

HOW TO RECLAIM EU VAT

SEMINAR SLIDES

UKTraining

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This document represents the slides that are used during the presentation of the online seminar

How to Reclaim EU VAT

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HOW TO RECLAIM EU VAT

WHEN MIGHT YOU INCUR FOREIGN VAT?

.....

- VAT incurred on business expenditure in other EU countries
- Import VAT incurred in other EU countries where you do not have a presence
- VAT incurred on expenses in countries outside the EU

WHEN CAN YOU RECLAIM VAT INCURRED IN THE EU?

.....

- VAT on expenses incurred by non-resident businesses in other EU countries is generally reclaimable
- ...but the rules do vary between member states such as...
 - Applicable VAT rates
 - Eligible business expenditure
 - Amount of VAT reclaimable

-
- Accommodation
 - Conferences & exhibitions
 - Meals
 - Fuel and transport
 - Admission fees
 - Marketing costs
 - Professional fees
 - Telephones

HOW TO RECLAIM EU VAT

WHEN CAN YOU RECLAIM VAT INCURRED IN THE EU?

“VAT shall be refunded to taxable persons who are not established in the Member State in which they purchase the goods and services or import goods subject to VAT but who are established in another Member State”

- Must be registered in the EU...
- but cannot be registered in the member state that you are reclaiming from and
- cannot have a fixed establishment or place of business in that member state

WHAT IS A FIXED ESTABLISHMENT?

- Not defined in legislation
- An establishment that has the resources necessary for providing and receiving services on a permanent basis
- This could include a branch or an agency



For EU VAT Refund purposes the definition is ambiguous

HOW TO RECLAIM EU VAT

IS THE NEW RECLAIM PROCESS EASIER?

- No longer submitting applications in foreign languages
- Format now a standardised format across the EU – rather than determined by each country
- Direct communication with foreign tax authorities may be required later in the process

HOW TO APPLY FOR AN EU VAT REFUND

Go to HMRC online services
Login using government gateway ID and Password



HOW TO RECLAIM EU VAT

HOW TO APPLY FOR AN EU VAT REFUND

Scroll down to 'VAT EU Refunds'
And then select 'View account'

VAT EC Sales List (ECSL) Service

[View account](#)

VAT EU Refunds

[View account](#)

Get another tax, duty or scheme

Find a tax, duty or scheme

Other services

[Employment intermediaries](#)

[Intrastat Supplementary Declaration](#)

[Notification of Vehicle Arrivals \(NOVA\)](#)

[VAT on e-Services \(VOES\)](#)

HOW TO APPLY FOR AN EU VAT REFUND

Choose 'Create refund applications'

The screenshot shows the HM Revenue & Customs Online Services page. The header includes the HMRC logo and navigation links for 'HMRC home', 'Contact us', and 'Help'. A sidebar on the left lists 'Your HMRC services' with a highlighted 'VAT EU Refunds' section containing links for 'At a glance', 'Refund applications', and 'FAQs'. The main content area is titled 'At a glance' and features two columns of links: 'Create refund applications' and 'View refund applications'. A blue arrow points to the 'Create refund applications' link. Below this, a 'News' section contains a headline about EU VAT refund claims to Monaco and a sub-section titled 'Currency of EU VAT Refund claims' with explanatory text.

HOW TO RECLAIM EU VAT

HOW TO APPLY FOR AN EU VAT REFUND

Choose 'Create refund applications'

The screenshot shows the 'Refund applications' page on the HMRC website. The page title is 'Refund applications' and it lists 'List of refund applications'. Below this, there is a table with one record. A mouse cursor is pointing to the 'Create a refund application' link. The table has the following data:

Refunding country	Refund period start date	Refund period end date	Application reference number	Status	Action
Germany	Jun 2012	Dec 2012	Application not submitted	Draft	Delete

HOW TO APPLY FOR AN EU VAT REFUND

Then fill in the application details as seen

The screenshot shows the 'Application details' form on the HMRC website. The form includes the following fields and sections:

