

Penalties for overstated 8th and 13th Directive VAT claims

The new behaviour-based penalty regime which imposes penalties ranging between 0% and 100% of tax claimed depending on the degree of culpability, from lack of reasonable care to deliberate and concealed misstatement will apply to overstated claims made by non-EU businesses under the 13th Directive VAT refund mechanism for years commencing on or after 1 July 2008, and to overstated claims made by EU businesses under the 8th Directive VAT refund mechanism for years commencing on or after 1 July 2009. HMRC have published accompanying guidance which clearly sets out what HMRC will be looking for when considering whether reasonable care has been taken in compilation and submission of claims.

Many businesses use the services of a VAT recovery agent to compile and submit 8th or 13th Directive reclaims. 4 Eyes Ltd can assist in this capacity. Following changes to EU laws, 4 Eyes Ltd can now process reclaims in any EU Member State. We also part of a network of European VAT consultancies which can assist with local issues that may arise in any EU Member State.