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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax administration
VAT and other turnover taxes

TAXUD/1032/07-EN Part 3

VAT in the European Community

**APPLICATION IN THE MEMBER 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 States which has been obtained from the tax authorities concerned.

The sole purpose of distributing details of national provisions is to create a work tool. In no way does this document 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. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM, WHOM SHOULD HE CONTACT? (ADDRESS, TELEPHONE, FAX, EMAIL)

Foreign traders can obtain VAT information either 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

or from the tax authorities' website (see answer to question 2).

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH CATEGORIES OF INFORMATION ON VAT IS AVAILABLE ON THAT WEBSITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? AND IN WHICH LANGUAGE(S)?

The authorities' website address is:

<http://www.aed.public.lu/>

At present, this 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;
- 3) offers the possibility of online submission of VAT returns and recapitulative statements;
- 4) provides information on current laws, regulations and administrative provisions concerning VAT.

The site is available in French and German.

3. WHERE IS IT POSSIBLE TO FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHICH LANGUAGE(S) ARE THEY AVAILABLE?

VAT legislation and regulations are published in French in:

MÉMORIAL – Official Journal of the Grand Duchy of Luxembourg

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

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

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

ÉDITIONS SAINT-PAUL, Luxembourg
14, rue Christophe Plantin
L – 2988 Luxembourg
Tel.: (+ 352) 49 93 275
Fax: (+ 352) 49 93 580
Website: <http://www.saint-paul.lu>
E-Mail: editions@editions.lu

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

Reference is also made to point 4 of the answer to question 2 above.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHAT ARE THE CIRCUMSTANCES GOVERNING THE NEED TO BE REGISTERED FOR VAT?

Foreign traders carrying out economic transactions subject to VAT, where the place of taxation is deemed to be within the national 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, with or without a trial run, by or on behalf of the supplier, 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 EUR 100 000 is exceeded or the supplier option is taken up).

The following do not have to register for VAT purposes in Luxembourg:

- foreign traders carrying out economic transactions subject to VAT, where the place of taxation is deemed to be within the national territory of the Grand Duchy of Luxembourg and for which they are in principle liable for VAT, but are exempted and have no right to deduct input tax;
- foreign traders carrying out economic transactions subject to VAT, where the place of taxation is deemed to be within the national territory of 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 TO REGISTER ON A VOLUNTARY BASIS?

Foreign traders carrying out economic transactions subject to VAT, where the place of taxation is deemed to be within the national territory of 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:

For the supply of the following goods by a taxable person established abroad, the VAT is payable by persons registered for VAT in Luxembourg to whom the goods are supplied under the conditions provided for in Article 14(1)(e) or (f) of the VAT Act:

- supplies of gas, via the natural gas distribution network, or electricity to a taxable dealer;
- supplies of gas, via the natural gas distribution network, or electricity not covered by the bullet above.

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

- 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 in the name and on behalf of third parties for services other than those listed above;
 - valuations of movable tangible property effected in another Member State, provided that the property leaves that Member State once the valuation has been completed;
 - work on movable tangible property carried out in another Member State, provided that the property leaves that Member State when the work has been completed;
- the customer is VAT registered in the Grand Duchy of Luxembourg:
- transfers and assignments of copyrights, patents, licences, trade marks and similar rights;
 - advertising services;
 - the services of lawyers, consultants, accountants, engineers, consultancy bureaux, and other similar services;
 - data processing and the provision of information;
 - banking, financial and insurance and reinsurance transactions, with the exception of the hire of safes;
 - the supply of staff;
 - the hiring out of movable tangible property, with the exception of all means of transport;
 - telecommunications services;
 - radio and television broadcasting services;
 - electronically supplied services, such as:
 1. website supply, web-hosting, distance maintenance of programs and equipment;
 2. supply of software and updating thereof;
 3. supply of images, text and information and making available of databases;
 4. supply of music, films and games, including games of chance and gambling games, and of political, cultural, artistic, sporting, scientific and entertainment broadcasts and events;
 5. supply of distance teaching;
 - the provision of access to, and of transport or transmission through, natural gas and electricity distribution systems and the provision of other services directly linked thereto;
 - obligations to refrain from pursuing or exercising, in whole or in part, a business activity or a right referred to in this indent;
 - the supply of services by intermediaries, acting in the name and on behalf of other persons, where those intermediaries take part in the supply of the services referred to in this indent.

