicles used for mixed purposes – are applied (Art. 86a of the VAT Act, Art. 12 of the Act of 7 February 2014 amending the Goods and Services Tax Act and certain other Acts (Journal of Laws item 312), available at <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20140000312>) [with comments/additions by the Polish VAT Authorities].

<i>VAT on means of transport</i>	<p><u>Vessels, aircraft, trains</u></p> <p>VAT is fully deductible subject to the general rules</p> <p><u>Road vehicles⁵⁰⁹</u></p> <p>VAT is fully deductible for the acquisition and import of vehicles:</p> <ul style="list-style-type: none"> • entirely used for business purposes by taxable person or • designed and constructed for the carriage of at least 10 persons including the driver. <p>In other cases only 50% of the input VAT is deductible.</p> <p>Similar rules are in place regarding the deduction of VAT on leased or rented cars.⁵⁰³</p>
<i>Special rules</i>	-

Administrative Obligations

<i>Registration</i>	<p><u>VAT registration:</u></p> <p>Basically registration is required before starting any taxable (including zero-rated) activities. However, businesses with a fixed establishment in Poland and with an (expected) turnover (net of VAT) of not more than PLZ 150,000 in 12 months are exempt (see special regimes below).</p>
<i>Tax point</i>	<p><u>VAT liability:</u></p> <p>In general VAT becomes due when a service is supplied. However, if payment is received before, VAT is due when the payment is received.</p>
<i>VAT returns</i>	<p>VAT returns usually have to be submitted monthly, due on the 25th day of the month following the end of the reporting period.</p> <p>“<i>Small taxable persons</i>” (i.e. businesses with a turnover of not more than EUR 1,200,000 (incl. VAT) in the previous fiscal year) may submit quarterly returns, due on the 25th day of the month following the respective quarter.</p> <p>Other taxable persons may also use quarterly returns on request, but for such businesses separate rules for remittance apply.</p> <p>There is no separate annual VAT return.</p>
	<p><i>Nil returns</i></p>
	<p>VAT returns must also be submitted for periods, in which no taxable supplies have been conducted.</p>
<i>VAT payable</i>	<p>The deadline for remittance of VAT due is the same as for the submission of the VAT return in most cases (Art. 103 of the VAT Act):</p> <ul style="list-style-type: none"> • <i>Monthly returns:</i> VAT payment is due on the 25th of the month following the taxable period. • <i>Quarterly returns:</i> for small taxable persons (and farmers) VAT payment is due on the 25th day of the month following the respective quarter; other businesses submitting quarterly returns have to remit monthly prepayments (also due on the 25th of the following month) based on the VAT liability occurred in the previous quarter.

⁵⁰⁹ See Art. 86a VAT. The existing regulations are based on the decision of the Executive Council 2013/805/EU Acts. OJ L 353, available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1405583317211&uri=CELEX:32013D0805> [with comments/additions by the Polish VAT Authorities].

<i>VAT deductible</i>	VAT is deductible in the tax period in which VAT became due but no sooner than in the tax period in which the invoice is received, or in one of the two following tax periods (Art. 86 (10)-(11) of the VAT Act). ⁵⁰³
<i>VAT refunds</i>	<p>Excess input VAT can either be refunded or carried forward to the next period (Art. 87 of the VAT Act). In case of a refund, there are different delays:</p> <ul style="list-style-type: none"> • Basically a refund is submitted within 60 days, which can be extended, if the validity of return requires additional verification. • Under certain circumstances as provided in Art. 87 (6) of the VAT Act the time limit is 25 days from the submission of the return. • In cases where the taxable person has not conducted any taxable activities in the accounting period, a refund is granted within 180 days from the submission of the return.⁵¹⁰ <p>For refunds a Polish bank account is required.⁵¹¹</p>
<i>Invoicing requirements</i> <small>503</small>	<p>Generally taxable persons are required to issue invoices for the supply of goods or services no later than on the fifteenth day of the month following the month in which the chargeable event occurred, if the supply is to natural persons not conducting business activities an invoice must be issued only on request.</p> <p>Invoices have to be stored until the point when the period of limitation of a tax obligation has passed. As a general rule, the tax liability shall expire after 5 years from the end of the calendar year, in which payment was due.</p> <p>For certain passenger transport providers simplified invoicing rules are in place, which are laid down in the Regulation of the Minister of Finance of 3 December 2013 (Journal of Laws 2013 No 0, item 1485⁵¹²).</p> <p>Train, bus, plane and sea tickets for journeys longer than 50 km are accepted as invoices, if they contain certain information, among other the VAT number of the supplier, the total amount and the amount of VAT.⁵¹³</p>
<i>Special regimes</i>	<p><i>Small Enterprises</i></p> <p><u>Exemption for small enterprises:</u>⁵¹⁴</p> <p>Small enterprises with a turnover of not more than PLZ 150,000 (approx. EUR 36,000) (excluding VAT, exempt supplies and certain capital goods) in the preceding tax year are exempt from VAT (Art. 113 of the VAT Act). They can however waive this exemption. If the threshold is exceeded, only the surplus has to be taxed. This scheme is not available for non-resident taxable persons and for certain transactions.⁵¹⁵</p> <p><u>Small taxable persons:</u></p> <p>Small taxable persons, i.e. taxable persons with a turnover (incl. VAT) of less than PLZ 1,200,000 (approx. EUR 290,000) are entitled to use the cash accounting scheme</p>

⁵¹⁰ European Commission (2010), p. 11.

⁵¹¹ WKO (2013), p. 5.

⁵¹² <http://dziennikustaw.gov.pl/DU/2013/1485/1>.

⁵¹³ Ibidem, paragraph 3 subparagraph 4.

⁵¹⁴ Based on Extension Council Implementing Decision 2012/769/EU OJ L 338, available on <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:338:0027:0028:EN:PDF>.

⁵¹⁵ http://www.mf.gov.pl/en/web/wp/vat1/basic-information/-/asset_publisher/eqG4/content/basic-information-2?_101_INSTANCE_eqG4_redirect=http%3A%2F%2Fwww.mf.gov.pl%2Fen%2Fweb%2Fwp%2Fvat1%2Fbasic-information%3Fp_p_id%3D101_INSTANCE_eqG4%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-2%26p_p_col_count%3D1&_101_INSTANCE_eqG4_cur=0&page=3#p_p_id_101_INSTANCE_eqG4.

	(Art. 2 (25) and Art. 21 of the VAT Act).
Foreign Suppliers	
VAT registration	<u>Foreign suppliers having a fixed establishment in Poland</u> The general rules apply.
	<u>Foreign suppliers having no fixed establishment in Poland</u> Registration is not required, if only reverse charge supplies are provided. The competent tax office is the Second Tax Office Warszawa-Srodmiescie.
	<u>Registration for zero-rated international passenger transport services</u>
	The general rules apply. ⁴⁹⁸
Tax representative	Taxable persons not having the place of establishment or a fixed establishment in Poland (required to register as active VAT taxable person) are obliged to appoint a tax representative (for foreign taxable persons from third countries it is mandatory to have a tax representative). However this obligation does not apply to taxpayers having the place of establishment or fixed establishment in the EU. ⁵⁰³
Reverse charge	Reverse charge does apply to the supply of passenger transport services. ⁵¹⁶
Languages	Forms are only available in Polish. For documents in foreign languages certified translations are required. ⁵¹⁷
Special rules	<u>Incidental international road transport (EU established business):</u> A simplified VAT scheme (Art. 134a-134c of the VAT Act) is available for taxable persons from Member States, which provide incidental international road transport of passengers. It can be applied under the following conditions: <ul style="list-style-type: none"> • The taxable person has its place of establishment or a fixed establishment in another Member State. • The buses used are also registered in another Member State. • Only international passenger transport services are provided. • Transport services to Poland have an incidental character. • No Polish input VAT is deducted or refunded. The terms are: <ul style="list-style-type: none"> • The taxable person registers as a “taxable person – incidental transports”, using a simpler and charge-free electronic registration procedure (VAP-R form) with the Second Tax Office Warszawa-Srodmiescie. The same procedure can be used to notify the tax authorities of changes in the registration details, which has to be done within 7 days. • When travelling to Poland, a copy of the registration confirmation must be available. • A VAT return has to be submitted electronically quarterly, due by the 25th of the month following the quarter. There is no need to submit returns for quarters, in which no taxable transactions occurred, but if no returns are submitted 4 quarters in a row, the

⁵¹⁶ http://www.mf.gov.pl/en/web/wp/vat1/basic-information/-/asset_publisher/eqG4/content/basic-information-2?_101_INSTANCE_eqG4_redirect=http%3A%2F%2Fwww.mf.gov.pl%2Fen%2Fweb%2Fwp%2Fvat1%2Fbasic-information%3Fp_p_id%3D101_INSTANCE_eqG4%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-2%26p_p_col_count%3D1&_101_INSTANCE_eqG4_cur=0&page=2#p_p_id_101_INSTANCE_eqG4.

⁵¹⁷ WKO (2013), p. 4.

	<p>registration is cancelled.</p> <p>The relevant forms are also available in German and English language.⁵¹⁸</p> <p><i><u>Incidental international road transport (businesses established in third countries):</u></i></p> <p>Taxable persons established in third countries using buses registered there for incidental international road transport in Poland are exempt from VAT⁵¹⁹ and they are not required to register for VAT in Poland⁵²⁰ if the country, where the busses are registered, does not collect fees or taxes from international road transport (reciprocity principle).</p>
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Business Travel

VAT deductible	There are no restrictions with respect to the deduction of input VAT incurred on business travel (travel tickets aso.).
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2. Passenger Taxes

None.

3. Sources:

Publications

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Poland, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-poland_2010_en.pdf.

IBFD (Tomasz Michalik): Value Added Taxation – Poland, IBFD, 2012.

Polish VAT Act (Act of 11 March 2004 on the Goods and Services Tax, *Ustawa z dnia 11.03.2004 r. o podatku od towarów i usług, Dz.U. 2004 nr 54 poz. 535*) as amended, available on <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20040540535> (Polish).

Act of 16 December 2010 amending the Goods and Services Tax Act and the Road Transport Act (Journal of Laws 2010 No. 247, item 1652), available on <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20102471652>.

WKO – Fachverband Autobus-, Luftfahrt- und Schifffahrtunternehmungen: Länderblätter Polen, WKO, 2013, available on <http://wko.at/wknoe/verkehr/Vfg2/laender/Polen.pdf>.

⁵¹⁸ http://www.mf.gov.pl/ministerstwo-finansow/dzialalnosc/baza-wiedzy/-/asset_publisher_faceted/el9J/vap-r-zgloszenie-rejestracyjne-informujace-o-zamiarze-skorzystania-ze-szczegolnej-procedury-rozliczania-vat-z-tytulu-uslug-miedzynarodowego-przewozu-okazjonalnego-application-for-registration-notifying-of-joining-to-international-occasional-carriage-services-special-scheme-of-vat-accounting-registrieranmeldung-die-uber-absicht-informiert-das-besondere-verfahren-fur-mehrwertsteuerabrechnung-wegen-der-dienstleistungen-der-internationalen-gelegentlichen-beforderung-zu-benutzen/766655?_101_date_INSTANCE_el9J_type=content&_101_date_INSTANCE_el9J_categoryId1=233434&_101_date_INSTANCE_el9J_categoryId2=233453&_101_date_INSTANCE_el9J_categoryId3=1641276&redirect=http%3A%2F%2Fwww.mf.gov.pl%2Fministerstwo-finansow%2Fdzialalnosc%2Fbaza-wiedzy%3Fp_p_id%3D101_date_INSTANCE_el9J%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-2%26p_p_col_pos%3D1%26p_p_col_count%3D2%26_101_date_INSTANCE_el9J_categoryId3%3D1641276%26_101_date_INSTANCE_el9J_process%3Dtrue%26_101_date_INSTANCE_el9J_categoryId1%3D233434%26_101_date_INSTANCE_el9J_categoryId2%3D233453%26_101_date_INSTANCE_el9J_orderFilter%3DcreateDate%26_101_date_INSTANCE_el9J_struts_action%3D%252Fasset_publisher_faceted%252Fview.

⁵¹⁹ <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20130001722>.

⁵²⁰ <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20111360799>.

PKWiU 2008 classification scheme, http://www.stat.gov.pl/klasyfikacje/pkwiu_08/index.html.

Websites

Polish Tax Administration: <http://www.mf.gov.pl>.

<http://www.gofin.pl/>.





1. Value Added Tax

VAT Overview

Basic VAT Information					
<i>Name</i>	<i>Imposto sobre o Valor Acrescentado</i>				
<i>Legal Basis</i>	Value Added Tax Act (<i>Código do Imposto sobre o Valor Acrescentado</i> ; Decree-Law No 394-B/84 of 31 December 1984 as subsequently amended) VAT rules governing intra-Community transactions (<i>Regime do IVA nas Transacções Intracomunitárias</i> ; Decree-Law No 290/92 of 28 December 1992 as subsequently amended)				
<i>Additional Documents</i>	Administrative rules interpreting VAT (circulars, memoranda and related information) ⁵²¹				
<i>Territorial application</i>	The territory of Portugal as defined in the Portuguese Constitution comprises the European mainland and the islands of the Azores and Madeira. ⁵²² Both the Azores and Madeira are part of the European VAT area, but because of the remote location special lower rates are applied there. The territorial sea is 12 nautical miles wide. ⁵²³				
<i>VAT Rates</i> ⁵²⁴	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	23 %	13 % / 6 %	-	13 %	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of "passenger transport"</i>	There is not a definition of "passenger transport services" for VAT purposes. ⁵²⁵
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There are no special rules.
<i>Place of supply</i>	<i>Art. 6 (7) (b) and Art. 6 (8) (b) of the VAT Act</i> 
	<i>Art 48 VAT Directive</i> 
	Passenger transport services are subject to Portuguese VAT for the distance covered in Portuguese territory, passenger transport services supplied outside Portuguese territory are not taxable in Portugal.
	<i>Exceptions</i>
	-





















































⁵²¹ See e.g. http://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/legislacao/instrucoes_administrativas/oficios_circulados_IVA.htm.

⁵²² Art. 5 of the Portuguese Constitution (<http://www.parlamento.pt/Legislacao/Paginas/ConstituicaoRepublicaPortuguesa.aspx>).





⁵²³ Law Nr. 33/77, <http://www.dre.pt/pdf1s/1977/05/12400/12411243.pdf>.

⁵²⁴ Lower rates are applied in the Islands of Madeira (22 %/12 %/5 %) and the Azores (18 %/10 %/5 %) (Art. 18 (3) of the VAT Act, based on Art. 105 (2) of the VAT Directive).

⁵²⁵ Reply to our questionnaire by the Portuguese VAT Authorities.

<i>Rates and Special Schemes</i>				
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	<i>Rates applicable⁵²⁶</i>	Road	6 % 	0 % 
Taxi		6 % 	0 % 	0 % 
Bus (sched.)		6 % 	0 % 	0 % 
Bus (non-s.)		6 % 	0 % 	0 % 
Rail		6 % 	0 % 	0 % 
Train		6 % 	0 % 	0 % 
HSR		6 % 	0 % 	0 % 
Metro		6 % 	-	-
Tram		6 % 	-	-
Inland Waterways		6 % 	0 % 	0 % 
scheduled		6 % 	0 % 	0 % 
non-sched.		6 % 	0 % 	0 % 
Maritime Shipping		6 % 	0 % 	0 % 
scheduled		6 % 	0 % 	0 % 
non-sched.		6 % 	0 % 	0 % 
Air		6 % 	0 % 	0 % 
scheduled		6 % 	0 % 	0 % 
non-sched.		6 % 	0 % 	0 % 
<i>Rates – legal basis</i>	<i>Legal basis</i>			
	<p>In summary Portugal applies two different rates to passenger transport services:</p> <p>0 % (exempt with credit): intra-community and international passenger transport services, irrespective of the means of transport used and passenger transport services to and between the Azores and Madeira;</p> <p>6 %: domestic passenger transport, irrespective of the means of transport.</p> <p>With respect to taxation of passenger transport services the Portuguese VAT legislation stipulates the following rules:</p>			
		Reduced Rate (6 %) Normal Scope	<i>Art. 18 (1) (a) and List I, Item 2.14 of the VAT Act</i> <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i>	 
	<p>Passenger transport services not subject to one of the rules below are taxed at the reduced rate of 6 %, irrespective of the means of transport used. In practice the 6 % rate applies primarily to most domestic passenger transport services. The reduced rate is also applied to the hiring of cars with drivers. Included are also services and surcharges with respect to the transport of luggage and seat reservations.</p>			

⁵²⁶ 0 % refers to an exemption with credit here.

	<p>Exempt with credit (0 %)  </p> <p><i>Art. 14 (1) (r) and (4), Art. 20 (1) (b) (I) of the VAT Act</i> <i>Art. 149 and Art. 377, Annex X, Part B, Item 10 of the VAT Dir.</i></p> <p>Derogation</p>
	<p>Passenger transport services to or from abroad are exempt with credit (Art. 14 (1) (r) of the VAT Act exempts the supplies and Art. 20 (1) (b) (I) allows the deduction of input VAT). The same holds for passenger transport between the mainland and the Autonomous Regions (Madeira and Azores), between these Autonomous Regions and between the islands of the same Autonomous Region.</p> <p>The legal basis in the VAT Directive can be found in Art. 377⁵²⁷ and Art. 149⁵²⁸.</p>
	<p>Exempt (no credit)  </p> <p><i>Art. 9 (5) of the VAT Act</i> <i>Art. 132 (1)(p) of the VAT Directive</i></p> <p>Normal Scope</p>
	<p>The transport of sick or injured persons in ambulance cars or other specially equipped vehicles by authorized bodies is exempt from VAT.</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	There are no special rules for providers of passenger transport services. ⁵²⁵
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	Art. 14 (1) (r) of the VAT Act describes international passenger transport as passenger transport to or from abroad. A transport starting and ending in Portugal is considered domestic. ⁵²⁹
	<i>Two-sector trips</i>
	In case of two-sector trips, consisting of an international connection followed (or preceded) by a purely domestic connection, this domestic connection is considered part of the international transport service. ⁵²⁵
	<i>International waters/airspace</i>
	Journeys to and from Madeira and the Azores might pass through international waters or airspace, but such journeys, although domestic, are treated as international and exempt. ⁵²⁵
<i>Ancillary services subject to the same tax rates</i>	<u><i>Accompanying luggage and vehicles:</i></u>
	In case of domestic transport the reduced rate is also applied to surcharges with respect to the transport of luggage and seat reservations (List I, Item 2.14 VAT Act). The same holds for the transport of accompanying vehicles.
	<u><i>Other services:</i></u>
	Other services are not considered ancillary.
	<u><i>Where can these rules be found?</i></u>
	There are not specific rules governing this issue. This interpretation is reflected in



⁵²⁷ Art. 377 of the VAT Directive: “Portugal may continue to exempt the transactions listed in points [...] (10) [...] of Annex X, Part B, in accordance with the conditions applying in that Member State on 1 January 1989.”

⁵²⁸ Art. 149 of the VAT Directive: “Portugal may treat sea and air transport between the islands making up the autonomous regions of the Azores and Madeira and between those regions and the mainland as international transport.”

