

## Introducing the electronic VAT system (“eTVA”)

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Under the bill whose purpose is to transpose the European VAT package directives into Luxembourg legislation, some taxable persons will be required to electronically submit their VAT returns and recapitulative statements of intra-Community deliveries. Using the electronic VAT system (hereafter “eTVA”) set up by the Luxembourg VAT authorities (the Administration de l’Enregistrement et des Domaines), taxable persons can already file and access their VAT returns online (periodic returns, yearly returns and recapitulative statements). The new filing rules would be effective 1 January 2010 and this gives companies the opportunity to start getting ready now for the use of the eTVA tools.

### Using the eTVA system will be mandatory starting 1 January 2010

The draft Luxembourg legislation implementing directives 2008/8/EC, 2008/9/EC and 2008/117/EC<sup>1</sup> was introduced by the Luxembourg Finance Minister on 7 April 2009. Significant changes will be made to reporting requirements under the new legislation<sup>2</sup>.

Except for a few specific cases, the electronic transfer of VAT returns and recapitulative statements should now be the rule. Under the draft grand-ducal regulations which have been made available, taxable persons who conduct intra-Community deliveries of goods exceeding €100,000 per quarter<sup>3</sup> are required to use the eTVA system. As a result, those taxable persons will be required to use this system to monthly file their recapitulative statements and VAT returns starting 1 January 2010.

### What are the benefits of this new system?

The eTVA system has several major benefits.

#### Electronic transmission of VAT returns

The risk of error when entering the data is limited both when taxable persons prepare their returns and when the VAT authorities receive them, since the system helps detect inconsistencies.

VAT returns and recapitulative statements of intra-Community deliveries can be transmitted in XML and PDF format. Taxable persons are thus able to choose the method which best suits their business and which makes it easier to prepare and send those documents.

#### Meeting deadlines

Using the eTVA system mitigates risks of delays in filing returns and recapitulative statements. As soon as the documents are sent electronically, taxable persons will receive confirmation that they have been entered in the VAT authorities' monitoring system and that the authorities have indeed received them.

<sup>1</sup> Directive 2008/8/EC of 12 February 2008 amending Directive 2006/112/EC as regards the place of supply of services. Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State. Directive 2008/117/EC of 16 December 2008 amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-Community transactions.

<sup>2</sup> The contents of the draft legislation are subject to change until the act is passed.

<sup>3</sup> This amount will be brought down to €50,000 from 1 January 2012.

## Accessing VAT returns and recapitulative statements online

At any time, taxable persons are able to access the returns that they have sent using the online system. As a result, they are able to have an overview of all the returns they have filed. In addition, if a taxable person notices a mistake in his / her data, he / she is able to file a new VAT return or new recapitulative statement to replace the one that was filed initially.

## LuxTrust smartcard

Users of the LuxTrust S.A.<sup>4</sup> smartcard can authenticate themselves online and electronically sign documents or electronic transactions.

The smartcard will always be issued in the name of a natural person. The corporate smartcard used by businesses (LuxTrust Smartcard PRO) is issued in the name of one of their employees or agents. All authentication transactions are conducted in the name and on behalf of the principal company. Electronic signatures are also executed in the name and on behalf of the principal company.

As regards the eTVA system, the LuxTrust smartcard is currently used as a means of authentication when users log on to the system.

## Registering with the VAT authorities

Once taxable persons have received the certificates and the smartcard, they will be able to ask for their access to the eTVA system using the dedicated form available on the VAT authorities' website ([www.aed.public.lu](http://www.aed.public.lu)). Taxable persons will also need to download a free software application (Middleware LuxTrust) from the LuxTrust website and to acquire a smartcard reader<sup>5</sup>.

## How can PricewaterhouseCoopers help you?

PricewaterhouseCoopers can file all recapitulative statements and periodic and yearly VAT returns on your behalf using the eTVA system. You will thus be able to enjoy the many benefits that the eTVA system has to offer while ensuring that a trusted third party files and monitors your returns.

PricewaterhouseCoopers can also help you set up the eTVA system at your company. Our firm will take you through every step of the eTVA process, from installation to first use, which will also include helping you prepare XML messages.

<sup>4</sup> LuxTrust S.A. was created as part of the implementation of the electronic signature described in the act dated 14 August 2000. It obtained PSF status (accredited professional of the financial sector) in June 2006.

<sup>5</sup> Please visit the LuxTrust website for a list of compatible smartcard readers and official vendors.

## Contact

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