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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
TAX POLICY
VAT and other turnover taxes

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VAT in the European Community

**APPLICATION IN THE MEMBER
AND ACCESSION STATES,
FACTS FOR USE BY
ADMINISTRATIONS/TRADERS
INFORMATION NETWORKS ETC....**

Note

This document collates a range of basic information on the application of VAT arrangements in the Member and Accession States which has been obtained from the tax authorities concerned. The information relating to the Member States was updated July 2002. The information provided by the Accession States is provisional, based on the anticipated application of VAT arrangements once Community legislation has been transposed.

The exchange rates used for the Accession Countries are those for the 1st October 2003, taken from the Official Journal of the European Union.

The sole purpose of distributing details of national provisions is to create a work-tool. In no way does this document necessarily reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

LUXEMBOURG

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GENERAL INFORMATION

1. WHERE CAN FOREIGN TRADERS OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM (ADDRESS, TELEPHONE, FAX NUMBER AND E-MAIL)?

Foreign traders can obtain VAT information from:

Bureau d'imposition X de l'Administration de l'Enregistrement et des Domaines
7, Rue Plébiscite
Boîte postale 31
L - 2010 LUXEMBOURG-VILLE
Tel. (+352) 44905 -1
Fax (++ 352) 29 11 93

2. WHAT IS THE LUXEMBOURG TAX AUTHORITIES' WEBSITE? WHAT TYPE OF VAT INFORMATION IS AVAILABLE ON THIS SITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? IN WHAT LANGUAGE(S)?

The website address is:

<http://saturn.etat.lu/etva/index.do>

The site:

- (1) enables Luxembourg intra-Community suppliers to check the validity of the VAT registration numbers of their customers established in other Member States of the European Community;
- (2) contains all VAT forms.

The site is in French and German.

3. WHERE CAN VAT LEGISLATION AND IMPLEMENTING RULES BE FOUND? IN WHAT LANGUAGE(S)?

VAT legislation and regulations are published in French in:

MEMORIAL – Official Journal of the Grand Duchy of Luxembourg

Issued by Service Central de Législation, 43 boulevard F.-D. Roosevelt, L-2450 Luxembourg and printed by Cour Victor Buck, s.à r.l. of Leudelange.

Texts published since 1996 are available on the following website:
<http://www.etat.lu/memorial/>.

A coordinated version of the amended Law of 12 February 1979 on value added tax and Grand Ducal implementing regulations in French can be obtained under “Code Fiscal – Vol 6” from the following address:

ÉDITIONS DE L’IMPRIMERIE ST-PAUL, Luxembourg
2, rue Christophe Plantin
L – 2988 Luxembourg
Tel.: ++ 352 49 93 1

The Tax Code also contains an unofficial translation into German of the coordinated version.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHEN IS VAT REGISTRATION COMPULSORY?

Foreign traders carrying out economic transactions subject to VAT where the place of taxation is deemed to be on the territory of the Grand Duchy of Luxembourg and for which they are liable for tax must be VAT registered. This concerns the following transactions:

- supplies of goods, including goods which are installed or assembled by the supplier or by a third party acting on his behalf, whether or not a commissioning test is carried out, and supplies of services for consideration;
- intra-Community acquisitions of goods effected against payment;
- imports of goods;
- distance selling where the place of supply is in Luxembourg (where the threshold of €100 000 is exceeded or the supplier option is taken up).

The following do not have to register for VAT purposes:

- foreign traders carrying out economic transactions subject to VAT where the place of taxation is deemed to be in the Grand Duchy of Luxembourg and for which they are in principle liable for VAT but are exempted but have no right to deduct input tax;
- foreign traders carrying economic transactions subject to VAT where the place of taxation is deemed to be in the Grand Duchy of Luxembourg for which they are not liable for VAT;
- foreign traders who do not have a permanent establishment in Luxembourg and carry out economic activities solely outside Luxembourg.

5. WHAT ARE THE SITUATIONS WHERE REGISTRATION IS UNNECESSARY BECAUSE THE RECIPIENT OF THE GOODS OR SERVICES IS LIABLE FOR THE TAX? IN SUCH SITUATION, IS IT POSSIBLE FOR THE FOREIGN TRADER TO REGISTER ON A VOLUNTARY BASIS?