⁵²⁹ With comments/additions by the Portuguese VAT Authorities.

administrative rulings. ⁵²⁹
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Input VAT

Input VAT in the Passenger Transport Sector				
<i>Exemptions based on Art. 148 of the VAT Directive</i>	Exemption with credit (0 %) ⁵³⁰ <i>Art. 14 (1) d-j and (2) – (5) of the VAT Act</i>  <i>Art 148 of the VAT Directive</i> 			
	<i>Qualifying vessels</i>			
	<ul style="list-style-type: none"> • seagoing vessels used for navigation on the high seas for the transportation of passengers for reward, for trade or other commercial activities or for fishing • vessels for rescue, maritime assistance and coastal fishing 			
	<i>Airlines operating chiefly on international routes</i>			
	The turnover from international traffic must exceed 50 % of the total turnover. ⁵³¹			
	<i>Supplies of goods and services covered</i>			
	Structure and wording of the respective rules are very similar to the VAT Directive.			
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	23 %	yes ⁵³²	-
	Gas oil (diesel) ⁵³³	23 % / for railways: 13 % ⁵³⁴	yes ⁵³⁵	reduction for railways
	Kerosene	23 %	yes	-
	Liquefied Petroleum Gas	23 %	yes ⁵³³	-
	Electricity	23 %	yes	-
<i>VAT on means of transport</i>	<i>Private vehicles, pleasure boats aso.:</i>			
	In general, input VAT incurred on expenditure related to the purchase, manufacture, importation, hire, utilization, alteration and repair of private vehicles, motorcycles, pleasure boats, helicopters and aircraft is not deductible. Private vehicles are motor vehicles and trailers neither specifically destined for goods transport, farming, business or industrial activities nor having more than 9 seats (incl. driver). ⁵³⁶			
	This restriction does not apply, if the businesses main activity consists of the sale or operation of such means of transport (Art. 21 (1)(a) and (2)(a) of the VAT Act).			
<i>Fuel:</i>				
Fuel normally used by motor vehicles, except for diesel, LPG, natural gas and biofuels, is not deductible.				
Diesel, LPG and natural gas are 50 % deductible; full recovery is allowed, if used for large passenger vehicles, vehicles licensed for public transport (excl. rental cars), unregistered				

⁵³⁰ Art. 14 (1) d-j of the VAT Act exempt the supplies and Art. 20 (1) (b) (I) allows deduction of input VAT.

⁵³¹ CIVA FAQ, Nr. 24, on http://info.portaldasfinancas.gov.pt/pt/apoio_contribuinte/guia_fiscal/iva/.

⁵³² In general the deduction of input VAT on petrol is not allowed. However, if used for commercial passenger transport services deduction is possible.

⁵³³ The rate of 13% applies to dyed or coloured diesel [addition by the Portuguese VAT Authorities].

⁵³⁴ List 2 to the VAT Act, Item 2.3.

⁵³⁵ As a general rule, only 50 % deduction allowed, however a 100 % deduction is allowed for vehicles licensed for public transport.

⁵³⁶ IBFD (2012), p.60 and European Commission, TAXUD/c/1 (2010), p. 17.

	vehicles, tractors and road haulage vehicles exceeding 3.5 tons (Art. 21 (1)(b) of the VAT Act). ⁵³⁷
<i>Special rules</i>	Bridges tolls in the Lisbon area are subject to the reduced rate of 6 % (List I, Item 2.21 of the VAT Act; Art. 105 (1) of the VAT Directive).

Administrative Obligations

<i>Registration</i>	<p>Entrepreneurs must register before the commencement of business activities, even if only exempt supplies are carried out⁵³⁸ or the special exemption scheme for small taxable persons (see below) is applied.</p> <p>Registration usually takes effect from the date of registration. Following registration a general tax registration number (also used for other taxes) is issued, which must be stated on all VAT related documents.⁵³⁹</p>
<i>Tax point (chargeability)</i>	<p>The time of supply is one of the following three moments:⁵²⁹</p> <ul style="list-style-type: none"> • date the payment is received, in case of advance payments and when the payment coincides with the chargeable event; • date a tax invoice is issued, when that occurred within 5 working days after the chargeable event or on that 5th day, when the invoice was not issued in that time limit (for transactions for which an invoice must be issued); and • date on which the services are performed or goods are placed at the disposal of the recipient (for transactions for which no invoice must be issued).
<i>VAT returns</i>	<p>Basically monthly, corresponding to a calendar month; due on the 10th day of the second month following each fiscal period;</p> <p>Quarterly, if the turnover in the preceding year was less than EUR 650,000; due on the 15th day of the second month following each quarter (but opting for monthly returns is possible);</p> <p>There is no exception for taxable persons providing only exempt with credit supplies.⁵⁴⁰ All returns must be filed electronically.⁵²⁹</p>
	<i>Nil returns</i>
	Returns must also be submitted for periods, in which no taxable transactions were carried out (Art. 29 (2) of the VAT Act). ⁵²⁵
<i>VAT payable</i>	<p><i>With monthly returns:</i> due on the 10th day of the second month following each fiscal period;</p> <p><i>With quarterly returns:</i> due on the 15th day of the second month following each quarter;</p>
<i>VAT deductible</i>	Input VAT can be deducted in the VAT return of the period, in which the tax invoice (or another document of proof) is received. ⁵⁴¹
<i>VAT refunds</i>	<p>Excess VAT is refunded, if:</p> <ul style="list-style-type: none"> • it was carried over to the next period for 12 months and the unused credit still exceeds

⁵³⁷ IBFD (2012), p.60 and European Commission, TAXUD/c/1 (2010), p. 18.

⁵³⁸ European Commission - TAXUD/c/1 (2010), p. 4.

⁵³⁹ IBFD (2012), p. 65.

⁵⁴⁰ European Commission - TAXUD/c/1 (2010), p. 13.

⁵⁴¹ IBFD (2012), p. 74.

	<p>EUR 250, or</p> <ul style="list-style-type: none"> the taxable person has ceased his activity or, following a change of activity, will conduct only non-deductible exempt activities and the refund value is at least EUR 25, or the unused tax credit exceeds EUR 3,000. <p>Refunds are basically paid within 2 months after the request, in certain cases like in a permanent refund position within 1 month (Art. 22 (8) of the VAT Act).⁵²⁹</p>
<i>Invoicing requirements</i>	<p>A tax invoice or similar document must be issued with respect to any taxable supply and advance payment, irrespective of the VAT status of the recipient.</p> <p>The time limit is 5 business days from the date of supply or the same day if an advance payment is received.</p> <p>Foreign languages and currencies are acceptable, but the taxable basis and the amount of VAT must also be stated in EUR.⁵⁴²</p> <p>Simplified procedures are available in certain cases, including the supply of services, for which a transport ticket is issued (Art. 40 of the VAT Act).</p>
<i>Special regimes</i>	<i>Small Businesses</i>
	<p>Small businesses are as a general rule required to register for VAT, but they are exempt from most other VAT related obligations⁵⁴³, if three conditions are fulfilled:</p> <ul style="list-style-type: none"> an annual turnover of taxable supplies in the preceding year of not more than EUR 10,000, no import, export or intra-community operations are conducted, and no standard bookkeeping system is (or should be) used for income tax purposes. <p>These small businesses are practically exempt without credit (aside from the registration obligation); opting out in favour of the normal VAT rules is possible.</p>
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<p>Registration must take place before the commencement of taxable activities in Portugal, the registration threshold does not apply to taxable persons without a fixed establishment in Portugal.</p> <p>Before the declaration of commencement of trading foreign traders (legal persons) must apply to the <i>Registo Nacional de Pessoas Colectivas</i> and submit a form, together with an extract from the trade registry of the country of origin⁵⁴⁴, in order to obtain a tax identification number. Taxable persons (individuals) can obtain a tax identification number directly from the tax administration, before the declaration of commencement.</p> <p>The <i>declaration of commencement of trading</i> for VAT purposes can be submitted in writing using a standardized form, electronically or orally at any tax office.⁵²⁹</p>
	<i>Registration for exempt international passenger transport services</i>
	<p>There is no exception for providers of solely exempt international passenger transport services with respect to the VAT-related obligations.⁵⁴⁵</p>

⁵⁴² <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/vat-gst-essentials/Pages/portugal.aspx#7>.

⁵⁴³ Art. 53-59 of the VAT Act; http://info.portaldasfinancas.gov.pt/NR/rdonlyres/54C0608E-9DE2-41AF-BA0B-2BF2D0B86387/0/Oficio_Circulado_30138.pdf.

⁵⁴⁴ IBFD (2012), p.80 and European Commission, TAXUD/c/1 (2010), p. 4f.

⁵⁴⁵ European Commission, TAXUD/c/1 (2010), p. 13.

<i>Tax representative</i>	<p>Taxable persons having no permanent establishment in Portugal or another Member State must appoint a tax representative, who is liable for VAT related obligations, when taxable supplies are effected in Portugal (Art. 30 of the VAT Act).</p> <p>Taxable persons established in the European Union can voluntarily appoint a representative.</p> <p>A bank guarantee is not required in both cases.</p>
<i>Reverse charge</i>	<p>Portugal applies a reverse charge procedure to supplies of goods and services carried out by non-established taxable persons to taxable persons in Portugal (Art. 2(1) (g) of the VAT Act and Art. 194 of the VAT Directive).</p>
<i>Languages</i>	<p>Currently only a limited amount of information regarding VAT is available in English on the tax authorities' website⁵⁴⁶, legislation and tax procedures are also in Portuguese language only.</p> <p>With respect to supporting documents (e.g. documents required for registration), in particular cases a certified translation is necessary, but not as a general rule.⁵²⁹</p>
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	<p>Costs for business travel and transport incurred by an entrepreneur or his employees are generally non-deductible (Art. 21 (1)(c) of the VAT Act).</p> <p>Notwithstanding this general rule,</p> <ul style="list-style-type: none"> • 50 % of the input VAT can be deducted for travel expenses incurred with the <i>organization</i> of conferences, fairs, congresses, exhibitions, seminars and similar events, if related to the performance of taxable activities and directly contracted with the service supplier(s) or through entities legally qualified (Art. 21 (2)(d) of the VAT Act), and • 25 % of the input VAT can be deducted for travel expenses incurred with the <i>participation</i> in above-mentioned events (Art. 21 (2)(e) of the VAT Act).
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2. Passenger Taxes

None.

3. Sources:

Publications

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Portugal, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-portugal_2010_en.pdf.

IBFD (M.A.Ga Caballero, updated by Mário Braz and Barbara Berckmoes (PwC)): Value Added Taxation – Portugal, IBFD, 2012.

⁵⁴⁶ http://info.portaldasfinancas.gov.pt/pt/docs/Conteudos_1pagina/NEWS_Portuguese_Tax_System.htm.

KPMG: Portugal: VAT Essentials, available on <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/portugal.aspx>.

Portuguese VAT Act (*Código do Imposto sobre o Valor Acrescentado*), available on http://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/codigos_tributarios/civa_rep/index_iva.htm.

Portuguese VAT rules governing intra-Community transactions (*Regime do IVA nas Transacções Intracomunitárias*), available on http://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/codigos_tributarios/riti_rep/index_riti.htm.

Portuguese Constitution: <http://www.parlamento.pt/Legislacao/Paginas/ConstituicaoRepublicaPortuguesa.aspx>.

Websites

Portuguese Tax Authorities: <http://www.portaldasfinancas.gov.pt>, especially

- VAT information: <https://www.portaldasfinancas.gov.pt/pt/ES/IVA/menu.action?pai=0>;
- VAT FAQ: http://info.portaldasfinancas.gov.pt/pt/apoio_contribuinte/guia_fiscal/iva/
- Circulars:
http://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/legislacao/instrucoes_administrativas/oficios_circulados_IVA.htm





1. Value Added Tax

VAT Overview

Basic VAT Information					
<i>Name</i>	<i>Taxa pe valoarea adaugata</i>				
<i>Legal basis</i>	Value Added Tax Act (Title VI of Law 571/2003, as subsequently amended)				
<i>Additional documents</i>	Application Norms to the VAT Act (Government Decision 44/2004, as subsequently amended) Several orders of the Ministry of Finance				
<i>Territorial application</i>	The territory of Romania for VAT purposes comprises the Romanian land territory, the airspace above, the territorial waters, the continental shelf and the exclusive economic area ⁵⁴⁷ .				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	24 %	5 % / 9 %	-	-	0 %

Output VAT





Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	Domestic transport services are transports that have the place of supply in Romania, with the point of departure and point of arrival in Romania. ⁵⁴⁸
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	No special rules found.
<i>Place of supply</i>	<p style="text-align: right;"><i>Art. 133 (4) (b) of the VAT Act</i> </p> <p style="text-align: right;"><i>Art 48 of the VAT Directive</i> </p>
	<p>The place of supply is “the place where the transport is made, according to the distances travelled, in the case of passenger transport services”.</p> <p>The Application Norms provide further clarifications (Art. 14¹ of the Application Norms):</p> <ul style="list-style-type: none"> • Passenger transport is considered domestic, if the place of departure and the place of arrival are in Romania. • If the point of departure and/or the point of arrival are outside Romania, the transport is international. In this case the domestic section is determined as: <ul style="list-style-type: none"> ○ (if only the place of departure is in Romania:) the section from the first point of passenger embarkation to the border, ○ (if only the place of arrival is in Romania:) the section from the border to the final point of disembarkation in Romania, or

⁵⁴⁷ IBFD (2012), p.23.

⁵⁴⁸ Reply to our questionnaire by the Romanian VAT Authorities.

	<ul style="list-style-type: none"> ○ (if both place of departure and place of arrival are abroad:) the section from border to border. <p>However, this has to be decided on an individual basis: If a passenger embarks and disembarks in Romania, this single transport case is considered domestic, even if a means of transport on an international route is used, and has to be taxed accordingly.</p>			
	<i>Exceptions</i>			
	-			
Rates and Special Schemes				
<i>Rates applicable</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
	Road	24 %	0 %	0 %
	Taxi	24 %	0 %	0 %
	Bus (sched.)	24 %	0 %	0 %
	Bus (non-s.)	24 %	0 %	0 %
	Rail	24 %	0 %	0 %
	Train	24 %	0 %	0 %
	HSR ⁵⁴⁹	{24 %	{0 %	{0 %
	Metro	24 %	-	-
	Tram	24 %	-	-
	Inland Waterways	24 %	0 %	0 %
	sched.	24 %	0 %	0 %
	non-s.	24 %	0 %	0 %
	Maritime Shipping	24 %	0 %	0 %
	sched.	24 %	0 %	0 %
	non-s.	24 %	0 %	0 %
	Air	24 %	0 %	0 %
sched.	24 %	0 %	0 %	
non-s.	24 %	0 %	0 %	
<i>Rates – legal basis</i>	<i>Legal background</i>			
	Like most neighbouring countries, Romania applies the standard rate (24 %) to domestic passenger transport services, while international passenger transport is exempt with credit.			
	The detailed rules are as follows:			



⁵⁴⁹ Currently there is no HSR connection (http://en.wikipedia.org/wiki/High-speed_rail_in_Europe).

	<p>(S) Standard Rate (24 %) Normal Scope</p>
	<p>Passenger transport services, which are not subject to any of the rules below, are taxed at the standard rate of 24 %. This is the case for all domestic passenger transport services.</p>
	<p>(D) Exempt with credit (0 %) Derogation</p> <p style="text-align: right;"><i>Art. 143 (1) (g) and Art. 145 (2) (c) of the VAT Act</i>  <i>Art. 390b and Annex X, Part B, Item 10 of the VAT Directive</i> </p>
	<p>International passenger transport services are exempt from VAT according to Art. 143 (1) (g) of the VAT Act, input VAT is deductible based on Art. 145(2) (c) of the VAT Act. This derogation is based on Art. 390b of the VAT Directive.⁵⁵⁰</p>
	<p>(E) Exempt (no credit) Normal Scope:</p> <p style="text-align: right;"><i>Art 141 (1) (d) of the VAT Act</i>  <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>Art. 141 (1) (d) of the VAT Act exempts (without credit) the “<i>transport of sick or injured persons in vehicles specially designed for this purpose by entities authorized in this respect</i>”.</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	-
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	International passenger transport services are transports which have the departure or the arrival point outside the country, or both points are located outside the country. The international passenger transport service is considered to be in Romania for the part of the journey performed within the country, called the domestic route. ⁵⁴⁸
	<i>Two-sector trips</i>
	In these cases, the domestic connection is considered as a part of the international passenger transport service. For international transport of passengers, the Romanian section is: <ul style="list-style-type: none"> a) for transport of which the starting point is in Romania, the place of origin is believed to be the first point of passenger embarkation and arrival place is considered to be the border crossing from Romania to abroad; b) for transport of which the point of departure is abroad and the place of arrival is in Romania, the place of departure is the border crossing point to Romania from abroad and the place of arrival is the final point of disembarkation of the passengers in Romania; c) for passenger transport transiting Romania, having no starting point and no arrival point in Romania, the place of origin is believed to be the place of crossing the border from abroad to Romania and the place of arrival is considered to be the point of crossing the border from Romania to abroad.⁵⁴⁸

⁵⁵⁰ Art. 390b of the VAT Directive: “Romania may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point 10 of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 31 December 2006.”

	<i>International waters/airspace</i>
	In the cases referred to in the previous response, for passengers embarked and disembarked in Romania, traveling with a way of transport in international traffic, the transport between the place of embarkation and the landing place for these passengers is considered to be domestic transport, therefore the standard VAT rate applies. ⁵⁴⁸
<i>Ancillary services subject to the same tax rates</i>	Romanian legislation has no specific provisions regarding ancillary services to passenger transport. ⁵⁴⁸

Input VAT

Input VAT in the Passenger Transport Sector				
<i>Exemptions based on Art. 148 of the VAT Directive</i>	Exemption with credit (0 %) ⁵⁵¹		<i>Art. 143 (1) (h) and (i) of the VAT Act</i>  <i>Art 148 of the VAT Directive</i> 	
	<i>Qualifying vessels</i>			
	The Wording of the relevant article (Art. 143 (1) (h) VAT Act) is very similar to the VAT Directive.			
	<i>Airlines operating chiefly on international routes</i>			
	An airline is any taxable person whose activities include transportation by air of passengers or cargo, by regime of charter or by payment. This includes all international airlines providing regular international transport of passengers and/or goods and all companies performing charter international transport of passengers and/or cargo. Load means any goods that can be transported by air, including correspondence and animals (Art.9(2) of Instructions approved by the Order of Minister Of Public Finance no. 2222/2006 as subsequently amended and completed). ⁵⁴⁸			
	<i>Supplies of goods and services covered</i>			
The wording of the relevant articles (Art. 143 (1) (h) and (i) VAT Act) matches the VAT Directive.				
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	24 %	yes ⁵⁵²	-
	Gas oil (diesel)	24 %	yes ⁵⁵²	-
	Kerosene	24 %	yes	-
	Liquefied Petroleum Gas (LPG)	24 %	yes ⁵⁵²	-
	Electricity	24 %	yes ⁵⁵²	-
<i>VAT on means of transport</i>	The deductibility of input tax on the purchase, intra-community-acquisition, import, hire or leasing of road vehicles is generally limited to 50 %. The same holds for directly attributable costs like fuel, repairs, maintenance and spare parts (Art. 145 ¹ of the VAT Act).			

⁵⁵¹ Art. 143 (1) (h) and (i) exempt the supplies and Art. 145 (2) (c) allows the deduction of input VAT.

⁵⁵² Depends on the deductibility of VAT on the respective vehicle. VAT on fuel for vehicles used for passenger transport services will be deductible in practically all cases.

