

The VAT mini One Stop Shop

- The 'Mini One Stop Shop' ('**MOSS**') will come into effect from 1 January 2015. MOSS will allow taxable persons supplying telecommunication services, television and radio broadcasting services and electronically supplied services to non-taxable persons in Member States (in which they do not have an establishment) to account for the VAT due on those supplies via a web-portal in the Member State in which they are identified.
- Application of the MOSS is optional, and is in effect a simplification measure following the change to the VAT place of supply rules, in that the supply takes place in the Member State of the customer, and not the Member State of the supplier. **This scheme allows such taxable persons to avoid registering in each Member State of consumption.** The MOSS mirrors the scheme in place until 2015 for supplies of electronically supplied services to non-taxable persons by suppliers not established in the European Union.

Electronically supplied services



For purpose of the above, the term '**electronically supplied services**' includes services relating to website supply, webhosting, distance maintenance of programmes and equipment, supply of software and updating thereof, supply of images, text and information, and making available of databases, 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, and the supply of distance teaching. Where the supplier of a service and the customer communicate via electronic mail, that shall not of itself mean that the service supplied is an electronically supplied service.

How the system works in practice

- Under the MOSS rules, a taxable person being registered for the MOSS in a Member State (the Member State of Identification) must electronically submit quarterly mini One Stop Shop VAT returns detailing supplies of telecommunications, broadcasting and electronically supplied services to non-taxable persons in other Member States (the Member State(s) of consumption), along with the VAT due. The amount of such supplies is inputted in such a way as to show the total supplies made in each Member State, together with the amount of VAT paid (at the rate of such State in terms of the new rules).
- These returns under the MOSS are separate and additional to the normal VAT Returns which the taxable person renders under its domestic VAT obligations. The returns along with the VAT paid, are then transmitted by the Member State of Identification to the corresponding Member States of consumption *via* a secure communications network. The scheme is subject to certain conditions.

In general, the difference in treatment largely depends on the scheme which is applicable:

- (i) the **Union scheme** - applies to taxable persons that have established their business (or have a fixed establishment in the territory of the EU); and
 - (ii) the **non-Union scheme** – for taxable persons that have not established their business (nor have a fixed establishment in the territory of the EU).
- A taxable person who opts to use the MOSS is required to register in the Member State of identification. For the Union scheme this Member State will be the Member State in which the taxable person has established its business. In the event that the taxable person does not have its business establishment in the EU, the Member State of identification is the member state in which such taxable person has a fixed establishment. Where the taxable person has more than one fixed establishment, such person may choose any Member State in which it has a fixed establishment to be the Member State of identification. Under the non-Union scheme, the taxable person is free to choose its Member State of identification – it can also be the Member State of consumption.
 - In terms of the system as adopted in Malta, the registration and submission of the quarterly MOSS VAT Returns is done electronically via the web portal incorporated in the e-id online system. The taxable person may actually submit the return himself or else he may appoint a third party as his administrator (typically his accountant/financial advisor) to do so on his behalf, subject to the satisfaction of certain conditions and requirements.
 - In the case of a taxable person established in Malta, the member state of identification will be considered to be Malta. Such person will be required to include all the sales of telecommunication services, television and radio broadcasting services, and electronically supplied services made to non-taxable persons being established in other EU Member states, excluding all supplies made to Maltese customers. The supplies of electronically supplied services to non-taxable persons established in Malta will be included in the standard VAT Return that is submitted separately.
 - **The online portal operated by the Maltese VAT Authorities is currently accepting applications for registration by taxable persons satisfying the required conditions under the MOSS Rules and who opt to be registered under such scheme.** This ensures full compliance with such rules on their entry into force on 1 January 2015.

**The objective of this summary is to outline the principal elements of the rules being summarized herein. Accordingly it is not intended to be provided by way of comprehensive and definitive advice. Readers should seek professional advice by contacting DFK Malta Tax & Consultancy Limited before acting upon any information included in this document.*

For further information contact:

David Farrugia

Director – Legal & Tax Advisory

E: david.farrugia@dfkmalta.com

www.dfkmalta.com