Intra-Community acquisitions effected within Luxembourg national territory, within the meaning of Article 28b(A)(1), where the conditions provided for under Article 28c(E)(3) are met (triangular transactions).

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

6. WHOM SHOULD A FOREIGN TRADER CONTACT TO GET REGISTERED FOR VAT? (DETAILS ABOUT THE DEPARTMENT, INCLUDING ADDRESS, TELEPHONE AND FAX E-MAIL...)

Foreign traders must apply to the department indicated under the answer to question 1 to register for VAT in Luxembourg.

7. PLEASE DESCRIBE THE DETAILED PROCEDURES (INCLUDING NECESSARY DOCUMENTS) FOR ISSUING VAT IDENTIFICATION NUMBERS, SPECIFICALLY TO FOREIGN TRADERS.

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 the answer to question 1.

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

They will then be notified of the 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 activity or craft in Luxembourg, the trader 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

Information lines: (+ 352) 478-4711, 478-4715, 478-4716, 478-4718

Fax: (+ 352) 478-4740

Entry in the Trade Register, obtainable from:

Website: <http://www.rcsl.lu>

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

Premises in Luxembourg

Centre administratif Pierre Werner
Bâtiment F
13, rue Erasme

Postal address: Registre de Commerce et des Sociétés
L –2961 LUXEMBOURG

Tel: (+ 352) 26 428 – 1
Fax: (+ 352) 26 42 85 55

If the economic activity is carried out in the administrative district of Diekirch

Premises in Diekirch

Palais de Justice, place Guillaume
Postal address: Registre de Commerce et des Sociétés
B.P. 20,
L – 9201 DIEKIRCH

Tel: (+ 352) 26 80 37 60
Fax: (+352) 26 80 37 61

THRESHOLDS**8. WHICH THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 34 OF THE VAT DIRECTIVE (2006/112/EC)?**

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

9. WHICH THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER THE SECOND SUBPARAGRAPH OF ARTICLE 3 OF THE VAT DIRECTIVE (2006/112/EC)?

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN (NON-EU) TRADERS**10. WHAT ARE THE SITUATIONS IN WHICH THE APPOINTMENT OF A TAX REPRESENTATIVE IS OBLIGATORY?**

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 within the national 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 CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

Not applicable, see answer to question 10 above.

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

Not applicable, see answer to question 10 above.

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER COUNTRY TO DESIGNATE A TAX REPRESENTATIVE IN YOUR TERRITORY?

Not applicable, see answer to question 10 above.

14. IS IT NECESSARY TO SET UP A BANK GUARANTEE?

Taxable persons established outside the Community may be required by the authorities to furnish security 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 person.

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

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. IS IT POSSIBLE TO APPOINT A TAX REPRESENTATIVE OR A TAX AGENT?

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 within the national 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?

Not applicable, see answer to question 10 above.

17. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

Not applicable, see answer to question 10 above.

18. ARE THERE SITUATIONS WHERE IT IS OBLIGATORY TO SET UP A BANK GUARANTEE?

No.

INVOICING

RULES ABOUT INVOICING

19. WHERE CAN THE RELEVANT RULES (LAWS, REGULATIONS, INSTRUCTIONS, GUIDELINES...) BE FOUND?

The relevant rules can be found in the Act of 1 July 2003 amending the Act of 12 February 1979 on value added tax, which transposed Council Directive 2001/115/EC of 20 December 2002 into national law (see answer to question 3 above).