	<p>But most vehicles used for commercial passenger transport will be except from this 50 % restriction, since the VAT Act provides a number of exceptions, e.g.:⁵⁵³</p> <ul style="list-style-type: none"> • vehicles used exclusively for business purposes, • vehicles with a maximum authorized mass exceeding 3,500 kg, • vehicles with more than 9 seats (including the driver), • vehicles used exclusively for courier services, • vehicles used exclusively for commercial passenger transport, • vehicles used for resale, hiring or leasing, • vehicles used for emergency services, security services, driving instruction aso., and • vehicles used by sales agents aso.
<i>Special rules</i>	-

Administrative Obligations

<i>VAT registration</i>	Taxable persons having the place of business in Romania must generally register for VAT before they commence taxable or exempt (with deductibility of input VAT) activities, if the registration threshold (EUR 35,000) will likely be exceeded, or otherwise within 10 days from the time, when the threshold was actually exceeded (Art. 153 of the VAT Act). ⁵⁵³
<i>Tax point</i>	VAT generally becomes chargeable, when the goods or services are supplied or, if earlier, (a part of) the payment is received or the invoice is issued. For the operators that apply the cash accounting scheme, VAT becomes chargeable at the date of cashing the invoices. ⁵⁵³
<i>VAT returns</i>	<p>The fiscal period is usually the calendar month (Art. 156¹ of the VAT Act).</p> <p>For taxable persons with a turnover (taxable and exempt with credit) of not more than EUR 100,000 in the previous calendar year the taxable period is a quarter, unless they carry out intra-community acquisitions of goods.</p> <p>Longer periods may be granted by the tax authorities to taxable persons, who only carry out taxable supplies in certain months (Art. 80 of the Application Norms).</p> <p>VAT returns are due by the 25th day of the month following the fiscal period (Art. 156² of the VAT Act).</p> <p>VAT returns can be filed in paper or electronically.⁵⁵⁴</p>
	<i>Nil returns</i>
	VAT returns must be submitted by all registered persons for each tax period, even if no taxable supplies have been carried out. ⁵⁵⁵
<i>VAT payable</i>	VAT payment is due by the 25 th day of the month following the fiscal period (Art. 157 of the VAT Act).
<i>VAT deductible</i>	Input VAT can be deducted in the period, in which the invoice (or another qualifying document) is available, but not later than 5 years starting from 1 January following the respective supply (Art. 146 of the VAT Act).
<i>VAT refunds</i>	The so-called “negative amount of value-added tax” can be carried forward or, if it amounts RON 5,000 (~EUR 1,100) or higher, refunded to the taxable person (Art. 147 ³ of

⁵⁵³ With comments/additions by the Romanian VAT Authorities.

⁵⁵⁴ According to IBFD (2012), p. 53, electronic submission is not available for all taxable persons yet.

⁵⁵⁵ European Commission - TAXUD/c/1 (2010), p. 16.

	<p>the VAT Act).</p> <p>If the negative amount of VAT does not exceed the threshold of 5 000 RON, this has to be carried forward and the refund cannot be requested.</p> <p>A refund is usually connected with a tax audit, depending on a risk assessment by the tax authorities.^{556 553}</p>
<i>Invoicing requirements</i>	<p>A taxable person, who supplies goods or services, is generally obliged to issue an invoice until the 15th day of the month following the respective supply (Art. 155 of the VAT Act). The same holds if an advance payment is received.</p> <p>However, there is an exception if the supply consists of taxi transport or passenger transport based on a travel ticket or a subscription. In these cases the obligation to issue an invoice only arises, if the customer demands one (Art. 155 (9) of the VAT Act).</p> <p>Simplified invoices are accepted, if they contain the date of issuance, an identification of the issuer and the goods/services supplied and the amount of VAT due (or information required to calculate it).</p> <p>It is not necessary to issue a separate invoice for the domestic section in case of international transport (Art. 14[^]1 (5) of the Application Norms).</p> <p>Invoices in foreign languages are acceptable, but the tax authorities may require a translation. Invoices may be issued in any currency, but the amount of tax must be (also) stated in RON.</p>
<i>Special regimes</i>	<i>Small Businesses</i>
	Small undertakings: Enterprises, whose taxable and exempt supplies of goods and services don't exceed EUR 65,000, are not obliged to register for VAT, but can do so voluntarily (for details see Art. 152 of the VAT Act). ⁵⁵³
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<p><u><i>Foreign taxable persons having a fixed establishment in Romania</i></u></p> <p>Foreign taxable persons having a fixed establishment in Romania must register before they supply any taxable or exempt (with credit) services (Art. 153 (2) of the VAT Act).</p> <p><u><i>Foreign taxable persons having no fixed establishment in Romania</i></u></p> <p>Foreign taxable persons without a fixed establishment in Romania are required to register before they perform any operations, which permit the deduction of input tax. However, businesses supplying only international passenger transport services are except from this rule (Art. 153 (4) of the VAT Act). The competent tax office is Bucharest Directorate General for Public Finance.</p>
	<i>Registration for exempt international passenger transport services</i>
	Registration is not obligatory (Art. 153 (4) of the VAT Act).
<i>Tax representative</i>	<p>Taxable persons not established within the Community are obliged to register via a tax representative, who is jointly liable for all VAT-related matters in Romania.</p> <p>For taxable persons established in a Member State the appointment of a tax representative is optional.</p> <p>Bank guarantees are generally not required.</p>

⁵⁵⁶ More detailed information is given in European Commission - TAXUD/c/1 (2010), p. 16ff.

<i>Reverse charge</i>	The reverse charge mechanism is applied in Romania to goods and services supplied by non-resident suppliers, who are not established, even if they are registered for VAT in Romania, to taxable or non-taxable legal persons registered for VAT in Romania. This includes passenger transport services. ⁵⁵⁷⁵⁵³
<i>Languages</i>	The official language in tax administration is the Romanian language. Most forms are also available in the Romanian language only. ⁵⁵⁸ If the petitions, documents, certificates or other documents are submitted to the tax authorities in a foreign language, the authorities shall require that the documents have to be accompanied by certified translations into Romanian language (Art. 8 of the Ordinance No. 92/2003 on the Fiscal Procedure Code, republished, as subsequently amended and completed). ⁵⁵³
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	Travel costs seem to be deductible, since AN Art. 46: (4) says: “ <i>Invoices issued on behalf of a taxpayer employees are traveling for work , transportation or accommodation in hotels or similar establishments allow deduction of VAT taxable person if accompanied by return travel. The same applies on the staff provided by another taxable person or managers of a company.</i> ” Input VAT on business travel expenses (e.g. travel tickets) will therefore usually be deductible.
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2. Passenger Taxes

None.

3. Sources:

Publications

Romanian Value Added Tax Act (Chapter VI of Law 571/2003, as subsequently amended), available on http://discutii.mfinante.ro/static/10/Mfp/legislatie/cod/law571_fiscal_code.pdf (unofficial English translation).

Application Norms to the VAT Act (Government Decision 44/2004, as subsequently amended), available on http://www.dpfbf.mdrap.ro/legislatie/HG_44_din_2004.pdf (Romanian).

IBFD (Ramona Jurubita and Alan Negrescu [KPMG Tax, Romania]): Value Added Taxation – Romania, IBFD, 2012.

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Romania, , Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-romania_2010_en.pdf.

⁵⁵⁷ IBFD p. 46 and answer to an inquiry with the AWO of the Austrian Chamber of Commerce in Bucharest.

⁵⁵⁸ European Commission - TAXUD/c/1 (2010), p. 24.

Websites

http://static.anaf.ro/static/10/Anaf/Legislatie_R/Cod_fiscal_norme_2013.htm: an integrated and consolidated version of the VAT legislation (VAT Act and Application Norms in Romanian).

Website of the Romanian Ministry of Finance <http://www.mfinante.ro>, especially Info TVA, the information portal on VAT on <http://www.mfinante.ro/infotva.html>.





Slovakia

1. Value Added Tax

VAT Overview













































Basic VAT Information					
Name	<i>Daň z pridanej hodnoty</i>				
Legal basis	VAT Act (<i>Zákon o dani z pridanej hodnoty</i> , Act No. 222/2004 Coll.), as subsequently amended				
Additional documents	Regulations, guidelines, brochures and further information on VAT are available on http://www.drsr.sk/ and http://www.finance.gov.sk/Default.aspx?CatID=4783 , mostly in Slovakian only.				
Territorial application	Slovakian VAT is applicable to transactions in the territory of the Slovak Republic as determined by the national borders. No part of the territory is excluded from the application of Slovakian VAT. ⁵⁵⁹				
VAT rates	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	20 % (19 %) ⁵⁶⁰	10 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
Definition of "passenger transport services"	The VAT Act contains no definition.
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	There seem to be no special rules.
Place of supply	<p style="text-align: right;"><i>Art. 16 (4) of the VAT Act</i> </p> <p style="text-align: right;"><i>Art. 48 of the VAT Directive</i> </p>
	<i>"The place of supply of passenger transport shall be the place where the transport takes place and, if the transport takes place in more than one state, it shall be deemed supplied in those states in proportion to the distances covered."</i> (Art. 16 (4) of the VAT Act)
	<i>Exceptions</i>
	-

⁵⁵⁹ IBFD (2012), p. 28.

⁵⁶⁰ The current standard rate of 20 % is a temporary measure, it shall return to 19 % by the end of the year, in which the public deficit falls below 3 % of the GDP (Art. 27 and 85j (1) of the VAT Act).



<i>Rates and Special Schemes</i>				
		<i>domestic</i> ⁵⁶⁰	<i>intra-community</i>	<i>extra-EU</i>
		Road	20 % 	0 % 
	Taxi	20 % 	0 % 	0 % 
	Bus (sched.)	20 % 	0 % 	0 % 
	Bus (non-s.)	20 % 	0 % 	0 % 
	Rail	20 % 	0 % 	0 % 
	Train	20 % 	0 % 	0 % 
	HSR ⁵⁶²	{20 % 	{0 % 	{0 % 
	Metro ⁵⁶³	{20 % 	-	-
	Tram	20 % 	-	-
	Inland Waterways	20 % 	0 % 	0 % 
	sched.	20 % 	0 % 	0 % 
	non-s.	20 % 	0 % 	0 % 
	Maritime Shipping	n.a.	n.a.	n.a.
	sched.	n.a.	n.a.	n.a.
	non-s.	n.a.	n.a.	n.a.
	Air	20 % 	0 % 	0 % 
	sched.	20 % 	0 % 	0 % 
	non-s.	20 % 	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal background</i>			
	Passenger transport services in Slovakia are either exempt with credit (international passenger transport) or standard-rated (domestic passenger transport). The detailed provisions are:			
		Standard Rate (20 %) Normal Scope		
	Domestic passenger transport by all modes is not subject to special VAT rules and therefore taxed at the standard rate of currently 20 %.			
		Exempt with credit (0 %) Derogation	Art. 46 (2) and (3) in conj. with Art. 49 (2) of the VAT Act  Art. 390 and Annex X, Part B, Item 10 of the VAT Directive ⁵⁶⁴ 	
International passenger transport: According to Art. 46 (2) of the VAT Act, the transport				

⁵⁶¹ 0 % refers to an exemption with credit here.



⁵⁶² Currently there is no HSR line. A high-speed railway connection to Bratislava is planned, but has not yet been built.

⁵⁶³ Currently there is no metro system.

⁵⁶⁴ Art. 390 of the VAT Directive: “Slovakia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.”

	<p>of passengers is exempt in the Slovak Republic (the Slovakian section), if it is:</p> <ul style="list-style-type: none"> • from a place in Slovakia to a place abroad, or • from a place abroad to a place in Slovakia, or • from a place abroad to another place abroad via Slovakian territory (transit), or • between two places in Slovakia in the course of an international air or water transport. <p>The transport of accompanying baggage and motor vehicles as well as other transport-related services are taxed at the same rate as the underlying passenger transport service (Art. 46 (3) of the VAT Act).</p> <p>The deduction of input VAT is allowed (Art. 49 (2) of the Vat Act).</p>
	<p>(E) Exempt (no credit) <i>Art. 29 (2) (d) of the VAT Act</i> </p> <p>Normal Scope <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	<p>Emergency health services and the transport of persons to and from health care facilities in connection with health care are exempt from VAT based on Art. 29 (2) (d) of the VAT Act.</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	-
Supplementary Information	
	<i>Definition of international passenger transport services</i>
<i>International passenger transport services (as opposed to domestic services)</i>	<p>Art. 46 (2) of the VAT Act states that passenger transport services:</p> <ul style="list-style-type: none"> • from a place in Slovakia to a place abroad, or • from a place abroad to a place in Slovakia, or • from a place abroad to another place abroad via Slovakian territory (transit), or • between two places in Slovakia in the course of an international air or water transport <p>are exempt (with credit) as international passenger transport.</p>
	<i>Two-sector trips</i>
	Domestic pre- or post-transport in the course of an international air or water passenger transport are considered international too (Art. 46 (2) of the VAT Act).
	<i>International waters/airspace</i>
	Not applicable.
<i>Ancillary services subject to the same tax rates</i>	According to Art. 46 (3) of the VAT Act the transport of accompanying baggage and motor vehicles as well as other transport-related services are taxed at the same rate as the underlying passenger transport service.

Input VAT

Input VAT in the Passenger Transport Sector				
Exemptions based on Art. 148 of the VAT Directive	Exemption with credit (0 %) ⁵⁶⁵ :		<i>Art. 47 (7)-(10) in conj. with Art.49 (2) of the VAT Act</i>  <i>Art 148 of the VAT Directive</i> 	
	<i>Qualifying vessels</i>			
	According to Art. 47 (7) and (8) of the VAT Act the exemptions apply to: <ul style="list-style-type: none"> vessels used for sailing on the open sea, which transport passengers for remuneration, execute business, industrial or fishing activities, and vessels used for rescue operations or assistance at sea, or for inshore fishing. 			
	<i>Airlines operating chiefly on international routes</i>			
	The VAT Act contains no definition.			
	<i>Supplies of goods and services covered</i>			
	<p>The exemption covers:</p> <p><u>Maritime shipping (Art. 47 (7)-(8) of the VAT Act):</u></p> <ul style="list-style-type: none"> the supply of qualifying sea-going vessels (as above), their repair, modification and maintenance, chartering and hiring of qualifying sea-going vessels, the supply, repair, maintenance and hiring of their equipment (including fishing equipment), the supply of goods for qualifying vessels (as above), with the exception of foodstuffs for vessels engaged in inshore fishing, but including the supply of goods to certain ships of war, and the supply of other services to meet the needs of these vessels. <p><u>Aviation (Art. 47 (9-10) of the VAT Act):</u></p> <ul style="list-style-type: none"> the supply of qualifying aircraft (i.e. aircraft used by airlines operating for reward chiefly on international routes), their repair, modification and maintenance, their chartering and hiring, the supply, repair, maintenance, chartering and hiring of equipment installed or used therein, the supply of goods for the fuelling and provisioning of qualifying aircraft, and the supply of other services to meet the direct needs of qualifying aircraft or of their cargoes. <p>Compared to the VAT Directive, the Slovakian legislation is quite similar, as it uses mostly the same wording. A minor difference – which might however be due to the English translation of the VAT Act – is that for the supply of other services for the needs of qualifying aircraft/vessels the word ‘direct’ is not stated explicitly.</p> <p>Furthermore exempt is the supply of services by intermediaries acting on behalf of and for the account of another person (with respect to the above-mentioned supplies).</p>			
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>

⁵⁶⁵ Art. 47 (7)-(10) of the VAT Act exempt the supplies and Art. 49 (2) allows deduction of input VAT.

	Petrol	20 %	yes	-
	Gas oil (diesel)	20 %	yes	-
	Kerosene	20 %	yes	-
	Liquefied Petroleum Gas (LPG)	20 %	yes	-
	Electricity	20 %	yes	exemption for railways and public transport
<i>VAT on means of transport</i>	<p>There are no special restrictions with respect to the deduction of input VAT on means of transport and related expenses, therefore the normal deduction rules apply.</p> <p>When a taxable person isn't able to prove to which extent fuel was used for business purposes, the amount of lump-sum expenses for corporate income tax purposes is the upper limit (Art. 49 (5) of the VAT Act).</p>			
<i>Special rules</i>	-			

Administrative Obligations

<i>VAT registration</i>	<p>Taxable persons established in Slovakia must register for VAT, if their turnover exceeds the registration threshold of EUR 49,790 in any 12 consecutive calendar months. In that case the application for registration must be submitted until the 20th day of the month following the month, in which the threshold was exceeded (Art. 4 (1) of the VAT Act). Below the threshold registration is voluntary. The registration becomes effective within one month and is valid from the date stated on the registration certificate.</p> <p>The threshold includes income from the supply of goods and services in Slovakia (net of VAT), except for most exempt (without credit) supplies. International passenger transport, which is exempt with credit, must be included in the calculation (Art. 4 (7) of the VAT Act).</p>
<i>VAT liability</i>	The VAT liability for a supply of services arises on the day the service takes place or – if that happens before – is paid for (Art. 19 (2) and (4) of the VAT Act).
<i>VAT returns</i>	<p>The tax period is by default a calendar month (Art. 77 (1) of the VAT Act). One year after registration taxable persons with a turnover of not more than EUR 100,000 can opt for quarterly returns, which can be applied as long as the turnover in any 12 consecutive months remains below this threshold (Art. 77 (2)-(3) of the VAT Act).</p> <p>Returns must be submitted within 25 days from the end of the tax period, to which the VAT return relates.</p>
	<i>Nil returns</i>
	In general yes, but it seems there is an exception for non-resident taxable persons.
<i>VAT payable</i>	The payment is due together with the VAT returns (see there).
<i>VAT deductible</i>	<p>The right to deduct input VAT arises on the same day as the respective VAT liability, but in order to exercise the right the taxable person must in possession of the required document (invoice). It is sufficient, if the document is available before the deadline for the submission of the VAT returns for the said period.</p> <p>Input VAT shall be deducted at earliest in the period the right of deduction arose and at latest in the last tax period of the same year, if the invoice is already available, otherwise in the period the invoice is received.</p>
<i>VAT refunds</i>	In the general case excess input VAT must first be carried forward to the following tax

	<p>period one time, and if it is not offset by other tax obligations in this following period, it is refunded within 30 days after filing the tax return of this following period (Art. 79 (1) of the VAT Act).</p> <p>Under certain conditions (calendar months as taxable period, taxable person has been registered for at least one year, no underpayments regarding taxes, customs, social security payments and the like in the last 12 months) an earlier refund (30 days from the submission deadline of the tax period, in which the excess input VAT originated) is granted (Art. 79 (2) – (3) of the VAT Act).</p>
<i>Invoicing requirements</i>	<p>Invoices must be issued for all supplies of (taxable) goods or services supplied to taxable persons and non-taxable legal persons in the Slovak Republic. This includes ‘zero-rated’ (i.e. exempt with credit) supplies like international passenger transport services, but not exempt supplies. Furthermore an invoice must be issued, if payment is received before the actual supply. The time limit for issuing the invoice is 15 days from the day the tax liability arose.</p> <p>Simplified invoices are acceptable in certain cases (Art. 74 (3) of the VAT Act), furthermore a fare receipt for public passenger transport services is considered an invoice, if the operator is a taxable person and the receipt contains the name of the operator, the date of issue and the total price including VAT.⁵⁶⁶</p> <p>In case of international passenger transport it is not necessary to issue a separate invoice for the Slovakian section, a single invoice according to the requirements of the operator’s home country is accepted⁵⁶⁷.</p> <p>Invoices may be issued in foreign languages and currencies, but the tax authorities might request a translation.</p>
<i>Special regimes</i>	<i>Small Enterprises</i>
	Small businesses with a turnover of less than EUR 49,790 in any 12 consecutive calendar months are not obliged to register for VAT and consequently neither have to remit output VAT nor are allowed to deduct input VAT. Voluntary registration is possible.
<i>Foreign Suppliers</i>	
<i>VAT registration</i> ⁵⁶⁸	<p><u><i>Foreign suppliers having a fixed establishment, place of business, seat, permanent address or usual residence in Slovakia</i></u></p> <p>The general rules apply (see above).</p> <p><u><i>Foreign suppliers having no fixed establishment, place of business, seat, permanent address or usual residence in Slovakia</i></u></p> <p>There is no registration threshold for foreign taxable persons, the application for registration must be filed before commencement of the taxable activities⁵⁶⁹ at the tax office in Bratislava. Registration certificate and tax number are issued within 7 days, the foreign taxable person becomes a taxpayer at the date stated on the certificate, but not later than 31 days after the receipt of the application.</p>
	<i>Registration for exempt international passenger transport services</i>

⁵⁶⁶ IBFD (2012), p. 73.

⁵⁶⁷ http://www.drsr.sk/drsr/slovak/poskytovanie_informacii/zovseobecne_informacie/data/zdansluz.rtf.

⁵⁶⁸ See https://www.drsr.sk/drsr/english/data/vat_registration.pdf.

