

Value Added Tax News 1/2025

Place of supply of virtual events

VAT rate applying to supplies of works of art, collectors' items or antiques

With the reform of the Value Added Tax Act in force since 1 January 2025, the provisions of Directive (EU) 2022/542 of the Council of 5 April 2022¹, were implemented into Luxembourg law.

The place of supply for virtually provided services in the fields of culture, sports, science, or similar areas was modified in order to reflect the principle of taxation in the country of consumption, and the VAT rate applying to supplies of works of art, collectors' items and antiques was amended.

1. The place of supply of virtual events

a. Attendance by a taxable person (B2B)

As of 1 January 2025, in the business-to-business (B2B) context, the place where the event actually takes place is only considered the place of supply if the cultural, artistic, scientific, educational, sporting, entertainment or similar event is held in person.

If the event is held virtually, the granting of access to a taxable person will be taxed at the place of establishment of the B2B customer, according to the general B2B place of supply of services rule.

b. Attendance by a final consumer (B2C)

Since 1 January 2025, the place of supply of cultural, artistic, scientific, educational, sporting, entertainment or similar services, or services that are ancillary to such services, which are provided virtually or via streaming to the event participants, is located where the B2C client resides or is established.

The supplier of the service is liable for VAT. Should the B2C customer reside in another Member State, the supplier must either register for VAT in the country of residence of his B2C customer or register for the One-Stop-Shop (OSS) system in his country of establishment in order to declare and pay VAT to the VAT authorities of the Member States concerned.

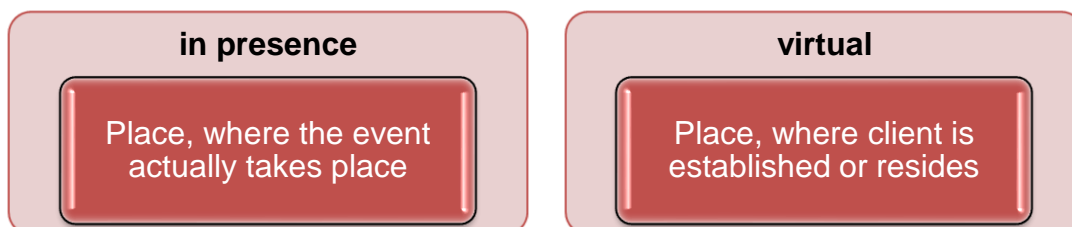
Nothing changes for events that take place in person and in which B2C customers physically participate. In this case, the place of supply remains the place where the event actually takes place.

¹ Council Directive (EU) 2022/542 of 5 April 2022 amending Directives 2006/112/EC and (EU) 2020/285 as regards rates of value added tax



c. Summary

Irrespective of B2B or B2C, the following place of supply applies to the events described above since 1 January 2025:



2. VAT rate applying to supplies of works of art, collectibles, and antiques

a. Introduction of the VAT rate of 8%

Until 31 December 2024, the reduced VAT rate of 8% applied only under certain conditions to the import and intra-Community acquisition of works of art, collectors' items or antiques.

As of 1 January 2025, the VAT rate of 8% will apply to the entire supply chain. This includes the domestic supply, intra-Community acquisition and import of such items.

b. Standard VAT rate in case of application of the margin scheme

As of 1 January 2025, the standard VAT rate of 17% will apply to the margin, if the supply of works of art, collectors' items or antiques is subject to the margin scheme.

If a taxable person has acquired works of art, collectors' items or antiques at the reduced VAT rate of 8%, it will not be possible to opt for the application of the margin scheme on the subsequent sale of the same item.

Please contact us

Our experts will be happy to help you implement these changes and provide further information at any time.

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