ISSUANCE OF INVOICES

20. CASES WHERE AN INVOICE NEEDS TO BE ISSUED

A. All taxable persons except:

- taxable persons who supply only exempt goods or services for which no tax is deductible;
- taxable persons eligible under the small-business exemption scheme;
- taxable persons eligible under the flat-rate scheme for agriculture and forestry

must ensure that invoices are issued by them or in their name and on their behalf by their customer or a third party for

- goods and services supplied to another taxable person or to a non-taxable legal person;

- supplies of goods referred to in Article 14(3) (distance selling – Article 28b(B)(1) of the Sixth Directive) and supplies of goods effected under the conditions provided for in Article 43(1)(d), (e) and (f) (intra-Community supplies of goods and new means of transport – Article 28c(A)(a), (b) and (d) of the Sixth Directive);
 - payments on account made to them before the goods referred to in the above indents are supplied and payments on account made to them by another taxable person or non-taxable legal person before the supply of services is completed.
- B. All taxable persons must ensure that invoices are issued by them or in their name and on their behalf by their customer or a third party for the supply of new means of transport;
For supplies of new means of transport under the conditions set out in Article 43(1)(e) (Article 28c(A)(b) of the Sixth Directive) by any taxable person, including taxable persons who from time to time supply new means of transport (Article 28a(4) of the Sixth Directive), the supplier must provide the administration with all the information necessary for the levying and control of the value added tax.

21. WHAT ARE THE RULES ON CORRECTIVE INVOICES (CREDIT / DEBIT NOTES)?

Any document or message that amends and refers specifically and unambiguously to the initial invoice is to be treated as an invoice.

22. WHAT IS THE TIME LIMIT FOR ISSUING INVOICES?

Under the relevant legal provisions, the invoice must be issued not later than the fifteenth day of the month following that of the supply of the goods or services or, in the case of a summary invoice, of the supplies of the goods or services and, where a payment on account is made for a supply of goods or services which have not yet been supplied or completed, not later than the date of receipt of that payment on account.

23. WHAT ARE THE RULES FOR SUMMARY INVOICING?

Summary invoices may be issued for the transactions set out in the first and second indents of point A of the answer to question 20, provided that each summary invoice concerns only goods and/or services supplied during the same calendar month.

24. WHAT ARE THE CONDITIONS IMPOSED ON SELF-BILLING?

The issue of invoices by the customer of a taxable person for the supply of goods or services is authorised, provided that there is a prior agreement between the two parties setting the conditions and procedures for this form of invoicing and for the acceptance procedure and subject to an acceptance procedure being applied by the taxable person supplying the goods or services for each invoice. The prior agreement and the invoice acceptance procedure must be set down on paper or in electronic form.

25. IS THERE ANY SPECIFIC RULE IN RELATION TO OUTSOURCING OF INVOICES TO A PERSON WHO IS ESTABLISHED OUTSIDE THE EU?

The VAT Act does not contain any specific provisions governing outsourcing.

CONTENT OF INVOICES

26. UNDER WHAT CONDITIONS MUST THE VAT NUMBER OF THE CUSTOMER BE ON THE TAX INVOICE?

The VAT identification number of the customer is to be mentioned only for intra-Community supplies of goods and in situations in which the customer is liable to pay the VAT on the goods or services supplied (supplies referred to in the 4th indent of Article 22(3)(b)).

In the case of the supply of goods (after an intra-Community acquisition of goods in the context of “triangular” transactions) and of services (intra-Community transport of movable tangible property, work and valuations relating to movable tangible property and “intangible” services) where the purchaser of the goods or services is the person liable for VAT, as well as in the case of intra-Community transfers of goods that are exempted from VAT, the invoice must bear the customer’s VAT identification number.

It should be noted that no use has been made of the possibility offered by Directive 2001/115/EC to require the customer’s VAT number to be entered on invoices in all cases, except, of course, in the cases explicitly referred to in Article 22(3)(b) of the amended Sixth Directive. Consequently, in the case of invoices for transactions effected by Luxembourg taxable persons for customers who are taxable persons or non-taxable legal persons resident or established in Luxembourg, the customer’s VAT identification number need not be indicated.