⁵⁶⁹ There are some exception, which are however usually not relevant for providers of passenger transport services.

<i>Tax representative</i>	There is no obligation to appoint a tax representative in Slovakia, but it is possible to do so voluntarily. ⁵⁷⁰
<i>Reverse charge</i>	Reverse charge is applied to certain services, among others also passenger transport (Art. 69 (2) VAT Act in conjunction with Art 16 (4) of the VAT Act).
<i>Languages</i>	Forms are available in Slovak (Vademecum p. 20). Some forms (e.g. registration form, see https://www.drsr.sk/drsr/english/document.html) are also offered in English, but for official purposes the Slovak version has to be used. We therefore assume that VAT-related procedures can be conducted in Slovakian language only.
<i>Special rules</i>	Non-resident taxable persons do not have to submit VAT returns for tax periods, in which no liability to pay VAT or a right to deduct input VAT arose, except for certain circumstances. ⁵⁷¹

Business Travel

<i>VAT deductible</i>	There seem to be no restrictions with respect to deductibility (Art. 49 (7) of the VAT Act).
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2. Passenger Taxes

None.

3. Sources

Publications

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Slovakia, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-slovakia_2010_en.pdf.

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Websites

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Tax Directorate of the Slovak Republic, <http://www.drsr.sk>.

⁵⁷⁰ European Commission - TAXUD/c/1 (2010), p. 7f.

⁵⁷¹ https://www.drsr.sk/drsr/english/data/tax_return.pdf.





1. Value Added Tax

VAT Overview

Basic Information					
<i>Name</i>	<i>Davek na dodano vrednost</i>				
<i>Legal basis</i>	Value Added Tax Act (<i>Zakon o davku na dodano vrednost</i>);				
<i>Additional documents</i>	Value Added Tax Ordinance (<i>Pravilnik o izvajanju zakona o davku na dodano vrednost</i>) Several decrees covering special topics (e.g. exemptions for diplomatic offices, imports, tourists,...)				
<i>Territorial application</i>	The VAT Act defines the territory of Slovenia as “the territory under the sovereignty of the Republic of Slovenia, including air space and maritime areas, over which the Republic of Slovenia exercises its sovereignty or jurisdiction, in accordance with internal and international law” (Art. 1 (2) of the VAT Act).				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	22 % ⁵⁷²	9.5 % ⁵⁷³	-	-	0 %






















































Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of “passenger transport”</i>	Art. 51 VAT Ordinance defines of passenger transport services according to the Standard Classification of Activities. ⁵⁷⁴
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	No special rules found.
<i>Place of supply</i>	<i>Art. 28 (1) of the VAT Act</i> 
	<i>Art. 48 of the VAT Directive</i> 
	Passenger transport services are supplied at “ <i>the place where the transport takes place, proportionately in terms of distances covered</i> ”.
	<i>Exceptions</i>
	-

⁵⁷² Since 1st July 2013, 20 % before.

⁵⁷³ Since 1st July 2013, 8.5 % before.







⁵⁷⁴ Reply to our questionnaire by the Slovenian VAT Authorities.

<i>Rates and Special Schemes</i>					
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>	
	<i>Rates applicable⁵⁷⁵</i>	Road	9.5 % 	9.5 % 	9.5 % 
Taxi		9.5 % 	9.5 % 	9.5 % 	
Bus (sched.)		9.5 % 	9.5 % 	9.5 % 	
Bus (non-s)		9.5 % 	9.5 % 	9.5 % 	
Rail		9.5 % 	0 % 	0 % 	
Train		9.5 % 	0 % 	0 % 	
HSR ⁵⁷⁶		{9.5 % 	{0 % 	{0 % 	
Metro ⁵⁷⁶		{9.5 % 	-	-	
Tram ⁵⁷⁷		{9.5 % 	-	-	
Inland Waterways		9.5 % 	0 % 	0 % 	
sched.		9.5 % 	0 % 	0 % 	
non-s.		9.5 % 	0 % 	0 % 	
Maritime Shipping		9.5 % 	0 % 	0 % 	
sched.		9.5 % 	0 % 	0 % 	
non-s.		9.5 % 	0 % 	0 % 	
Air		9.5 % 	0 % 	0 % 	
sched.		9.5 % 	0 % 	0 % 	
non-s.		9.5 % 	0 % 	0 % 	
<i>Rates – legal background</i>		<i>Legal background</i>			
		Domestic passenger transport services and cross-border passenger transport services by road are taxed at the reduced rate of (since 1 July 2013) 9.5 % in Slovenia. Extra-EU and intra-community passenger transport, with the exception of road transport, is exempt with credit.			
	The detailed provisions are:				
		Reduced Rate (9.5 %)	Art. 41 (2) and Annex I, Item 5 of the VAT Act 		
		Normal Scope	Art. 98 and Annex III, Item 5 of the VAT Directive 		
Most passenger transport services are taxed at the reduced rate of 9.5 %. Until 30 June 2013 the relevant rate was 8.5 %. Included is the transport of passengers and their personal luggage by road, rail, inland waterways, sea and air by scheduled or occasional services (Art. 51 of the VAT Decree).					

⁵⁷⁵ 0 % refers to an exemption with credit here.



⁵⁷⁶ Currently there is no HSR line and no metro system.

⁵⁷⁷ Currently there is no tram system in Slovenia, but a (re)introduction in Ljubljana is discussed.

	<p>Exempt with credit (0 %)  Derogation</p> <p><i>Art. 49 (2) in conjunction with Art. 63 (2) b of the VAT Act </i> <i>Art. 389 and Annex X, Part B, Item 10 of the VAT Directive⁵⁷⁸ </i></p>
	<p>The international transport of passengers, with the exception of road transport, is exempt. Since the deduction of input VAT is permitted, such services are practically zero-rated.</p>
	<p>Exempt (no credit)  Normal Scope</p> <p><i>Art. 42 (1), Item 15 of the VAT Act </i> <i>Art. 132 (1)(p) of the VAT Directive </i></p>
	<p>The supply of transport services by authorized bodies for sick or injured persons in specially adapted vehicles is exempt as a service in the public interest (see also Art. 70 of the VAT Decree).</p>
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	-
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	Art. 79a VAT Ordinance defines international passenger transport as passenger transport services where the place of departure or arrival is outside Slovenia. Place of departure or arrival is the place, which is written on the ticket as the place of departure or as the first place of destination. ⁵⁷⁴
	<i>Two-sector trips</i>
	Domestic pre- or post-transport is usually considered as a separate domestic transport service. ⁵⁷⁴
	<i>International waters/airspace</i>
Journeys starting and ending within Slovenia, but passing through international waters or airspace, are considered domestic for VAT, the distance through international waters/airspace is taxed. ⁵⁷⁴	
<i>Ancillary services subject to the same tax rates</i>	<p><u>Accompanying luggage:</u></p> <p>According to Art. 51 of the VAT Ordinance the transport of the passengers' personal luggage by road, rail, inland waterways, sea and air on scheduled or occasional services is considered ancillary and taxed at the same rate.</p> <p><u>Accompanying vehicles and other services:</u></p> <p>There are no special rules, the general rules apply.</p>

⁵⁷⁸ Art. 389 of the VAT Directive: "Slovenia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004."

Input VAT

Input VAT in the Passenger Transport Sector				
Exemptions based on Art. 148 of the VAT Directive	<p><i>Exemption with credit (0 %) ⁵⁷⁹</i> <i>Art. 53 in conj. with Art. 63 (2) (b) of the VAT Act</i> </p> <p style="text-align: right;"><i>Art 148 of the VAT Directive</i> </p>			
	<i>Qualifying vessels</i>			
	According to Art. 53 (a) VAT Act “vessels used for navigation on high seas and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities, and for rescue or assistance at sea, or for inshore fishing” qualify for exemption, which corresponds exactly to the provisions of the VAT Directive.			
	<i>Airlines operating chiefly on international routes</i>			
	Neither VAT Act nor VAT Decree contains specific information.			
	<i>Supplies of goods and services covered</i>			
	<p>The national VAT Act accurately adopts the provisions of the VAT Directive. The (unofficial) English translation of the VAT Act only differs in some formulations.</p> <p>In two cases the national VAT Decree provides more detailed information, i.e.</p> <ul style="list-style-type: none"> • Art. 84 (1) VAT Ordinance specifies, that the provisioning of aircraft includes the supply of goods for consumption, sale or distribution on board, and • Art. 84 (2) VAT Ordinance gives examples for services for the direct needs of qualifying vessels and their cargoes, i.e. towing services, pilotage, berthing, loading and unloading services (including passengers’ luggage) and other maintenance services for the cargo. In order to qualify for exemption the contractor must demonstrate, that the service is for the direct needs of a qualifying vessel or its cargoes (Art. 84 (3) VAT Ordinance). 			
VAT on fuel	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	22 %	yes	-
	Gas oil (diesel)	22 %	yes	reduction for railways; slight reduction for commercial use ⁵⁸⁰
	Kerosene	22 %	yes	-
	Liquefied Petroleum Gas (LPG)	22 %	yes	-
	Electricity	22 %	yes	-
VAT on means of transport	<p>Art. 66 VAT Act restricts the right of deduction for certain means of transport and other supplies closely linked thereto:</p> <ul style="list-style-type: none"> • yachts and boats intended for sport and recreation as well as fuels, lubricants, spare parts and services, which are closely linked thereto, unless these vessels are used for passenger or goods transport, leasing, renting or resale; • aircraft, fuels, lubricants, spare parts and services which are closely linked thereto, unless the aircraft are used for passenger or goods transport, leasing, renting or resale; • passenger cars and motorcycles, fuels, lubricants, spare parts and services which are 			

⁵⁷⁹ Art. 53 exempts the supplies and Art. 63 (2) (b) of the VAT Act allows deduction of input VAT.

⁵⁸⁰ Commercial use as defined in Art. 7(2) of Council Directive 2003/96/EC (includes commercial passenger transport by buses).

	<p>closely linked thereto, unless these vehicles are used for goods or passenger transport⁵⁸¹, leasing, renting or resale, for funeral services or in driving schools, or it is a combined vehicle fulfilling certain requirements;</p> <p>Input VAT on vehicles used for commercial passenger transport as well as other goods and services linked thereto will therefore be deductible.</p>
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Administrative Obligations

<i>VAT registration</i>	<p>Taxable persons must notify the financial authorities of the commencement of taxable activities and request a VAT number as soon as they start a taxable activity, if the turnover exceeded or is likely to exceed EUR 50,000 per year (since 1 April 2013) (Art. 78 (1) of the VAT Act).</p> <p>Even if a registration for VAT is not obligatory, it is still necessary to request a tax identification number in certain cases, e.g. if the above mentioned threshold is not exceeded or only exempt (without credit) supplies are effected (Art. 78 (2) of the VAT Act).</p> <p>Registration for VAT must be initiated using the online portal of the tax authorities⁵⁸². A digital certificate is required for the procedure.⁵⁸³</p>
<i>Tax point</i>	<p>As a general rule, VAT is chargeable, when the goods or services are supplied, but there are a number of derogations, e.g.:</p> <ul style="list-style-type: none"> • at receipt of payment, if the cash receipt scheme is applied or in case of advance payments; • at the last day of the taxable period, in which the supply occurred, if an invoice is not issued or issued late.
<i>VAT returns</i>	<p>VAT returns must be submitted</p> <ul style="list-style-type: none"> • monthly, if the turnover for the previous calendar year exceeded EUR 210,000 and/or intra-community transactions are conducted, or if the taxable person commenced with performing a taxable activity irrespective of the anticipated turnover (for the first 12 months) or • quarterly, if the turnover for the previous calendar year did not exceed EUR 210,000. <p>VAT returns are generally due on the last working day of the calendar month following the taxable period, unless intra-community supplies are effected, then returns are due by the 20th day of the following calendar month.⁵⁸³</p>
<i>Nil returns</i>	<p>A VAT return must be submitted, even if there was no taxable turnover during a tax period (Art. 88 (2) of the VAT Act).</p>
<i>VAT payable</i>	<p>The payment must be received by the financial authorities at the latest on the same day the return is due.⁵⁸³</p>

⁵⁸¹ See especially http://www.durs.gov.si/si/davki_predpisi_in_pojasnila/davek_na_dodano_vrednost_pojasnila/odbitek_ddv/odbitek_ddv_od_nabave_osebnega_avtomobila_za_opravljanje_dejavnosti_prevoza_potnikov_in_za_druge_sluzbene_namene/.

⁵⁸² <http://edavki.durs.si/OpenPortal/Pages/Registration/Intro.aspx>.

⁵⁸³ With comments/additions by the Slovenian VAT Authorities.

<i>VAT deductible</i>	<p>The right to deduct input VAT arises at the time VAT becomes chargeable, which is usually when the goods or services are supplied. However in order to exercise the right for deduction, an appropriate document of proof must be available, e.g. an invoice or import document (Art. 62 and 67 of the VAT Act).</p> <p>VAT can be deducted at latest in the last tax period of the following calendar year.</p>
<i>VAT refunds</i>	<p>Excess input VAT is in principle carried forward, but upon request it can also be refunded to the taxable person.⁵⁸⁴ A refund is usually paid within 21 days from the submission of the relevant VAT return (Art. 73 of the VAT Act).</p>
<i>Invoicing requirements</i>	<p>VAT invoices generally have to be issued for taxable supplies of goods and services by a taxable person to another taxable person or a non-taxable legal person; there is no specific time limit except for the supply of goods to another Member State and for the supply of services where the recipient is liable to pay VAT.</p> <p>There are exceptions with respect to certain taxable transactions, including the sale of tickets, passes or tokens for passenger transport⁵⁸⁵ (Art. 143 of the VAT Ordinance) and transactions by (exempt) small taxable persons, who are allowed to issue simplified invoices.</p> <p>Invoices in foreign currencies are permitted, but the amount of VAT must be stated in EUR (Art. 140 of the VAT Ordinance).⁵⁸³</p>
<i>Special regimes</i>	<i>Small Businesses</i>
	<p>There is a special scheme for small taxable persons, whose taxable turnover during the last 12 months did not (and is not likely to) exceed EUR 50.000⁵⁸⁶ (since 1 April 2013). Their turnover is exempt, without deduction of input VAT, opting out is possible (Art. 94 of the VAT Act).⁵⁸³</p>
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<i>Non-resident taxable persons with a fixed establishment in Slovenia</i>
	The normal rules apply.
	<i>Non-resident taxable persons without a fixed establishment in Slovenia</i>
	The threshold of EUR 50.000 (since 1. April 2013) does not apply to non-resident taxable persons without a fixed establishment in Slovenia. Such a person has to register before he starts to make taxable supplies (unless the reverse charge rule must be applied, which is not the case for passenger transport). The application for a VAT number shall be submitted at least 15 days before the first taxable supply is carried out. ^{587 588 583}
<i>Registration for exempt international passenger transport services</i>	
(Foreign) providers of exclusively exempt international passenger transport services do not have to register for VAT and submit VAT returns. ⁵⁷⁴	

⁵⁸⁴ http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2012-final_2_.pdf, p.31.

⁵⁸⁵ According to European Commission – Taxud/C/1 (2010), p. 13, this does not apply to invoices issued to taxable and non-taxable legal persons.

⁵⁸⁶ Includes taxable turnover, exclusive of VAT, and certain exempt transactions; not available for taxable persons not established in Slovenia.

⁵⁸⁷ <http://wko.at/wknoe/verkehr/Vfg2/laender/Slowenien.pdf>, p. 2.

⁵⁸⁸ A detailed description of the rules as applied to international road passenger transport can be found on http://www.durs.gov.si/fileadmin/durs.gov.si/pageuploads/Pojasnila_ANG/11.7.2013_Obracun_DDV_pri_prevozu_potnikov_v_m_ednarodnem_cestnem_prometu_-_ang_za_internet.pdf.

<i>Tax representative</i>	Taxable persons not established in the European Union shall appoint a tax representative, taxable persons established in Member States may voluntarily. A bank guarantee is required in neither case.
<i>Reverse charge</i>	Reverse charge is not applied to passenger transport services.
<i>Languages</i>	Essential information is available in English, some information and forms also in German ⁵⁸⁹ , but the taxation procedures are executed in Slovenian only. The tax authority accepts supporting documents also in other languages, which are known to its officials. The tax authority requires the translation of documents into the Slovene language only in cases when the language used is not known to its officials. ⁵⁸³
<i>Special rules</i>	Taxable persons not established in Slovenia must generally submit monthly returns electronically, which are due within 30 days after the end of the taxable period (Art. 89 (4) of the VAT Act).

Business Travel

<i>VAT deductible</i>	We found no restrictions with respect to the deduction of input VAT incurred on business transport (travel tickets aso.).
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2. Passenger Taxes

None.

3. Sources:

Publications

Slovenian Ministry of Finance: VAT Brochure, available on http://www.durs.gov.si/si/davki_predpisi_in_pojasnila/davek_na_dodano_vrednost_pojasnila/splosno/.

Slovenian Ministry of Finance: Taxation in Slovenia 2012, available on http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2012-final_2_.pdf.

European Commission - TAXUD/c/1: Vademecum on VAT obligations – Slovenia, Brussels, October 2010, available on http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_refunds/2010/vademecum-refund-slovenia_2010_en.pdf.

IBFD (Lucijan Klemencic): Value Added Taxation – Slovenia, IBFD, 2012.

KPMG: Slovenia: VAT Essentials, <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/slovenia.aspx>.

Slovenian VAT Act (*Zakon o davku na dodano vrednost*), available on http://zakonodaja.gov.si/rpsi/r01/predpis_ZAKO4701.html (Slovenian) and http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Sprejeti_predpisi/Zakon_o_davku_na_dodano_vrednost/

⁵⁸⁹ See e.g. http://www.durs.gov.si/en/angleske_strani/value_added_tax/.

VALUE ADDED TAX ACT ZDDV-1 - UNOFFICIAL TRANSLATION 1 .pdf (unofficial English translation).

Slovenian VAT Ordinance (Pravilnik o izvajanju zakona o davku na dodano vrednost), available on http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Sprejeti_predpisi/Zakon_o_davku_na_dodano_vrednost/2013-07-08/2013-01-2056-2006-01-6170-npb13.pdf.

Websites

Slovenian Ministry of Finance, <http://www.mf.gov.si>.

Slovenian Tax Administration, <http://www.durs.gov.si>.





1. Value Added Tax

























































VAT Overview

Basic VAT Information					
<i>Name</i>	<i>Impuesto sobre el Valor Añadido – IVA</i>				
<i>Legal basis</i>	VAT Act (Law 37/1992 - <i>Ley del Impuesto sobre el Valor Añadido [LIVA]</i>) VAT Regulation (Royal Decree 1624/1992)				
<i>Additional documents</i>	Law 58/2003, General Tax Law Royal Decree 1065/2007 Further decrees and orders regulating special topics				
<i>Territorial application</i>	The Spanish VAT system is applied in the mainland and on the Balearic Islands, but not in Ceuta, Melilla and on the Canary Islands, which are outside the scope of the national VAT legislation and consequently also of the VAT Directive (Art. 6 of the VAT Directive). Furthermore the territorial waters (12 nautical miles) and the corresponding airspace belong to the Spanish VAT area.				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	21 %	10 %	4 %	-	0 %



Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	There is not a definition of the term “ <i>passenger transport service</i> ” on the VAT Act. The ordinary definition of the Spanish dictionary is the following: “ <i>Passenger Transport is the movement of people from one location to another</i> ”. ⁵⁹⁰
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	A to A passenger transport services are treated as ordinary passenger transport services. ⁵⁹⁰
<i>Place of supply</i>	<p style="text-align: right;"><i>Art. 70 (2) (a) of the VAT Act</i> </p> <p style="text-align: right;"><i>Art. 48 of the VAT Directive</i> </p>
	The place of supply of passenger transport services is Spain, if they are supplied within the Spanish VAT territory, irrespective of the destination of the journey (Art. 70 (2) (a) of the VAT Act).
	<i>Exceptions</i>
	-

⁵⁹⁰ Reply to our questionnaire by the Spanish State Tax Agency.

