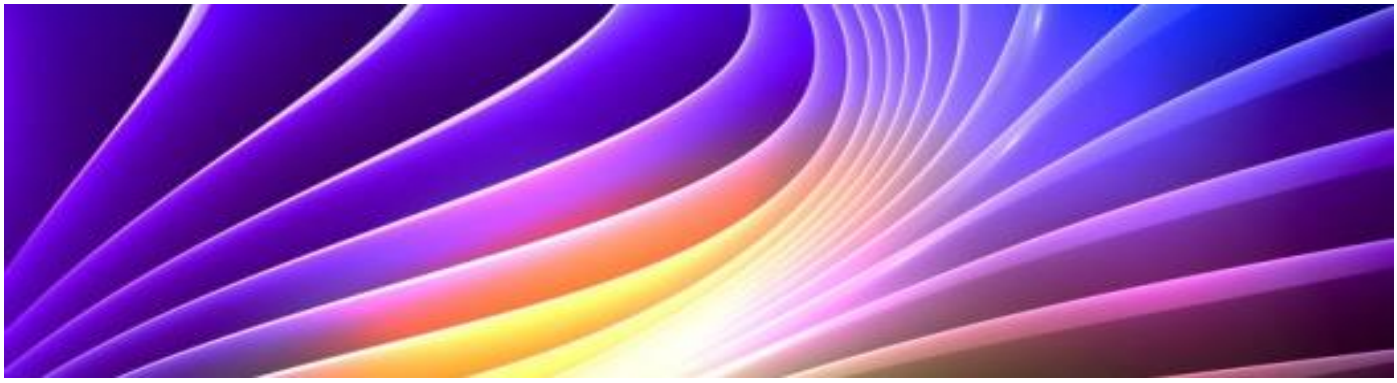
The Rulebook on changes and supplements to the Value Added Tax Rulebook



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- tourism and leisure sector,
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- waste management companies,
- public utilities sector,
- services.

INTRODUCTION

Dear partners, we have recently notified you about the changes related to the Value Added Tax Act which are described in more detail on our webpages.

Within the changes and supplements to the Value Added Tax Rulebook examined below, we described the most interesting relevant clarifications of legal changes.

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1. BUILDING LAND

Value Added Tax Act already defines building land as land for which an executive act approving building was issued.

The Act now clarifies that an executive act is considered a building permit, locational permit, building decision etc.

2. FALSE INTERPRETATION OF LOCAL REVERSE CHARGE

It is regulated that, if the delivery recipient considers that the supplier inappropriately applied the local reverse charge, the recipient is obliged to notify the supplier in written form within 8 days from receiving the invoice to correct it. Otherwise, it will be considered that the recipient agrees with the issued invoice.

Furthermore, if the supplier does not accept the suggestion for correction, the recipient has to accept such an invoice, and in written notify the competent office of the Tax Administration about the above mentioned.

The obligation of quarterly submission of PPO form is additionally regulated for services performed for which local reverse charge is applied.

3. TRAVEL AGENCIES

The change is defined in order to apply the special taxation scheme (TOMS) to services consisting of transportation or other tourism-associated services, but do not include accommodation (excursion). This deletes the regulation that, for applying a special margin scheme, it is necessary for services to be rendered in a time period exceeding 24 hours.

Additionally, the VAT calculation manner is regulated for the received advance on which a special margin scheme is calculated. In this case, VAT is calculated based on the tax base which equals the difference between the sale price set by the entrepreneur and the purchase price. If at the moment of receiving the advance the agency does not have the correct information about the price difference that will be made, the VAT obligation is determined by the expected price difference.

4. PURCHASER – VAT PAYMENT GUARANTOR

Legal changes regulate that the purchaser is the VAT payment guarantor if he or she has not paid the invoice, at least in the amount of the calculated VAT in that invoice, according to the deadlines regulated by the Act on Financial Operations and Pre-Bankruptcy Settlement.

The Act clarifies that the previously stated is applied in cases when the buyer *(regardless of whether VAT is calculated according to performed deliveries or applying the taxation procedure according to paid fees)* does not pay by the determined deadline to the supplier (who calculates VAT according to deliveries made) at the very least the amount of the VAT calculated in the invoice.

If the supplier has not paid VAT, and the VAT amount could not have been collected from the supplier in accordance with the General Tax Act, calculation measures will be undertaken based on the recipient's guarantee, if he or she has not paid supplier minimally the VAT calculated in a certain delivery invoice by the deadline regulated with a special regulation.

5. CONCLUSION

Other than the changes stated in this text, many other regulations in the Rulebook have been changed, all in accordance with legal changes briefly explained in the Newsletter.

It is evident that the Tax Administration focuses heavily on deliveries with local reverse charge. Also, it is necessary to emphasize that, once again, the regulations on applying a special margin scheme for travel agencies have been changed.

It is most definitely necessary to keep in mind invoice payment deadlines to suppliers, in order to avoid unpleasant situations in which your guarantee for partner's tax obligations could be activated.

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