

Practical Guide

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# How to fill in your VAT return in Luxembourg

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4<sup>th</sup> edition

Nov. 2020



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#### Warning

This guide and its contents are purely informative and subject to the general terms of use published on the [Single Window for Logistics portal](#).

#### Who is this practical guide for?

This practical guide is targeted at all operators identified for VAT in Luxembourg who must report transactions on goods in their Luxembourg VAT return.

Useful details on the obligation to register for VAT are available on the [Guichet.lu website](#) and on the [VAT setup](#) page of the Single Window for Logistics portal.

The explanations below provide details on the main lines of the VAT return to fill-in concerning transactions involving goods. This guide does not concern the declarative obligations related to the supply of services.

#### What must be declared in a VAT return?

VAT returns allow the operator registered for VAT to do the following:

- to pay back to the Luxembourg State the VAT invoiced on their supplies of goods
- to exercise their right to deduct the VAT paid on their purchases
- to declare their VAT-exempt transactions.

Moreover, the operator must declare their exempt intra-Community supplies of goods in a recapitulative statement of intra-Community supplies of goods

#### How to file the VAT returns?

VAT returns and recapitulative statements of intra-Community supplies of goods must be filed in a format and at a frequency defined by law.

Useful details on this subject are available on the [Guichet.lu](#) website and on the page [VAT online services](#) of the Single Window for Logistics portal.

## Understanding the structure of the Luxembourg VAT return

Taxpayers must declare VAT on an annual calendar basis, covering the period from January to December. They may moreover be subject to the mandatory filing of monthly or quarterly returns, depending on the volume of their business.

Useful information on the frequency of VAT returns are available on the [Guichet.lu website](https://guichet.lu).

Annual and periodic Luxembourg VAT returns break down into four parts:

➤ **1<sup>st</sup> part "assessment of taxable turnover"**

This part relates to the overall sales made by the taxpayer, whether such sales are subject to VAT or not. It is also used to precisely identify any sales not subject to Luxembourg VAT.

➤ **2<sup>nd</sup> part "assessment of tax due"**

This part allows to calculate the VAT due by the taxpayer, whether on their [national sales](#) subject to VAT or on purchases for which they owe VAT ([intra-Community acquisitions](#), [imports](#), adjustments upon exit from [suspensive VAT arrangements](#)).

➤ **3<sup>rd</sup> part "assessment of deductible tax"**

This part allows the taxpayer to detail the VAT for which they are requesting a deduction.

➤ **4<sup>th</sup> part "tax to be paid or to be reclaimed"**

This part allows to calculate the balance of the VAT due or to recover for the period.

For all transactions thus declared, the taxpayer must, when requested by the administration, be able to produce details on the transactions they have declared, the invoices and any other documents (transport document, customs declaration, contracts, etc.) in order to allow the administration to verify the accuracy of the VAT returns. When needed, the administration may also ask the taxpayer to provide the contents of their computerized accounting in FAIA format.

More information concerning the FAIA format is available on the website of the [Luxembourg Registration Duties, Estates and VAT Authority](#) (AED).

## 1<sup>st</sup> part "assessment of taxable turnover"

This part breaks down into two sections:

**In the 1<sup>st</sup> section of this part, the operator must report its overall turnover concerning all of their sales, whether such sales are subject to VAT or not.**

The annual return includes additional specifications depending on whether it concerns goods:

- that are manufactured in the company (in Luxembourg or elsewhere): supply of inhouse manufactured goods
- that were purchased to be resold as is. This concerns goods that have been manufactured by another company (a retailer for example): supply of goods not manufactured inhouse
- that were booked as capital assets in the company's accounts: disposal of tangible assets
- the sales of which was made under the profit margin scheme.

The table below indicates in which cases of the annual and periodic returns the concerned transactions must be reported:

	VAT return	
	Annual	Monthly/quarterly
Supply of inhouse manufactured goods	001	454
Supply of goods not manufactured inhouse	002	
Disposal of tangible assets	005	
Net profit margin	003	N/A

**In the 2<sup>nd</sup> section of this part, the operator must detail all transactions that they declared under the 1<sup>st</sup> section and that are not subject to Luxembourg VAT.**

This includes, among others, the following types of transactions:

- exempt intra-Community supply of goods physically sent from Luxembourg to another country of the European Union (EU) ("intra-Community supplies")
  - These transactions must also be declared in a recapitulative statement of intra-Community supplies of goods
- Exempt supply of goods sent physically from Luxembourg to a country that is not part of the EU ("exports")
- supply of goods placed in a suspensive VAT arrangement
- supply of manufactured tobaccos for which the VAT has already been paid (specific scheme)
- supply of goods made in the context of triangular transactions, when the declaring operator is the intermediate buyer/reseller ("triangular sales").
  - These transactions must also be declared in a recapitulative statement of intra-Community supplies of goods

- Other supplies carried out abroad (for which the place of taxation is abroad): supply of goods for which the place of departure of transport is not in Luxembourg
- distance sales that are taxable in the destination country: delivery of goods to non-taxable individuals, meaning a delivery to another Member State, when the single annual threshold of EUR 10,000 has been exceeded

Additional information on these types of transactions is available on our pages [import/export VAT](#), [intra-Community transactions](#), [national transactions](#), [suspensive VAT arrangements](#).

