



# **VAT refunds and reimbursements: A quantitative and qualitative study**

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## **Preface**

This report has been prepared for the project “First assessment of the procedure for VAT refund to taxable persons not established in the Member State of refund but established in another Member State and to taxable persons established in the Member State of refund”, Specific Contract No. TAXUD/2017/DE/328 implementing the Framework Service Contract No. TAXUD/2015/CC/131 for the provision of economic analysis in the area of taxation.

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## Glossary of terms

**Administrative level disputes:** Disputes at an administrative level include appeals and disputes that are handled within tax administrations themselves (for example, appeals within the tax administration to a higher level than the tax official that made the original decision on the VAT refund or reimbursement claim).

**Administrative practice:** The practical application of the legislation and published guidance (where available) by a tax administration (based on commentary from in-country PwC VAT experts).

**Claims approved:** Claims approved by tax administrations for payment.

**Claims paid outside deadline:** Claims paid outside statutory deadlines stipulated in Directive 2008/9/EC for VAT refund claims or relevant domestic legislation for VAT reimbursement claims.

**Claims queried:** Claims where additional information is requested by tax administrations after initial submission.

**Claims received:** Claims received by tax administrations.

**Claims rejected:** Claims rejected by tax administrations.

**Claims submitted:** Claims submitted to tax administrations.

**Domestic legislation:** The legislation enacted within a particular Member State.

**Eighth Directive:** Council Directive 79/1072/EC of 6th December 1979 on the "Harmonization of the laws of the Member States relating to turnover taxes - Arrangements for the refund of value added tax to taxable persons not established in the territory of the country"

**Guidance:** Publicly available instructions on the application of tax legislation issued by a tax administration to taxpayers in a Member State.

**Impose carry forward:** The process by which excess input VAT repayable to the taxpayer is offset against VAT payable in the next VAT period.

**Judicial level disputes:** Disputes at a judicial level include appeals and disputes that are handled by a body outside the tax administration, such as a local or national court.

**Member State of Establishment:** EU Member State in which a business is established for VAT purposes.

**Member State of Refund:** EU Member State in which a business is not established for VAT purposes but has incurred VAT and, therefore, has the right to a refund under Directive 2008/9/EC.

**Mini One Stop Shop (MOSS):** The MOSS is a way of paying VAT if a business supplies certain digital services to other EU countries. From 1st January 2015, VAT is paid based on the country where the customer bought the product, not the country in which the seller is based.



**Ordinary Least Squares:** A type of linear regression modelling for estimating unknown parameters.

**Standing Committee on Administrative Cooperation (SCAC):** An expert group of the European Commission which has the task to coordinate with and exchange of views between EU Member States.

**VAT refund:** A repayment of VAT made under the auspices of Directive 2008/9/EC as implemented in a Member State to a taxpayer not established in that Member State.

**VAT reimbursement:** A repayment of VAT made under the auspices of Article 183 of Council Directive 2006/112 as implemented in a Member State to a taxpayer established in that Member State.



## List of acronyms

<b>CJEU</b>	Court of Justice of the European Union
<b>EC</b>	European Commission
<b>EU</b>	European Union
<b>EU-28</b>	28 Member States of the European Union
<b>FTE</b>	Fulltime equivalent
<b>GDP</b>	Gross Domestic Product
<b>IVA</b>	International VAT Association
<b>MOSS</b>	Mini One Stop Shop
<b>MSME</b>	Micro-, Small- and Medium-sized Enterprises
<b>MSOE</b>	Member State of Establishment
<b>MSREF</b>	Member State of Refund
<b>OLS</b>	Ordinary Least Squares
<b>OSS</b>	One Stop Shop
<b>PoA</b>	Power of Attorney
<b>PwC</b>	PricewaterhouseCoopers LLP
<b>SCAC</b>	Standing Committee on Administrative Cooperation
<b>UK</b>	United Kingdom
<b>VAT</b>	Value Added Tax



## 1. Detailed overview of the methodology

This study was divided into five tasks outlined in Table 1.

