

# Major VAT changes in 2017 (1) (1/2/17)

This article provides accountants with a table summarising the main changes to the VAT treatment adopted in 2016 and coming into force this year.

VAT treatment	Before 2017	From 1 January 2017
A low-value gift is defined as goods or services whose transfer free of charge is exempt from VAT and requires no input VAT adjustment (with the exception of goods or services attributable to advertising or so-called representation expenses).	A low-value gift was capped at €14.23.	The cap is rounded up to €15.
Restricted deduction of input VAT on vehicles	Deduction of input VAT on goods vehicles was not restricted.	No deduction of input VAT on the acquisition, lease or import (nor maintenance, repairs or fuel costs) of a goods vehicle with a laden mass of up to 3,000 kilograms, registered as a goods van with more than three seats (including the driver's seat) if it matches the value of an "executive luxury" vehicle under corporate income tax legislation (€50,000). This restriction does not apply if the taxpayer keeps a record of his business trips using a route monitoring system (a device that receives signals transmitted by GPS satellites and determines the vehicle's coordinates in real time and place) under section 100 of the VAT Act.
Input VAT adjustment for non-current assets	Non-current assets whose acquisition or production cost excluding VAT reaches or exceeds €71,143.59 require adjusting any deducted input VAT over a five-year period depending on their use.	The threshold is rounded down to €70,000.
Input VAT adjustment for bad debts	Single-customer bad debts eligible for input VAT adjustment were capped at €426.86.	The cap is rounded up to €430. The amendment applies to bad debts incurred on 1 January 2017 and later (more changes are expected).

A tax period of six months was possible.

A newly registered taxable person that does not make intra-Community supplies of goods and does not provide services treated as supplied in another member state under section 19(1) of the VAT Act, or whose sales do not exceed €50,000 in the preceding or current tax year, had a quarterly tax period.

*(to be continued)*