



Place of Supply of Services Rules

What your business needs to know

On 1 January 2010 and 2011, the new place of supply of services rules were introduced. Now that the rules have had time to bed in, it is a good idea to benchmark how your business is coping with the changes.

If you supply services from Ireland

The Place of Supply of Services rules have changed, do they impact on my business?

If your business is supplying services to customers outside Ireland, the changes could impact on your business. These changes have effect from 1st January 2010.

Where do I start...?

Firstly you need to establish if your business is providing its services to:

- (a) other businesses (B2B) or
- (b) consumers (B2C)

It is important to make this distinction from the outset as the treatment on the supply of the

services may differ depending on the status of the recipient.

I am supplying services to other businesses, how should this be treated?

If your customers are outside Ireland you will not have to charge VAT unless your services fall within one of the exceptions to the general rule.

I am supplying services to consumers, how should this be treated?

Where you are supplying cross border services to consumers, you should charge VAT unless your services fall within one of the exceptions. Therefore, where appropriate, Irish VAT should be charged at the applicable rate on invoices issued for the supply of the relevant services.

So what are these exceptions...?

There are a number of exceptions which should be carefully noted to ensure the correct VAT treatment is being applied to the supply of those services. Some of the more important exceptions and the corresponding treatment are as follows:

Service	B2B	B2C	Place of supply
Passenger transport	✓	✓	Where the passenger transport takes place
Intra-Community transport of goods		✓	Place of departure
Admission to cultural, artistic, sporting scientific, education and entertainment or similar services, and ancillary services related to the admission	✓	✓	Where those events actually take place
Supply of service connected with immovable goods	✓	✓	Where goods are located; a specific reverse charge provision is being introduced for B2B where the customer is located in Ireland
Work on movable property		✓	Where the services are physically carried out
Short term hiring of means of transport	✓	✓	Where the transport is put at the disposal of the customer

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Do my accounts systems need to be updated?

Your accounts systems should be updated to reflect the changes brought in by the new rules. Your tax codes need to reflect the new rules, and you need to ensure your customer data includes all necessary information to allow you to meet your invoicing requirements.

What is VIES and what has it got to do with these new rules?

VIES (VAT Information Exchange System) returns must be completed to record the supply of services to business customers in other EU countries. VIES returns may be completed quarterly or monthly and may be electronically filed through the Revenue Online Service (ROS).

If you receive services from abroad

Under the new general rule it is the recipient of the services who is liable to account for VAT under the reverse charge procedure when the supplier is established outside of Ireland. There are exceptions to this which have already been outlined above and which should be noted.

Where do I start...?

You need to identify services received from foreign suppliers, and if you are not already registered, you may now have an obligation to register in Ireland and account for VAT on receipt of these services. We are happy to provide assistance with the registration process if required.

My business is VAT registered and in receipt of services from abroad, how should this be treated?

Under the general rule, services received should be subject to the reverse charge procedure, i.e. VAT should be accounted for in the VAT return, both in the VAT on sales box(T1) and depending on recoverability, the VAT on purchases box (T2). If you are entitled to full VAT recovery, this 'in-and-out' treatment results in a VAT neutral transaction.

What other obligations do I have?

The businesses Irish VAT number must be given to your suppliers of these services to be included on their invoices.



Do my systems need updating?

Systems must be able to recognise that foreign services, not falling within the exceptions, must be accounted for under the reverse charge procedure and the VAT return prepared accordingly.

I carry on a business which is VAT exempt, how am I affected by these new rules?

VAT-exempt persons in receipt of taxable services from abroad must also register and account for VAT under the reverse charge mechanism. As your business is exempt however, there is

no entitlement to an input credit and so, in the preparation of your returns the VAT amount will be recorded in box T1 only.

Anything else I should know?

This is just round one and two for changes in relation to the place of supply of services. More changes will follow in 2013 and 2015. Watch this space!

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