



VAT & CUSTOMS CONSULTANTS

## VAT RECOVERY IN THE UK & EUROPE

*A pot of VAT gold is going unclaimed and will soon be lost forever – Even in the teeth of an international recession, international companies are failing to claim VAT refunds which are due to them, both in the UK and throughout the EU. 4 Eyes Ltd can advise on inter-EU VAT recovery and process these reclaims for you.*

### VAT RECOVERY IN THE UK

Businesses which are based in the UK with a UK VAT registration recover their input VAT through their UK VAT return. International companies, however, may not be required or eligible to be UK VAT registered, although they will still incur UK VAT in the course of their business activities. (This is particularly common where multinational companies operate many subsidiary branches). As these companies do not complete a UK VAT return, they commonly assume that no VAT recovery is possible and post costs gross. This need not be so!

#### Mini VAT review – Essential for each company in your corporate group

1. Are costs posted gross in accounts?
  - UK VAT recovery may be possible.
2. Do you have a UK VAT registration?
  - Recover input VAT through your UK VAT return.
3. If not, are you eligible or obliged to be VAT registered because of your UK activities?
  - Register for UK VAT and recover input VAT through your UK VAT return.

*If no UK VAT registration is possible*

4. Are you VAT registered or required to be VAT registered in another EU Member State?  
**Yes** – Go to EC 8<sup>th</sup> Directive.  
**No** – Go to EC 13<sup>th</sup> Directive.

NOTE – SIMILAR VAT RECOVERY OPPORTUNITIES EXIST TO RECOVER VAT THROUGHOUT EUROPE – CONTACT 4 EYES LTD IF YOU WISH TO DISCUSS VAT RECOVERY IN ANOTHER EU MEMBER STATE

### EC 13<sup>th</sup> Directive

**To be prima facie eligible for VAT recovery the business must pass the following tests:**

**The rules are strictly enforced. It is essential to submit claims correctly with all relevant documents, within the prescribed time limit.**

- The business is not VAT registered or liable to be VAT registered in another EU Member State.
- There is no UK or other EU place of business or other residence
- There are no UK supplies (or UK supplies are subject to the reverse charge where the client self-accounts for VAT)
- The country of residence of the business must allow similar concessions for UK traders, or must not otherwise discriminate against UK traders seeking similar concessionary treatment

### Requirements

**Period of claim** - 12 months from 1 July to 30 June

**Quantum** – Not less than £130

**Deadline** – No later than 31 December – There is no discretion. **Late claims will be refused.**

**Formalities** – Original documents only; maximum of 4 claims in any 12 months; certificate of taxable status required.

**Time to repayment** – Typically 6 months from date of submission.

## Deadline for 2007/ 2008 is 31 December 2008

### EC 8<sup>th</sup> Directive

**To be prima facie eligible for VAT recovery the business must pass the following tests:**

- The business is VAT registered in another EU Member State.
- The business is not registered or liable to be VAT registered in the UK
- There is no UK place of business or other residence
- There are no UK supplies (or UK supplies are subject to the reverse charge where the client self-accounts for VAT)

### Requirements

**Period of claim** - 12 months from 1 January to 31 December

**Deadline** – No later than 30 June – There is no discretion. **Late claims will be refused.**

**Formalities** – Original documents only; maximum of 4 claims in any 12 months; certificate of taxable status required.

**Time to repayment** – Typically 6 months from date of submission.

## DEADLINE FOR 2008 IS 30 JUNE 2009

The rules are strictly enforced. It is essential to submit claims correctly with all relevant documents, within the prescribed time limit.