27. ANY OTHER SPECIFIC RULE IN RELATION TO THE CONTENT OF THE INVOICE.

Invoices issued for the transactions listed under A of the answer to question 20 must mention, for VAT purposes:

- the date of issue;
- a sequential number, based on one or more series, which uniquely identifies the invoice;
- the VAT identification number under which the taxable person supplied the goods or services;

- the customer's VAT identification number under which the customer received a supply of goods or services in respect of which he is liable for payment of VAT, or received a supply of goods as referred to in Article 43(1)(d), (e) and (f) (Article 28c(A)(a), (b) and (d) of the Sixth Directive);
- the full name and address of the taxable person and of the customer;
- the quantity and nature of the goods supplied or the extent and nature of the services rendered;
- the date on which the supply of goods or services was made or completed or the date on which the payment on account was made, in so far as that date can be determined and differs from the date of issue of the invoice;
- the taxable amount per rate or exemption, the unit price exclusive of VAT and any discounts or rebates if they are not included in the unit price;
- the VAT rate applied;
- the VAT amount payable, except where a special arrangement is applied for which such a detail is to be excluded;
- where an exemption is involved or where the customer is liable to pay the VAT, reference to the applicable provision of Directive 77/388/EEC, to the corresponding provision of the amended VAT Act of 12 February 1969, or to any other indication that the supply is exempt or subject to the reverse charge procedure;
- where the intra-Community supply of a new means of transport is involved, the particulars by virtue of which the means of transport supplied is considered to be a new means of transport within the following limits:
 - a) vessels, with the exception of vessels carrying out international paid transport of goods and sea-going vessels, exceeding 7.5 metres in length, where the supply takes place within three months of the date of first entry into service or where the vessel has sailed for no more than 100 hours;
 - b) aircraft, with the exception of aircraft used by airlines essentially engaging in paid international transport, with a total take-off weight of more than 1550 kilogrammes, where the supply takes place within three months of the date of first entry into service or where the aircraft has flown for no more than 40 hours;
 - c) motorised land vehicles the capacity of which exceeds 48 cubic centimetres or the power of which exceeds 7.2 kilowatts, intended for the transport of persons or goods, where the supply takes place within six months of the date of first entry into service or where the vehicle has travelled for no more than 6000 kilometres;
- where the profit margin scheme applies, the reference to Article 26 or 26a of Directive 77/388/EEC or to Article 56a or 56b of the amended VAT Act of 12 February 1969, or to any other indication that the profit margin scheme has been applied.

The amounts entered on the invoice may be expressed in any currency provided that the amount of the tax to be paid is established in euros using the conversion mechanism provided for in Article 37 of the VAT Act of 12 February 1979, namely:

- 1) where the information serving to determine the taxable amount on import is expressed in a foreign currency, the rate of exchange is determined in accordance with the Community provisions in force governing the calculation of the customs value;
- 2) where the information serving to determine the taxable amount of a transaction other than the import of goods is expressed in a currency other than the euro, the rate of exchange applicable is that of the most recent rate determined by reference to the rate published by the Banque Centrale de Luxembourg or an approved banking establishment on the basis of the rate fixed by the European Central Bank, at the moment when the tax becomes due.

The administration may, for control purposes, require a French or German translation of invoices for goods or services supplied in Luxembourg and invoices received by taxable persons established in Luxembourg when the invoices are issued in a foreign language.

Where batches containing several invoices are sent to the same recipient by electronic means, the details that are common to the individual invoices need be mentioned only once if, for each invoice, all the information is accessible.

ELECTRONIC INVOICING

28. AS REGARDS INVOICES SENT WITH ADVANCED ELECTRONIC SIGNATURES, IS IT OBLIGATORY TO USE QUALIFIED CERTIFICATED AND SECURE-SIGNATURE-CREATION DEVICES? IF SO, PLEASE GIVE DETAILS.