Foreign traders carrying out economic transactions subject to VAT where the place of taxation is deemed to be in the Grand Duchy of Luxembourg and for which they are not liable for the tax do not have to register for VAT. This concerns the following transactions:

- The supply of the following services by a taxable person established abroad where the customer is liable for VAT provided:

the customer is identified for VAT purposes in the Grand Duchy of Luxembourg:

- intra-Community transport of goods;
- activities ancillary to the intra-Community transport of goods carried out in another Member State;
- the supply of services by intermediaries acting on behalf of third parties for services other than those listed above;
- evaluations of movable property effected in another Member State provided the property leaves this Member State once the valuation has been completed;
- work on movable property effected in another Member State provided the property leaves this Member State when the work has been completed;

the customer is subject to VAT in the Grand Duchy of Luxembourg:

- assignments of copyright, patents, licences, trademarks and other similar rights;
- advertising services;
- services provided by lawyers, advisers, accountants, engineers and consultants and other similar services;
- data processing and supply of information;
- banking, financial, insurance and reinsurance operations excluding the hire of safes;
- the supply of staff;
- the hire of movable property excluding means of transport;
- telecommunication services;
- the obligation not to exercise, wholly or partly, a professional activity or right referred to under this indent;
- the supply of services by intermediaries acting on behalf of third parties where they are involved in the supply of services covered by this indent.

- Intra-Community acquisitions effected under Article 28b(A)(1) on Luxembourg territory where the conditions laid down in Article 28c(E)(3) are observed (triangular transactions).

Foreign traders may not apply for VAT registration in Luxembourg in the situations described above.

6. WHERE MUST OPERATORS APPLY TO REGISTER FOR VAT (INDICATE THE DEPARTMENT, ADDRESS, TELEPHONE AND FAX NUMBERS, E-MAIL, ETC.)?

Foreign traders must apply to the department indicated under point 1 to register for VAT.

7. PLEASE DESCRIBE IN DETAIL THE PROCEDURE WHICH FOREIGN TRADERS MUST FOLLOW — (INDICATING THE DOCUMENTS TO BE SUBMITTED) TO OBTAIN A VAT IDENTIFICATION NUMBER?

Any natural or legal persons applying for a VAT identification number must be entered in the national register of natural and legal persons before being included in the list of VAT-registered persons. An application for registration (initial declaration for natural or legal persons) using the form which can be obtained from the website of the administration referred to above should be completed and sent to the department indicated under point 1.

Natural persons must attach a photocopy of their passport to the declaration. Legal persons must attach a copy of their company's articles of association.

They will then be notified of their VAT registration number which they must quote in all correspondence with the administration. They will also be given a VAT identification number to be used for all intra-Community transactions.

Before commencing any business or trading in the Grand Duchy of Luxembourg, traders must hold the following authorisations:

Authorisation of establishment, obtainable from:

Ministère des Classes Moyennes, du Tourisme et du Logement
6, Avenue Emile Reuter
B.P. 535
L-2420 LUXEMBOURG
Switchboard: ++ 352 478-1
Telephone Info: ++ 352 478-4711, 478-4715, 478-4716, 478-4718
Fax: ++ 352 478-4740

Entry in the trade register, obtainable from:

- Where an economic activity is carried out in the judicial district of Luxembourg:

Palais de Justice
Greffé du Tribunal d'Arrondissement
Rue du Palais de Justice

L – 1841 Luxembourg
Tel. ++ 352 47 59 81 et 22 18 93

- If the economic activity is carried out in the judicial district of Diekirch:

Palais de Justice
Place Guillaume
L – 9237 Diekirch
Tel. ++ 352 80 32 11

THRESHOLDS

8. WHAT IS THE THRESHOLD FOR INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 28A(B)(2) OF DIRECTIVE 77/388/EEC?

The threshold is €100 000.

9. WHAT IS THE THRESHOLD UNDER ARTICLE 28A(1) OF DIRECTIVE 77/388/EEC (ACQUISITIONS BY PERSONS ELIGIBLE FOR DEROGATIONS)?

The threshold is €10 000.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS NOT ESTABLISHED IN THE EU

10. WHEN DOES A TAX REPRESENTATIVE HAVE TO BE APPOINTED?

With effect from 1 January 2002 tax representatives are no longer appointed in Luxembourg. Consequently taxable persons not established in Luxembourg carrying out economic transactions subject to VAT where the place of taxation is deemed to be on the territory of the Grand Duchy of Luxembourg and for which they are liable for the tax are required to register for VAT purposes.

11. WHAT ARE THE RULES GOVERNING THE APPOINTMENT OF TAX REPRESENTATIVES?

See point 10.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

See point 10.

13. WHAT ACTION CAN BE TAKEN IN THE EVENT OF FAILURE BY A TRADER ESTABLISHED IN ANOTHER MEMBER STATE TO APPOINT A TAX REPRESENTATIVE IN YOUR TERRITORY?

See point 10.

14. IS A BANK GUARANTEE REQUIRED?

Taxable persons established outside the Community may be required by the authorities to provide a guarantee or a letter of guarantee issued by an approved banking establishment to cover the payment of the tax and fines which are imposed or may be imposed by virtue of the taxable transactions effected or to be effected by the taxable persons.

