
Implementing Directive 01/2020

Value added tax

Addition of a new Article 11E

Introduction

Based on article 4 of L.122 (I) / 2020, article 11E is added to the VAT Legislation (L. 95 (I) / 2000 as amended). This addition has

date of application on 1/10/2020 and determines that the reverse charge system applies to deliveries to taxable persons related to the categories of goods which are analyzed below.

i) Mobile phones

The definition of a mobile phone has its daily meaning and means any device that has a mobile phone function (ie, sending and receiving voice messages over a mobile network), whether or not it has other functions. It also includes smartphones and hybrid mobile phones and tablets ("phablets").

The reverse charge also covers:

- Mobile phones supplied with accessories (such as charger, battery, cover or handsfree kit) as a single package (one price).
- prepaid (or "pay as you go") cell phones, whether or not the sale price includes an item to cover the cost of future use of phones and cell phones that are locked into a network but not contracted for the talk time.
- smart watches with mobile phone function set **not** are connected to a mobile phone.

The reverse charge **not valid** for the following:

- mobile phones provided with an airtime contract, including the supply of several mobile phones for a period of time under an ongoing airtime contract;
- mobile phone accessories supplied separately from a mobile phone walk wireless (walkie - talkies) •
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- Wi-Fi telephones unless also intended for use with mobile networks •
- phones where the base unit is connected to a landline but the handset is not connected to this base unit •
- smartwatches with or without mobile phone function to be paired with mobile phone and 3G data cards and Wi-Fi cards.

In cases where a mobile service package is provided in conjunction with a device purchase and there is a separate charge for the device and services, the

A charge for the value of the mobile phone will fall under the provisions of article 11E and for the monthly service provision VAT will normally be imposed on the invoice.

ii) Integrated circuit mechanisms, such as microprocessors and central processing units.

This category covers integrated circuit mechanisms such as:

- integrated circuits (eg central processing units or CPUs) • discrete integrated circuits, eg microprocessors or microprocessor units (MPUs) and microcontrollers or microcontroller units (MCUs) and chipsets, special integrated circuits
- general items when in a state before being included in end-user products or where sold separately and not as part of an assembled item, for example a motherboard.

It does not in any way include desktops, cash register systems, peripherals such as printers, external memory cards, chargers, etc.

iii) Game consoles, tablets and laptops.

This category includes, in addition to gaming consoles, laptops and all tablets that can operate autonomously as such with an internet connection, even if they have other uses, such as connecting to ordering systems.

The above provision does not include other devices that, even if they look like tablets, cannot operate autonomously as such.

It is noted that the obligation to the buyer to make the reverse charge in his books is mandatory regardless of whether the seller is registered in the VAT Register (taxable person).

At the same time, the supplier has the obligation, when issuing the VAT invoice to which the provisions of article 11E apply, to have confirmed that the VAT number submitted by his customer is valid. He can do this by entering the VAT number that will be presented to him on the website

https://ec.europa.eu/taxation_customs/vies/?locale=en and write in it the description "Reverse Charge Article 11E".

The other liabilities of the taxable persons in relation to the transactions concerning the goods regulated by Article 11E are not affected.