**Table 1: Summary of study sections**

Task no.	Description
<b>Task 1</b>	Summary of the domestic legislation and administrative procedures that implement the relevant provisions of the EU VAT Directives concerning VAT refunds and reimbursements. Analysis of potential problems in domestic legislation and administrative procedure which could hinder the smoothness of the VAT refund or reimbursement process.
<b>Task 2</b>	Analysis of the experiences of businesses, particularly MSMEs, with the VAT refund process in place in EU Member States, highlighting potential problems and providing suggestions for improvement.
<b>Task 3</b>	Analysis of the experiences of businesses, particularly MSMEs, with the VAT reimbursement procedures in place in EU Member States, highlighting potential problems and providing suggestions for improvement.
<b>Task 4</b>	Analysis of tax administrations' experiences with VAT refund procedures in place in each EU Member State, highlighting potential problems and providing suggestions for improvement.
<b>Task 5</b>	Analysis of tax administrations' experiences with VAT reimbursement procedures in place in each EU Member State, highlighting potential problems and providing suggestions for improvement.

The methodological approach adopted to address each task is outlined below.

The International VAT Association (IVA) was requested to comment on any significant challenges or other matters concerning the VAT refund and reimbursement process in each Member State and across the EU-28 as a whole.

Responses from the IVA were used in the following ways:

1. Inform the content of interviews with tax administrations; and,
2. Support the sampling of countries for the online business survey.





## **Task 1: Review of legal and administrative frameworks**

The purpose of this task was to assist the Commission in understanding:

1. How relevant aspects of the EU VAT Directives have been implemented into domestic law;
2. The extent to which the domestic legislation in all Member States complies with the requirements of the EU VAT Directives concerning both refund and reimbursement procedures and how instances of non-compliance could generate potential problems; and,
3. The extent to which the administrative procedures put in place by Member State tax administrations to process refund and reimbursement claims complies with the relevant EU VAT Directives and how instances of non-compliance could generate potential problems.

In order to collect the data necessary for this analysis in a uniform format a standardised template to summarise the domestic legislative provisions and administrative procedures for both refunds and reimbursements was developed.

The format of the template was driven by the lifecycle of a refund or reimbursement claim in conjunction with the relevant provisions of the EU VAT Directives. Care was taken to ensure that the relevant information required to answer the specific questions could be gathered.

The VAT refund summary for each country mapped each separate article of Directive 2008/9/EC to the corresponding domestic legislation and administrative procedures and practices. The reimbursement summary, in contrast, posed a number of specific questions relating to Article 183 of the Council Directive 2006/112.

Using the templates, summaries of the corresponding provisions in the domestic legislation and administrative procedures in place in each Member State were prepared. These were based on data collected from a range of public domain sources. Priority was given to the relevant domestic legislation and, tax administration documents and manuals. Other reputable sources were used for further insight including, but not limited to, PwC's proprietary publications, the European Commission's detailed guides on certain VAT topics (Vademecums) and other third party material.

Completed summaries were then shared for review with PwC's VAT experts in each Member State. This review included checks for completeness, accuracy and correctness of English translations of relevant provisions in the domestic legislation and administrative procedures. Where instances of incomplete information with regards to administrative procedure were identified, PwC experts provided a description of administrative practice drawn from their technical knowledge and experience of preparing and submitting refund and reimbursement claims.

With regards refunds, the in-country experts were asked to provide commentary from the perspective of their Member State as the Member State of Refund, not the Member State of Establishment.



Following the review by PwC experts in each Member State, the summaries of the domestic legislation and administrative procedures and practices were then assessed to determine the extent to which the domestic legislation and administrative practice in all Member States complies with the requirements of the EU VAT Directives.

The compliance assessment of a Member State in relation to VAT refunds was carried out by considering each of the relevant refund provisions in turn, how these provisions have been implemented into domestic law, whether there is any published administrative procedure in place and, if so, whether this is also in compliance with the European legislation.

The assessment of a Member State in relation to reimbursements focused on the scope and conditions of the right to reimbursement as detailed by the CJEU in key decisions. These decisions set out the conditions and scope of the right to reimbursement.

### **Task 2 and 3: Assessing experiences of businesses**

The purpose of these tasks was to assist the Commission in understanding:

1. Business experiences of VAT refund and reimbursement claim procedures, highlighting potential problems and providing suggestions for improvement;
2. The range and nature of issues that can affect VAT refund and reimbursement claim procedures; and,
3. The broader financial consequences to businesses associated with delayed and refused VAT refund and reimbursement claims.

In order to generate a complete picture of the views and experiences of the EU-28 MSME community, it is important to recognise that, for the purpose of this study, there are two main groups of stakeholders involved in preparing and submitting the relevant VAT refund and reimbursement claims. These are businesses that prepare and submit their own VAT refund and reimbursement claims, and VAT refund agents that prepare and submit VAT refund claims on behalf of their clients.