<i>Rates and Special Schemes</i>					
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>	
	<i>Rates applicable⁵⁹¹</i>	Road	10 % 	10 % 	10 % 
Taxi		10 % 	10 % 	10 % 	
Bus (sched.)		10 % 	10 % 	10 % 	
Bus (non-s.)		10 % 	10 % 	10 % 	
Rail		10 % 	10 % 	10 % 	
Train		10 % 	10 % 	10 % 	
HSR		10 % 	10 % 	10 % 	
Metro		10 % 	-	-	
Tram		10 % 	-	-	
Inland Waterways		10 % 	10 % 	10 % 	
sched.		10 % 	10 % 	10 % 	
non-s.		10 % 	10 % 	10 % 	
Maritime Shipping		10 % 	0 % 	0 % 	
sched.		10 % 	0 % 	0 % 	
non-s.		10 % 	0 % 	0 % 	
Air		10 % 	0 % 	0 % 	
sched.		10 % 	0 % 	0 % 	
non-s.		10 % 	0 % 	0 % 	
<i>Rates – legal basis</i>		<i>Legal background</i>			
		Commercial passenger transport services are either exempt with credit (international transport by air and sea) or taxed at the reduced rate of 10 %. The details are:			
		Reduced Rate (10 %)	<i>Art. 91, Sect. 1, Nr. 2, Item 1 of the VAT Act</i> 		
		Normal Scope	<i>Art. 98 and Annex III, Item 5 of the VAT Directive</i> 		
	Unless exempt by one of the two following rules, passenger transport services in Spain (including luggage) are taxed at the reduced rate of 10 % (Art. 91, Sect. 1, Nr. 2, Item 1 of the VAT Act).				
		Exempt with credit (0 %)	<i>Art. 22, Sect. 13 in conj. with Art. 94 (1)(1)(c) of the VAT Act</i> 		
	-	<i>Legal basis in European law not found</i> 			
The transport of travellers and their luggage by sea or air is exempt, if the place of departure and/or destination is a port or airport outside the Spanish VAT area (Art. 22,					

⁵⁹¹ 0 % refers to an exemption with credit here.



	Sect. 13 of the VAT Act). The legal basis in European law for this exemption is not completely clear. ⁵⁹² Input VAT can be deducted based on Art. 94 (1)(1)(c) VAT Act.
	<p>(E) Exempt (no credit) <i>Art. 20 (1), Item 15 of the VAT Act</i> </p> <p>Normal Scope: <i>Art. 132 (1)(p) of the VAT Directive</i> </p>
	The transport of sick or injured persons in ambulance cars or other vehicles especially equipped for that purpose is exempt without credit based on Art. 20, Section 1, Item 15 of the VAT Act.
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	-
Supplementary Information	
	<i>Definition of international passenger transport services</i>
<i>International passenger transport services (as opposed to domestic services)</i>	There is no definition of “ <i>international passenger transport service</i> ” in the VAT Act. The ordinary definition of the Spanish dictionary is the following: <i>„International passenger transport service , the transport carried out in the following circumstances:</i> <i>a. It is initiated at a point/port/airport situated in the tax's territorial scope of application and ends at another point/port/airport situated outside of this territorial scope.</i> <i>b. It is initiated at a point/port/airport situated outside the tax's territorial scope of application and ends at another point/port/airport situated inside or outside of this territorial scope.”</i> Art. 22 (13) of the VAT Act specifies that the exemption is applied to passenger transport services by air or sea, if the place of departure and/or destination is outside the Spanish VAT area. ⁵⁹³
	<i>Two-sector trips</i>
	Usually, two sector trips are treated as two transport services: a domestic transport service and an international transport one. The criterion that is used in this respect is the change of mean of transport. ⁵⁹⁰
	<i>International waters/airspace</i>
	Journeys starting and ending within Spain, but passing through international waters or airspace, are considered as domestic transport services with respect to VAT. The distance through international territories is exempt. ⁵⁹⁰
<i>Ancillary services subject to the</i>	<u><i>Accompanying luggage:</i></u> The transport of accompanying luggage is taxed at the same rate as the underlying passenger transport service (Art. 91 (1) (2) (1) and Art. 22 (13) of the VAT Act).

⁵⁹² The Spanish State Tax Agency refers to Annex X, Part B, Item 10 of the VAT Directive as the legal background in European law (“*This provision should be based on Annex X, part B, item 10 of the VAT Directive. Most Member States apply this derogation, art 371, 375 to 390 quater of the VAT Directive, because the failure to harmonise exemption can create distortions of competition in current international situation.*” [reply to our questionnaire by the Spanish State Tax Agency]). Art. 376, however, which contains the derogations applicable in Spain, does not include a reference to passenger transport services (Annex X, Part B, point (10)) (“*Spain may continue to exempt the supply of services performed by authors, listed in point (2) of Annex X, Part B, and the transactions listed in points (11) and (12) of Annex X, Part B, in accordance with the conditions applying in that Member State on 1 January 1993.*”).

⁵⁹³ With comments/additions by the Spanish State Tax Agency.

<i>same tax rates</i>	<p><u>Other services:</u></p> <p>Catering and restaurant services are also frequently considered ancillary.</p> <p>More details can be found on the website of the General Directorate of Taxation of the Spanish Ministry of Finance, www.minhap.gob.es.⁵⁹³</p>
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Input VAT

Input VAT in the Passenger Transport Sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<p><i>Exemption with credit (0 %)</i>⁵⁹⁴ <i>Art. 22 (1)-(7) and Art. 94 (1)(1)(c) of the VAT Act</i> </p> <p style="text-align: right;"><i>Art. 148 and Art. 376/Annex X, Part B, Items 11 and 12 of the VAT Directive</i> </p>
	<p><i>Qualifying vessels</i></p>
	<p>The following vessels qualify for the exemption:</p> <ul style="list-style-type: none"> • vessels capable of sailing on the high seas used for international maritime shipping⁵⁹⁵ in the exercise of commercial activities of transport of goods or passengers against payment, including tourist services or industrial or fishing activities. The exemption does not apply to vessels intended for sporting or recreational activities, or for general private use;⁵⁹⁶ • ships used exclusively for rescue or assistance at sea or for coastal fishing; and • warships.
	<p><i>Airlines operating chiefly on international routes</i></p>
	<p>The following aircraft qualify for the exemption:</p> <ul style="list-style-type: none"> • aircraft used exclusively by companies operating primarily in international air navigation and engaging in the commercial freight or passenger transport for a consideration; these companies are further defined as companies, which travel more than 50 % of the total distance during a certain period (usually 1 year) on international flights; international flights in turn are defined as flights beginning in Spain and ending abroad or beginning abroad and ending or landing either in Spain or abroad (stops for refuelling, repairs aso. are left out of scope); and • aircraft used by public entities in order to fulfil their duties.
<p><i>Supplies of goods and services covered</i></p>	
<p>The following supplies are covered:</p> <ul style="list-style-type: none"> • the supply, construction, modification, repair, maintenance, chartering (total or partial) and leasing of qualifying vessels; it is conditional that recipient is the company, which uses the vessel for the qualifying activities (see above) or, if applicable, is the public entity to use the warships for defence purposes. • the supply modification, repair, maintenance, chartering and leasing of qualifying aircraft 	

⁵⁹⁴ Art. 22 (1)-(7) of the VAT Act exempt the supplies and Art. 94 (1)(1)(c) allows the deduction of input VAT.

⁵⁹⁵ International maritime shipping is defined as shipping through maritime waters, where the journey (1) starts in a domestic and ends in a foreign port, or (2) the other way around or (3) begins and ends in any port, but stays outside territorial waters for more than 48 hours. The last point (3) is not applicable for vessels engaged in commercial goods or passenger transport. Stops for repairs, refuelling or similar do not count. A ship is considered used for international maritime shipping, when at least 50 % of the journeys made during a certain time period fulfil the criteria.

⁵⁹⁶ Art. 22 (1) 1. of the VAT Act, translation based on ECJ Case C-97/06 Navicon SA vs. Administración del Estado.

	<ul style="list-style-type: none"> the supply, maintenance, hiring, and repair of equipment, including fishing equipment, incorporated into or used on board qualifying vessels/aircraft; the delivery of supplies for qualifying ships/aircraft to its operator, except for supplies for consumption on board vessels for coastal fishing; and the supply of other services to meet the direct needs of qualifying vessels/aircraft and their cargoes. 			
<i>VAT on fuel</i>	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	21 %	yes	-
	Gas oil (diesel)	21 %	yes	exemption for railways ⁵⁹⁷ ; slight reduction for commercial use
	Kerosene	21 %	yes	-
	Liquefied Petroleum Gas (LPG)	21 %	yes	generally reduced rate for propellant use
	Electricity	21 %	yes	-
<i>VAT on means of transport</i>	<p><u><i>Cars and their trailers, motorcycles and mopeds:</i></u></p> <p>Input VAT on the purchase or lease of cars as well as related costs (fuelling, maintenance, repair, tolls,...) is generally only 50 %-recoverable, except for the following cases:⁵⁹⁸</p> <ul style="list-style-type: none"> the car is used by a driving school, for public transportation or by a commercial agent, or for certain other qualifying activities (Art. 95 (3) of the VAT Act), or the taxable person can prove, that the car is actually used for business purposes in a greater proportion. <p>Deloitte⁵⁹⁹ further states that – unless the car is used exclusively for business purposes – VAT incurred on car rental and fuel can only be deducted, if the car can be considered an investment good (i.e. it must be used in the company for at least one year).</p> <p>Input VAT on means of transport used for commercial passenger transport services and related expenses (repairs, fuel, maintenance aso.) will therefore be deductible in practically all cases.</p>			
<i>Special rules</i>	-			

Administrative Obligations

<i>VAT registration</i>	<p>The Spanish VAT laws provide no registration threshold. Businesses must therefore register before any taxable activities are started. This can be done by submitting Form 036 to the local tax office. Registration is granted automatically with the submission of the form and the applicant will receive a fiscal identification number. Required documents include an original certificate proving the existence of the company (if in a foreign language a sworn translation to Spanish must be enclosed) and the articles of association of the entity.</p> <p>In a second step a separate VAT number can be requested, which is especially necessary, if intra-community supplies or acquisitions are conducted.</p>
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⁵⁹⁷ Fuel used for railways is exempt from excise duties, but not from VAT (Art. 15 (1) (e) of Council Dir. 2003/96/EC).

⁵⁹⁸ IBFD (2012), p. 39.

⁵⁹⁹ Deloitte: GTC — Global Tax Center (Europe): European VAT refund guide 2013, https://www2.deloitte.com/content/dam/Deloitte/ie/Documents/Tax/2013_european_vat_refund_guide_deloitte_ireland.pdf, p. 171.

<i>Tax point</i>	In general, the chargeable event for services occurs, when they are performed. In case of advance payments the receipt date of the payment is relevant.
<i>VAT returns</i>	VAT returns must be submitted monthly, if the turnover in previous year exceeded EUR 6,010,121 or if the taxable person is included in the monthly VAT refund census (see “VAT refunds” below). The due date is the 20 th day of the following month, except for the return for July, which is due by 20 September. Other taxable persons can submit quarterly returns, due by 20 April, 20 July, 20 October and 30 January. Additionally an annual summary return is required, which is due by 30 January of the following year. Returns must be submitted electronically by taxable persons filing monthly returns, corporations and limited liability companies. In other cases electronic filing is optional.
	<i>Nil returns</i>
	Nil returns are required: When businesses are registered in Spain they have regular obligations and foreign carriers providing occasional passenger transport services in Spain must submit VAT returns for periods in which no taxable transaction occurred. ⁵⁹⁰
<i>VAT payable</i>	Payment of VAT is due by the same date the return must be submitted.
<i>VAT deductible</i>	Input VAT can only be deducted, if the invoice or another evidencing document is available (Art. 97 of the VAT Act).
<i>VAT refunds</i>	<u><i>General procedure:</i></u> A refund application is only possible in the last VAT return of the year. The authorities have 6 months to decide on the qualification of the refund, then late payment interest is paid. <u><i>Special procedure:</i></u> Taxable persons, who are included in the monthly VAT refund census, can apply for a refund every month. Again, the authorities have 6 months to decide, before late payment interest becomes due.
<i>Invoicing requirements</i> <small>600</small>	Invoices must be issued for taxable supplies, where the place of supply is in Spain, (with certain exceptions) as well as advance payments. For supplies to non-taxable persons an invoice must be issued immediately, in case of supplies to taxable customers by the 16 th of the following month. In certain cases simplified invoices can be used. This is especially the case if the amount does not exceed EUR 400 (incl. VAT), in case of certain transactions (including the transportation of passengers and their luggage) the amount may reach EUR 3,000. Simplified invoices must contain a serial number, the name and the tax registration number of the supplier, the date of issuance and – if different – the chargeable event, details on the type of goods or services supplied, the VAT rate or a “VAT included” notice, the total consideration and specific particulars as stated by law. Some of this information can be waived, if the tax authorities give permission. However, if simplified invoices are to be used to evidence deductible expenses or allowances, further contents must be included (tax identification number and address of the recipient, address of the supplier).

⁶⁰⁰ <http://www.garrigues.com/en/Publicaciones/Boletines/Documents/VAT-Bulletin-December-2012.pdf>.

	<p>Invoices can be issued in any language and currency, provided that</p> <ul style="list-style-type: none"> • VAT due must be shown in EUR, and • the authorities might require a translation into an official language of Spain in case of a tax inspection.
<i>Special regimes</i>	<i>Small Businesses</i>
	<p>There is no VAT exemption for small enterprises, but</p> <ul style="list-style-type: none"> • an optional simplified scheme for individual entrepreneurs and pass-through entities for income tax purposes, which conduct certain activities (e.g. restaurant services or transportation) and do not exceed a turnover of EUR 450,000⁶⁰¹; such businesses determine the amount of quotas due for the Value Added Tax, by virtue of indexes, modules and other parameters, and the amount of quotas in turn may be deducted in accordance with some special rules;⁵⁹³ and • an optional cash based scheme for enterprises with a turnover of not more than EUR 2,000,000 (Art. 163 decies ff. of the VAT Act);
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<p>Basically the same rules as for domestic persons apply. Foreign persons have to register, if they supply goods or services in Spain.</p> <p>In case a tax representative is appointed additional documents are necessary (power of attorney of the representative, authorization form, etc.).</p>
	<i>Registration for exempt international passenger transport services</i>
	<p>Foreign providers of exclusively exempt international passenger transport services (with deductibility of input VAT) have to register for VAT purposes in Spain and have to submit VAT returns, even for periods in which no taxable transactions occurred.⁵⁹⁰</p>
<i>Tax representative</i>	<p>Usually a tax representative must be appointed by non-resident taxable persons. Taxable persons established in an EU Member State, Ceuta, Melilla, or in a country, which has signed a mutual assistance agreement with Spain, are except from this obligation. The tax representative acts on behalf of the taxable person, but is not liable for the VAT-related liabilities.</p>
<i>Reverse charge</i>	<p>Yes, according to Art. 84 of the VAT Act the reverse charge procedure is widely applied, with only a few exceptions. Passenger transport is not mentioned as an exception.</p>
<i>Languages</i>	<p>VAT related procedures must be conducted in Spanish language. The supporting documents are not accepted in other languages and a certified translation is needed. The e-procedure of Directive 2008/9/EU is the exception.⁵⁹⁰</p>
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	<p>VAT incurred on business travel is refundable only to the extent the expenses are deductible for income tax purposes (Art. 96 (1) 6. of the VAT Act).</p>
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⁶⁰¹ IBFD (2012), p. 51.

2. Passenger Taxes

The Spanish Tax Authorities reported, that passenger taxes are in place in aviation and shipping. They are levied on passengers for passing through a port or airport.

Air Passenger Charges

With respect to aviation there are at least three different charges, which are added to the passengers' ticket price: The (airport) security charge is levied for the security inspections of passengers and baggage as well as for other control services in the airport, the PRM charge is destined to enhance the mobility, especially of passengers with reduced mobility, on the airport and ensure boarding and deboarding. The passenger charge finally is applied for the use of airport terminal areas and complementary airport facilities. While all three of these charges have the character of usage charges up to a certain degree (as they are common on airports across Europe), they are determined by law⁶⁰² and some sources cite especially the passenger charge as a kind of departure tax.⁶⁰³

Air passenger charges are levied on every passenger departing from an airport managed by Aena S.A. The current rates are⁶⁰⁴:

Flights within European Economic Area airports and International flights				
Airport	Passenger Charge		PRM	Security
	E.E.A.⁶⁰⁵	International		
Madrid-Barajas	15.81	22.38	0.61	3.78
Barcelona-El Prat	14.71	18.00		
Alicante, Gran Canaria, Palma de Mallorca, Málaga-Costa del Sol and Tenerife Sur	6,56	9.89		
Bilbao, Fuerteventura, Ibiza, Lanzarote, Menorca, Santiago, Sevilla, Tenerife Norte and Valencia	5.59	8.39		
Almería, Asturias, Coruña, Girona, Granada-Jaén, Jerez, La Palma, Murcia, Reus, Santander, Vigo and Zaragoza	4.01	6.01		
Albacete, Algeciras, Badajoz, Burgos, Ceuta, Córdoba, Cuatro Vientos, Hierro, Huesca, La Gomera, León, Logroño, Melilla, Sabadell, Salamanca, San Sebastián, Son Bonet, Pamplona, Vitoria and Valladolid.	2.62	3.94		
Domestic flights in Canary Islands, Balearic Islands, Ceuta and Melilla with the Peninsula				
Airport	Passenger Charge		PRM	Security
Gran Canaria, Palma de Mallorca and Tenerife Sur		5.58	0.52	3.21

⁶⁰² Art. 77 and 78 of Law 21/2003 (*Ley 21/2003, de 7 de julio, de Seguridad Aérea*), as amended, available on <http://www.boe.es/buscar/act.php?id=BOE-A-2003-13616>.

⁶⁰³ E.g. http://www.iata.org/whatwedo/Documents/economics/EU_Taxation_June_06.pdf; the booking system of British Airways (<https://www.britishairways.com>) also talks of the passenger charge as a 'departure tax'.

⁶⁰⁴ The rates stated here are those published by Aena S.A. in http://www.aena.es/csee/ccurl/715/518/Guia%20tarifas%20aena%20aeropuertos%202014_INGLES%20ed%20octubre.pdf, p. 10f. It seems those do not always fully correspond to other sources (e.g. Austrian Airlines, British Airways and Lufthansa state rates between EUR 16.42 and EUR 16.49 per passenger on a flight within the European Economic Area from Madrid-Barajas).

⁶⁰⁵ European Economic Area.

Fuerteventura, Ibiza, Lanzarote, Menorca and Tenerife Norte	4.75		
La Palma	3.41		
Ceuta, Hierro, La Gomera, Melilla and Son Bonet	2.23		
Inter-Islands flights in Canary and Balearic Islands			
Airport	Passenger Charge	PRM	Security
Gran Canaria, Palma de Mallorca and Tenerife Sur	1.97		
Fuerteventura, Ibiza, Lanzarote, Menorca and Tenerife Norte	1.68	0.18	0.57
La Palma	1.20		
Hierro, La Gomera y Son Bonet	0.79		
Remarks			
<ul style="list-style-type: none"> • Passenger and security rates for transfer passengers are reduced by 30 % • Passenger and security rates at Palma de Mallorca, Menorca, Ibiza and Son Bonet Airports are reduced by 20 % in the off-season (November to March) • The reduced rates for domestic and inter-island flights are not applicable to private flights, which are always taxed at the E.E.A. or international rate 			

Taxpayers are the airline companies, administrations, organizations and individuals carrying passengers from airports managed by Aena S.A., but the charge is usually passed on to the passengers.