A guarantee or letter of guarantee must be submitted within one month from receipt of the request from the authorities.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. CAN A TAX REPRESENTATIVE OR TAX AGENT BE APPOINTED?

With effect from 1 January 2002 tax representatives are no longer appointed in Luxembourg. Consequently taxable persons not established in Luxembourg carrying out economic transactions subject to VAT where the place of taxation is deemed to be on the territory of the Grand Duchy of Luxembourg and for which they are liable for the tax are required to register for VAT purposes.

16. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

See point 10.

17. WHAT ARE THE RIGHT AND OBLIGATIONS OF TAX REPRESENTATIVES?

See point 10.

18. ARE THERE ANY CASES WHERE A BANK GUARANTEE IS REQUIRED?

No.

INVOICES

19. WHAT ARE THE RULES GOVERNING THE ISSUING OF INVOICES?

Taxable persons who independently and habitually carry out transactions which form part of an economic activity must, irrespective of the purposes or results of that activity and irrespective of the place where such transactions are carried out, issue an invoice or document serving as an invoice for:

- goods and services supplied to another taxable person or to a non-taxable legal person;
- supplies of goods covered by the special arrangements for distance selling;
- supplies of goods carried out under the special arrangements for taxation of the profit margin;
- supplies of goods dispatched or transported by them or a third party acting on their behalf or by the customer or a third party acting on the latter's behalf, outside Luxembourg but within the Community, to another taxable person conducting business or to a non-taxable legal person in another Member State;
- supplies of new means of transport dispatched or transported to the customer by them or a third party acting on their behalf or by the customer or a third party acting on the latter's behalf, outside Luxembourg but within the Community, to:
 - (a) a taxable person who supplies only exempt goods or services for which no tax is deductible;
 - (b) a taxable person eligible under the small-business exemption scheme;
 - (c) a taxable person eligible under the flat-rate taxation scheme for agriculture and forestry;
 - (d) non-taxable legal persons conducting business or non-taxable legal persons carrying out transactions not falling within the scope of VAT;
 - (e) any other non-taxable person;
- transfers by taxable persons or a third party acting on their behalf, outside Luxembourg but within the Community, for the purposes of their business (stocks and capital goods);
- payments on account received from another taxable person or from a non-taxable legal person before the goods or services are supplied.

The invoice or document serving as the invoice must be issued not later than the fifteenth day of the month following that in which the goods or services were supplied and, where a payment on account is made for goods or services which have not yet been supplied, not later than the date of receipt of that payment on account.

The invoice or document serving as the invoice must show:

- (a) the date on which it is issued;
- (b) the names and addresses of the persons to whom the goods or services are supplied;
- (c) the date on which the goods or services are supplied or, where applicable, the period covered by the invoiced transaction;
- (d) the quantity and usual description of the goods supplied or the nature and scope of the services rendered, together with the data required to determine the tax rate applicable;
- (e) the price, exclusive of tax, and other information required to determine the taxable amount;
- (f) the price, exclusive of tax, and other information required to determine the taxable amount for each tax rate where the invoiced transactions are subject to different rates of VAT;
- (g) the tax rate and amount of tax charged;
- (h) the tax rate and amount of tax charged at each rate where the invoiced transactions are subject to different rates of VAT;
- (i) where appropriate, the reason why the invoiced transaction is not subject to VAT.

The invoice must also contain the following information:

- in the case of transport services, activities ancillary to transport, and services provided by intermediaries acting on behalf of another person for the provision of intra-Community freight services: the VAT number identifying the supplier in Luxembourg and the identification number of the customer under which the service was supplied;
- where taxable persons transfer goods from their business to another Member State (stocks, capital goods): their VAT registration number in Luxembourg and their identification number in that other Member State;
- for supplies of new means of transport:
 - (a) the information required to identify the means of transport, and in particular its type, registration number, make, model, chassis number and year of manufacture;
 - (b) the date it was first put into service, and:
 - for vessels: length and total number of hours of navigation;
 - for aircraft: take-off weight and total number of hours flown;
 - for land vehicles: engine capacity or power rating and total mileage (number of kilometres);

- for goods supplied after an intra-Community acquisition of goods by a taxable person who is neither established nor identified for VAT purposes in Luxembourg but who is identified for VAT purposes in another Member State to another taxable person or non-taxable legal person identified for VAT purposes in Luxembourg who is the recipient of the subsequent supply and who has been named as the person liable for tax, the invoice must make explicit reference to the second indent of Article 18(4) and give not only the VAT identification number under which the taxable person effected the intra-Community acquisition and the subsequent supply of goods but also the VAT identification number of the recipient of the supply of goods;
- in the case of an invoice or document serving as the invoice to be issued by the taxable person established abroad for supplies of goods and services for which the tax is payable by the recipient or customer solely the price, exclusively of VAT, of each taxable transaction.

