Summary of the declaration of supply of services in the VD report

SUMMARY OF DETERMINATION OF THE PLACE OF SUPPLY OF SERVICES AND DECLARATION IN THE VD REPORT

According to the provisions of subsection 1 of § 28 of the VAT Act, a taxable person must submit a report on intra-Community supply if it provides services specified in clause 9 of subsection 4 of § 10 of the VAT Act, to a taxable person or taxable person with limited tax liability of another Member State, the place of supply of which is not Estonia and which are subject to taxation, except these subject to taxation at a 0% tax rate, in the Member State of the recipient of the service. The taxable value of the services to be declared is indicated in column 5 of the report on intra-Community supply (form VD).

Services received from another Member State the recipient of which is registered as a taxable person or a taxable person with limited tax liability in Estonia are declared in box 1 and informative box 6 of the VAT return.

The place of supply in the provision of services to a taxable person of a Member State (including an Estonian taxable person) or a third country person engaged in business

- ✓ Basic rule (subsection 1 and clause 9 of subsection 4 of § 10 of the VAT Act), including cultural, artistic, sporting and other corresponding services – from 01.01.2011 the country of location of the recipient of the service, VD report must be submitted

- ✓ Services related to immovable property (clause 1 of subsection 2 and clause 1 of subsection 4 of § 10 of the VAT Act) – the country where the immovable property is located, VD report is not submitted

- ✓ Domestic transport services related to the carriage of passengers (clause 3 of subsection 2 and clause 4 of subsection 4 of § 10 of the VAT Act) – the country where the service is provided, VD report is not submitted

- ✓ Means of transport is hired or leased or a usufruct is established thereon on a short-term basis (clause 6 of subsection 2 and clause 4^1 of subsection 4 of § 10 of the VAT Act) – the country where the means of transport is located at the time of hiring, leasing or establishing a usufruct thereon, VD report is not submitted

- ✓ Entrance services to cultural, artistic, sporting, educational, scientific or entertainment events or trade fairs or exhibitions or ancillary services related to entrance services (clause 2^1 of subsection 2

- ✓ and clause 2^1 of subsection 4 of § 10 of the VAT Act) – the country where the service is provided, VD report is not submitted

- ✓ Restaurant and catering services (clause 4 of subsection 2 and clause 5^1 of subsection 4 of § 10 of the VAT Act) – the country where the service is provided, VD report is not submitted.

The place of supply in the provision of services to a person not registered as a taxable person or taxable person with limited tax liability in any of the Member States or is not a third country person engaged in business

- ✓ Basic rule (subsection 1 of § 10 of the VAT Act; provision through a seat or permanent business establishment) – the country of location of the provider of the service

- ✓ Services related to immovable property (clause 1 of subsection 2 and clause 1 of subsection 4 of § 10 of the VAT Act) – the country where the immovable property is located

- ✓ Domestic transport services related to the carriage of passengers (clause 3 of subsection 2 and clause 4 of subsection 4 of § 10 of the VAT Act) – the country where the service is provided

- ✓ Transport services for carrying goods in Member States – the country where the transport of goods begins

- ✓ Ancillary services related to transport of goods (subsection 8 of § 10 of the VAT Act) – the country where the service is provided

- ✓ Work with movable property (clause 7 of subsection 2 and clause 3 of subsection 4 of § 10 of the VAT Act) – the country where the service is provided

- ✓ Means of transport is hired or leased or a usufruct is established thereon on a short-term basis (clause 6 of subsection 2 and clause 4^1 of subsection 4 of § 10 of the VAT Act) – the country where the means of transport is located at the time of hiring, leasing or establishing a usufruct thereon

- ✓ Means of transport is hired or leased or a usufruct is established thereon on a long-term basis (clause 6^1 of subsection 2 and clause 4^2 of subsection 4 of § 10 of the VAT Act) – the country of location or residence of the recipient of the service

- ✓ Pleasure or recreational craft is hired or leased or a usufruct is established thereon on a long-term basis (clause 6^2 of subsection 2 and clause 4^3 of subsection 4 of § 10 of the VAT Act) – location or permanent business establishment of the service provider, if the craft is placed at the lessee's

- ✓ disposal from the same location or permanent business establishment

- ✓ Services, entrance services related to cultural, artistic, sporting, educational, scientific or entertainment events or trade fairs or exhibitions or ancillary services related to entrance services (entrance service or ancillary service related to entrance service, subsection 2 of § 10 of the VAT Act; clause 2 and 2^1 of subsection 4 of § 10 of the VAT Act) – the country where the service is provided