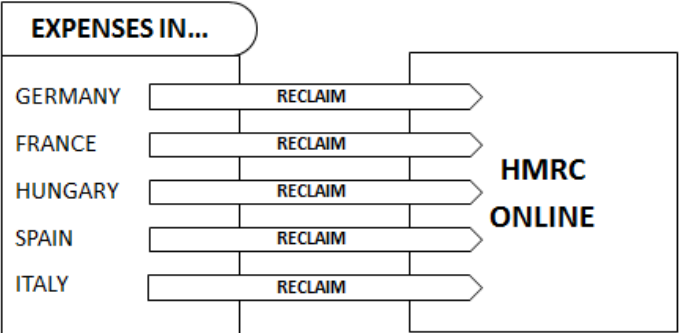
- Refunding country:** Please select (dropdown menu)
- Refund period start date:** (date field, example: eg mm/yy)
- Refund period end date:** (date field, example: eg mm/yy)
- Applicant's details:** Applicant's telephone number (including STD): (text field)
- Applicant's email address:** (text field)
- Confirm applicant's email address:** (text field)
- Business activity:** If this application is related to business activity(s) different from the business activity code 1 shown below, please provide the additional business activity code(s) in the field(s) below.
 - Business activity code 1: 8532
 - Business activity code 2: (text field)
 - Business activity code 3: (text field)

HOW TO RECLAIM EU VAT

IS A SEPARATE APPLICATION REQUIRED FOR EACH COUNTRY?

.....

- Each member state requires a separate claim



HOW TO APPLY FOR AN EU VAT REFUND

.....

Select the application language

The screenshot shows the HMRC Revenue & Customs "Online Services" interface. The main heading is "Refund applications" with a sub-heading "Application details". A sidebar on the left lists "VAT EU Refunds" with sub-items: "At a glance", "Refund applications", "Application details", and "FAQs". The main content area contains instructions: "Select application language. Please select the language this application is being made in below and click the 'Next' button to continue." Below this, there is a note: "*indicates required information". A required field "Application language:" has a dropdown menu open with "Please select" at the top, "Please select German", and "Please select English" as options. A mouse cursor is pointing at the "Please select German" option. "Back" and "Next" buttons are visible at the bottom right of the form area.

HOW TO APPLY FOR AN EU VAT REFUND

.....

Select 'Add a purchase'

Also use this page to add any required attachments e.g. invoices and receipts

WHAT ARE THE MINIMUM AMOUNTS RECLAIMABLE?

.....

FOR PERIOD OF 3 MONTHS – 1 YEAR

€400 / £295

FOR PERIOD OF 1 YEAR (OR REMAINDER OF A YEAR)

€50 / £35

HOW TO RECLAIM EU VAT

HOW TO APPLY FOR AN EU VAT REFUND

.....

Select the appropriate code for your claim

Certain countries require you to select a sub code

HM Revenue & Customs Online Services
HMRC home | Contact us | Help

Refund applications
Add a purchase - select a code

To add items to your VAT EU Refund application you will be required to provide a category code plus the subcategory code if applicable. Please select a category code below and click the 'Next' button to continue.

*Indicates required information

Code:*

Please select
Please select
1 - Fuel
2 - Hiring of means of transport
3 - Expenditure relating to means of transport (not specified under codes 1 and 2)
4 - Road tolls and road user charge
5 - Travel expenses, such as taxi fares, public transport fares
6 - Accommodation
7 - Food, drink and restaurant services
8 - Admissions to fairs and exhibitions
9 - Expenditure on luxuries, amusements and entertainment
10 - Other

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HOW TO APPLY FOR AN EU VAT REFUND

.....

If invoice relates to more than one code...

- Use '10 – Other' and itemise purchases,
- Or select code that relates to highest value item on invoice

HM Revenue & Customs Online Services
HMRC home | Contact us | Help

Refund applications
Add a purchase - select a code

To add items to your VAT EU Refund application you will be required to provide a category code plus the subcategory code if applicable. Please select a category code below and click the 'Next' button to continue.