Invoices issued pursuant to the relevant current legal provisions may be sent either on paper or, subject to acceptance by the customer, by electronic means. Invoices sent by electronic means are treated as invoices provided that the authenticity of the origin and integrity of the content are guaranteed

- by means of an advanced electronic signature within the meaning of Article 2 of Directive 1999/93/EC of the European Parliament and of the Council of 13 December 1999 on a Community framework for electronic signatures;
- or by means of electronic data interchange (EDI), as defined in Article 2 of Commission Recommendation 1994/820/EC of 19 October 1994 relating to the legal aspects of electronic data interchange, when the agreement relating to the interchange provides for the use of procedures guaranteeing the authenticity of the origin and the integrity of the data.

Advanced electronic signature standards have not yet been defined.

29. AS REGARDS INVOICES SENT BY ELECTRONIC DATA INTERCHANGE, IS AN ADDITIONAL SUMMARY DOCUMENT ON PAPER OBLIGATORY? IF SO, PLEASE GIVE DETAILS ABOUT ITS CONTENT AND PROCEDURE.

No.

30. DO YOU ALLOW INVOICES ISSUED PURSUANT TO ARTICLE 233(1), SECOND SUBPARAGRAPH, OF THE VAT DIRECTIVE ("BY USING ANY OTHER ELECTRONIC MEANS")? IF SO, UNDER WHICH CONDITIONS AND FORMALITIES?

No.

31. ANY OTHER SPECIFIC RULE IN RELATION TO ELECTRONIC INVOICING.

None.

STORAGE OF INVOICES

32. WHAT ARE THE RULES ON THE PLACE OF STORAGE OF INVOICES?

All taxable persons except

- taxable persons who supply only exempt goods or services for which no tax is deductible;
- taxable persons eligible under the small-business exemption scheme;
- taxable persons eligible under the flat-rate scheme for agriculture and forestry

must ensure that copies of invoices issued by them or in their name and on their behalf by their customer or by a third party for goods and services supplied in Luxembourg, as well as all invoices which they have received, are stored. Electronic storage is accepted as valid.

The authenticity of the origin and the integrity of the content of the invoices stored, as well as their legibility, must be guaranteed throughout the storage period.

Subject to the provisions in the following two paragraphs, taxable persons may decide the place of storage provided that they make the invoices stored there available to the administration without undue delay on request.

Taxable persons established in Luxembourg must store invoices within the country unless they are stored by electronic means guaranteeing full online access to the data concerned.

The place of storage may not be a country outside the European Community with which no legal instrument exists relating to mutual assistance similar in scope to that laid down by the amended version of Directives 76/308/EEC and 77/799/EEC and Regulation (EEC) No 218/92 (Directive 77/799/EEC and Regulation (EEC) No 218/92 have been replaced by Regulation (EC) No 1798/2003 as regards VAT) and the right to access by electronic means, download and use referred to in the next paragraph. Since only the Member States of the European Community meet this condition, such storage is only valid in Member States of the European Community.

When a taxable person not established in Luxembourg stores invoices which he issues or receives by an electronic means guaranteeing online access to the data, and the place of storage is Luxembourg, the competent authorities of the Member State in which he is established have the right to access by electronic means, download and use these

invoices within the limits set by the regulations of the Member State where the taxable person is established and as far as that State requires for VAT control purposes.

Where invoices which must be provided at the request of the administration exist only in electronic form, they must, on request by the administration, be provided in legible and immediately comprehensible form, certified in conformity with the original, on paper or following any other technical procedures which the administration establishes.

33. IS PRIOR NOTIFICATION OF INVOICES STORED IN ANOTHER COUNTRY AN OBLIGATION? IF SO, PLEASE SPECIFY.

Taxable persons established in Luxembourg must inform the administration of the place of storage if it is outside Luxembourg territory. This information must be given in their annual returns.

34. WHAT IS THE OBLIGATORY STORAGE PERIOD FOR INVOICES?

Invoices must be stored for ten years.

35. WHAT ARE THE SPECIFIC RULES ON STORAGE FORM AND POSSIBLE CONVERSIONS?

Electronic storage of invoices is valid provided that data guaranteeing the authenticity of the origin and the integrity of the content of the books and documents are also stored. Electronic storage means storage by electronic data storage equipment employing wire, radio, optical or other electromagnetic means.

