

Taxable persons required to register for VAT purposes if they render or receive intra-community taxable services. Main sector affected: Finance and Banking

Services

- Reviewing the VAT implications for each line of business and identifying opportunities for improving VAT cashflows;
- Reviewing the VAT implications of the operations carried out and the VAT position with a view to identifying potential risks and penalties that might be incurred;
- Assistance with respect to the VAT treatment of specific operations;
- Assistance during VAT audits;
- Assistance with respect to strategies for VAT planning;
- Assessing the VAT implications of restructuring operations (e.g. mergers and acquisitions, transfer pricing, commissioner structures);
- Assistance with registration for VAT purposes in other EU Member States, as well as related VAT compliance services;
- Assistance with preparing and submitting VAT refund claims both in Romania and in other EU Member States, as well as in non-EU countries.

This newsflash brings to your attention a change in legislation that requires taxable persons not registered for VAT purposes to obtain a VAT identification number, under certain conditions. Order of the Ministry of Public Finance no. 7/2010 "for approving the template and content of certain VAT registration forms" sets out a specific procedure for this type of VAT registration

From 1 January 2010, a new concept has been introduced, namely "intra-Community services". These services are those for which the following conditions are met: (1) the place of supply is determined based on the general rule for B2B, provided in Art. 133, para. (2) of the Fiscal Code (the B2B general rule), (2) the parties involved are two taxable persons, registered for VAT purposes and established in two different EU Member States, (3) no exemption from the payment of VAT applies.

IT, consultancy or marketing services rendered by and/or received from taxable persons established in the EU, may be included within the category of intra-Community services.

VAT registration obligation

The Fiscal Code provides for two distinct methods for VAT registration under art. 153 or under art. 153¹. The main difference is the frequency with which VAT returns must be filed (either only when operations must be declared or at the end of each tax period), as well as the administrative obligations arising from the VAT registration.

The implications of the article according to which entities established in Romania need to register for VAT purposes depends, among other issues, on the legal form under which these entities are present in Romania (i.e. whether they are unincorporated entities or commercial companies).

Deadline for VAT registration

The request to register for VAT purposes must be made before rendering or receiving intra-Community services.

Due to the delay in publishing the VAT registration procedure, there is a risk that some transactions will also take place before VAT registration.

KPMG assistance

If your company is affected by the new VAT changes, KPMG can assist you with the following services:

- 1) assistance during the VAT registration process
- 2) information regarding the administrative obligations arising after the VAT registration (i.e. the VAT return, and the Recapitulative Statement)
- 3) analysis of the fiscal implications arising from the VAT registration.

Other affected sectors:

- a) medical services
- b) small enterprises
- c) any commercial company rendering or receiving intra-Community services, which is not currently registered for VAT purposes.

We remain at your disposal if you need further information about these VAT changes.

About us

Our team consists of more than 100 Romanian and international consultants, with command of local and international legislation, organized to be able to react at short notice to requests for tax assistance covering a wide range of issues.

Contact details

Ramona Jurubiță

Partner, Head of Indirect Taxation Services
rjurubita@kpmg.com

Alin Negrescu

Manager, Indirect Taxation Services
vnegrescu@kpmg.com

Raluca Cristea

Assistant Manager, Indirect Taxation Services
mcristea@kpmg.com

Antonia Gheorghe

Assistant Manager, Indirect Taxation Services
antoniagheorghe@kpmg.com

KPMG Romania S.R.L.

Victoria Business Park,
DN1 69-71 București-
Ploiești Str., 1st District,
013685 Bucharest,
România
P.O. Box 18 – 191

Tel: +40 741 800 800

Fax: +40 741 800 700

Internet: www.kpmg.ro

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. KPMG and the KPMG logo are registered trademarks of KPMG International Cooperative ("KPMG International"), a Swiss entity.

© 2010 KPMG Romania S.R.L., a Romanian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Romania.