*Indicates required information

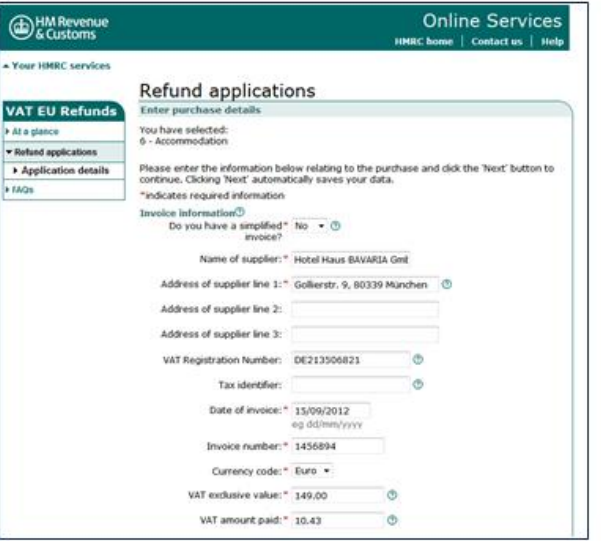
Code:*

Please select
Please select
1 - Fuel
2 - Hiring of means of transport
3 - Expenditure relating to means of transport (not specified under codes 1 and 2)
4 - Road tolls and road user charge
5 - Travel expenses, such as taxi fares, public transport fares
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9 - Expenditure on luxuries, amusements and entertainment
10 - Other

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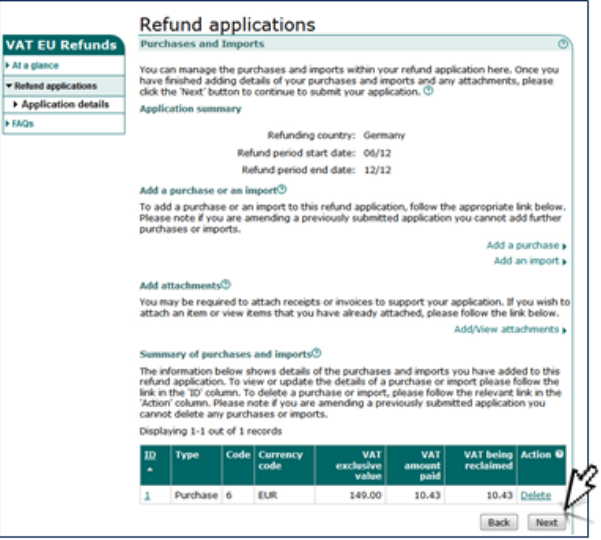
HOW TO APPLY FOR AN EU VAT REFUND

Complete invoice details accurately



HOW TO APPLY FOR AN EU VAT REFUND

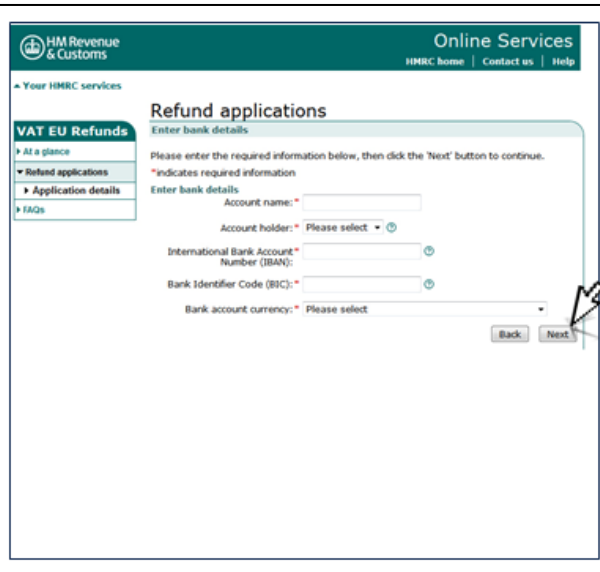
You can see a summary of purchases and imports



ID	Type	Code	Currency code	VAT exclusive value	VAT amount paid	VAT being reclaimed	Action
1	Purchase	6	EUR	149.00	10.43	10.43	Delete

HOW TO APPLY FOR AN EU VAT REFUND

Enter bank details



HM Revenue & Customs Online Services

Your HMRC services

VAT EU Refunds

At a glance

Refund applications

Application details

FAQs

Refund applications

Enter bank details

Enter the required information below, then click the 'Next' button to continue.