Each of these stakeholder groups has different levels of knowledge and experience, which has been accounted for through the selection of appropriate research techniques.

Accordingly, an approach was developed using two research techniques designed to assess the experiences of these different stakeholder groups. Individual businesses in selected Member States were used as the primary source of data for VAT refund and reimbursement processes, while data collected from VAT refund agencies also complemented our analysis of the VAT refund process. These research techniques were as follows:

#### **Online business survey**

Responses to a 15-20 minute questionnaire were collected from 431 micro-, small- and medium-sized businesses in Cyprus, Germany, Greece, Poland, Romania, Spain and Sweden through an online platform. The questionnaire was designed to collect



responses across a wide breadth of real life experiences of VAT reimbursements and, to a lesser extent, VAT refunds.

In addition, the survey was shared with a number of representatives of large business. The purpose of this was to compare and contrast the views and experiences of MSMEs with those of large businesses.

The main country sample was selected based on the performance of Member States across both VAT refunds and reimbursements. Whereas, the sample of large businesses was selected on a convenience basis.

Performance of each Member State was assessed by developing a ranking across a number of indicators. Member States to be sampled were selected from across the quartiles to compare and contrast the experience of businesses across high, medium and poor performing Member States.

Table 2 presents the Member State ranking. Please note that the performance indicators used differ between VAT refunds and reimbursements due to the availability and completeness of tax administration data. The rationale for the performance indicators were as follows:

#### **VAT refunds**

- **Refund claim rejection rate in 2016:** This was calculated using data collected from the European Commission and national tax administrations. It was selected on the basis that it was an indicator of the awareness of the rules and requirements for refund, and the relative ease of complying with them. A high rejection rate could indicate the presence of problems either in the interpretation of the requirements by businesses or their application by tax administrations.
- **Refund claim query rate in 2016:** This was calculated using data collected from the European Commission and national tax administrations. It was selected on the basis that it was an indicator of the extent to which there are problems in the interpretation of refund requirements by claimants. A high query rate could indicate a lack of awareness of the refund requirements which could mean that insufficient information is contained within a claim.
- **Refund claim delay rate in 2016:** This was calculated using data collected from the European Commission and national tax administrations. It was selected on the basis that it was an indicator of the relative efficiency of tax administrations' processing capacity. A high delay rate could indicate the presence of inefficiencies that could generate financial risks for claimants.

#### **VAT reimbursements**

- **Number of VAT registered businesses in a reimbursement position in 2016:** This was calculated using data collected from national tax administrations by taking the number of VAT reimbursement claims in 2016 as a percentage of the number of VAT returns in 2016, and applying that to the



number of VAT registered businesses in 2016. It was selected on the basis that a small number of VAT registered businesses in a reimbursement position could be indicative of barriers to claiming or a lack of familiarity with the process.

- **Adherence of domestic legislation to EU Directive 2006/112/EC and principles of CJEU case law:** This was calculated using the results of the legislative analysis. A score of one was awarded to each instance of inconsistent legislative or administrative practice (as compared against the conditions, scope and principles of the right of reimbursement set out in case law). It was selected on the basis that a problems in the underpinning legislative and administrative frameworks could indicate the presence of inefficiencies in the process for claiming a VAT reimbursement.

**Econometric indicator:** This was calculated using data collected from national tax administrations and Eurostat. Using the outputs of the econometric analysis described (shown below in

- Table 2), this indicator measured the difference between predicted and actual value of total VAT reimbursements in 2016. It was selected on the basis that a higher or lower than expected value of VAT reimbursements could be indicative of problems that could generate under- or over-claiming.

To calculate this average rank, the number of ranks for which data was available for the specific indicator was used. For example, for the econometric indicator for reimbursements, data was only available for 15 Member States. Therefore, the average ranking for this indicator was eight, and so all 13 Member States with missing values were awarded a rank of eight for this indicator.

Additionally, to accommodate the fact that each of the six indicators had a different number of Member States with data available, and so the average ranking for each indicator was different, an adjustment was made to ensure that each of the six indicators had an equal weighting in the overall ranking. This adjustment involved setting the average ranking per indicator at 14.5 (the average of the total number of rankings available for all EU Member States, thus, the average of 28).

The final ranking of Member States was obtained by producing an average of the six rankings for each Member State and ordering these values from lowest to highest. A lower average value indicated a worse performance, and was thus given a higher ranking, meaning a ranking of one indicates the worst performance.



