

Slovenian tax authorities increase focus on fixed establishments of foreign e-commerce businesses

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On 9 July 2019, Slovenian Tax Authority publicly announced that following increasing irregularities in the value added tax (VAT) compliance of courier activities, the tax authorities will perform focused tax audits with respect to courier companies. Specifically, they plan to review courier companies providing: (i) storage of products before packing; (ii) packaging; (iii) delivery of packages to courier services; (iv) administration; (v) acceptance of returned packages; and (iv) communication with customers, for foreign e-commerce businesses to determine whether these activities create a fixed establishment for the respective foreign e-commerce business.

The aim of the Tax Authority's notice is to highlight that service providers, such as courier services, are obliged to assess whether the foreign e-commerce business has a fixed establishment in Slovenia. If the business does have a fixed establishment in Slovenia that it uses, the service of courier would therefore be subject to Slovenian VAT. In addition to re-assessment of the situation, the notice gives taxable persons the opportunity to correct past VAT treatment in a self-disclosure procedure to avoid higher late payment interest charges as well as fines.

Implications

Courier companies should review the VAT treatment of their services in the light of the potential existence of a fixed establishment of their clients, and start with remediation actions (self-disclosure), if needed, to avoid higher late interest payments and fines.

Foreign e-commerce businesses, that may have a fixed establishment in Slovenia, should review their VAT obligations in Slovenia and especially VAT recovery possibilities in case the VAT treatment of their service providers were to change.

For additional information with respect to this Alert, please contact the following:

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