

CHANGES WHEN INVOICING CUSTOMERS IN THE EU

As you may be aware, several new requirements were introduced in October 2007 for invoices issued to business customers in other EU member states. Administered at first with a 'light touch', the requirements will undoubtedly be enforced more rigorously from **1st January 2010** when the new EU VAT Package comes into force. In addition to the normal invoicing requirements, invoices to EU based business customers, where the VAT is payable by them through their own VAT returns (the reverse charge mechanism), must now contain the following information:

- your own VAT number must now be prefixed with the letters 'GB';
- for supplies of goods, it is mandatory to show the customer's own VAT number on your sales invoice, otherwise you must charge UK VAT;
- for supplies of services, you must now display your customer's VAT number where they are registered for VAT or, if they are not registered for VAT, retain evidence to show that they are receiving your services in the course of their business activities. Failing this, you must charge UK VAT;
- for supplies of services, a statement indicating that VAT must be accounted for by the customer under a reverse charge. There is no set wording for this but we suggest the following will suffice:

'Outside the scope of UK VAT, subject to the reverse charge under EC Directive 2006/112'

- for supplies of goods subject to the cross-border treatment, an acceptable statement would be:

'Zero-rated intra-EC supply subject to VAT in the member state of acquisition'

- Where the supply of goods or services is exempt from VAT, you must now include a statement to that effect. Again, there is no set wording; just a simple statement that the supply is exempt from VAT will suffice, although you can include a reference to the appropriate provision in EC Directive 2006/112 if you wish.

As would be expected, there is a great deal of detail underpinning this brief summary of the legislative changes ahead, so if you think that you are likely to be affected please contact UHY Hacker Young's VAT Department or your usual UHY contact for further information.

UHY Hacker Young LLP

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If you require further advice please do not hesitate to contact London office VAT partner Simon Newark, or your usual UHY Hacker Young partner.