

2010 European Union Value Added Tax (VAT) rule changes: Considerations for companies doing business in Europe

Overview of VAT package

The potential impact of the VAT rule changes taking effect on January 1, 2010, for U.S. companies doing business in Europe can be significant.

These changes are related to the following areas of VAT:

- > Place and time of supply
- > European Commission sales list for services
- > New system for reclaiming foreign VAT

These new rules will affect companies that sell services in Europe. This may include several service industries, including:

- > Computer services
- > Shipping
- > Warranty services
- > Installation
- > Maintenance
- > Equipment rental
- > Entertainment
- > Event management and trade shows
- > IT consulting
- > Outsourced call centers
- > Clinical research in life sciences
- > Repair services

Action to be taken

Companies should take action now to become fully compliant and take advantage of valuable applicable refund claim opportunities. Please be aware of the December 31, 2009, deadline for VAT refund claims incurred from July 1, 2008, through June 30, 2009, for non-EU companies operating in the UK.

Baker Tilly can advise companies on how these changes will affect them, as well as steps that should be taken to become fully compliant beginning January 1, 2010.

Baker Tilly Tax Alerts provide you with timely updates about tax savings opportunities and changing regulations. Contact us at tax@bakertilly.com with questions.