



# Indirect Taxnewsflash

KPMG IN ROMANIA

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## EU Commission Regulation no. 1174/2009 on new rules for VAT reimbursements

### 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.

***The EU Commission has published Regulation no. 1174/2009 on the implementation of procedures related to VAT refunds in the Official Journal of the European Commission (1 December 2009). The Regulation clarifies arrangements for the application of European Council Directive CE 2008/9.***

From 1 January 2010, refunds of VAT paid in other member states will be made according to the provisions of European Council Directive CE/2008/9 (hereafter „the 9th Directive”). Taxpayers who are established and registered for VAT purposes in Romania (hereafter „claimants”) must now submit applications for refund of VAT paid in other member states, in electronic format, to the Romanian tax authorities.

In conformity with the 9th Directive, fiscal authorities in member states, in which the VAT was paid can require the claimant to provide additional electronic information, with respect to its purchases, if this is necessary because of possible restrictions on the right of deduction.

Consequently, the new Regulation sets out (in an annex) the codes which should be used by taxpayers and which may be used by the fiscal authorities in member states to exchange information about VAT claims.

We recommend that this codification of acquisitions should be borne in mind when the new VAT rules are introduced into IT systems. There are 10 codes in total, each of which is divided into several sub-categories.

In addition, according to this Regulation, taxpayers which apply for VAT refunds may be required to provide further information in relation to their economic activities. To fulfill these obligations, claimants must use the harmonized code system set out in an earlier Council Regulation (1798/2003).

Regulation no. 1174/2009 will take effect from 1 January 2010.

If you have any questions about the refund procedure of VAT paid in other member states from 1 January 2010, please contact us.

## 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.

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