*Indicates required information

Enter bank details

Account name: *

Account holder: * Please select

International Bank Account Number (IBAN): *

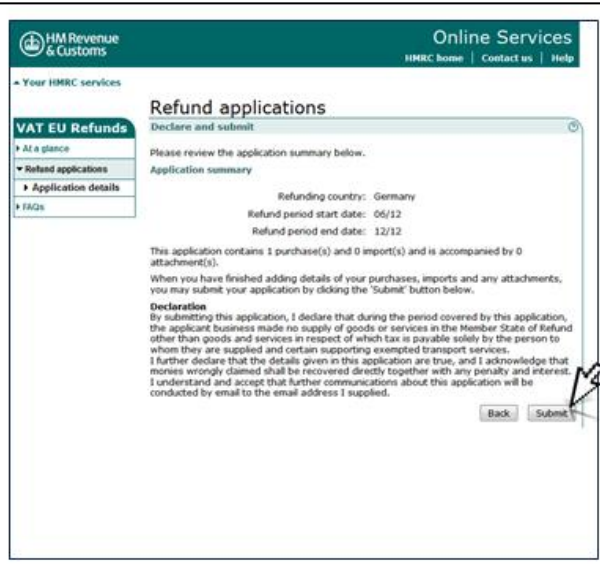
Bank Identifier Code (BIC): *

Bank account currency: * Please select

Back Next

HOW TO APPLY FOR AN EU VAT REFUND

Click 'submit'



HM Revenue & Customs Online Services

Your HMRC services

VAT EU Refunds

At a glance

Refund applications

Application details

FAQs

Refund applications

Declare and submit

Please review the application summary below.

Application summary

Refunding country: Germany

Refund period start date: 06/12

Refund period end date: 12/12

This application contains 1 purchase(s) and 0 import(s) and is accompanied by 0 attachment(s).

When you have finished adding details of your purchases, imports and any attachments, you may submit your application by clicking the 'Submit' button below.

Declaration

By submitting this application, I declare that during the period covered by this application, the applicant business made no supply of goods or services in the Member State of Refund other than goods and services in respect of which tax is payable solely by the person to whom they are supplied and certain supporting exempt transport services.

I further declare that the details given in this application are true, and I acknowledge that monies wrongly claimed shall be recovered directly together with any penalty and interest. I understand and accept that further communications about this application will be conducted by email to the email address I supplied.

Back Submit

HOW TO RECLAIM EU VAT

WHAT HAPPENS ONCE A CLAIM IS MADE?

.....

- Automated checks by HMRC
- Notified when...
 - HMRC forward application to member state
 - Member state receives claim
 - Additional information is required
 - A decision is made

Not always the case in practise

HOW LONG DO CLAIMS TAKE TO BE PROCESSED?

.....

- Repayment times reduced
- Repayment made within 4 months and 10 working days of claim being received
- If more information required...
 - Request must be within 4 months of receiving claim
 - Member state given up to 4 more months
- If time scales not met claimant is entitled to interest on amount due

HOW TO RECLAIM EU VAT

HOW ARE PAYMENTS MADE?

.....

- By credit transfer directly into account
- Usually in currency of the member state making refund

WHY MIGHT A CLAIM BE REJECTED?

.....

- Not submitted within time limits
- Failing to supply required evidence
- Claiming non-reclaimable expenses



If a claim is rejected you may make an appeal

HOW TO RECLAIM EU VAT

WHAT ARE THE TIME LIMITS FOR RECLAIMING?
.....

- Claims must be submitted by 30th September in the year following the one in which VAT was charged
- Claim cannot be for period of...
 - More than a calendar year or
 - Less than 3 months
- Can include items missed from earlier claims provided they relate to VAT in calendar year
- Incorrect claims rejected after September deadline cannot be resubmitted

WHY MIGHT A CLAIM BE REJECTED?
.....

- Not submitted within time limits
- **Failing to supply required evidence**
- Claiming non-reclaimable expenses

HOW TO RECLAIM EU VAT

WHEN DO YOU SUBMIT COPIES OF INVOICES?

.....

- Dependent on the value of the invoice
- If invoice exceeds €1000 submission is usually required
 - Invoices submitted via online portal
- If invoice is related to fuel and exceeds €250



You must still keep copies of invoices below these amounts

WHY SHOULD YOU RETAIN ALL INVOICES?

.....

- Tax authority may request to see original invoices even if below values
- Can also request other supporting documentation
- Tax authorities want to ensure claims are accurate and legitimate



Make sure all invoices you obtain are valid VAT invoices

HOW TO RECLAIM EU VAT

WHAT IF YOU RECEIVE AN INVALID INVOICE?
.....