Invoices issued by taxable dealers for supplies of second-hand goods, works of art, collectors' items and antiques effected by them must show:

- (1) in the case of supplies that qualify for the special arrangements for taxing the profit margin but to which taxable dealers have applied the normal taxation arrangements:
 - (a) the date of issue and number of the invoice;
 - (b) the names and addresses of the taxable dealer and the purchaser;
 - (c) the date on which the goods are supplied;
 - (d) the quantity and usual description of the goods supplied, indicating separately goods whose unit purchase price exceeds €250 or which are means of transport. For each means of transport, the invoice or document serving as the invoice must also show:
 - the information required to identify the means of transport, and in particular its type, registration number, make, model, chassis number and year of manufacture;
 - the date it was first put into service, and:
 - for vessels: length and total number of hours of navigation;
 - for aircraft: take-off weight and total number of hours flown;
 - for land vehicles: engine capacity or power rating and total mileage (number of kilometres);
 - (e) the price, exclusive of tax, and other information required to determine the taxable amount;
 - the price, exclusive of tax, and other information required to determine the taxable amount for each tax rate where the invoiced transactions are subject to different rates of VAT;
 - (f) the tax rate and amount of tax charged;

- the tax rate and amount of tax charged at each rate where the invoiced transactions are subject to different rates of VAT;
 - (g) where appropriate, the reason why the invoiced transaction is not subject to VAT;
- (2) in the case of supplies subject to the special arrangements for taxing the profit margin:
 - (a) the date of issue and number of the invoice;
 - (b) the names and addresses of the taxable dealer and the purchaser;
 - (c) the date on which the goods are supplied;
 - (d) the quantity, usual description and price, including the value added tax on the profit margin, of the goods supplied, indicating separately goods whose unit purchase price exceeds €250 or which are means of transport. For each means of transport, the invoice or document serving as the invoice must also show:
 - the information required to identify the means of transport, and in particular its type, registration number, make, model, chassis number and year of manufacture;
 - the date it was first put into service, and:
 - for vessels: length and total number of hours of navigation;
 - for aircraft: take-off weight and total number of hours flown;
 - for land vehicles: engine capacity or power rating and total mileage (number of kilometres);
 - (a) the phrase “Special arrangements for taxing the profit margin”;
 - (b) where appropriate, the reason why the invoiced transaction is not subject to VAT.

VAT legislation does not lay down any specific obligations concerning the languages in which invoices are to be drawn up. However, the official administrative languages in Luxembourg are French, German and Luxembourgish.

The accounting arrangements for VAT require taxable persons to lay out their accounts in such a way that the information required to calculate the tax payable is accessible and can be checked.

Since the invoice is an essential part of accounts, it must be made out in a language which the administration can understand. Within the Community, this obligation is satisfied if the invoice is made out in either of two of the official Community languages, i.e. French or German.

20. ARE THERE EXEMPTIONS TO THE OBLIGATION TO ISSUE AN INVOICE? IF SO, TO WHICH CATEGORIES OF BUSINESS DO THEY APPLY?

To supplies of goods and services effected for other taxable persons where the total invoice amount does not exceed €50. The following basic information must be provided:

- (a) the name and address of the supplier of the goods or service;
- (b) the quantity and usual description of the goods supplied or nature and scope of the services provided;
- (c) the price including VAT;
- (d) the rate of VAT.

Under Luxembourg VAT legislation an invoice does not have to be issued for sales to non-taxable persons.

PERIODIC VAT RETURNS

21. WHEN ARE TRADERS OBLIGED TO SUBMIT VAT RETURNS?

Taxable persons who habitually and independently carry out transactions which form part of an economic activity must, irrespective of the purpose or results of that activity and irrespective of the place where such transactions are carried out:

- periodically declare and pay the tax chargeable;
- submit an annual return for each tax period which is the calendar year;
- keep proper accounts.

22. AT WHAT INTERVALS ARE VAT RETURNS AND THE ASSOCIATED PAYMENTS TO BE MADE?

As a general rule, taxable persons must submit to the VAT administration before the fifteenth day of each month, a return in accordance with the arrangements and in the form prescribed by the administration. This must contain all the information required to calculate the VAT and any deductions and, for the purposes of control by the administration, the total amount of transactions concerned, the total amount of transactions exempted or not covered by VAT and the total amount of transactions relating to the deductions to be made. The amount of VAT chargeable in the proceeding month must be paid to the Luxembourg State by the same date.

According to the criteria listed under point 23, certain taxable persons or groups of taxable persons are authorised to declare and pay the VAT chargeable by them in a quarter or year on a quarterly or annual basis.

