

## **Taxes**

### *Indirect Taxes*

#### VAT - Value Added Tax

##### VAT on the delivery of goods

Basically, the Act defines delivery as the transfer of title of ownership of a material or immaterial object. The place of such transfer of ownership inside the national territory is a necessary condition for the VAT-ability of the delivery.

The place of the transfer of ownership is determined by the contractual obligation of the vendor, as defined by the civil law.

- a) In the absence of any agreement to the contrary, the place where the vendor is held to fulfil his obligation is his seat or residence, i.e. the premises where the other party may collect the object.
- b) If the vendor promised to send the object to the buyer, the delivery is deemed to be executed in the place where the object is handed over to the freight forwarder; usually, this place is the vendor's seat, again.
- c) In rare cases, the vendor promised to actually bring the object to the seat / residence of the buyer, taking over the risks of transport. Only in this case, the place of execution is transferred from the vendor's seat to that of the buyer.

Special rules are applicable to the export of goods to other EC – Member States.

It is noteworthy that a delivery takes place between the employer and the agent in the terms of sec. 383 Code of Commerce, and not only between the employer and its customer. Consequently, VAT is due on two occasions:

- 1) the delivery between the employer and the agent: VAT is imposed on the selling price of the object, and
- 2) on the (remunerated) service of the agent to his employer.