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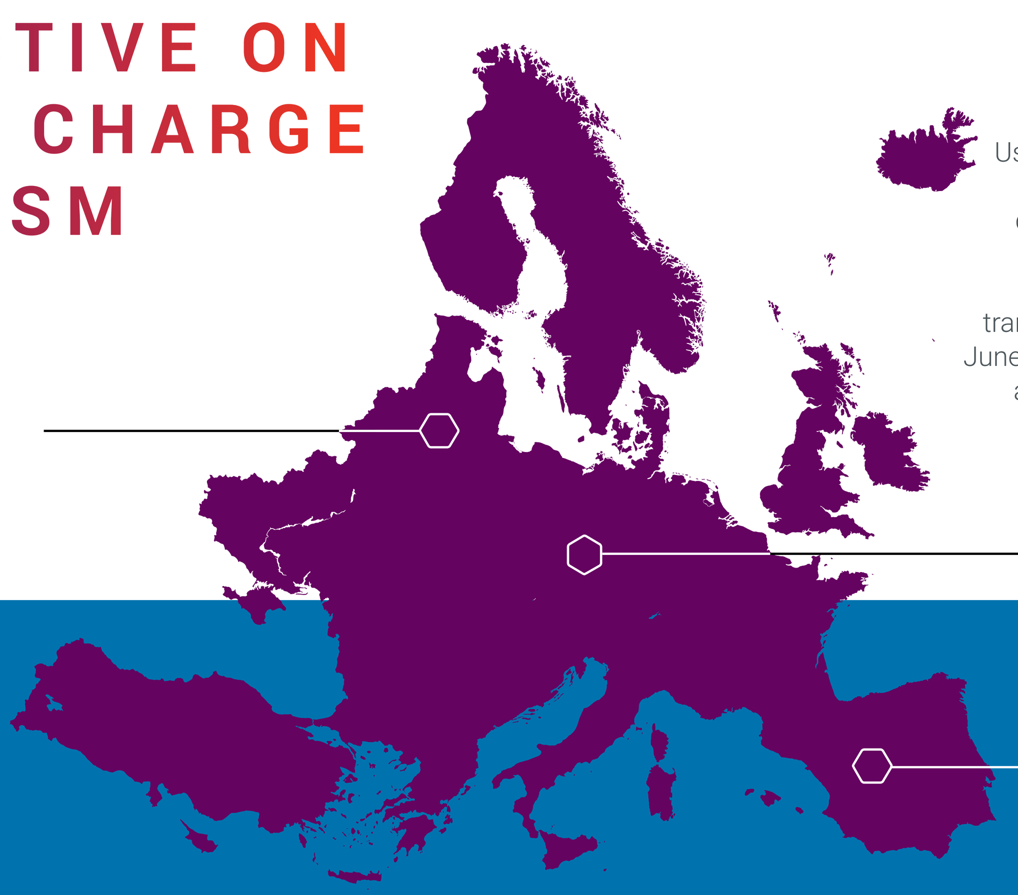
YOUR GUIDE TO TAX DEVELOPMENTS AROUND EUROPE

INTRODUCTION

The global tax environment is dynamic and challenging, with new laws that can make compliance quite the headache for businesses around the world. To keep you up to date on changes that may affect your business, we've created this snapshot of notable developments in the tax landscape from the EU and other countries around Europe.

EU DIRECTIVE ON REVERSE CHARGE MECHANISM



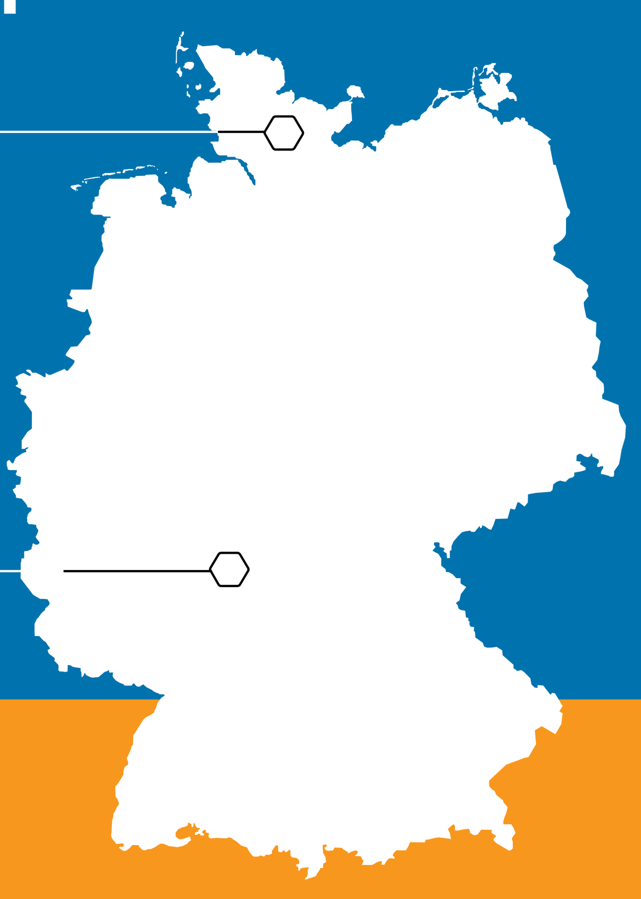
Provides for the generalised reverse charge mechanism, allowing Member States most affected by VAT fraud to temporarily apply a generalised reversal of VAT liability.