- Go back to supplier and request amended invoice
- Try to ensure invoices are valid when first received
- Communication and language barriers could cause problems

ARE INVOICE REQUIREMENTS CONSISTENT?
.....

- All must show information described
- Countries may have specific requirements
- If invoice requirements are not met in country of refund, application should not be accepted
- Understand and be aware of rules in the country you are requesting reclaim from

HOW TO RECLAIM EU VAT

ARE INVOICE REQUIREMENTS CONSISTENT?

.....

FRANCE	BELGIUM & MALTA	ITALY	BULGARIA
Invoices must be issued in French	Recipient's VAT registration number must appear	Tax payer must prepare invoice in duplicate (1 sent to counter party when transaction affected)	10 digit number to identify invoice

WHAT ARE SOME COMMON MISTAKES WITH INVOICES?

.....

- **VAT charged incorrectly**
- Incomplete customer details
- Issued in employees name (rather than company's)
- No supplier VAT number
- No VAT breakdown
- Information bill rather than full VAT invoice
- Pro-forma rather than full VAT invoice

E.g. when supply should have been zero rated - VAT cannot be reclaimed

HOW TO RECLAIM EU VAT

WHAT ARE SOME COMMON MISTAKES WITH INVOICES?

.....

- VAT charged incorrectly
- Incomplete customer details
- Issued in employees name (rather than company's)
- No supplier VAT number
- No VAT breakdown
- **Information bill rather than full VAT invoice**
- Pro-forma rather than full VAT invoice

-
- Commonly given by hotels
 - Similar to VAT invoice
 - Not valid VAT invoice and cannot be used for EU VAT Refunds

HOW TO RECLAIM EU VAT

Is this a valid VAT Invoice?

Puccini
Ristorante & Bar
Vorstadt 26
6300 Freudenberg
TEL.: 02734/496-0

Rechnung : 17430/0 Datum : 29.06.2012
Tisch : 12/0

Mge	Bezeichnung	Preis	MW
1	Gemischter Salat	9.50	1
1	Pizza Fiorentina	20.50	1
1	3 dl Eichhof	5.00	1
1	Panna	6.00	1

Summe 41.00

Mehrwertsteuer:

MW	Satz	Brutto	Steuer
1	19%	41.00	7.79

Barzahlung 41.00

Es bediente Sie Marijana

MWSt.Nr. 712 992 720
Besten Dank für Ihren Besuch

Is this a valid VAT Invoice?

THE
ROUND
TOWER
KELLS CO. MEATH
TELEPHONE 046 924 0144

**** COPY RECEIPT *******

CLERK

2 MAIN COURSE	€20.00
2 TEA	€3.00
2 BALLYGOWAN	€5.00

6 Total €28.00

CASH €28.00

TuesDay 5- 4-2011 14:19:48
#087558 L0001
**** COPY RECEIPT *******

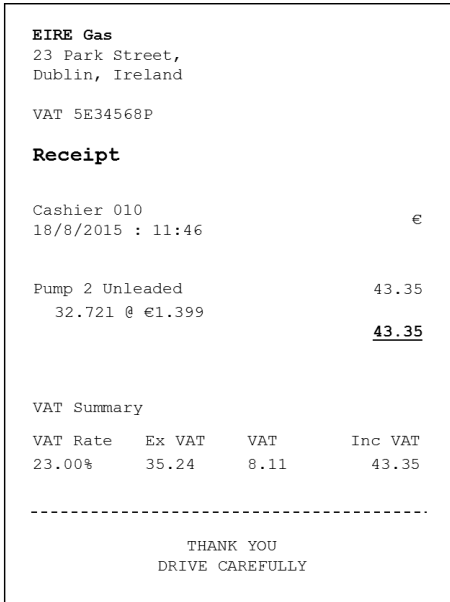
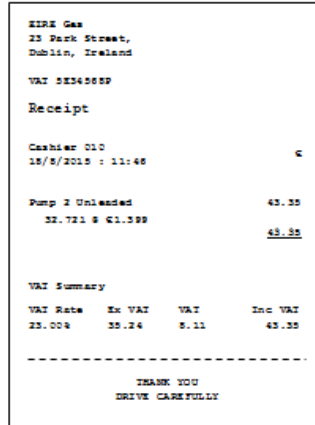
THANK YOU
FOR YOUR VISIT

HOW TO RECLAIM EU VAT

WHAT SHOULD APPEAR ON SIMPLIFIED INVOICES?