Taxable persons who are required to submit monthly or quarterly returns must also submit before 1 May of each year an annual return for the VAT chargeable during the preceding calendar year and must pay the balance of any tax chargeable as shown on the recapitulative return within the same period.

23. ARE THERE SPECIAL RETURNS FOR SMALL TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS? IF SO, PLEASE DESCRIBE THEM.

- (1) Taxable persons whose annual turnover, exclusive of tax, during the calendar year preceding the tax period was more than €112 000 but not more than €620 000 may, before the fifteenth day of each calendar quarter, submit a return for the VAT which was chargeable during the preceding calendar quarter and pay this tax within that same period.
- (2) Taxable persons whose annual turnover, exclusive of tax, during the calendar year preceding the tax period was no more than €120 000 may, before 1 March each year, submit an annual return for the VAT which was chargeable during the preceding calendar year and pay this tax within that same period.
- (3) Taxable persons who are required to submit monthly or quarterly returns must also submit, before 1 May each year, an annual return for the VAT which was chargeable during the preceding calendar year and must pay the balance of any tax chargeable as shown by that recapitulative return within that same period.
- (4) Taxable persons who cease trading during a calendar year must, within two months of ceasing trading, submit a return in place of the annual return for this calendar year and pay any outstanding VAT which may be due by the same date.

24. ARE THERE SIMPLIFIED METHODS OF CALCULATING TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

No.

RECAPITULATIVE STATEMENTS

25. AT WHAT INTERVALS DO RECAPITULATIVE STATEMENTS HAVE TO BE SUBMITTED?

Taxable persons must, before the fifteenth day of each calendar quarter, submit a recapitulative statement listing the customers with VAT identification numbers in another Member State to whom they have supplied goods which were dispatched or transported by them or a third party acting on their behalf or by the customer or a third party acting on the latter's behalf, outside Luxembourg but within the Community, on which tax was chargeable during the preceding calendar quarter.

Under certain conditions this statement can be submitted annually.

26. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN ARTICLE 22(6) OF DIRECTIVE 77/388/EEC?

No.

27. ARE THERE SIMPLIFIED PROCEDURES FOR RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 22(12) OF DIRECTIVE 91/680/EEC?

Taxable persons whose annual turnover, exclusive of VAT, is more than €45 000 but not more than €112 000, if where the total annual value, exclusive of VAT, of the goods dispatched or transported by them or a third party acting on their behalf or by the customer or a third party acting on the latter's behalf, outside Luxembourg but within the Community, does not exceed €15 000 and does not include intra-Community supplies of new means of transport, may submit a recapitulative statement before the fifteenth day of each calendar year. However, taxable persons who have ceased trading must submit a statement before the fifteenth day of the calendar quarter following that in which they ceased trading.

Taxable persons whose annual turnover, exclusive of VAT, does not exceed €45 000 may submit a simplified recapitulative statement before the fifteenth day of each calendar year if the total annual value, exclusive of VAT, of the goods dispatched or transported by them or a third party acting on their behalf or by the acquirer or a third party acting on his behalf, outside Luxembourg but within the Community, does not exceed €15 000 and does not include intra-Community supplies of new means of transport. However, taxable persons who have ceased trading must submit a statement before the fifteenth day of the calendar quarter following that in which they ceased trading.

ELECTRONIC INVOICING AND ELECTRONIC RETURNS

28. IS ELECTRONIC INVOICING AUTHORISED? IF SO, UNDER WHAT CONDITIONS AND USING WHAT PROCEDURES?

Electronic invoicing is not authorised.

29. CAN VAT RETURNS BE SUBMITTED ELECTRONICALLY? IF SO, HOW AND USING WHAT TECHNOLOGY? WHERE MUST REQUESTS FOR RETURNS TO BE SUBMITTED ELECTRONICALLY BE MADE?

It will soon be possible to submit VAT returns electronically on-line. Initially this will concern periodic VAT returns. It will be possible to submit annual returns electronically in a second phase.

30. CAN RECAPITULATIVE STATEMENTS BE SUBMITTED ELECTRONICALLY? IF SO, HOW AND USING WHAT TECHNOLOGY? WHERE MUST REQUESTS FOR STATEMENTS TO BE SUBMITTED ELECTRONICALLY BE MADE?

Recapitulative statements can already be submitted on data carriers such as diskettes.

It will soon be possible to submit recapitulative statements on-line.

ADMINISTRATIVE REQUIREMENTS

31. DO YOU OPERATE FLAT-RATE SCHEMES AND TO WHOM DO THEY APPLY?

Yes, there are flat-rate schemes for taxable persons who supply goods or services in connection with agricultural or forestry holdings.

