



HillierHopkins

Hillier Hopkins LLP
Chartered Accountants and Tax Advisers
hillierhopkins.co.uk



“friendly expertise”

Reclaiming EU VAT (Cross-border refund scheme)

Any UK VAT registered trader is fully entitled to recover VAT suffered on business expenses in every one of the other 27 member states. The Cross-border refund scheme now enables UK traders to submit refunds for EU VAT via HMRC's own portal, in English, thus simplifying the process thereby significantly reducing the delays between submitting a claim and receiving the refund.

Who is eligible to claim?

Any business trader who is VAT registered in any one of the 28 Member states. Traders can only recover VAT via under this scheme, if they do not have a fixed establishment in the member state in which the VAT was suffered.

What expenses qualify for the scheme?

The types of expenditure that qualify vary from country to country but the some of those which may qualify under the scheme are (see later):

- Accommodation
- Conference expenses
- Meals
- Fuel, transport and hire vehicles (this list is not exhaustive)

How to submit a claim?

Under the new scheme all refund claims are submitted to the Trader's domestic Commission (In the case of UK traders this would be HMRC) via their usual online VAT account. The claims will then be forwarded to the Commission of the country in which the VAT was incurred for processing.

A separate claim must be submitted for each member state in which VAT was suffered. (Therefore if you suffered VAT in both France and Spain, you would need to submit 2 separate claims)

Limitations for claims?

- Refund claims are restricted to period covering between 3 and 12 months.
- In order to be eligible for a claim the amount of VAT suffered in the period must be at least €400 (or £295).

- Claims must be submitted to HMRC by the 30 September of the year following the one in which you were charged the VAT.

Timeframes for processing?

The Commission for the country of expense has 4 months from the date the claim was received to consider its validity. If they require additional supporting information to confirm its validity, they must request this before the 4 months has expired. The trader then has 30 days to respond to their request. Upon receipt of the additional information the Commission has a further 2 months to reconsider the claim and issue their decision. If they choose to approve the claim, payment must be made within 10 days of approval.

Evidence needed for the claim?

The level of documentary evidence required to support the refund claim differs from Member state to Member state. However, as a basic rule, the Trader must retain copies of the following:

- Full VAT invoices for all expenditure over €1,000 (£700)
- Simplified invoices for lesser amounts.

If you would like any additional information on submitting a Cross-border VAT refund claim or wish to discuss your specific VAT requirements further with us, please feel free to contact Robert Twyde or Jeremy O'Neill.

What foreign VAT can be recovered?

There are two types of supply on which no EC country will refund input tax incurred:
(a) dispatches of goods (but these will be zero-rated provided the supplier has the necessary evidence); and
(b) goods and services (e.g. hotel accommodation) that have been bought for resale and which are for the direct benefit of travellers.

For a free initial consultation please contact:

Ruth Corkin
Director
+44(0)1908 713 860
ruth.corkin
@hhllp.co.uk

Natasha Heron
Tax Supervisor
+44(0)1923 634460
natasha.heron
@hhllp.co.uk

Offices

London
Milton Keynes
Watford

Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales.

This guide is written for general interest only and is not a substitute for consulting the relevant legislation or taking professional advice. The authors and the firm cannot accept any responsibility for loss arising from any person acting or refraining from acting on the basis of the material included herein.



HillierHopkins

Hillier Hopkins LLP
Chartered Accountants and Tax Advisers
hillierhopkins.co.uk

“friendly expertise”



Reclaiming EU VAT (Cross-border refund scheme) – Specifics

Specific restrictions in member states

Claiming VAT in Austria

In addition to VAT on the supplies listed, Austrian VAT cannot be reclaimed on:

- entertainment expenses, restaurant meals; and
- car hire and fuel.

Claiming VAT in Belgium

In addition to VAT on the supplies listed, Belgian VAT cannot be reclaimed on:

- manufactured tobacco;
- alcoholic drinks unless intended for resale or to be provided as part of a supply of services;
- accommodation and food and drink for on-the-spot consumption unless the cost is incurred by:
 - staff supplying goods or services away from business premises, or
 - a taxable person who supplies it on for a consideration; and
 - entertainment expenses.

Only 50 per cent of Belgian VAT incurred on a motor vehicle which is used wholly or partly for passenger transport and on any supplies related to the vehicle can be reclaimed.

Claiming VAT in Denmark

In addition to VAT on the supplies listed, Danish VAT cannot be reclaimed on:

- meals and accommodation (for owners of the business and employees);
- hotel expenses;
- car leasing;
- purchase and operation of cars including car hire costs.
- entertainment expenses

Claiming VAT in Finland

In addition to VAT on the supplies listed, Finnish VAT cannot be reclaimed on:

- business entertainment, restaurant meals
- car hire, fuel and car repairs; and
- motor cycles, caravans, private aircraft and all related supplies.

Claiming VAT in France

In addition to VAT on the supplies listed, French VAT cannot be reclaimed on:

- housing, hotel accommodation, lodging, entertainment, restaurant expenses;
- passenger transport, hire cars, and any incidental activities;
- motor fuel (except diesel fuel) and certain lubricants originating from oil;
- goods and services supplied free or at much less than the normal price – except for goods of very low value; and
- services relating to non-deductible goods, such as repairs to passenger vehicles.

Claiming VAT in Germany

There is no German VAT that is non-refundable other than on the supplies listed, but full details must be provided for business entertainment claims and claims for subsistence expenses must be below the specified limit of DEM 64 per day.

Claiming VAT in Greece

In addition to VAT on the supplies listed, Greek VAT cannot be reclaimed on:

- supplies for non-business use;
- food, drink and tobacco products;
- hotel and other accommodation;
- entertainment, hospitality or amusements;
- acquisition, leasing or hire, modification, repair or maintenance of passenger motor vehicles, pleasure boats and private aircraft; and
- transport of taxable persons or their members of staff.

Claiming VAT in the Republic of Ireland

In addition to VAT on the supplies listed, Irish VAT cannot be reclaimed on:

- food and drink;
- hotel and other accommodation;
- personal services;
- entertainment expenses;
- purchase and hire of passenger motor vehicles;
- petrol;
- goods or services used for the purposes of an exempt activity; and
- goods for supply in the Republic of Ireland for hiring out for use in the Republic of Ireland.

“

Only 50 per cent of Belgian VAT incurred on a motor vehicle which is used wholly or partly for passenger transport and on any supplies related to the vehicle can be reclaimed.

Need help?

For help and advice on any of the matters raised in this guide, please call us and talk to one of our friendly experts.

+44(0)330 024 3200

Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales.

This guide is written for general interest only and is not a substitute for consulting the relevant legislation or taking professional advice. The authors and the firm cannot accept any responsibility for loss arising from any person acting or refraining from acting on the basis of the material included herein.



HillierHopkins

Hillier Hopkins LLP
Chartered Accountants and Tax Advisers
hillierhopkins.co.uk

“friendly expertise”



Claiming VAT in Italy

In addition to VAT on the supplies listed, Italian VAT cannot be reclaimed on:

- hotel accommodation;
- food and drink;
- travel;
- the acquisition or hire of passenger motor vehicles, aeroplanes, pleasure boats and motorcycles;
- petrol, diesel and other fuels for the above means of transport; and
- luxury goods such as furs, sparkling wines and oriental carpets.

Claiming VAT in Luxembourg

In addition to VAT on the supplies listed, Luxembourg VAT cannot be reclaimed on:

- recreation or entertainment expenses.

Claiming VAT in the Netherlands

In addition to VAT on the supplies listed Dutch VAT cannot be reclaimed on:

- food and drink for on-the-spot consumption by short-stay customers in hotels, restaurants, boarding houses, etc.
- luxuries, amusements, and entertainments;
- gifts to persons who would not have been able to claim any or most of the input VAT on them if it had been charged to them;
- supplies to staff of housing, benefits in kind, sporting facilities, private transport, or anything for private use, except for food and drink.

Claiming VAT in Portugal

In addition to VAT on the supplies listed, Portuguese VAT cannot be reclaimed on:

- the supply, manufacture, importation, or hire of a private car;
- petrol (50 per cent VAT recovery is allowed for diesel);
- transport, tolls, or business travel;

- accommodation, entertainment, food, drink, or tobacco;
- amusements and luxuries.

Claiming VAT in Spain

In addition to VAT on the supplies listed, Spanish VAT cannot be reclaimed on:

- accommodation, meals and travel expenses (unless deductible for income or corporation tax);
- car hire and fuel (unless used exclusively for business purposes).

Claiming VAT in Sweden

In addition to VAT on the supplies listed, Swedish VAT cannot be reclaimed on:

- transport (unless used solely for business);
- car hire (50 per cent recovery if used solely for business).

“

Only 50 per cent of Belgian VAT incurred on a motor vehicle which is used wholly or partly for passenger transport and on any supplies related to the vehicle can be reclaimed.

Need help?

For help and advice on any of the matters raised in this guide, please call us and talk to one of our friendly experts.

+44(0)330 024 3200

Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales.

This guide is written for general interest only and is not a substitute for consulting the relevant legislation or taking professional advice. The authors and the firm cannot accept any responsibility for loss arising from any person acting or refraining from acting on the basis of the material included herein.