.....

- Date of issue/time of supply
- Details of supplier – name, address, VAT registration number
- Identification of types of goods/services
- VAT amount payable (or info required to calculate)
- Applicable VAT rate



HOW TO RECLAIM EU VAT

DIFFERENCES IN RECLAIMABLE EXPENSES...

- Variations between what is reclaimable in each member state
- Variations between applicable VAT rates – standard rated, zero rated, reduced rated supplies
- Partial recovery of certain expenses in some countries

Example:
 Hotel accommodation:

- UK - standard rated
- France - reduced rated

DIFFERENCES IN RECLAIMABLE EXPENSES...

Car hire...

- VAT charged at 20% in the UK and can be reclaimed when car is hired for less than 10 days
- VAT not recoverable in some countries e.g. France, Denmark, Portugal, Austria and Greece
- Usually only reclaimable for short term hire – less than 30 days

HOW TO RECLAIM EU VAT

DIFFERENCES IN RECLAIMABLE EXPENSES...

Fuel

- VAT charged at 20% in UK and can be reclaimed if related to business expenditure
- Not reclaimable in some countries e.g. Austria, Croatia and Greece
- Only partially reclaimable in some countries e.g. France and Belgium

DIFFERENCES IN RECLAIMABLE EXPENSES...

Public transport

- Transport is zero rated in the UK
- VAT is charged and can be reclaimed on public transport in some countries e.g. Austria, Belgium, Spain, Sweden

HOW TO RECLAIM EU VAT

DIFFERENCES IN RECLAIMABLE EXPENSES...
.....

Taxi hire

- VAT charged at 20% in the UK and reclaimable

- Not recoverable in many EU countries e.g. Italy, France, Hungary and Greece

DIFFERENCES IN RECLAIMABLE EXPENSES...
.....

Hotel accommodation

- Charged at 20% in the UK and can be reclaimed

- Reduced rated in a number of countries
 - Be aware of these rates when reclaiming
 - Remember some countries have more than one reduced rate

- Specific rules in certain countries to be aware of e.g. Belgium, Ireland and France

HOW TO RECLAIM EU VAT

DIFFERENCES IN RECLAIMABLE EXPENSES...

.....

Restaurant meals

- VAT charged at 20% in the UK and reclaimable
- VAT not reclaimable in a number of countries
e.g. Belgium, Greece, Hungary, Ireland,
The Netherlands, Poland
- VAT is charged at a reduced rate in some countries
- Also country specifics to be aware of

CAN YOU RECLAIM VAT INCURRED OUTSIDE THE EU?

.....

- Yes – but it is a complex process
- Often requires registering the in particular country
- To do so you must be making taxable supplies in that
country
- You would use local VAT return to reclaim the VAT

WHAT IS THE EUROPEAN FREE TRADE ASSOCIATION?

- Comprises of Norway, Iceland, Switzerland and Liechtenstein
- Operates many of the same policies as the EU
- EU businesses that do not make sales in these countries can reclaim VAT incurred there



HOW DO YOU MAKE RECLAIMS IN EFTA COUNTRIES?

- Directly to tax authority in country of reclaim
- Paper based, similar to old 8th directive system



HOW TO RECLAIM EU VAT

CAN YOU USE A THIRD PARTY TO HANDLE RECLAIMS?

.....

- Yes – can reduce administrative burden
- Must provide agent with power of attorney or a letter of authority

OTHER TIPS FOR RECLAIMING FOREIGN VAT...

.....

- Ensure relevant people have some VAT knowledge and awareness e.g. what is a valid VAT invoice?
- ...this should mean errors are noticed early in the process
- Be familiar with key rules in countries where you regularly incur expenses and provide employees with some key information

Examples of key information:

- What should be on valid invoices – full and simplified
- When simplified invoices are accepted
- Standard and reduced rates
- Reduced rated supplies
- Specific rules e.g. invoice must be addressed to employer

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