- ✓ Restaurant and catering services (clause 4 of subsection 2 of § 10 of the VAT Act) – the country where the services are provided

- ✓ Intermediation services (clause 11 of subsection 2 and clause 8 of subsection 4 of § 10 of the VAT Act) – country of location of the seller of the intermediated goods or services

- ✓ Intangible services:
  1) both the service provider and the recipient are located in a Member State (the Estonian taxable person adds 24%) – the country of location of the service provider
  2) the recipient of the services is located in a third country (the Estonian taxable person adds 0%) – the country of location of the service recipient
  3) an electronic communication service or an electronic service is provided by a third country person to an Estonian natural person – the country of location of the recipient of the service, if the service provider is not registered in any Member State.

Services that are taxed by both the provider and the recipient at a 0% tax rate, regardless of who is the recipient of the service. The services mentioned below are not indicated on the VD report

The following services specified in subsection 4 of § 15 of the VAT Act:

1. services necessary for the journey provided to passengers on board vessels or aircrafts during international transport of passengers;
2. port services to meet the direct needs of vessels navigating international waters;
3. navigation services and airport services directly connected to provision of service to aircraft used by an air carrier operating mostly on international routes;
4. the repair, maintenance, chartering and hiring of or establishment of a usufruct on sea-going vessels navigating in international waters, except pleasure craft used for purposes other than business, and aircraft used by an air carrier operating mostly on international routes, and the repair, maintenance and hiring of or establishment of a usufruct on equipment used on such vessels or aircraft;
5. intermediation, if the place of supply of the transaction being mediated is a third country, or the goods being mediated are the goods specified in clauses 1, 3–6 and 10 of subsection 3 of § 15 of the VAT Act, or the services being mediated are the services specified in clauses 2–4, 6, 9, 10, 12

and 14 of subsection 4 of § 15 of the VAT Act;

6. transport service for goods placed under an external transit procedure, services for the organisation of such transport of goods and ancillary services related to such transport of goods if the carriage is a part of a carriage which begins or ends in a third country;
7. the service for the transport of goods, the service for the organisation of the transport of goods and ancillary services related to such transport of goods provided for the export of goods;
8. the service for the transport of goods, the service for the organisation of the transport of goods and ancillary services related to such transport of goods provided for the import of goods, if the cost of these services is included in the taxable value of the imported goods;
9. carriage of goods to the Azores or Madeira or from the Azores or Madeira to Estonia or another Member State;
10. work with movables which are acquired from Estonia or brought to Estonia for the purpose of provision of such service and which are taken out of the Community after the service has been provided;
11. carriage of passengers specified in clause 3 of subsection 2 of § 10 of the VAT Act, including their personal luggage and personal means of transport, if the carriage of passengers in Estonia constitutes a part of international transport of passengers;
12. service provided to a person, representation, agency, special mission, Union institution or armed forces located in a foreign state specified in clause 5 or 6 of subsection 3 of § 15 of the VAT Act;
13. service provided to international military headquarters located in Estonia if the tax incentives are laid down in an international agreement ratified by the Riigikogu or for the performance of the duties to the armed forces specified in clause 6^1 of subsection 3 of § 15 of the VAT Act and the civilian staff accompanying them;
14. service provided to a Union institution located in Estonia on condition that the total value of the goods without VAT makes up at least 53 euros pursuant to the invoice, except in the case of public utility services and telecommunications services;
15. service that is provided by a canteen, cafeteria or mess of an international military headquarters under the condition prescribed in an international agreement ratified by Riigikogu.

NB! From 01.07.2022, the services specified in clauses 6, 7 and 8 will **always** be taxed at a 0% VAT rate **only if they are provided to the consignor or consignee.** Also, from 01.07.2022, the transport service provided for delivery to the customs territory of the European Union, the service of organising such transport of goods and ancillary services related to such transport of goods of:

- non-Union goods placed under the customs procedure of customs warehousing, free zone, inward processing, transit or temporary importation with total relief from import duties, or
- non-Union goods in temporary storage,

if these services are provided to the consignee or the consignor of the goods will **always** be taxed at a 0% VAT rate.

If the aforementioned services are provided to a person registered as a taxable person or taxable person with limited tax liability in another Member State, **who is not the consignor or consignee,** the 0% VAT

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rate is applied according to the so-called basic rule (the place of supply of the service is not Estonia, but the country of location of the recipient of the service) **and the service is declared on the VD report.**

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