



APPLICATION OF THE REVERSE CHARGE MECHANISM (RCM)

Development RCM in Czech VAT law

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RCM as administrative measure

- Cross-border B2B supplies
 - applicable for non-resident suppliers
 - goods and services



RCM as anti fraud measure

- § 92a - 92g, Annexes 3 and 6 of the Czech VAT Act, Governmental Decree; Art. 198, Art. 199, Art. 199a VAT Directive
- the taxable supplies subject to the reverse charge mechanism
 - delivery of gold (from 1.1. 2006)
 - supply of certain categories of scrap and waste (from 1.4. 2011)
 - transfers of greenhouse gas emission allowances (from 1.4. 2011)
 - supply of construction and assembly services (from 1.1. 2012)



RCM as anti fraud measure

- in 2015 – 2016 expansion of the reverse charge mechanism - newly specified in Governmental Decree: to cover the supplies of
 - mobile telephones, game consoles, tablet PC's and laptops, integrated circuit devices (2015)
 - certain cereals and industrial crops (2015)
 - sugar beet (2015)
 - raw and semi-finished metals (2015)
(provided that the price of the supply exceeds CZK 100,000)
 - gas and electricity to a taxable dealer (2016*)



RCM as anti fraud measure

- in 2016 and 2017 **expansion** of the reverse charge mechanism - to the supplies of
 - selected immovable property (e.g. land, buildings, rights in rem) in respect of which the supplier exercised the option to apply VAT (2016)
 - stuff engaged in construction and assembly services (2017*)
 - goods provided as security (2017*)
 - goods following the cession of a reservation of ownership to a assignee (2017*)
 - immovable property sold by a judgement debtor (2017*)



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RCM as anti fraud measure

Requests for authorisation of derogation under art. 395 from art. 193:

- domestic supplies of gasoline and diesel (fuel) – February 2010
 - rejected by the Commission
- any taxable supply where the overall amount (exclusive of VAT) exceeds EUR 10,000. - June 2015 - rejected by the Commission



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Tools for Control

- specific tax records have to be submitted by both the supplier and the recipient of taxable supplies (enabling to cross check the data provided)
- IT technologies are needed



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Thank you for your attention