

Indirect Tax Matters

KPMG IN ROMANIA

The Government has approved instructions for the application of VAT simplification measures in the case of multiparty operations involving work on movable goods and in the case of returned goods within the EU

Services

- General training
- Industry focused training
- Client customized training
- Revision of the implementation of the new rules regarding VAT and customs duties
- Advisory services on specific issues

In order for the VAT simplification measures in the case of multiparty operations involving work on movable goods to apply, the following conditions must be fulfilled:

- The main contractor should be registered for VAT purposes in the Member State where it operates and not have a VAT registration number (i.e. code) in the Member State where works are actually carried out. Furthermore, the main contractor is required to send the VAT code to the contractual parties;
- All other contractors that are involved in the operation are taxable entities from a VAT perspective.
- Processed goods are to be re-sent to the Member State of the main contractor.

For simplification measures application purposes, VAT

exemption for certain Intra-Community supplies of goods and services representing works on movable goods performed in Romania requires proof that these goods have been transported from Romania to another Member State. This proof is to be presented within the deadline provided for in the contract.

If the Romanian contracting party carries out improvements or other work on the movable goods, the law considers any materials incorporated into the processed goods or any type of packaging as being ancillary to the services rendered and therefore will not be regarded as delivery of goods, but as being part of the rendered service.

The order also sets out simplification measures to cover *returned and repaired goods* (both within and outside the guarantee period) within the EU.

The application of the simplification measures is not compulsory for taxable persons involved in multiparty operations or in the case of return of goods within the Community. However, if contractors do choose to apply the measures, the examples provided in the text of the Order may also be applied in cases when more than two contracting parties exist.

About us

Our team consists of more than 85 Romanian and international consultants, having command of local and international legislation, organized to be able to react at short notice to any request for tax assistance you may require.

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