The table below indicates in which cases of the annual and periodic returns the concerned transactions must be reported:

	VAT return		Recapitulative statement
	Annual	Monthly/quarterly	Goods
Intra-Community supplies of goods	013	457	Part I
Exports	014	014	N/A
Supply of goods in suspensive VAT arrangements	015	015	N/A
Supply of manufactured tobaccos	017	017	N/A
Triangular sales	018	018	Part II
Distance sales taxable abroad/declared in the OSS	226	226	N/A
Distance sales taxable abroad/declared outside the OSS	203	019	N/A
Other supplies of goods taxable abroad	019	019	N/A



#### Some frequent errors not to repeat

The following are not considered intra-Community supplies or imports to be declared as such in Luxembourg:

##### ➤ Supplies of goods for which the country of departure of transport is not Luxembourg

It may, for example, relate to a foreign stock (located abroad) of the Luxembourg seller, or to a direct delivery from the country in which the goods were imported: the seller is then subject to declarative obligations in the country from which the goods are shipped. This type of transaction must be declared in box 019.

##### ➤ Supplies of goods installed/assembled in another country by the seller or an intermediary that it will have designated.

The seller may also be subject to declarative obligations in the country in which the goods are installed (simplification measures may exist in some countries). This type of transaction must be declared in box 019.

The following are not considered distance sales

##### ➤ Supplies of goods to non-taxable individuals in the same Member State as that from which the goods were shipped (local delivery).

Such sales must be reported in the VAT return which must be filed in the country where the stock is held (i.e. Luxembourg if the stock is in Luxembourg; otherwise, it is abroad). This type of transaction must be declared in box 019.

## 2<sup>nd</sup> part "assessment of tax due"

In the 2<sup>nd</sup> part of the VAT return, the operator presents the details of the VAT they must pay back to the administration, by type and by rate.

This concerns:

- the VAT invoiced on **sales**
- the VAT the operator must declare on **intra-Community acquisitions** of goods: these are purchases of goods physically shipped from another EU Member State to Luxembourg the VAT
- the operator must declare on its **imports**: these are purchases of goods originating from a non-EU country, that are released for free circulation (customs cleared) in Luxembourg
- the VAT due following an adjustment upon **exit from a suspensive VAT arrangement**.

The operator must also declare in this part the amount of purchases made in the context of **triangular transactions**, although no VAT is due in Luxembourg.

Additional information on these different transactions is available on our pages [import/export VAT](#), [intra-Community transactions](#), [national transactions](#), [suspensive VAT arrangements](#).

The table below indicates in which cases of the annual and periodic returns the concerned transactions must be reported:

	VAT return			
	Annual		Monthly/quarterly	
	Net amount	VAT amount	Net amount	VAT amount
Supplies subject to the standard rate	701	702	701	702
Intra-Community acquisitions at the standard rate	711	712	711	712
Imports at the standard rate	721	722	721	722
Triangular acquisitions	152	N/A	152	N/A
Adjustments upon exit from VAT suspensive arrangement	N/A	227	N/A	227

Useful details on the VAT rate applicable in Luxembourg are available on our [national transactions](#) page.



### Some frequent errors not to repeat

- **Declaring goods released for free circulation (customs cleared) in another Member State than Luxembourg.**

In this case, no import should be reported in the Luxembourg VAT return: as the place of the import is not Luxembourg, the Luxembourg VAT is not due. In the case of a sale following import, the seller may be subject to declarative obligations in the country in which the goods are customs cleared.

- **Declaring VAT due on import based on the supplier's invoice.**

The VAT is due on import at the time the goods are released for free circulation. It is calculated based on the customs value to which some fees must be added, in particular the amount of customs duties and other taxes paid on import. Finally, the deduction of the import VAT is possible if the operator is in possession of the customs declaration mentioning them as the importer on record. This is the reason why the operator must declare the import VAT due based on the import customs document, and not based on the supplier's invoice.

- **Failure to declare VAT due on import or on an intra-Community acquisition.**

The VAT declared by the operator on these purchases is deductible, except in some cases (see part III, below). Since these transactions do not generate any VAT cost for the taxpayer, some operators do not declare their purchases. However, omitting these transactions can lead to the following consequences: a VAT audit, or even taxation by the administration in the case of differences with the data collected from the other EU countries, fines, denial of the right to VAT deduction.

## 3<sup>rd</sup> part "assessment of deductible tax"

**In the 3<sup>rd</sup> part of the VAT return, the operator presents the deductible VAT amounts.**

With some exceptions, an operator can deduct the VAT paid on purchases it has made as part of its economic activity. This concerns not only the VAT invoiced by national suppliers, but also the VAT due on intra-Community acquisitions, imports and exits from suspensive VAT arrangements.

A distinction is made in the 3<sup>rd</sup> part of the return, depending on whether the deducted VAT relates to national purchases, intra-Community acquisitions, imports or an exit from a suspensive VAT arrangement.

In the annual return one must distinguish between goods that constitute operational expenditures, stock entries (goods purchased to be resold), and tangible goods that are booked as capital expenditures.

	VAT return			
	Annual			Monthly/quarterly
	Overheads	Goods	Long-term assets	All categories
Local purchases	085	077	081	458
Intra-Community acquisitions	086	078	082	459
Imports	087	079	083	460
Adjustments upon exit from VAT suspensive arrangement	228			228

### 4<sup>th</sup> part "tax to be paid or to be reclaimed"

**In the 4<sup>th</sup> part of the VAT return, the operator enters the balance between the amounts of VAT due and the deductible VAT amounts.**

The 4<sup>th</sup> part presents the difference between the total VAT due (box 103) and the total of the deductible VAT (box 104), which is the balance of VAT to pay or be recovered for the period in question (box 105).

A positive difference equals the VAT due to the administration, which must be paid when filing the return.

A negative difference represents the VAT to be recovered from the administration, which can be carried over to a later period.