36. ANY OTHER SPECIFIC RULE IN RELATION TO INVOICE STORAGE.

None.

SIMPLIFIED INVOICES

37. WHAT ARE THE SITUATIONS WHERE SIMPLIFIED INVOICING IS ALLOWED PURSUANT TO ARTICLE 238 OF THE VAT DIRECTIVE (2006/112/EC)? AND WHAT ARE THE SPECIFIC RULES?

Invoices relating to

1. supplies of goods carried out in conditions other than those set out in Article 14(1)(b) (Article 8(1)(a) of the Sixth Directive – goods installed or assembled by or on behalf of the supplier, with or without a trial run) and paragraph 3 (distance selling – Article 28b(B)(1) of the Sixth Directive) and where the place of departure of the consignment or transport of the goods is situated in another Member State, excluding supplies referred to in the second indent of Article 18(4) (triangular transactions – Article 28c(E)(3) of the Sixth Directive) and excluding supplies carried out under the conditions of Article 43(1)(d), (e) and (f) (intra-Community supplies of goods and new means of transport – Article 28c(A)(a), (b) and (d) of the Sixth Directive), as well as
2. supplies of services for which the taxable person providing the services becomes liable for the VAT,

for total amounts not exceeding EUR 100, need contain only the following information:

- the date of issue;
- the name and address of the supplier of the goods or service;
- the quantity and nature of the goods supplied or the extent and nature of the services rendered;
- the price including VAT;
- the rate of VAT.

PERIODIC VAT RETURNS

38. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

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

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

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

As a general rule, taxable persons must submit a return to the VAT administration before the fifteenth day of each month, 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 due in the previous month must be paid to the Luxembourg State by the same date.

According to the criteria listed under point 40, certain taxable persons or groups of taxable persons are authorised to declare and pay the VAT for which they are liable 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 due during the preceding calendar year and must pay the balance of any tax due as shown on the recapitulative statement within the same period.

40. DOES A SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER 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 EUR 112 000, but not more than EUR 620 000 may, before the fifteenth day of each calendar quarter, submit a return for the VAT falling due during the preceding calendar quarter and pay this tax by the same date;
- 2) Taxable persons whose annual turnover, exclusive of tax, during the calendar year preceding the tax period was not more than EUR 112 000 may, before 1 March each year, submit an annual return for the VAT falling due during the preceding calendar year and pay this tax by the same date;
- 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 falling due during the preceding calendar year and must pay the balance of any tax due according to that recapitulative return by the same date.
- 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 according to this return by the same date.

41. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF 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

42. AT WHAT INTERVALS ARE RECAPITULATIVE STATEMENTS TO BE SUBMITTED?

Before the fifteenth day of each calendar quarter, taxable persons must 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 person acting on the latter's behalf, outside Luxembourg but within the Community, on which tax fell due during the preceding calendar quarter.

Under certain conditions, this statement can be submitted annually.

43. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN CHAPTER 6 RECAPITULATIVE STATEMENTS OF TITLE XI OF THE VAT DIRECTIVE (2006/112/EC)?

No.

44. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 269 OF THE VAT DIRECTIVE (2006/112/EC)? IF SO, WHAT ARE THE RELATED THRESHOLDS FOR APPLYING SUCH PROCEDURES?

Taxable persons whose annual turnover, exclusive of VAT, is more than EUR 45 000 but not more than EUR 112 000, may submit a 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 customer or a third party acting on the latter's behalf, outside Luxembourg but within the Community, does not exceed EUR 15 000 and does not include intra-Community supplies of new means of transport. However, taxable persons who have ceased trading must submit their recapitulative 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 EUR 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 customer or a third party acting on the latter's behalf, outside Luxembourg but within the Community, does not exceed EUR 15 000 and does not include intra-Community supplies of new means of transport. However, taxable persons who have ceased trading must submit their recapitulative

statement before the fifteenth day of the calendar quarter following that in which they ceased trading.