In the case of supplies of goods and services effected by an agricultural or forestry holding, there is a flat-rate tax equal to:

- (1) 8% of the taxable amount for:
 - goods which normally come from an agricultural holding and which were produced by the taxable person, including goods which have undergone primary processing using means normally used on an agricultural holding;
 - services which are normally used in the production or marketing of agricultural or forestry products and which are supplied by the taxable person using means which are normally used on an agricultural or forestry holding;
 - goods used by taxable persons for the purposes of their agricultural or forestry holding, including capital goods;
- (2) 4% of the taxable amount in the case of goods which normally come from a forestry holding and which were produced by the taxable person, including goods which have undergone primary processing using means normally used on a forestry holding but not including sawmill products.

However, farmers or foresters may opt to have their transactions taxed under the normal VAT arrangements rather than the flat-rate scheme.

As a general rule, once they have opted to do so, for which a written declaration is required, they may not revert to the flat-rate scheme. If they do so, the normal taxation arrangements will apply to all economic activities carried out by them.

32. ARE THERE ANY ADMINISTRATIVE SIMPLIFICATIONS OTHER THAN THOSE ALREADY MENTIONED?

No.

33. IN WHAT LANGUAGES ARE THE PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS AVAILABLE OR TRANSLATED?

VAT forms are available in French and German.

RIGHT TO DEDUCT

34. FOR WHAT CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT TO DEDUCT?

VAT on goods and services used for supplies of goods and services which are exempted or are not subject to VAT is not deductible. Goods and services used by taxable persons for intra-Community acquisition of goods or imports of goods are subject to the arrangements for deductions applying to supplies of goods and imports of services for which goods acquired or imported are used.

Article 44 of the VAT Act which is based on Articles 13 and 16 of the 6th VAT Directive defines the exemptions applying in Luxembourg which are usually granted on social, health, education and cultural grounds.

Article 44

- (1) The following are exempted from value added tax within the limits and under the conditions to be laid down by Grand-Ducal regulation:
 - (a) supplies of services or goods ancillary to these services, excluding telecommunications and supplies of goods ancillary to telecommunications, effected by the postal and telecommunications undertaking;
 - (b) the following supplies of services and goods:
 - the granting and negotiation of credit and management of credit by the person granting it, discounting and rediscounting transactions;
 - the negotiation of, and any dealings in, credit guarantees or any other security and the management of credit guarantees by the person granting the credit;
 - transactions concerning debts, excluding debt collection, and their negotiation;
 - transactions relating to cheques and other negotiable instruments and their negotiation;
 - transactions relating to deposit and current accounts and their negotiation;
 - payment and transfer transactions and their negotiation;

- transactions, including negotiation, of currency, banknotes and coins used as legal tender, excluding collectors' items. Gold, silver and other metal coins or bank notes which are not normally used as legal tender or are of numismatic interest are considered to be collectors' items;
- transactions, including negotiation, excluding management and safekeeping, of shares, holdings in companies or associations, debentures and other securities, excluding documents establishing title to goods;
- services relating to issues.

However, input tax may be deducted on such services and supplies where they relate directly to goods which are to be exported to a country outside the European Community or where the customer is established or domiciled in a non-Community country;

- (c) administration of collective investment institutions covered by the Act of 30 March 1988 relating to collective investment institutions and the administration of pension funds covered by the Act creating pension funds in the form of variable-capital pension saving society and the pension savings association (SEPCAV and ASSEP);
- (d) the supply, at face value, of postal stamps which are valid in Luxembourg, fiscal and other stamps and other official national stamps;
- (e) the supply of immovable property and assignment of immovable property rights. This exemption does not apply to supplies resulting from a contract of sale for property to be built where they relate to buildings which do not yet exist at the time the contract is concluded or supplies resulting from a contract to hire equipment or machinery;
- (f) the leasing or letting of immovable property. This exemption does not apply to:
 - the provision of accommodation in property that a taxable person uses solely for temporary accommodation;
 - the provision of accommodation in holiday camps or land for development for use as camping;
 - the letting of premises and sites which are not on the public highway for parking vehicles;
 - the hire of tools, machinery and any type of equipment;
 - the hire of safes;
- (g) the supply of goods and services, including water, electricity, gas, heat, refrigeration and similar goods, for the management, maintenance and repair of jointly owned property by co-owner associations within the meaning of the Act of 16 May 1975 defining the status of co-ownership of buildings, for their co-owners or tenants;

- (h) insurance and reinsurance transactions, including related services performed by brokers or insurance agents. This exemption does not apply to services provided by adjusters relating to the valuation of insurance claims;

However input tax may be deducted on these transactions where they are directly linked to goods which are to be exported to a country outside the European Community and where the customer is established or domiciled in a non-Community country.