Use of the mechanism is only allowed on domestic supplies of goods and services above €17,500 per transaction and until 30 June 2022 under specific and strict conditions.

EU ALIGNMENT OF VAT RULES FOR PUBLICATIONS

The European Economic and Financial Affairs Council adopted a directive allowing member states to apply reduced, super-reduced or zero VAT rates to electronic publications.

GERMANY, ITALY AND NORWAY



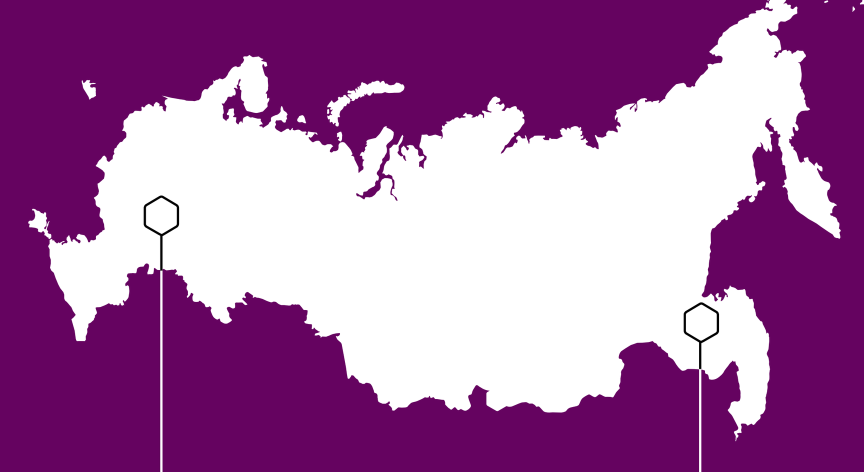
- Operators of online marketplaces in Germany have faced significant additional VAT obligations since 1 January 2019, following changes to the country's Annual Tax Act.
- The added liability has applied to non-EU merchants since 1 March 2019 and will affect EU-based merchants from 1 October 2019.

- Since January, all VAT-registered businesses established in Italy have needed to comply with e-invoicing requirements for both B2B and B2C transactions.
- The requirements aim to enhance tax transparency and simplify the VAT filing process.

- Foreign businesses no longer need to provide original invoices to accompany their VAT refund applications.
- Copies of invoices, credit memos and print-outs of electronic invoices received by email are now accepted by the Norwegian Tax Administration.

CROATIA, RUSSIA AND HUNGARY

- Croatia's general VAT tax rate will reduce to 24% from 25% on 1 January 2020.
- Reduced VAT rates will increase annual disposable household income by around 872 Croatian Kunas.



- Russia has abolished the VAT reverse charge that applied to digital B2B services.
- Non-residents that supply these services are now subject to tax registration and local VAT filing requirements.

- Domestic corporate income taxpayers in Hungary, with at least 75% common direct or indirect ownership interest, are able to offset losses in the year of generation at group level.
- They are also now exempt from transfer pricing rules. CFC (Controlled Foreign Company) and interest limitation rules of the EU's ATAD (Anti-Tax Avoidance Directive) are now incorporated into corporate tax law.

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STAY TAX COMPLIANT ACROSS EUROPE WITH TMF GROUP

Differing tax rates and regulations coupled with constant local law changes can make managing global business operations extremely challenging. TMF Group can help to simplify the complexity. Our local experts stay ahead of all the latest developments, and can provide you with the local knowledge, support and guidance you need to stay compliant.

Find out how we can keep you ahead of the game in Europe