In the course of the upcoming partial privatization of Aena S.A. there have also been new developments with respect to airport charges recently, in the course of which the rates have been frozen until 2025 subject to certain conditions.⁶⁰⁶

Port Passenger Charges

There are also charges for passengers embarking or disembarking in Spanish ports (and their luggage), as well as for vehicles. These are levied for the use of docks facilities, land access, passageways and other port facilities. The tax is paid by the ship's agent or the shipowner, but it is usually passed on to the passengers via the ticket price. The tax depends on the number of passengers embarking or disembarking and the number and the type of vehicles transported, in case of cruise passengers also the number of passengers and days in transit are taken into account. Further factors include a corrective coefficient by the port authority and other coefficients representing e.g. type of passengers, vehicles and service. Details are laid down in Art. 205 to 210 of the Royal Decree No. 2/2011, of 5 September⁶⁰⁷, and can also be found on the private website <http://www.tasasportuarias.es>. Taking Bilbao as an example, the charges range from EUR 2.54 to EUR 3.39 per passenger (transport regime) and EUR 2.54 to EUR 4.07 per passenger (and day or fraction) for cruise passengers.⁶⁰⁸

⁶⁰⁶ See e.g. <http://www.cadenadesuministro.es/noticias/el-gobierno-congela-las-tasas-aeroportuarias-para-los-proximos-diez-anos/>, <http://www.revista80dias.es/2014/07/07/8740/el-gobierno-podra-vender-aeropuertos-de-forma-individual/> and Real Decreto-ley 8/2014, de 4 de julio, de aprobación de medidas urgentes para el crecimiento, la competitividad y la eficiencia (https://www.boe.es/diario_boe/txt.php?id=BOE-A-2014-7064).

⁶⁰⁷ Real Decreto Legislativo 2/2011, de 5 de septiembre, por el que se aprueba el Texto Refundido de la Ley de Puertos del Estado y de la Marina Mercante, available on https://www.boe.es/diario_boe/txt.php?id=BOE-A-2011-16467.

⁶⁰⁸ Details can be found on http://www.bilbaoport.es/aPBW/web/es/autoridad/tasas/tasas_y_tarifas/T2/index.jsp.

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Websites

<http://www.agenciatributaria.es>.



Sweden

1. Value Added Tax (*Mervärdesskatt*)

VAT Overview

Basic VAT Information					
<i>Name</i>	<i>Mervärdesskatt</i>				
<i>Legal basis</i>	VAT Act 1994 (SFS 1994:200, <i>Mervärdesskattelag</i>) VAT Ordinance (SFS 1994:223, <i>Mervärdesskatteförordning</i>) Law on Payment of Tax (2011:1244, <i>Förslag till vissa förändringar av reglerna i skatteförfarandelagen</i>)				
<i>Additional documents</i>	Bill concerning the implementation of the VAT directives (prop. 1994/95:57) Various VAT Manuals, brochures and opinions published by the tax authorities				
<i>Territorial application</i>	For purposes of VAT Sweden comprises the territory of the country (including the free ports) and the territorial sea, which is defined as the waters within 12 nautical miles of the coastline. Furthermore the continental shelf and the exploitation of its natural resources are covered, subject to certain conditions. ⁶⁰⁹				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	25 %	12 %, 6 %	-	-	0 %



Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	The definition of passenger transport with respect to VAT is rather wide and includes most forms of passenger conveyance. Excluded are merely cases, where the transport element is of subordinate importance (e.g. ski lifts, if access to the skiing area is included; fairground attractions; elevator transport to a look-out; aso.), also not included is the hiring of means of transport without a driver. Balloon rides, funiculars, heritage railways and similar are however considered passenger transport. ⁶¹⁰
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	Cruises and sightseeing tours are considered as passenger transport. The only reason for a different treatment is if they are sold as a package with other services and it therefore would be considered as a travelling service (Chapter 9 b VAT Act). ⁶¹¹









































⁶⁰⁹ IBFD (2012), p. 32.

⁶¹⁰ See e.g. VAT Guidelines 2013 – part 1, Chapter 10.5.4.3 and Chapter 13.4.9; letter of the National Tax Board [RSV:s skrivelser] 010116, Dnr. 454-01/100, available on <http://www.skatteverket.se/rattsinformation/skrivelser/arkiv/ar/2001/2001/skrivelser20010116.4.18e1b10334ebe8bc80003030.html>.

⁶¹¹ Reply to our questionnaire by Skatteverket.

<i>Place of supply</i>	<i>Chapter 5, Section 9 of the VAT Act</i> 
	<i>Art 48 of the VAT Directive</i> 
	<p>Passenger transport services are taxable in Sweden only if they are wholly carried out in Sweden (Chapter 5, Sect. 9 of the VAT Act). According to Skatteverket sections in international waters are considered domestic, as long as neither foreign territory nor foreign territorial waters are crossed.^{612 613}</p> <p>Passenger transport services carried out both in Sweden and other countries on the contrary are deemed to be supplied completely outside of Sweden and are therefore not subject to Swedish VAT.⁶¹⁴ It does not matter in this respect, if the customer is a taxable person or not. Also the length of the foreign section is of no relevance and the rule even holds, if the foreign section is only due to logistical reasons.⁶¹⁵ The Swedish place of supply rules therefore differ in that respect from the VAT Directive in case of international passenger transport, which is a derogation based on Art. 380 of the VAT Directive.</p>
	<i>Exceptions</i>
	-

Rates and Special Schemes

<i>Rates applicable⁶¹⁶</i>		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
		Road	6 % 	0 % 
	Taxi	6 % 	0 % 	0 % 
	Bus (sched.)	6 % 	0 % 	0 % 
	Bus (non-s.)	6 % 	0 % 	0 % 
	Rail	6 % 	0 % 	0 % 
	Train	6 % 	0 % 	0 % 
	HSR	6 % 	0 % 	0 % 
	Metro	6 % 	-	-
	Tram	6 % 	-	-
	Inland Waterways	6 % 	0 % 	0 % 
	sched.	6 % 	0 % 	0 % 
	non-s.	6 % 	0 % 	0 % 
	Maritime Shipping	6 % 	0 % 	0 % 
	sched.	6 % 	0 % 	0 % 
	non-s.	6 % 	0 % 	0 % 



















⁶¹² Skatteverket, tax opinion of 2010-12-17, dnr 131 750625-10/111, available on <http://www.skatteverket.se/rattsinformation/stallningstaganden/2010/stallningstaganden2010/13175062510111.5.6fdde64a12cc4eee23080006273.html>.

⁶¹³ Skatteverket (Swedish Tax Agency): VAT on foreign trade, SKV 560B Edition 3, p. 16.

⁶¹⁴ However this does not apply to services which are subject to the travel operators' margin scheme.

⁶¹⁵ VAT Guideline 2013 – part 1, Chapter 10.5.4.2.



⁶¹⁶ 0 % here means, that international passenger transport services are out of scope of Swedish VAT, but input VAT can be deducted.

	Air	6 % 	0 % 	0 % 
	sched.	6 % 	0 % 	0 % 
	non-s.	6 % 	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal background</i>			
	International and intra-community passenger transport services are generally not subject to Swedish VAT. Since the deduction of input VAT is permitted, those services are practically zero-rated. Domestic passenger transport is subject to the reduced rate of 6 %. The details are:			
		Reduced Rate (6 %) Normal Scope	<i>Chapter 7, Sect. 1, third par., Item 11 of the VAT Act</i> <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i>	 
	Domestic passenger transport is taxed at 6 % (VAT Act, Ch.7, Sect. 1, third paragraph, nr. 11; based on VAT Directive Art. 98 in conjunction with Annex III, Item 5). For the scope of passenger transport with respect to VAT see section “Definition of Passenger Transport” above.			
		Outside scope with credit (0 %) Derogation	<i>Chapter 5, Sect. 9 and Chapter 10, Sect. 11 of the VAT Act</i> <i>Art. 380 and Annex X, Part B, Item 10 of the VAT Directive</i>	 
	International and intra-community passenger transport services are not subject to VAT in Sweden (Chapter 5, Sect. 9 of the VAT Act), but deduction of input VAT is allowed, treating them effectively as zero-rated.			
<i>Special schemes</i>		Exempt (no credit) Normal Scope	<i>Chapter 3, Sect. 5 of the VAT Act</i> <i>Art. 132 (1)(p) of the VAT Directive</i>	 
	The transport of sick or injured persons with vehicles specially equipped for such transports is exempt.			
	<i>Special schemes for providers of passenger transport services</i>			
Supplementary Information				
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>			
	Passenger transport services are considered domestic and are therefore taxable in Sweden only if they are wholly carried out in Sweden (Chapter 5, Sect. 9 of the VAT Act). If only a short section of the passenger transport service is in foreign territory/territorial waters, the service is not taxable in Sweden as it is deemed to be supplied abroad. The length of the foreign section is of no relevance and the rule even holds, if the foreign section is only due to logistical reasons. ⁶¹⁷ Sections through international waters do not constitute an international service (which is out of the scope of Swedish VAT) as long as			

⁶¹⁷ VAT Guideline 2013 – part 1, Chapter 10.5.4.2.

	<p>neither foreign territory nor foreign territorial waters are crossed.</p> <p>The criterion is assessed for each passenger. For example if the journey starts and ends in Sweden the consumption is taxed in Sweden.^{618 619 620}</p>
	<p><i>Two-sector trips</i></p> <p>If the trip consists of two steps and there is only one provider, it is considered to be a single travelling service.</p> <p>If the trip consists of two steps and there are different providers, each step is deemed a separate trip. For example a bus trip from Stockholm city to Arlanda airport is consumed and taxed in Sweden even if the consumer are going to travel abroad with an airplane from Arlanda airport.⁶¹¹</p>
	<p><i>International waters/airspace</i></p> <p>Journeys starting and ending in Sweden, but passing through international waters or airspace, are considered domestic. Also the part of the trip that is taking place on international water or airspace is taxed. In reality this concerns taxation of travels between the Swedish mainland and the island of Gotland.⁶²⁰</p>
<i>Ancillary services subject to the same tax rates</i>	<p><u><i>Accompanying luggage, accompanying vehicles, other services:</i></u></p> <p>The transport of personal luggage and of accompanying vehicles is treated as part of the passenger transport service, even the ferry transport of busses and taxis, as long as together with the passenger(s). Also covered are incidental services like berth, but not supplies destined for passenger entertainment or comfort (e.g. newspapers, movies, aso.), which are treated as separate supplies.</p>

Input VAT

Input VAT in the Passenger Transport Sector	
	<p style="text-align: right;"><i>Chapter 3, Art. 21-22 and 23 (4) & Chapter 5 VAT Act</i> </p> <p><i>Exempt/out of scope with credit (0 %)⁶²¹</i> <i>Art. 148, Art. 371 and Annex X, Part B, Item 11 of the VAT Directive</i> </p>
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<i>Qualifying vessels</i>
	See section 'Additional Information' below.
	<i>Airlines operating chiefly on international routes</i>
	<p>Since 1 January 2014 the Swedish rules resemble those of the VAT Directive. Airlines are considered operating for reward chiefly on international routes, if the domestic operations are less comprehensive than its international ones – taking into account all proper metrics including sales.</p>

⁶¹⁸ Skatteverket, tax opinion of 2010-12-17, dnr 131 750625-10/111, available on <http://www.skatteverket.se/rattsinformation/stallningstaganden/2010/stallningstaganden2010/13175062510111.5.6fdde64a12cc4eee23080006273.html>.

⁶¹⁹ Skatteverket (Swedish Tax Agency): VAT on foreign trade, SKV 560B Edition 3, p. 16.

⁶²⁰ With comments/additions by Skatteverket.

⁶²¹ Chapter 3, Art. 21-22 and 23 (4) exempt the supplies, input VAT can be deducted (see VAT Brochure, SKV 552B Edition 12, p. 15).

	<i>Supplies of goods and services covered</i>			
	See section 'Additional Information' below.			
	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
<i>VAT on fuel</i>	Petrol	25 %	yes	-
	Gas oil (diesel)	25 %	yes	exemption for railways
	Kerosene	25 %	yes	-
	Liquefied Petroleum Gas (LPG)	25 %	yes	-
	Electricity	25 %	yes	exemption for railways and public transport
<i>VAT on means of transport</i>	<i>Passenger cars and motorcycles</i>			
	<p>Basically there are some restrictions regarding the deduction of VAT incurred on the supply of passenger cars and motorcycles as well as their operation costs (Chapter 8, Section 15 and 16 of the VAT Act):</p> <ul style="list-style-type: none"> • VAT incurred on the purchase of passenger cars⁶²², including optional extras, is not deductible, except if used for certain activities (e.g. resale, taxi traffic, hiring); • VAT paid on hiring and leasing of passenger cars is usually 50 % deductible, but if used for taxi traffic or certain other activities, full deduction is allowed; • VAT on running costs is fully deductible, even if the car is also used for non-business activities. <p>Vehicles used for commercial passenger transport and related costs will therefore usually be fully deductible.</p> <p>If VAT has been deducted at the time of purchase, this will be adjusted if the car is used for private purposes. Regarding the running costs the benefit is taxed as an income for the user.⁶²⁰</p>			
<i>Special cases</i>	Special rules are in place regarding VAT on the tolls for the Øresund Bridge (SFS 2000:142 ⁶²³). These rules are a derogation from the VAT Directive based on Art. 395 of the VAT Directive and currently limited until 31 December 2020. ⁶²⁴			

Administrative Obligations

<i>VAT registration</i>	The registration for VAT shall be submitted before ⁶²⁵ the start of the commercial activities (in paper or electronically). Even if the supplies are exempt, a registration can be required in order to obtain input VAT refunds. ⁶²⁶ VAT returns must also be submitted from the start of the commercial activities and the taxable persons are also entitled to deduct VAT from this time, even in those cases where the commercial activities is not registered. ⁶²⁰
<i>Tax point</i>	The VAT liability (for domestic transactions) arises at the time, the goods are delivered or the services are supplied or, if first, the payment is received. VAT shall be reported in the period, in which the invoice is received or issued. However, it is also possible to account for VAT in the period, in which the supply took place, if applied consistently.

⁶²² For a definition of passenger cars according to the VAT Act see the VAT Brochure, p. 33.

⁶²³ <http://www.notisum.se/rnp/sls/lag/20000142.HTM>.

⁶²⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:316:0039:0040:EN:PDF>.

⁶²⁵ At least 14 days according to <http://www.skatteverket.se/foretag/moms/registrerasformoms.4.58d555751259e4d66168000372.html>.

⁶²⁶ VAT Brochure, p. 5.

<i>VAT returns</i>	<p>By general rule VAT returns have to be submitted quarterly, return and payment are due within 1 month and 12 days (17 in January and August) from end of period which they refer to.</p> <p>Monthly returns are required, if the annual turnover is estimated to exceed SEK 40 mio. (~EUR 4.5 mio) (excluding intra-Community acquisitions and imports) in the tax year. In certain cases taxable persons with less turnover will also have to file monthly returns (or can opt to do so). Returns and payment are due within 26 days from end of the period which they refer to.</p> <p>If the estimated annual turnover (again excluding intra-Community acquisitions and imports) is lower than SEK 1 mio. (~EUR 111,000), VAT can be declared in a single annual tax return, which is due by the 26th day of the month after the tax year. Opting out for more frequent returns is possible.</p> <p>If a taxable person has requested to report VAT for a shorter period, the taxable person has to continue to do so for at least one year, unless there are special circumstances.⁶²⁰</p>
	<i>Nil returns</i>
	Nil returns are obligatory, if the taxable person is registered for VAT in Sweden. ⁶¹¹
<i>VAT payable</i>	Payment must be received by the tax authorities at the date the return is due.
<i>VAT deductible</i>	The right to deduct input VAT arises, when the respective transaction is (or should have been) entered in the books. However, deduction is not allowed before a correct invoice is available for verification. ⁶²⁷
<i>VAT refunds</i>	A VAT surplus is usually automatically refunded within a few days after the Swedish Tax Agency has received the declaration. But if the declaration contains faults or is subject to verification, refund can be delayed. ⁶¹¹
<i>Invoicing</i>	<p><u>Domestic passenger transport services:</u></p> <p>Simplified invoices are allowed if</p> <ul style="list-style-type: none"> • the invoiced amount is below SEK 2,000 or • commercial/administrative practice in the sector or technical requirements make it difficult to comply with the normal requirements, which holds for services supplied as part of the public transport system.⁶²⁸ <p>The following information is required: issue date, seller identification data, description of goods/services supplied, tax due or information needed to calculate it.</p> <p>Swedish VAT can be shown in SEK or EUR.⁶²⁹</p> <p>The timeframe for issuing invoices is not defined exactly, but refers to good business practices of the relevant sector.⁶³⁰</p> <p><u>International passenger transport services:</u></p> <p>As international passenger transport is deemed to be supplied outside Sweden, there is no obligation to issue invoices (Chapter 11, Sect. 2 VAT Act).</p>

⁶²⁷ VAT Brochure, p. 21. For taxable persons using the final-accounts method special rules apply.

⁶²⁸ European Commission – TAXUD/c/1 (2010), p. 13f.

⁶²⁹ VAT Brochure, p. 18.

⁶³⁰ VAT Brochure, p. 17.

<i>Special regimes</i>	<i>Small Businesses</i>
	There is no registration threshold for small enterprises. Any business, which makes taxable supplies in Sweden, is required to register for VAT.
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<u><i>Foreign suppliers with a fixed establishment in Sweden:</i></u> To foreign suppliers with a fixed establishment in Sweden the same rules as for domestic companies apply (standard registration form, registration at the tax office at the place of establishment aso.). VAT returns must be submitted from the start of the commercial activities and the taxable persons are also entitled to deduct VAT from this time, even in those cases where the activities are not registered. ⁶²⁰
	<u><i>Foreign suppliers without a fixed establishment in Sweden:</i></u> The application for registration should be submitted at least two weeks before the start of the business activities. ⁶³¹ A special registration form (SKV 4632) must be used. The competent tax office is Stockholm or Malmö (depending on the supplier's country of origin). Foreign companies without a fixed establishment in Sweden should only be registered for VAT in Sweden, if they are taxable for VAT in Sweden. If the foreign company only conduct business that is not taxable in Sweden, for example passenger transport that only partly takes place in Sweden, it should not be registered for VAT in Sweden. Foreign companies without a fixed establishment in Sweden that are not registered and taxable in Sweden can apply for a return of VAT. (Chapter 7, Sect. 1 first paragraph 3 Law on Payment of Tax, Chapter 10 Section 1-3 and Chapter 19 VAT Act.) ⁶²⁰
	<u><i>Registration for out-of-scope international passenger transport services</i></u>
	As international passenger transport is outside the scope of Swedish VAT, a registration is not necessary.
<i>Tax representative</i>	The appointment of a tax representative is obligatory for providers from countries, with which Sweden has no mutual assistance agreement ⁶³² , otherwise it is optional. A bank guarantee is only necessary in certain cases, if the financial position is unclear.
<i>Reverse charge</i>	Sweden has adopted the reverse charge procedure for certain supplies of goods and most supplies of services, however reverse charge is not applied to passenger transport services.
<i>Languages</i>	Forms are in Swedish only, instructions are also available in English. ⁶³³ Tax procedures can be conducted in Swedish or English, but also other languages can be accepted. ⁶²⁰
<i>Special rules</i>	-

⁶³¹ European Commission – TAXUD/c/1 (2010), p. 6.

⁶³² I.e. most countries except for EU Member States, Greenland, Norway, Iceland, Åland and Faroe Islands.

⁶³³ European Commission - TAXUD/c/1, p. 17 or <http://www.skatteverket.se/foretagorganisationer/sjalvservice/blanketterbroschyrrer/blanketter/omrade/mervardesskattmoms.4.233f91f71260075abe8800051297.html>.