**Table 2: Country sample selection ranking**

Member State	Final rank	VAT refunds			VAT reimbursements			Average rank
		Rejection rate	Query rate	Delay rate	Econometric indicator	Adherence of domestic legislation with EU Directive 2006/112/EC	Number of VAT registered businesses in a reimbursement position	
Austria	27	14.5	1.4	23.2	25.8	24.7	25.9	19.26
Belgium	11	9.1	4.3	18.6	15.0	17.2	15.3	13.23
Bulgaria	17	18.1	21.4	4.6	21.5	27.9	3.1	16.11
Croatia	6	25.4	21.4	5.8	2.1	7.5	4.6	11.14
Cyprus	4	14.5	21.4	14.5	6.4	3.2	1.5	10.27
Czech Republic	14	14.5	12.9	20.9	11.8	12.9	14.5	14.57
Denmark	23	3.6	21.4	16.2	20.4	25.8	22.9	18.40
Estonia	19	14.5	21.4	11.6	10.7	26.9	14.5	16.61
Finland	21	14.5	21.4	22.0	26.9	11.8	9.2	17.63
France	20	14.5	4.3	14.5	27.9	19.3	19.8	16.73
Germany	18	14.5	12.9	27.8	14.5	14.5	14.5	16.45
Greece	2	5.4	12.9	7.0	3.2	1.1	6.1	5.94
Hungary	12	23.6	4.3	3.5	24.7	15.0	10.7	13.63
Ireland	9	14.5	12.9	14.5	5.4	9.7	16.8	12.28
Italy	26	12.7	21.4	15.1	23.6	18.3	24.4	19.25
Latvia	13	14.5	21.4	12.8	8.6	10.7	14.5	13.76
Lithuania	3	1.8	12.9	1.2	12.9	5.4	21.4	9.24
Luxembourg	24	14.5	21.4	9.3	16.1	23.6	27.5	18.74
Malta	7	14.5	21.4	14.5	1.1	2.1	14.5	11.36
Netherlands	25	14.5	21.4	24.4	22.6	16.1	14.5	18.91



Member State	Final rank	VAT refunds			VAT reimbursements			Average rank
		Rejection rate	Query rate	Delay rate	Econometric indicator	Adherence of domestic legislation with EU Directive 2006/112/EC	Number of VAT registered businesses in a reimbursement position	
Poland	15	14.5	21.4	17.4	7.5	14.0	14.5	14.89
Portugal	10	21.8	1.4	8.1	9.7	21.5	13.7	12.70
Romania	1	7.3	4.3	2.3	4.3	4.3	12.2	5.78
Slovakia	8	16.3	4.3	13.9	14.0	8.6	14.5	11.93
Slovenia	22	19.9	21.4	10.4	19.3	22.6	14.5	18.04
Spain	5	10.9	4.3	19.7	17.2	6.4	7.6	11.02
Sweden	28	27.2	21.4	26.7	18.3	20.4	18.3	22.05
United Kingdom	16	14.5	12.9	25.5	14.5	14.5	14.5	16.06

Source: European Commission, tax administration data, Eurostat data, PwC analysis

**Key:**

	Member States from which MSMEs were included in the country sample for the online business survey
	Member States from which large businesses were included in the country sample for the online business survey

The econometric indicator was developed using a pooled ordinary least squares (OLS) regression. Two explanatory variables were used, namely birth of new enterprises and gross fixed capital formation, and four control variables were created to allow for regional variations in the value of VAT reimbursement claims. The control variable groupings are as follows:

1. Greece, Italy, Portugal and Spain (Group 1);
2. Bulgaria, Croatia, Romania and Slovenia (Group 2),
3. Hungary, Slovakia, Poland and Lithuania (Group 3); and,
4. Denmark, Belgium and Sweden (Group 4).

Birth of new enterprises, gross fixed capital formation and the value of VAT reimbursement claims were all transformed into logs to address non-symmetric distributions of the variables and provide more robust results. As a result, the



coefficients shown in Table 3 below give the elasticity, or responsiveness, of VAT reimbursement claims to the two different explanatory variables.

The results show that at the 95% confidence level, gross fixed capital formation and birth of new enterprises are both significant, as are the three control variables included in the regression.

