

VAT ON PURCHASES IN CASE OF VAT CODE CANCELLATION: TO BE OR NOT TO BE DEDUCTIBLE?

Lavinia Lazăr*
Viboal FindEx

Abstract

The right of taxable persons registered for VAT purposes to deduct the VAT they owe or pay for goods and services purchased in their current activity is a fundamental principle of the VAT system established by European Union law. Moreover, another essential principle, the principle of tax neutrality, requires that the right to deduct VAT to be granted even if the formal requirements have not been met by the taxable persons involved in a transaction, as long as the substantive requirements are properly fulfilled. In this context, can the revocation of the VAT registration of a taxable person be a sufficiently grounded reason for limiting the right to deduct the tax? In the framework of this article, we will try to analyze this question at the level of national legislation and practices in relation to several Romanian cases relevant to this issue, solved by the Court of Justice of the European Union (hereinafter CJEU).

Keywords: value added tax, registration for VAT purposes, right of deduction, cancellation, VAT code

JEL classification: H87, K34

* Corresponding author, Lavinia Lazar - lavinia.lazar@viboal-findex.ro