ELECTRONIC RETURNS

45. IS IT POSSIBLE TO SUBMIT VAT RETURNS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT RETURNS ELECTRONICALLY?

Periodic and annual VAT returns may be sent to the administration electronically, provided that the procedure used is one authorised by the administration and guarantees the authenticity of their origin and the integrity, non-repudiation and confidentiality of their content.

Receipt by the administration of the relevant data sent electronically in accordance with the above rules constitutes submission of the returns concerned. This receipt and the reproduction or representation of the data on a readable medium have probative value for the purposes of the VAT Act.

To be able to submit VAT returns and recapitulative statements by electronic means, it is necessary to submit an application for subscription to the electronic VAT system by post to the administration. The relevant application form can be downloaded from the administration website (www.aed.public.lu - eTVA – Formules TVA) .

46. IS IT POSSIBLE TO SUBMIT RECAPITULATIVE STATEMENTS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT STATEMENTS ELECTRONICALLY?

Recapitulative statements may be sent to the administration electronically provided that the procedure used is one authorised by the administration and guarantees the authenticity of their origin and the integrity, non-repudiation and confidentiality of their content.

Receipt by the administration of the relevant data sent electronically in accordance with the above rules constitutes submission of the recapitulative statements concerned. This receipt and the reproduction or representation of the data on a readable medium have probative value for the purposes of the VAT Act.

ADMINISTRATIVE REQUIREMENTS

47. DO YOU OPERATE A FLAT-RATE SCHEME? IF SO, TO WHOM DOES THE SCHEME APPLY?

Yes, there is the flat-rate scheme for taxable persons who supply goods or services in connection with their agricultural or forestry holdings.

In the case of supplies of goods and services effected by a farmer or forester, the flat-rate tax is fixed at:

(1) 9% 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 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 for 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 carried out in connection with their agricultural or forestry holdings 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 exercise their option, the normal taxation arrangements will apply to all economic activities carried out by them.

48. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

No.

49. IN WHICH LANGUAGE(S) ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED INTO?

VAT forms are available in French and German.

RIGHT TO DEDUCTION

50. FOR WHICH CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT OF DEDUCTION?

VAT on goods and services used to supply 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 acquisitions of goods or imports of goods are subject to the arrangements for deductions applicable to supplies of goods and imports of services for which the goods acquired or imported are used.

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

Article 44

The following are exempted from value added tax within the limits and under the conditions to be laid down by Grand Ducal regulation:

- a) the supply by the postal and telecommunications undertaking of services and the supply of goods incidental thereto, other than telecommunications services and the supply of goods incidental to telecommunications services;
- b) the supply of the following goods and services:
 - the granting and the negotiation of credit and the management of credit by the person granting it, discounting and rediscounting transactions;
 - the negotiation of or any dealings in credit guarantees or any other security for money and the management of credit guarantees by the person who is granting the credit;
 - transactions concerning debts, excluding debt collection, and their negotiation;
 - transactions relating to cheques and other negotiable instruments and their negotiation;
 - transactions concerning deposit and current accounts and their negotiation;
 - payment and transfer transactions and their negotiation;
 - transactions, including negotiation, concerning currency, bank notes and coins used as legal tender, with the exception of collectors' items, that is to say, gold, silver or other metal coins or bank notes which are not normally used as legal tender or coins of numismatic interest;
 - transactions, including negotiation but not management or safekeeping, in shares, interests in companies or associations, debentures and other securities, but excluding documents establishing title to goods;

- services relating to issues;