- (i) betting relating to sporting activities and gambling covered by Articles 4 and 5 of the Act of 20 April 1977 governing gambling and betting relating to sporting activities where they are subject to the special taxes and duties levied by the State and are authorised by the relevant public authorities. This exemption does not apply to services provided by intermediaries in such transactions;

- (j) the supply of goods and services by authorised tombola and lottery organisers where the income from such tombolas and lotteries is used for public or collective purposes;

- (k) the following services and goods:

- the provision of medical care in the exercise of the medical and dental professions;
- the provision of services by dental technicians in the exercise of their profession;
- the supply of dental prosthesis by dentists and dental technicians in the exercise of their profession;
- the provision of medical care in the exercise of the paramedical professions where they are provided on medical prescription or where they are paid for by social security organisations. This exemption does not apply to saunas or beauty treatment;

- (l) the following transactions:

- the provision of hospital and medical care and closely related activities undertaken by bodies governed by public law, by hospitals, centres of medical treatment or diagnosis and duly recognised establishments of a similar nature in the private sector;
- clinical analyses carried out by biochemical laboratories;
- the transport of sick or injured persons by vehicles specially designed for this purpose;

- (m) supplies of human organs, blood and milk;

- (n) the supply of services and goods closely linked to welfare and social security work effected by bodies covered by public law, social security organisations, public establishments, treatment centres, old people's homes or geriatric units, charitable organisations or other duly recognised similar institutions in the private sector;

- (o) the supply of goods and services closely linked to the protection of children and young persons by bodies governed by public law, by orphanages, treatment centres, youth centres including hostels and other similar organisations in the private sector whose charitable status is recognised by the relevant public authorities;
- (p) the following transactions:
 - the supply of services and goods closely linked to children’s or young people’s education, school or university education, vocational training or retraining, provided by private-sector institutions which are authorised and supervised by the relevant public authorities or which have been set up under Luxembourg law;
 - the supply of accommodation, food and beverages by boarding schools and school or college canteens;
 - the supply of services relating to private tuition and covering school or university education;
- (q) the provision of staff by religious or philosophical institutions for the activities referred to in subparagraphs (l), (n), (o) and (p) or for spiritual welfare;
- (r) the following transactions:
 - the supply of services and closely related goods by the State, communal organisations and other public-law organisations in the management of theatres, orchestras, choirs, museums, libraries, archives and botanical gardens or zoos;
 - services and closely related goods by organisers of theatrical and choreographic events and cinema showings, concerts, conferences, courses and other events of scientific, cultural, educational or social interest where the receipts are intended specifically to cover the costs of organising these events.

This exemption does not apply to the supply of goods or services effected by other taxable persons for such organisations and organisers for the purposes of the above activities and, in particular, for the provision of services by theatre or choreographical groups, orchestras or choirs, directors, actors, dancers, conductors, musicians, singers or other artists and lecturers;

- (s) the provision of services closely linked to sport or physical education by not-for-profit organisations to persons taking part in sport or physical education and services provided at sporting events by their organisers;
- (t) the supply of services and closely related goods by not-for-profit organisations for the benefit of their members in return for a subscription fixed in accordance with their rules by not-for-profit organisations with aims of a political, trade-union, religious, patriotic, philosophical, philanthropic or civic nature, or where their activity involves the management of a collective office;

- (u) the supply of goods and services at funds-raising events by not-for-profit organisations pursuing objectives of collective or public interest which are not deemed to be taxable persons by virtue of their principal activities or by bodies whose transactions are exempt in accordance with the provisions of (l), (n), (o), (p), (r), (s) and (t);
- (v) the provision of services by members of public organisations, professional groups, management boards or committees or similar organisations for honorary non-remunerated ends;
- (w) the supply of goods solely for an activity exempted under the provisions of this article where these goods were not eligible for the right to deduct in accordance with Article 49 and the supply of goods whose acquisition or assignment was excluded from the right to deduct under Article 54;
- (x) the provision of services by independent groups of persons carrying an exempted activity for which they are not considered to be taxable persons whose aim is to provide their members with services which are directly required to carry out this activity, where these groups simply require their members to repay their share of the joint expenditure, provided that this exemption does not distort competition.

Value added tax on expenditure which is not of a strictly professional nature such as entertainment expenditure is also not deductible.

35. FOR WHAT CATEGORY OF GOODS AND SERVICES IS THERE A PARTIAL RIGHT TO DEDUCT? PLEASE INDICATE THE PERCENTAGE.

Luxembourg law does not provide for any partial right to deduct any particular percentage.

