

**Newsletter 10/2019**  
**Recent Changes in the VAT Law**

This Newsletter refers to recently published amendments in the VAT legislation that have come into force with retrospective effect **from 1 January 2019**.

**1. Invoicing rules**

From 1 January 2019, a supplier using the Mini One Stop Shop (MOSS) will only have to respect the invoicing rules of the Member State in which he is identified for the MOSS, instead of the rules of each Member State where customers are located.

**2. Place of supply – EUR 10 000 for telecommunication, broadcasting and electronically supplied services (hereafter referred to as 'TBE')**

The place of supply of TBE services supplied by a taxable person (the supplier) established in a Member State to a non-taxable person (the customer) in another Member State is in the Member State where the customer is established, has his permanent address or usually resides. It follows that the supplier has to charge VAT to the customer at the rate of the customer's Member State. To declare and pay this VAT to the tax authorities in that Member State, the supplier must either register for VAT in (each of) the Member State(s) of the customer(s) or register for the MOSS in his own Member State.

An annual EUR 10 000 turnover threshold is introduced from 1 January 2019, up to which the place of supply of relevant supplies of cross-border TBE services remains in the Member State where the supplier is established, has his permanent address or usually resides.

The application of this threshold is subject to the following conditions:

- a) the supplier is established, has his permanent address or usually resides in only one Member State;
- b) the TBE services are supplied to customers who are established, have their permanent address or usually reside in another Member State;
- c) the total value of TBE services supplied to other Member States does not exceed EUR 10,000 (exclusive of VAT) in the current and in the preceding calendar year.

In case the supplier wants to apply the general place of supply rule (taxation in the Member State of the customer), he can do so and will be bound by this decision for two calendar years. As soon as the threshold of EUR 10,000 is exceeded, the general rule (Member State of the customer) applies without exception.

**3. VAT treatment of Vouchers**

The VAT Legislation has been amended with the addition of a new Schedule, Schedule 14 which provides detailed rules with respect to the VAT treatment of Vouchers, in line with the provisions of the Voucher Directive.

### ***Who will be affected from the new rules?***

The changes affect all businesses which either issue or buy and sell vouchers.

Up to 31 December 2018, generally, a taxable supply in relation to transactions in vouchers occurs when a voucher is redeemed. Therefore the VAT is due when the voucher is redeemed rather than when the voucher is issued.

### ***New rules as from 01 January 2019***

The new rules are applicable to vouchers which are issued after 31 December 2018. According to the new rules, VAT treatment differs for "Single Purpose" vouchers and "Multi-Purpose" vouchers.

#### ***"Single-Purpose" vouchers***

A "single-purpose" voucher is any voucher where place of supply of the goods or services to which the voucher relates, and the VAT due on those goods or services, are known at the time of issue of the voucher".

According to the new rules, VAT in respect to "single-purpose" vouchers must be accounted for at the point of issue/consideration received by seller, while the actual redemption of the voucher is not considered to be an independent supply.

In case of a transfer of a single purpose voucher by a taxable person acting on behalf of another taxable person, the supply is considered to take place on behalf of that other taxable person. When the taxable person who has issued the voucher is not the same person who will supply the goods and services which are represented by the voucher, the person who issued the voucher is deemed to be the person who supplied the goods and services.

#### ***"Multi-Purpose" vouchers***

A "multi-purpose" voucher means "a voucher, other than a single-purpose voucher". This could simply mean that "multi-purpose" vouchers can be redeemed for goods or services for which the applicable VAT treatment (VAT rate or place of supply) is not known at the time of the issue.

For "Multi-purpose" vouchers, the VAT is accounted by the supplier at the time of redemption of the goods or services. The value of the supply will be equal to the amount paid by the last person who acquired the voucher or in the absence of this information, the nominal value of the multi-purpose voucher.

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