Business Travel

VAT deductible	There is no restriction with respect to the deductibility of VAT incurred of business travel. The general refund rules apply. ⁶³⁴
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Additional Information

Exemptions related to international transport (Art. 148-150 VATD), supplies covered

The Swedish legislation regarding exemptions granted to international transport is structured a bit differently from the VAT Directive:

Treated as supplied abroad:

First, a number of supplies in connection with international traffic⁶³⁵ are considered as supplied abroad, namely (Chapter 5, sections 1, 3a and 19 of the VAT Act)⁶³⁶:

- Goods and services supplied on board ships and aircraft in international travel – to passengers or the operating company – are treated like exports and deemed to be supplied abroad, except for goods sold during intra-community passenger transport on ships, aircraft and trains⁶³⁷ (Chapter 5, Sect. 1, 3rd paragraph);
- Goods for use on board ships and aircraft in international traffic⁶³⁸ (Chapter 5, Sect. 3a (4) of the VAT Act);
- Food for sale on board ships and aircraft in passenger traffic between EU countries (Chapter 5, Sect. 3a (4a) of the VAT Act);
- Goods for consumption on board ships or aircraft in intra-community travel (Chapter 5, Sect. 3a (5) of the VAT Act);
- Services relating to ships and aircraft in international traffic, including port and airport services, services with respect to their equipment and other goods for the use on such ships/aircraft (Chapter 5, Sect. 19 (1) of the VAT Act);

For details on stages, on which these exemptions are applied, as well as additional requirements see tax position 2013-01-31⁶³⁹ and the relevant chapters of the VAT Guidelines 2013.

Exemptions corresponding to Art. 148 of the VAT Directive:

Further provisions regarding the exemptions with respect to international transport are contained in Chapter 3, Sect. 21 and 22 of the VAT Act. The Swedish VAT law exempts the following vessels and aircraft from VAT (Chapter 3, sect. 21-22 VAT Act):

⁶³⁴ IBFD (2012), p. 67.

⁶³⁵ “International traffic” means traffic to foreign ports or airports, which can be in Member States or third countries; the same holds for fishing in international waters; vessels used for private purposes will not benefit from the exemptions (VAT Guidelines 2013, p. 287).

⁶³⁶ For more information see VAT Guidelines 2013, Chapter 9.7.3.

⁶³⁷ Sales of goods on board ships, aircraft and trains on intra-community journeys are subject to Swedish VAT, if the first place of passenger embarkation is Sweden. Åland is treated as a third country for VAT purposes (see Skatteverket (Swedish Tax Agency): VAT on foreign trade, SKV 560B Edition 3, p. 12; Chapter 5, Section 2b VAT Act).

⁶³⁸ This may include also goods other than those needed for operation of the ship or consumption on board (VAT Guidelines 2013, p. 289 and <http://www.skatteverket.se/rattsinformation/stallningstaganden/arkiv/ar/2006/stallningstaganden2006/13146397106111.5.49fb85051197aa37a4d8000786.html>).

⁶³⁹ <http://www.skatteverket.se/rattsinformation/stallningstaganden/2010/stallningstaganden2010/1317080410111.5.50a6b4831275a0376d380003372.html>.

Vessels (Chapter 3, Sect. 21 (1), (2) and 22 VAT Act):

Qualifying ships are:

- Ships for commercial shipping or fishing (includes transport of own goods, rental of manned vessels, chartering,...):
 - Conditional is that the ship is almost exclusively used for the said activities and only slightly or not at all for other purposes.
 - The exemption for ships for commercial fishing also applies to ships, which are not specifically equipped for fishing, as long as they are supplied to fisheries.
 - Ships are defined as vessels whose hull has a length of at least 12m and a beam of at least four metres, smaller vessels are called boats and do not profit from the exemption.
- Ships for towing or salvaging, irrespective of their size, if they are not or only to a minor extent used for other purposes.
- Lifesaving vessels supplied to the Swedish Sea Rescue Society.

Furthermore the exemptions do not apply to vessels the navigability of which is of secondary importance with respect to their main function (e.g. fire-extinguishing vessels, floating docks, pontoon cranes, aso.). However hovercraft might be exempt, if the other criteria are fulfilled.

Aircraft (Chapter 3, Sect. 21 (3) of the VAT Act):

Until 31 December 2013 the Swedish exemption with respect to aircraft had a somehow different scope than the VAT Directive. It covered any aircraft for the commercial conveyance of passengers or goods, irrespective of the international focus of the company. It was sufficient that the individual aircraft was used for commercial passenger or freight transport. The EC legislation on the other hand relies on the properties of the airline, not the individual aircraft, (Art. 148 e-f of the VAT Directive). Therefore situations could arise, which enabled an exemption according to the VAT Directive, but not based on the Swedish VAT Act (aircraft used by airlines operating mainly on international routes, but not for commercial passenger or freight transport). In such cases Skatteverket applied the relevant provisions of Art. 148 of the VAT Directive directly, if this was beneficial for the taxable person.⁶⁴⁰

As of 1 January 2014 Sweden adjusted the national rules to resemble the VAT Directive.

Regarding the definition of airlines operating chiefly on international routes, the tax position relies on the judgements of EC Case C-382/02, which says that at least companies, whose domestic operations are less comprehensive than its international ones – taking into account all proper metrics including sales – are covered.

Scope of the goods and services covered:

- (a) Supply of ships/aircraft and services to ships/aircraft:
 - Chartering, hiring (Chapter 3, Sect. 21 (4) of the VAT Act)
 - Modification, repair, maintenance (Chapter 3, Sect. 21 (4) of the VAT Act)
- (b) Supply of equipment and services related thereto (Chapter 3, Sect. 21 (5) and (6) of the VAT Act):
 - Parts, accessories or equipment for such vessels/aircraft, and services related thereto, supplied to the owner or the permanent user;
 - The VAT Guidelines give additional information on what is covered by this rule and mentions e.g.:
 - Permanent fixtures as machinery;

⁶⁴⁰ Tax position 2010-03-18, available on <http://www.skatteverket.se/rattsinformation/stallningstaganden/2010/stallningstaganden2010/1317080410111.5.50a6b4831275a0376d380003372.html>.

- Accessories associated with navigation and seaworthiness, e.g. nautical equipment, life-saving equipment, engine supplies, spare parts, materials for maintenance and repair aso., but not fishing gear like trawls.
 - The exemption covers also equipment not directly associated with the ship/aircraft itself, but necessary for crew and passengers, like kitchen equipment, carpets, cutlery and crockery.
 - Not included are products which have the character of consumables (provisioning, electricity, uniforms aso.) and fuel.
- (c) Fuelling and provisioning:
 - Fuelling and provisioning of ships and aircraft in international traffic is treated as being supplied abroad (see above).
 - Gasoline and kerosene for aviation is generally exempt (Chapter 3, Art. 23 (4) of the VAT Act)
- (d) Other services:
 - Services relating to ships and aircraft in international traffic, including port and airport services, services with respect to their equipment and other goods for the use of such ships/aircraft are treated as supplied abroad according to Chapter 5, Sect. 19 (1) of the VAT Act. These include e.g. waste management, surveillance, salvage, towage, pilotage, radio communication services, harbour dues and airport fees, and washing of bedding and table cloths, but not gating, loading and unloading⁶⁴¹.
- (e) Brokers and intermediaries
 - The services of brokers and intermediaries in connection with supplies according to Chapter 3, Art. 21 of the VAT Act are also exempt (Chapter 3, Art. 21a of the VAT Act).

On which stages can these exemptions be applied?

Skatteverket also provides detailed regulations on which stages the above mentioned supplies may be exempt, for example:

- rental is exempt only in the final stage, i.e. directly to the person using the ship/aircraft for commercial shipping aso.;
- other services can be exempt on more stages;
- the sale and rental of parts, accessories and equipment as well as the supply of services (repair, maintenance, aso) may be exempt in multiple stages;

However, a further analysis about the stages, on which these exemptions can be applied, goes beyond the scope of this study. For details see Tax position 2013-01-31.⁶⁴²

2. Passenger Taxes

None.

⁶⁴¹ See VAT Guidelines 2013, Chapter 4.6.

⁶⁴² See e.g. Tax position 2013-01-31, Dnr. 131 608720-12/111, available on <http://www.skatteverket.se/rattsinformation/stallningstaganden/2013/stallningstaganden2013/13160872012111.5.3684199413c956649b537d3.html>.

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 **United Kingdom**

1. Value Added Tax

VAT Overview

Basic VAT Information					
<i>Name</i>	Value Added Tax				
<i>Legal basis</i>	Value Added Tax Act 1994				
<i>Additional documents</i>	HMRC Notices ⁶⁴³ , HMRC Manuals ⁶⁴⁴				
<i>Territorial application</i>	For VAT purposes, the territory of the United Kingdom comprises England, Wales, Scotland, Northern Ireland and the self-governing Isle of Man (due to a special arrangement with the UK), but not the Channel Islands.				
<i>VAT rates</i>	<i>Standard</i>	<i>Reduced</i>	<i>Super-reduced</i>	<i>Parking</i>	<i>Zero</i>
	20 %	5 %	-	-	0 %

Output VAT

Output VAT in the Passenger Transport Sector	
<i>Definition of „passenger transport“</i>	Passenger transport services are supplied, if “ <i>a vehicle, ship or aircraft is provided together with a driver or crew, for the carriage of passengers</i> ”. ⁶⁴⁵ Hiring a means of transport without a driver or crew or providing just a driver without a means of transport is therefore not considered passenger transport. The same holds for facilities, which mainly serve entertainment purposes, like donkey rides, miniature railways, roundabouts and other fairground attractions and similar.
	<i>A-to-A passenger transport services (cruises, sightseeing tours)</i>
	They are normally zero-rated, unless they fall within one of the exclusions in Note 4A to Schedule 8, Group 8, VAT Act 1994. ⁶⁴⁶
<i>Place of supply</i>	<i>Schedule 4A, Item 2 of the VAT Act</i>  <i>Art. 48 of the VAT Directive</i> 
	Passenger transport services are supplied in the country, where the transportation takes place; in case of international transport the allocation is based on the distances covered.

⁶⁴³ Especially relevant for passenger transport is Notice 744A Passenger Transport, available on http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_ShowContent&propertyType=document&id=HMCE_CL_000161.

⁶⁴⁴ Transport is especially dealt with in the VTRANS-Manual, available on <http://www.hmrc.gov.uk/manuals/vtransmanual/index.htm>.

⁶⁴⁵ HMRC Notice 744A Passenger Transport, December 2009, ch. 1.2.

⁶⁴⁶ Reply to our questionnaire by HMRC.

		<i>Exceptions</i>		
		Passenger transport services taking place between two points in the UK, but passing through another country without having a (scheduled) stop there, are deemed to be wholly in the UK. Therefore a ferry transport from Northern Ireland to Scotland through international or Irish waters is deemed to be completely in the UK, whereas the same transport has to be split in domestic and foreign sections, if there is an additional scheduled stop in Ireland (Item 2 (2) of Schedule 4A VAT Act).		
Rates and Special Schemes				
		<i>domestic</i>	<i>intra-community</i>	<i>extra-EU</i>
<i>Rates applicable</i>	Road	0 % $\text{\textcircled{D}}$: ≥ 10 p., post ⁶⁴⁷ 20 % : < 10 p. $\text{\textcircled{S}}$	0 % ⁶⁴⁸ $\text{\textcircled{D}}$	0 % ⁶⁴⁸ $\text{\textcircled{D}}$
	Taxi	20 % $\text{\textcircled{S}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Bus (sched.)	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Bus (non-s.)	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Rail	0 % $\text{\textcircled{D}}$ ⁶⁴⁹ (5 % $\text{\textcircled{R}}$) ⁶⁵⁰	0 % ⁶⁴⁸ $\text{\textcircled{D}}$	0 % ⁶⁴⁸ $\text{\textcircled{D}}$
	Train	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	HSR	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Metro	0 % $\text{\textcircled{D}}$	-	-
	Tram	0 % $\text{\textcircled{D}}$	-	-
	Inland Waterways ⁶⁵¹	0 % $\text{\textcircled{D}}$: ≥ 10 p. 20 % $\text{\textcircled{S}}$: < 10 p.	0 % ⁶⁴⁸ $\text{\textcircled{D}}$	0 % ⁶⁴⁸ $\text{\textcircled{D}}$
	scheduled	0 % $\text{\textcircled{D}}$ / 20 % $\text{\textcircled{S}}$ ⁶⁴⁹	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	non-sched.	0 % $\text{\textcircled{D}}$ / 20 % $\text{\textcircled{S}}$ ⁶⁴⁹	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	Maritime shipping ⁶⁵¹	0 % $\text{\textcircled{D}}$: ≥ 10 p. 20 % $\text{\textcircled{S}}$: < 10 p.	0 % ⁶⁴⁸ $\text{\textcircled{D}}$	0 % ⁶⁴⁸ $\text{\textcircled{D}}$
	scheduled	0 % $\text{\textcircled{D}}$ ⁶⁴⁹	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
	non-sched.	0 % $\text{\textcircled{D}}$ ⁶⁴⁹	0 % $\text{\textcircled{D}}$	0 % $\text{\textcircled{D}}$
















⁶⁴⁷ Passenger transport in vehicles designed or adapted to carry not less than 10 persons and passenger transport provided by a universal postal service provider (irrespective of the size of the vehicle) is zero-rated. In other cases usually the standard rate is applied, however there are additional exceptions for vehicles with less than 10 seats adapted for the transport of people with disabilities. For details see section “legal background” below. The rates stated for bus and taxi will apply in most cases, but exceptions are possible (e.g. transport using a taxi with 10 seats or more is still zero-rated, transport using a bus modified to carry only 9 persons will be standard-rated).

⁶⁴⁸ Irrespective of the size of the vehicle. In rare cases (e.g. in connection with admission to a place of entertainment; see section “additional information”) the standard rate might be applicable.

⁶⁴⁹ In very rare cases (vehicles with less than 10 seats or in connection with admission to a place of entertainment, recreation or amusement – see section “additional information”) the standard rate might apply.

⁶⁵⁰ Small cable-suspended transport systems (e.g. cable-cars, chairlifts, ski-lifts), where each chair, bar, gondola or similar vehicle has a carrying capacity of not more than 9 passengers.

⁶⁵¹ 0 %: with ships designed or adapted to carry not less than 10 persons;
20 %: with ships for less than 10 persons or except from zero-rating according to Legal Notes (see “additional information”).

	Air ⁶⁵²	0 %  : ≥10 p., post, scheduled. 20 %  : otherwise	0 % ⁶⁵³ 	0 % ⁶⁵³ 	
		scheduled	0 %  ⁶⁴⁸	0 % 	0 % 
		non-sched.	0 %  / 20 %  ⁶⁵²	0 % 	0 % 
<i>Rates – legal background</i>	<i>Legal background</i>				
	<p>Passenger transport services are widely zero-rated in the United Kingdom, as a derogation following VAT Directive Art. 371 (in conjunction with Annex X, Part B, (10)). The relevant national regulations can be found in Schedule 8, Group 8, Item 4 of the VAT Act. The main cases, in which the standard rate of 20 % applies (divergent to the majority of zero-rated services) are domestic passenger transport in means of transport with less than 10 seats and transport services which mainly serve entertainment purposes.</p> <p>For perks, incidental services (like accompanying pets, luggage and vehicles, airport passenger charges, seat reservations, sleeping berths aso.) and ancillary supplies (e.g. catering), the same rate as for the passenger transport is applied, if they form an integral element of the supply of the passenger transport and meet certain other conditions.⁶⁵⁴</p> <p>In detail, the provisions are as follows:</p>				
	<p> Standard Rate (20 %) Normal Scope</p>				
	<p>The standard rate of 20 % is applied to all passenger transport services not covered by any of the special provisions below. The most important cases are transport services with taxis or minibuses and transport services, which mainly serve entertainment purposes (e.g. pleasure flights).</p>				
	<p> Zero-Rate (0 %) <i>Schedule 8, Group 8, Items 4a-4d of the VAT Act</i>  Derogation <i>Art. 371 and Annex X, Part B, Item 10 of the VAT Dir.</i>⁶⁵⁵ </p>				
	<p><i>Item 4a – Means of transport providing at least 10 seats</i></p> <p>Transport-of-passenger services supplied in the UK with any vehicle, ship or aircraft designed or adapted to carry at least 10 persons, including pilot and crew, are zero-rated (Item 4(a) VAT Act). It is irrelevant in this respect, if the transport is part of a regular service or not. Also, it doesn't matter, if there are actually 10 persons on board during the transport, what counts is only the physical carrying capacity of the means of transport at the time of supply. Taxis, limousine-services and the like usually won't benefit from that rule, unless they provide 10 seats or more. However, there is one exception to that basic rule (Legal Note 4D to Group 8 VAT Act): If a vehicle with a nominal carrying capacity of 10 or more people (conventionally seated) has been designed or adapted to carry people with disabilities and exclusively because of that provides a capacity of less than 10 persons, still the zero rate applies. Again, it is not conditional that disabled people are</p>				




⁶⁵² 0 %: with aircraft designed or adapted to carry not less than 10 persons, or - irrespective of the aircraft's capacity - by a universal postal service provider or on any scheduled flight;

20 %: aircraft for less than 10 persons on non-scheduled flights, or except according to Legal Notes (e.g. "pleasure flights") – see "additional information"

⁶⁵³ Except for cases excluded by the Legal Notes (see "additional information"), e.g. "pleasure flights".

⁶⁵⁴ See e.g. Notice 744A, ch. 2.3.



⁶⁵⁵ Strictly speaking Art. 371 refers to a VAT exemption (see also <http://www.hmrc.gov.uk/manuals/vtransmanual/VTRANS020200.htm>).

	<p>actually carried during a transport.</p> <p><u>Item 4b – Scheduled flights</u></p> <p>Item 4(b) VAT Act zero-rates passenger transport on any scheduled flight⁶⁵⁶, irrespective of the carrying capacity of the plane.</p> <p><u>Item 4c – Universal postal service provider</u></p> <p>Passenger transport by a universal postal service provider is zero-rated according to Item 4(c).</p> <p><u>Item 4d – international passenger transport</u></p> <p>And Item 4(d) zero-rates international passenger transport - from a place within to a place outside the UK or vice versa, to the extent those services are supplied in the UK. The carrying capacity of the car and the type of service (e.g. scheduled or non-scheduled) is irrelevant, if this condition applies.</p> <p><u>Legal Notes – Exceptions</u></p> <p>However, even if one of the conditions for zero-rating above applies, there are some exceptions (Legal Notices 4A to 4C to the VAT Act), mainly when the transport service is provided together with other services (recreational, parking) or primarily serves an entertainment purpose. In those cases the passenger transport service is standard rated (20 %):</p> <ul style="list-style-type: none"> • Passenger transport services provided to, from or within a place of entertainment, recreation or amusement or a place of cultural, scientific, historical or similar interest⁶⁵⁷, if the right of admission is provided by the person, who also supplies the transport service, or by a connected person⁶⁵⁸, are standard-rated (Legal Note 4A). Zero-rating is possible, if the passenger transport service is provided to such places independently of its operator and without providing the right of admission, and to places, which are freely accessible, like national parks or historic towns. • Passenger transport services in road motor vehicles (e.g. buses) between a car park and an airport passenger terminal are standard rated, if provided by the person, who supplies the car parking facilities, or a connected person (Legal Note 4B). • Flights, which serve the main purpose of providing entertainment, recreation or amusement or the experience of flying (“pleasure flights”), are also standard rated. Examples include airship rides, hot air balloon rides or sightseeing flights.
	<p style="text-align: center;">  Reduced Rate (5%) <i>Schedule 7A, Group 13 of the VAT Act</i>  Normal Scope <i>Art. 98 and Annex III, Item 5 of the VAT Directive</i>  </p> <p>A reduced rate of 5 % applies (with effect from 1 April 2013) to the transport of passengers and their accompanying luggage in small cable-suspended transport systems (e.g. cable-cars, chairlifts, ski-lifts), where each chair, bar, gondola or similar vehicle has a carrying capacity of not more than 9 passengers. Exclusions apply to services provided in connection with entertainment etc., similar to those which apply to zero rates.</p> <p>Cable-suspended systems where the carrying capacity of each vehicle exceeds 9 passengers are subject to the zero rates set out above.⁶⁴⁶</p>



⁶⁵⁶ A scheduled flight is one that either “runs according to a published timetable or so regularly or frequently as to constitute a recognizable systematic series of flights” (Notice 744A, ch. 5.1).

⁶⁵⁷ Examples include fair grounds, museums, theme parks, water parks, zoos aso.

⁶⁵⁸ E.g. close relatives or business partners, a detailed definition is given in section 839 of the Income and Corporation Taxes Act 1988.

	<p>ⓔ Exempt (no credit) <i>Schedule 9, Group 7, Item 11 of the VAT Act</i> </p> <p>Normal Scope <i>Art. 132 (1) (p) of the VAT Directive</i> </p>
	Transport services for sick or injured people in vehicles specially designed for that purpose are exempt without credit.
<i>Special schemes</i>	<i>Special schemes for passenger transport service providers</i>
	-
Supplementary Information	
<i>International passenger transport services (as opposed to domestic services)</i>	<i>Definition of international passenger transport services</i>
	Passenger transport services taking place between two points in the UK, but passing through another country without having a (scheduled) stop there, are deemed to be wholly in the UK. In order to be classified as an international transport, there must be a scheduled stop abroad.
	<i>Two-sector trips</i>
	The part of the journey that takes place in the UK will be zero-rated (subject to compliance with Schedule 8, Group 8, Item 4), while the part that takes place outside the UK will be outside the scope of UK VAT. ⁶⁴⁶
	<i>International waters/airspace</i>
Journeys with sections through international waters/airspace are deemed domestic, if there is no scheduled stop in foreign territory. As most passenger transport services are zero-rated, no VAT is applied to sections in international waters/airspace in almost all cases.	
<i>Ancillary services subject to the same tax rates</i>	For perks, incidental services (like accompanying pets, luggage and vehicles, airport passenger charges, seat reservations, sleeping berths, aso.) and ancillary supplies (e.g. catering), the same rate as for the passenger transport is applied, if they form an integral element of the supply of the passenger transport and meet certain other conditions. ⁶⁵⁹

Input VAT

Input VAT in the Passenger Transport Sector	
<i>Exemptions based on Art. 148 of the VAT Directive</i>	<p><i>Zero-rate (0 %)</i> <i>Sched. 8, Group 8, Items 1-3 and 6-9, Art. 30 (6)-(7) of the VAT Act</i> </p> <p><i>Art 148, Art. 371 and Annex X, Part B, Item 11 of the VAT Directive</i> </p>
	<i>Qualifying vessels</i>
	<p>A qualifying ship⁶⁶⁰ must meet two criteria:⁶⁶¹</p> <ul style="list-style-type: none"> • A gross tonnage of not less than 15 tons. • It is designed for commercial purposes⁶⁶² (i.e. neither designed nor adapted for use for recreation or pleasure).

⁶⁵⁹ See e.g. Notice 744A, ch. 2.3.

⁶⁶⁰ „Ships“ include also hovercraft and barges, for an extensive delimitation see HMRC Notice 744C, p. 3.

⁶⁶¹ HMRC Notice 744C, p. 4.

⁶⁶² A commercial design can e.g. be indicated by a cargo hold or the equipment needed for passenger transport. Cruise ships qualify, if the general criteria are met and they are not suitable for private use. Ships used for permanent residential living by the owner can also qualify, if not predominantly used for pleasure or recreation.

	Compared to the VAT Directive the rule seems to be wider in some respect, since the UK's VAT Act requires neither a use on the high seas nor for certain business activities. ⁶⁶³ On the other hand, a minimum gross tonnage is applied and ships for recreation or pleasure are definitively excluded from zero-rating (even if used in the course of a business).			
	<i>Airlines operating chiefly on international routes</i>			
	Aircraft used by an airline operating chiefly on international routes are considered to be qualified for zero-rating. The airline must meet the following conditions: <ul style="list-style-type: none"> • Operation of at least one aircraft (aeroplane, helicopter, airship), • Provision of passenger or freight transport by air in return for a consideration, and • Operation “<i>chiefly on international routes</i>”⁶⁶⁴: Any evaluation method is acceptable, as long as it “<i>produces a fair and reasonable attribution of use to international routes compared to that attributable to domestic routes</i>”⁶⁶⁵ and it is consistently applied. It can e.g. be based on turnover, number of passengers carried, miles flown, it can be forward or backward looking, it can be updated on a yearly basis or more frequently, or even a rolling period aso. <p>Additionally aircraft used by State institutions are deemed qualifying (based on Art. 98 / Annex X, Part B, Item 11 of the VAT Directive), if they</p> <ul style="list-style-type: none"> • have an authorized maximum take-off weight of not less than 8,000 kg and • are neither designed nor adapted for use for recreation or pleasure. 			
	<i>Supplies of goods and services covered</i>			
	The relevant rules can be found in the following articles of the VAT Act: <ul style="list-style-type: none"> • Schedule 8, Group 8: Supply of qualifying ships/aircraft and their equipment (acquisition, charter, hiring, ...), supply of services for qualifying ships and their equipment (modification, maintenance, repair, other services). • Art. 30 (6)-(7): fuelling and provisioning of vessels and aircraft (zero-rated as exports). <p>In general the UK's rules are more specific and detailed than those of the VAT Directive, but the scope seems to be similar.⁶⁶⁶</p>			
VAT on fuel	<i>Type</i>	<i>VAT Rate</i>	<i>Deductibility</i>	<i>Reduced Excise Duties</i>
	Petrol	20 %	yes	-
	Gas oil (diesel)	20 % ⁶⁶⁷	yes	-
	Kerosene	20 % ⁶⁶⁷	yes	-
	Liquefied Petroleum Gas (LPG)	20 % ⁶⁶⁷	yes	exemption for buses
Electricity	20 %	yes	generally exempt	
VAT on means of transport	VAT on means of transport as well as operating expenses are generally deductible. For cars ⁶⁶⁸ there are some restrictions, but they do not apply, if the car is used exclusively for business purposes or mainly for taxi services. ⁶⁶⁹			

⁶⁶³ This is a derogation based on Art. 110 of the VAT Directive (see <http://www.hmrc.gov.uk/manuals/vtransmanual/VTRANS110100.htm>).

⁶⁶⁴ Flights to and from the Channel Isles are considered international, since the Channel Isles are not part of the UK VAT territory.

⁶⁶⁵ HMRC Notice 744C, p. 10.

⁶⁶⁶ For details see HMRC Notice 744C and the relevant parts of the VEXP and VTRANS manuals.

⁶⁶⁷ 5 % up to a certain amount for domestic use.

⁶⁶⁸ See <http://www.hmrc.gov.uk/vat/sectors/motors/what-is-car.htm>.

⁶⁶⁹ See HMRC notice 700/64 – Motoring expenses, available on http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_ShowContent&id=HMCE_CL_000090&propertyType=document.

Administrative Obligations

<i>As most passenger transport services in the UK are zero-rated, some of the following information is only relevant in certain cases.</i>	
<i>Registration</i>	<p>Domestic businesses have to register, if their turnover exceeds the registration threshold (see ‘small businesses’).</p> <p>Registration can be initiated online in most cases.</p> <p>Businesses supplying mainly zero-rated supplies are generally required to register, but can apply for a VAT exemption to HMRC.⁶⁷⁰</p>
<i>Tax point</i>	<p>Basic rule with respect to services: when they are supplied, i.e. when all the work is completed.</p> <p>Exceptions: the date of receipt of a payment (if before the supply) or the issuance of an invoice (if not later than 14 days after the supply), whichever of the two occurs earlier.</p>
<i>VAT returns</i>	<p>VAT returns are basically 3-monthly, but HMRC has the power to set different periods in individual cases. For example, if mainly zero-rated supplies are provided, monthly returns may be granted to ensure an earlier repayment of input VAT.</p> <p>VAT returns are usually due one month after the end of the relevant accounting period, when returns are submitted electronically, 7 additional calendar days are allowed.⁶⁷¹</p> <p>Businesses with a turnover of not more than GBP 1,350,000 [~EUR 1.6 mio.] (GBP 1,600,000 [~EUR 1.9 mio.] once in the scheme) can opt for annual returns, however this involves proportional prepayments of the estimated annual liability. The annual return is due 2 months after the end of the accounting period.</p>
	<i>Nil returns</i>
	<p>...are obligatory. Any registered business must submit returns for all periods, even if there is no activity at all in the period.⁶⁴⁶</p>
<i>VAT payable</i>	<p>VAT has to be credited to HMRC’s account by the last day the return must be submitted (see above).</p>
<i>VAT deductible</i>	<p>Input VAT can be deducted in the period in which the supplier’s tax point arises at the earliest, deduction in a later period is possible.⁶⁷²</p>
<i>VAT refunds</i>	<p>Excess input VAT is automatically refunded after the submission of the VAT return. According to HMRC, more than 90 % of the correct repayment returns should be refunded within 10 working days from their receipt. A repayment supplement is automatically paid, if a legitimate claim is not released within 30 net days and no criterion for exclusion occurs.⁶⁷³</p>
<i>Invoicing</i>	<p>Invoices must be issued for supplies made by taxable persons to other taxable persons and non-taxable legal persons.</p>

⁶⁷⁰ http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?nfpb=true&pageLabel=pageExcise_ShowContent&id=HMCE_CL_000086&propertyType=document#P368_20545.

⁶⁷¹ IBFD (2012), p. 49.

⁶⁷² IBFD (2012), p. 80.

⁶⁷³ For details see HMRC Notice 700/58 Treatment of VAT repayment returns and VAT repayment supplement (January 2010), available on http://customs.hmrc.gov.uk/channelsPortalWebApp/downloadFile?contentID=HMCE_CL_000080.

	<p>Simplified invoices are allowed for certain sectors (e.g. taxi services) up to an amount of GBP 100. Required information includes name, address and registration number of the provider, time and description of the supply, total amount payable and rate of tax.</p> <p>In case of zero-rated supplies no invoice is required.⁶⁷⁴</p>
<i>Special regimes</i>	<p><i>Small Businesses</i></p> <p>Small enterprises with a turnover of less than the VAT threshold (currently GBP 79,000 [EUR 96,000]) in the previous 12 months are not obligated to register for VAT. As a consequence, they cannot account for input VAT either. However, those enterprises can register voluntarily, which grants them the same treatment as any other taxable person.</p> <p>Furthermore there is an optional flat rate scheme for small businesses (joining threshold: expected taxable turnover of less than GBP 150,000 [EUR 180,000] [excluding VAT] in the following 12 months; leaving threshold: their total business income [including VAT and exempt transactions] of more than GBP 230,000 [EUR 280,000] during the last year [or is likely to exceed GBP 230,000 in the next 30 days alone]). In this scheme, the VAT payments are calculated as a fixed percentage of the total turnover (including VAT, exempt income and sold capital expenditure goods). Input VAT deduction is not allowed, since it is accounted for in the flat rate percentage (though there are exceptions for expensive capital goods). For the sectors transport or storage, including couriers, freight, removals and taxis the flat rate percentage is 10 %. For the first year in business a first year discount applies, which results in a rate of 9 %.</p>
<i>Foreign Suppliers</i>	
<i>VAT registration</i>	<p>Enterprises not established in the UK have to register as Non-Established Taxable Persons (NETP) as soon as they make taxable supplies in the UK, irrespective of any threshold⁶⁷⁵.</p> <p>However, if (almost) exclusively zero-rated supplies are provided, an exemption from registration can be granted by HMRC. In this case, no input VAT deduction is possible. This exemption from registration applies equally to foreign businesses making zero-rated supplies in the UK (Schedule 1A, para 13 of the VAT Act).⁶⁷⁶</p>
	<p><i>Registration for zero-rated international passenger transport services</i></p>
	<p>An exemption can be granted (see above).</p>
<i>Tax representative</i>	<p>The appointment of a tax representative is not necessary, only in very special cases the VAT authorities may ask businesses from third countries, which have no mutual assistance arrangements with the UK, to appoint a representative.⁶⁷⁷</p> <p>Bank guarantees are usually not required, but the authorities may demand a security deposit.</p>
<i>Reverse charge</i>	<p>The reverse charge procedure is only applied to a limited list of goods and services not including passenger transport.⁶⁷⁸</p>
<i>Languages</i>	<p>Correspondence with HMRC can be done in English and Welsh, forms and information are also available in these languages. Taxable persons with other native languages can use</p>

⁶⁷⁴ IBFD (2012), p. 100ff.

⁶⁷⁵ <http://www.hmrc.gov.uk/vat/start/register/how-to-register.htm#6>.

⁶⁷⁶ With comments/additions by HMRC.

⁶⁷⁷ Vademeccum on VAT obligations – United Kingdom (2012), p. 7.

⁶⁷⁸ http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageLibrary_ShowContent&id=HMCE_PROD1_028649&propertyType=document.

	a free interpretation service. ⁶⁷⁹ With respect to supporting documents: Normally the only 'document' required for registration is the registration application form (on-line or hard copy), and this must be completed in English or Welsh. If registration staff requires further information, they may request translations depending on the nature of the information required. ⁶⁷⁶
<i>Special rules</i>	-

Business Travel

<i>VAT deductible</i>	Most passenger transport services are zero-rated in the UK, therefore no input VAT is charged on these services. With respect to transport services, which are not zero-rated (e.g. taxi transport), input VAT incurred on business travel expenses can generally be deducted, unless it concerns business entertainment. ⁶⁸⁰
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2. Passenger Taxes

Air Passenger Duty

Air Passenger Duty (APD)	
<i>Relevant legislation</i>	<ul style="list-style-type: none"> • Finance Act 1994 (sections 28 to 44 and schedules 5A and 6), as amended • Air Passenger Duty Regulations 1994 (SI 1994 No. 1738), as amended • Air Passenger Duty (Connected Flights) Order 1994 (SI 1994 No. 1821), as amended • Aircraft Operators (Accounts and Records) Regulations 1994 (SI 1994 No. 1737), as amended • Air Passenger Duty (Extended Schemes) Regulations 1995 (SI 1995 No. 1216) • Air Passenger Duty (Designated Region of the United Kingdom) Order 2001 (SI 2001 No. 808)
<i>In place since</i>	1 November 1994
<i>What is taxed?</i>	APD taxes the carriage of chargeable passengers on a chargeable aircraft departing from a UK airport. In principle APD is paid upon booking, but passengers who do not use the flight can claim APD back.
<i>Exceptions</i>	<p>The following persons or flights are not subject to APD:</p> <p><u>Passengers:</u></p> <ul style="list-style-type: none"> • The flight crew and other persons carrying out certain duties are not regarded as chargeable passengers; • Children < 2 years without a separate seat; • Transit passengers and passengers on connecting flights;⁶⁸¹ • Passengers carried free of charge under a statutory obligation; <p><u>Flights:</u></p> <ul style="list-style-type: none"> • Chargeable aircraft are defined as fixed-wing aircraft with an authorized take-off

⁶⁷⁹ <http://www.hmrc.gov.uk/contactus/particular-needs.htm#4>.

⁶⁸⁰ See <http://www.hmrc.gov.uk/vat/managing/reclaiming/travel-subs.htm>.

⁶⁸¹ For details on which flights are considered connected flights see Notice 550, p. 11ff.

	<p>weight of 5.7 tons or more, which are fuelled by Avtur.⁶⁸² Flights with other aircraft are not subject to APD.</p> <ul style="list-style-type: none"> • Medical and humanitarian flights, flights operated under a public service obligation and flights for training and research purposes, NATO flights. • Short pleasure flights, with a duration of 60 minutes or less, starting and ending on the same airport. • Flights departing from airports in the Scottish Highlands and Islands, but not flights ending there. • Flights changed due to circumstances beyond the control of the airline. 																				
Tax rates	<p>The APD rate applied depends on the distance and the class of flight.</p> <p><u>Destination band:</u></p> <p>The Band is based on the distance between London and the capital city of the final destination country as stated on the ticket or the flight summary. Flights within the UK are always band A. Details are laid down in Appendix 1 to HMRC: Notice 550. It is planned to abolish Bands C and D in 2015, all flights exceeding 2,000 miles will then be subject to Band B.</p> <p><u>Reduced/standard/higher rate:</u></p> <p>Reduced rate: applies to passengers carried in the lowest class of travel⁶⁸³ available on the flight.⁶⁸⁴</p> <p>Standard rate: applies to passengers carried in travel classes other than the lowest class.</p> <p>Higher rate: applies to passengers carried on aircraft with an authorized take-off weight of 20 tons or more, which are equipped to carry fewer than 19 passengers.</p> <p><u>Rates applicable since April 2014:</u></p> <table border="1" data-bbox="395 1128 1409 1290"> <thead> <tr> <th></th> <th>Reduced rate</th> <th>Standard rate</th> <th>Higher rate</th> </tr> </thead> <tbody> <tr> <td>Band A (0 - 2,000 miles)</td> <td>GBP 13</td> <td>GBP 26</td> <td>GBP 52</td> </tr> <tr> <td>Band B (2,001 – 4,000 miles)</td> <td>GBP 69</td> <td>GBP 138</td> <td>GBP 276</td> </tr> <tr> <td>Band C (4,001 – 6,000 miles)</td> <td>GBP 85</td> <td>GBP 170</td> <td>GBP 340</td> </tr> <tr> <td>Band D (> 6,000 miles)</td> <td>GBP 97</td> <td>GBP 194</td> <td>GBP 388</td> </tr> </tbody> </table> <p><u>Northern Ireland:</u></p> <p>APD is not collected for direct long-haul flights from Northern Ireland, if</p> <ul style="list-style-type: none"> • the passenger's first flight starts at an airport in Northern Ireland and • the first part of the journey leads directly to a destination outside Band A, without connecting before. <p>Band A flights and indirect long-haul flights from Northern Ireland are taxed at the normal APD rates as stated above.</p>		Reduced rate	Standard rate	Higher rate	Band A (0 - 2,000 miles)	GBP 13	GBP 26	GBP 52	Band B (2,001 – 4,000 miles)	GBP 69	GBP 138	GBP 276	Band C (4,001 – 6,000 miles)	GBP 85	GBP 170	GBP 340	Band D (> 6,000 miles)	GBP 97	GBP 194	GBP 388
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Band D (> 6,000 miles)	GBP 97	GBP 194	GBP 388																		
Who is liable?	APD is a tax payable by the operator of the aircraft.																				
Registration and	APD becomes due when a flight of a chargeable passenger on a chargeable plane occurs. Any airline operating flights subject to APD must register with HM Revenue & Customs																				

⁶⁸² Notice 550, p. 5.

⁶⁸³ For details on assessing the class of travel and the treatment of upgrades and on-board sales see Notice 550, p. 5ff.

⁶⁸⁴ Unless the seat pitch of the lowest class exceeds 1.016 meters, in which case the standard rate applies.

<i>administration</i>	<p>within 7 days after the first chargeable flight at latest by submitting the Air Passenger Duty Registration form APD1⁶⁸⁵. This also holds for direct long-distance flights from airports in Northern Ireland, which are subject to an APD of GBP 0.</p> <p>Airlines not established in the UK must appoint a fiscal representative, in such cases a security payment might also be required.</p> <p>APD returns must usually be filed monthly, due by the 22nd day of the following month. In general returns must also be submitted for periods without APD liabilities, in case of seasonal operating periods an exception can be granted. A single annual return covering April 1st to March 31st of the following year and due by April 22nd might be submitted by airlines with an estimated APD liability of less than GBP 500,000.⁶⁸⁶</p>
<i>Tax liability</i>	See above.
<i>Tax payment</i>	Payment is due by the 22 nd or 29 th day of the month following the flight, depending on the method of payment.

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⁶⁸⁵ A simplified scheme is available for occasional operators, which operate no more than 12 flights subject to APD and have a APD liability of less than GBP 5,000 in a year.

⁶⁸⁶ For details see HMRC: Notice 752.

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