However, input tax may be deducted on such supplies of goods and services 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) the management of collective investment undertakings and pension funds subject to supervision by the Commission de surveillance du secteur financier (CSSF - Financial Sector Supervisory Commission) or the Commissariat aux Assurances (Insurance Authority);
- d) the supply at face value of postage stamps valid for use for postal services within Luxembourg, fiscal stamps and other official national stamps;
- e) the supply of immovable property and the assignment of immovable rights in rem. This exemption does not apply to supplies resulting from a contract of sale for property to be built which 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 on sites developed for use as camping sites;
 - the letting of premises and sites which are not on the public highway developed and used 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 the like, 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 insurance brokers and 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 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.
- 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 supply of the following services and goods:
 - the provision of medical care in the lawful exercise of the medical and dental professions;
 - the provision of services by dental technicians in the lawful exercise of their profession;
 - the supply of dental prostheses by dentists and dental technicians in the lawful exercise of their profession;
 - the provision of medical care in the lawful exercise of the paramedical professions where it is provided on medical prescription or where it is paid for by social security organisations. This exemption does not apply to saunas or beauty treatment;
- l) the following transactions:
 - the supply of goods and services closely related to the hospitalisation of the sick or injured and personal medical care carried out by public bodies, clinics, hospitals, medical care or diagnostic centres or other similar establishments in the private sector, recognised by the competent public authorities as being devoted to social wellbeing;
 - clinical analyses carried out by biochemical laboratories;
 - the supply of transport services for sick or injured persons in vehicles specially designed for the purpose;
- m) the supply of human organs, blood and milk;
- n) the supply of goods and services closely linked to social security, social assistance or public health effected by public bodies, mutual funds, public or public utility establishments, treatment centres, retirement homes, old people's homes or geriatric units, hospital or charitable works and other similar institutions in the private sector, recognised by the competent public authorities as being devoted to social wellbeing;
- o) the supply of goods or services closely linked to the protection of children and young people by public bodies, orphanages, treatment centres, homes for children and young people, including youth hostels, and other similar organisations in the private sector recognised by the competent public authorities as being devoted to social wellbeing;
- 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 competent public authorities or which have been set up by law;
 - the supply of accommodation, food and beverages by boarding schools and school or college canteens;
 - the supply of services relating to tuition given privately by teachers and covering school or university education;

- q) the supply of staff by religious or philosophical institutions for the purpose of the activities referred to in points (l), (n), (o) and (p) and with a view to spiritual welfare;
- r) the following transactions:
- the supply of services, and the supply of goods closely linked thereto, by the State, the municipalities and other public bodies in the management of theatres, orchestras, choirs, museums, libraries, archives and botanical gardens or zoos;
 - the supply of services, and the supply of goods closely linked thereto, by organisers of theatrical and choreographic events and cinema showings, concerts, conferences, courses and other events of general scientific, cultural, educational or social interest where the receipts are essentially intended 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 public bodies and organisers for the purposes of the above activities and, in particular, to the supply of services by theatre or choreographic groups, orchestras or choirs, directors, actors, dancers, conductors, musicians, singers or other artists and by conference speakers or lecturers;
- s) the supply of certain services closely linked to sport or physical education by non-profit-making organisations to persons taking part in sport or physical education and the supply of services at sporting events by their organisers;
- t) the supply of services, and the supply of goods closely linked thereto, to their members in their common interest in return for a subscription fixed in accordance with their rules, by non-profit-making 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 occasional fund-raising events by non-profit-making organisations, with aims in the collective or public interest which are not 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) above;
- v) the supply of services in the context of an honorary activity by members of public bodies, professional groups and chambers, management boards or committees or similar bodies, remunerated by attendance fees;
- w) the supply of goods solely for an activity exempted under the provisions of this article where these goods were not eligible for deduction in accordance with Article 49 and the supply of goods, the acquisition or assignment of which was excluded from the right to deduct provided for under Article 54;
- x) the provision of services by independent groups of persons carrying out an exempted activity or one for which they are not deemed to be taxable persons with the aim of providing 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 exemption is not likely to cause distortion of competition.

Value added tax on expenditure which is not of a strictly professional nature, such as luxury, entertainment or hospitality expenses, is also not deductible.

51. ARE THERE CATEGORIES OF GOODS AND SERVICES IN WHICH THERE IS A PARTIAL RIGHT OF DEDUCTION? IF SO, WHAT IS THE PERCENTAGE?

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

ANNEX 1 – THRESHOLDS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexII

ANNEX 2 – VAT IDENTIFICATION NUMBERS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexII

ANNEX 3 – ABBREVIATIONS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexIII