



Did you know that VAT on your business related costs can be reclaimed?

Value Added Tax (VAT) is a general sales tax, imposed on the consumption of goods and services in all 28 EU Member States.

EU VAT rules provide a procedure for all Member States to refund VAT to businesses that are not established in the country where the VAT is incurred. These refunds are available to businesses belonging in another EU country or in most countries outside the EU (usually without having to become registered for VAT). For examples, a business that does not conduct any trade in a particular EU country may undertake a business trip, a marketing campaign or simply attend a trade show or conference. VAT will be incurred on certain costs such as hotel accommodation, subsistence, event admissions, etc.

Who can reclaim?

Businesses incurring VAT in an EU country can make a claim if:

- The expenses are incurred for business purposes and are of a type that is normally eligible for VAT recovery.
- The business is not registered, liable or eligible to be registered for VAT in the country where the expense is incurred.
- The business has neither the seat of its economic activity nor a fixed establishment from which business transactions are made in that country.
- The business has had neither a permanent establishment nor domicile/place of residence in the country it wishes to reclaim.
- The business has not supplied any goods or services in the country where the claim is being made.
- The business is EU based and registered for VAT in its home country, or the business is non-EU based and registered for business purposes in the country of its origin.
- For non-EU companies, a reciprocal treaty arrangement must be in place between its own Government and the Government of the EU country in which the claim is being made.

What can you reclaim?

Eligible items for reclaim vary from country to country depending on a local adaptation of the European Directives. As a rule, many countries offer refunds on:

- Admissions to trade shows, exhibitions and conferences
- Accommodation costs (i.e. hotel bills)
- Restaurant and catering services (excluding business entertaining)
- Car hire
- Travel expenses
- Professional fees
- Road and bridge tolls
- Admission to training courses, etc.
- Goods not purchased for resale (including imported goods).

Case study A

Company A from France exhibited at the Farnborough International Airshow in the UK. Its stand costs, hotel bills, lunches and dinners, car hire and petrol costs amounted to £57,882. All of these costs were subject to UK VAT at 20% and were recoverable from the UK authorities under the EU Directive refund scheme. Blick Rothenberg undertook the recovery process and consequently reduced the company's marketing costs by £8,621.

Why should you reclaim?

Millions of Euros go unclaimed every year. Employees' travelling costs and expenses can be one of the largest controllable corporate expenses? With VAT rates of up to 27%, recovery can potentially run into thousands for many businesses. Unfortunately, VAT is often left unclaimed, as most companies simply write off the VAT as a cost of doing business unaware of the refund potential

What are the deadlines for making a claim?

EU Member States impose a submission deadline of 30 SEPTEMBER for VAT reclaims on the expenses incurred in the previous calendar year.

The UK has a separate submission deadline for non-EU businesses of 31 DECEMBER for VAT reclaims on expenses incurred in the year ended 30 June.

The above deadlines are often strictly applied but some authorities may allow retrospective submissions based on individual circumstances.

Case study B

Company B, a US based Inc. made a decision to enter the EU market with its existing product portfolio. Prior to setting up an office/permanent establishment in Europe, it decided to send its business development team to Europe for an extensive market testing exercise. For ease of operations, it chose the UK as its entry market into Europe. A team of business developers travelled mainly around the UK, but also in many other EU countries, attending various trade shows, meeting with potential clients, etc. The company's total expenditure amounted to around £30,000. As the development team retained all original invoices for their expenses, Blick Rothenberg was able to recover UK and European VAT, thereby reducing the costs of this business development exercise by £4,468.

For more information, please contact:

Alan Pearce

VAT Partner

+44 (0)20 7544 8884

alan.pearce@blickrothenberg.com

16 Great Queen Street
Covent Garden
London WC2B 5AH

+44 (0)20 7486 0111
email@blickrothenberg.com

www.blickrothenberg.com