ANNEX 1: THRESHOLDS

Member State	Threshold for application of the special scheme for acquisitions by taxable persons not entitled to deduct input tax and by non-taxable legal persons ¹		Threshold for application of the special scheme for distance selling ²		Exemption for small enterprises ³	
	National currency	Euro equivalent	National currency	Euro equivalent	National currency	Euro equivalent
Belgium	€11.200		€35.000		€5.580	
Czech Republic		10.000		35.000		35.000
Denmark	80.000 DKK	10.722	280.000 DKK	37.528	50.000 DKK	6.667
Germany	€12.500		€100.000		€16.620	
Estonia	160.000 EEK	10.226	550.000 EEK	35.151		16.000
Greece	€10.000		€35.000		€9.000 or €4.000	
Spain	€10.000		€35.000		None	
France	€10.000		€100.000		€76.300 or €27.000	
Ireland	€41.000		€35.000		€51.000 or €25.500	
Italy	€8.263		€27.889		None	None
Cyprus	6.000 CYP	10.226	20.000 CY Pounds	34.220		15.600
Latvia	7.000 LVL	10.778	24.000 LVL	36.952		17.200
Lithuania	35.000 LTL	10.138	125.000 LTL	36.207		29.000
Luxembourg	€10.000		€100.000		€10.000	
Hungary						35.000
Malta		10.000		35.000		37.000 ⁴ 24.300 ⁴ 14.600 ⁴

¹ See second subparagraph of Article 28(a)(1) of Directive 77/388/EEC, as amended.

² See Article 28b, (2) of Directive 77/388/EEC, as amended.

³ See Article 24(2) of Directive 77/388/EEC, as amended. This scheme is reserved for taxable persons established within the territory of the country.

⁴ €37 000 when the economic activity consists principally in the supply of goods, €24 300 when the economic activity consists principally in the supply of services with a low value added (high inputs), and €14 600 in other cases, namely service providers with a high value added (low inputs)

ANNEX 1: THRESHOLDS

Netherlands	€10.000		€100.000		None	None
Austria	€11.000		€100.000		€22.000	
Poland						10.000
Portugal	€8.978		€31.424		€9.976 or €12.470	
Slovenia		10.000		35.000		25.000
Slovak Republic		10.000		35.000		35.000
Finland	€10.000		€35.000		€8.500	
Sweden	90.000 SEK	10.071	320.000 SEK	35.809	None	None
United Kingdom	55.000 GBP	86.112	70.000 GBP	109.598	55 000 GBP	86.112

ANNEX 2: VAT IDENTIFICATION NUMBER

- BE** le numéro d'identification à la taxe sur la valeur ajoutée
BTW - identificatienummer
- CZ**
- DK** momsregistreringsnummer
- DE** Umsatzsteuer - Identifikationsnummer
- EE** käibemaksukohustuslasena registreerimise number
- EL** Αριθμός Φορολογικού Μητρώου ΦΠΑ
Arithmos Forologikou Mitroou FPA
- ES** el número de identificación a efectos del Impuesto sobre el Valor Añadido
- FR** le numéro d'identification à la taxe sur la valeur ajoutée
- IE** value added tax identification no.
- IT** il numero di registrazione IVA
- CY** Αριθμός Εγγραφής Φ.Π.Α.
Arithmos Egrafis FPA
- LV** pievienotās vērtības nodokļa (PVN) reģistrācijas numurs
- LT** PVM mokėtojo kodas
- LU** le numéro d'identification à la taxe sur la valeur ajoutée
- HU**
- MT** numru ta' l-identifikazzjoni tat-taxxa fuq il-valur miújud
value added tax identification number
- NL** BTW - identificatienummer
- AT** Umsatzsteuer - Identifikationsnummer
- PL**
- PT** o número de identificação para efeitos do imposto sobre o valor acrescentado

ANNEX 2: VAT IDENTIFICATION NUMBER

- SI** identifikacijska številka za DDV
- SK** identifikačné číslo pre daň (IČ DPH)
- FI** arvonlisäverorekisteröintinumero
Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- SE** Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- GB** value added tax (VAT) registration no.

ANNEX 3: ABBREVIATIONS

	COUNTRY	CURRENCY
BELGIUM	BE	EUR
CZECH REPUBLIC	CZ	CZK
DENMARK	DK	DKK
GERMANY	DE	EUR
ESTONIA	EE	EEK
GREECE	EL	EUR
SPAIN	ES	EUR
FRANCE	FR	EUR
IRELAND	IE	EUR
ITALY	IT	EUR
CYPRUS	CY	CYP
LATVIA	LV	LVL
LITHUANIA	LT	LTL
LUXEMBOURG	LU	EUR
HUNGARY	HU	HUF
MALTA	MT	MTL
NETHERLANDS	NL	EUR
AUSTRIA	AT	EUR
POLAND	PL	PLN
PORTUGAL	PT	EUR
SLOVENIA	SI	SIT
SLOVAK REPUBLIC	SK	SKK
FINLAND	FI	EUR
SWEDEN	SE	SEK
UNITED KINGDOM	GB	GBP