

SMALL ENTERPRISE REGIME FOR VAT: NATIONAL AND CROSS-BORDER REGIME

Gain insight into the Small Enterprise Regime for VAT, including its national and cross-border aspects relevant to small businesses resident and/or operating in Luxembourg and the neighboring countries. Understand how this regime impacts your business, and where you might want to call on an external partner for support.



National Small Enterprise Regime

In Luxembourg, a company can benefit from the National Small Enterprise Regime if it has a turnover of up to €50,000 within Luxembourg in the current and prior year, regardless of whether the global turnover threshold of €100,000 is exceeded.

Key Points:

- ▶ If there are no purchases of services subject to the reverse charge mechanism or intra-community acquisitions of goods during the year, the company is not required to file a VAT return. However, a letter must be sent to the *Administration de l'Enregistrement et des Domaines* (AED) by 1 March of the following year, detailing the turnover realized
- ▶ If purchases of services subject to the reverse charge mechanism or intra-community acquisitions of goods occur, an Annual VAT Return must be filed
- ▶ A change from the normal regime is possible, but a deregistration is required, with the change to the national small enterprise regime applicable only from 1 January of the following year
- ▶ Companies may renounce the application of the national small enterprise regime by submitting a VAT registration form

Cross-Border Regime

For small enterprises operating outside of Luxembourg, a company can apply for the cross-border small enterprise regime if it has a global turnover of up to €100,000, provided that thresholds in other Member States where the company operates are respected.

Key Points:

- ▶ The company must obtain a Luxembourg EX number through electronic submission of an application form
- ▶ The application can be made via MyGuichet and consists of an online questionnaire
- ▶ Quarterly reports must be submitted electronically, with the first report due by 30 April for Q1
- ▶ If the €100,000 global turnover threshold is exceeded, the AED must be informed electronically within 15 working days, and the cross-border regime ends on the day the threshold is exceeded. However, if the €50,000 threshold is not exceeded, the company can still apply for the National Small Enterprise Regime within Luxembourg

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Additional Considerations

- ▶ The turnover thresholds of €100,000 (global) and €50,000 (Luxembourg) include all turnover, which encompasses various types of transactions, including taxable supplies, exempt transactions, and real estate transactions
- ▶ Officially disregarded turnover for computing the turnover threshold includes transfers of goods to non-EU countries, disposals of capital assets, and certain exempt supplies

HOW CAN EY HELP?

VAT Compliance and Advisory

- ▶ **Assessment of Eligibility:** Evaluate your business's eligibility for the small enterprise regime, including turnover thresholds and compliance requirements
- ▶ **VAT Registration Support:** Assist in the VAT registration process of the normal regime, including the submission of necessary forms and documentation to the AED OR Assist in obtaining the Luxembourg EX number and ensure compliance with cross-border VAT regulations
- ▶ **Annual VAT Return Preparation:** Prepare and file Annual VAT Returns for businesses that have engaged in reverse charge transactions or intra-community acquisitions
- ▶ **Quarterly Reporting Support:** Help in the preparation and submission of quarterly reports required for cross-border operations
- ▶ **Turnover Reporting:** Ensure accurate reporting of turnover realized, including assistance with the preparation of letters to the AED when no VAT return is required
- ▶ **Threshold Monitoring:** Continuously monitor turnover to ensure compliance with the small enterprise regime thresholds
- ▶ **Regime Change Advisory:** Provide guidance on transitioning between the small enterprise regime and the normal VAT regime, including the necessary deregistration processes



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