**Table 3: Pooled OLS regression results**

	<b>Coefficient</b>	<b>Robust standard errors</b>	<b>t-value</b>	<b>P-value</b>
Gross fixed capital formation	0.467	0.126	3.71	0.00
Birth of new enterprises	0.298	0.142	2.09	0.04
Group 1	-1.512	0.287	-5.26	0.00
Group 2	-1.266	0.286	-4.43	0.00
Group 3	-0.900	0.250	-3.60	0.00
Group 4	(omitted)	(omitted)	(omitted)	(omitted)

Number of observations	71
F (5, 65)	78.77
R-squared	0.7636
Root MSE	0.5521

Source: PwC analysis

The results of the regression analysis were used to construct the expected value of the log of the value of VAT reimbursement claims for each country within the sample. This is compared with the actual value of VAT reimbursement claims. The absolute difference between these two figures is calculated for each year and then an average is taken across all years for which there is data available for each country. Member States are then ranked according to the difference between the predicted and actual values and this forms the economic indicator.

Table 4 outlines the responses received to the business survey by size of business and Member State.



**Table 4: Business survey responses**

Member State	MSMEs	Large business
Cyprus	3	0
Czech Republic	0	1
Finland	0	1
Germany	99	0
Greece	28	0
Italy	0	1
Poland	79	0
Romania	74	0
Spain	115	0
Sweden	36	0
United Kingdom	0	1
<b>Totals</b>	<b>434</b>	<b>4</b>

### VAT refund agent survey

The VAT refund agent survey was carried out in two phases. Phase 1 aimed to gather quantitative data to get a more detailed understanding of the profile of claims handled by VAT refund agents. To do so, a detailed questionnaire was developed. Information collected from VAT refund agents through this questionnaire was used to complement the data received from tax administrations across the EU Member States, and included the following metrics:

- Information on the number and value of VAT refund claims submitted;
- Processing times;
- The underlying expenditure to which the VAT related; and,
- The extent to which VAT refund claims were fully or partially refunded or rejected.

The structure of the phase 1 questionnaire was aligned to the structure and level of detail of data submitted by tax administrations to the European Commission's Standing Committee on the Administrative Cooperation to ensure comparability of data.

Phase 2 of the VAT refund agents survey focused on gathering qualitative information on the views and experiences of VAT refund agents in particular Member States of Refund and across the EU as a whole. A questionnaire including multiple choice and





open-ended questions was developed based on data collected in Phase 1 of the survey. The questionnaire aimed to provide information on a variety of aspects, including:

- The process of appointing a VAT refund agent;
- Eligibility of claims and the extent of supporting information required;
- Details on additional information requests and notifications from tax administrations;
- Specific issues encountered with VAT refund claims in certain Member States;
- Experiences with notification of decisions and VAT refund payments;
- Delays and reasons for delays in processing claims;
- The extent to which technology is used in preparing and submitting claim; and,
- Suggestions for improvements to the VAT refund process.

The questionnaires for both phases of the VAT refund agent survey were built using Microsoft Excel and were administered to participating VAT refund agents via email.

The participation of the six VAT refund agents in the survey was secured with the assistance of the International VAT Association. For phase 1, six VAT refund agents responded and provided data, and in phase 2 four VAT refund agents participated in the survey.

#### **Tasks 4 and 5: Assessing experiences of tax administrations**

The purpose of these tasks was to:

- Gain an understanding of the profile and distribution of VAT refund and reimbursement claims submitted and processed across the EU-28; and,
- Explore the views and experiences of tax administrations in the EU-28 across a range of topics related to VAT refund and reimbursement procedures, highlighting potential problems and providing suggestions for improvement.

To achieve these objectives, a questionnaire survey with tax administrations in the EU-28 was used. The survey was also complemented by face-to-face or telephone interviews with representatives of the tax administrations in Austria, Croatia, Czech Republic, Denmark, Greece, Latvia, Spain, Sweden and the United Kingdom.

The questionnaires were constructed using Microsoft Excel to facilitate responses to a combination of data requests, multiple choice and open-ended questions.

Two separate questionnaires were developed, one to collect responses on VAT refunds and one on VAT reimbursements from tax administrations in the EU-28.

The VAT refunds questionnaire was structured in a number of parts:



- Part 1 contained questions relating to the background and the structure of the department or unit in the tax administration responsible for processing claims for VAT refunds.
- Part 2 contained data requests on the number, size and average duration of VAT refund claims received by Member States of refund over the period 1<sup>st</sup> January to 31<sup>st</sup> December 2016. This built on the data on refunds already supplied to the Commission by EU-28 tax administrations.
- Part 3 contained data requests on the number of VAT refund claims submitted through the online portal operated by the Member States of Establishment.
- Part 4 contained questions relating to the views and experiences of EU-28 tax administrations on a range of topics related to the processing of claims for VAT refunds.

The VAT reimbursements questionnaire followed a similar structure:

- Part 1 contained questions relating to the background and the structure of the department or unit in the tax administration responsible for processing claims for VAT reimbursements.
- Part 2 contained data requests on the number and value of reimbursement claims submitted, rejected and settled over the period 1st January 2012 to 31st December 2016. It also contained requests for a more detailed breakdown of data for the period 1st January to 31st December 2016.
- Part 3 contained questions relating to the views and experiences of EU-28 tax administrations on a range of topics related to the processing of claims for VAT reimbursements.

To reduce the time commitment required by tax administrations to complete the questionnaires, and to ensure that data already provided by the Commission was not requested again, the following steps were taken:

- The data requests contained in Part 2 of the VAT refund questionnaire, were as far as possible, aligned with the structure of Member State data collected and shared by the Commission for the purposes of this study. To the extent possible, data requests for the VAT reimbursement questionnaire also mirrored the structure of VAT refund data shared with us by the Commission.
- The number of requests for data covering multiple years were kept to a minimum. As a result, trend analysis, particularly for VAT reimbursements, is limited.

Face-to-face or telephone interviews with the tax administrations in Austria, Croatia, Czech Republic, Denmark, Greece, Latvia, Spain, Sweden and the United Kingdom were conducted to follow up on the questionnaire and to collect more information in relation to any unexpected or unusual response patterns. Moreover, the interviews were used as an opportunity to follow up on any challenges or other matters reported for particular Member States by members 11 of the IVA.



## 2. VAT refund and reimbursement scenarios

### VAT refunds

The mechanism for VAT refunds outlined in Directive 2008/09/EC will, as a matter of course, not apply to many routine transactions that businesses make across EU borders, such as:

- Businesses purchasing goods from suppliers based in other Member States will generally pay no VAT charge to the supplier on receipt of the goods in their own country, but will account for the VAT due on said goods in their own domestic VAT return as acquisition tax at the domestic VAT rate, as a debt owing to their domestic tax administrations.
- Businesses purchasing services from providers based in other Member States will generally be invoiced on a reverse charge basis, meaning they will account for the VAT due on said services in their own domestic VAT return at the domestic VAT rate, as a debt owing to their domestic tax administrations.
- Businesses with fixed establishments in other Member States will generally be VAT-registered in those Member States too, so can reclaim VAT expenses incurred within said Member States through a normal VAT return.

There are, therefore, a limited number of situations in which a business that is engaged in making taxable supplies will pay VAT in another Member State but not make taxable supplies in that Member State against which the VAT paid can be reclaimed.

Directive 2008/09/EC sets out the following classification of expenses that are eligible for refund providing the conditions for refund are met:

**Table 5: Directive 2008/09/EC expense classification**

Code	Description
1	Fuel
2	Hiring of means of transport
3	Expenditure relating to means of transport (other than goods and services referred to under codes 1 and 2)
4	Road tolls and road user charges
5	Travel expenses, such as taxi fares, public transport fares
6	Accommodation



Code	Description
7	Food, drink and restaurant services
8	Admissions to fairs and exhibitions
9	Expenditure on luxuries, amusements and entertainments
10	Other

Through discussions with VAT experts, the following non-exhaustive list outlines some transactions that could be classified as 'other' per the expense classification in Directive 2008/09/EC:

- Expenses associated with importation of goods from a non-EU country into a different Member State, where the business is not established for VAT purposes.
- Local sourcing of goods (e.g. spare parts and other consumables) by repair engineers undertaking work in a different Member State (where the service sold is accounted for via reverse charge, so the engineers do not collect VAT on the repair service provided, against which the VAT expense could be offset).
- Local sourcing of computer hardware to be used in delivering a software system solution for a customer in a different Member State.
- Repair services provided by subcontractors, where the manufacturer has to meet warranty obligations in respect of faulty immovable property or equipment located in a different Member State.
- Equipment installation services provided by sub-contractors in a different Member State.

National legislation implementing Directive 2008/09/EC contains provisions on the extent to which VAT incurred on certain categories of expenditure is refundable. This varies across Member States of Refund and is not uniform.

### **VAT reimbursements**

In normal circumstances, most businesses will collect more VAT on their sales than they spend on purchases. Consequently, the situations in which businesses will be entitled to VAT reimbursement are relatively limited.

Situations where a net VAT credit position may arise include, but are not limited to, the following:

- Where the business makes reduced rate supplies but pays the standard rate of VAT on its inputs;



- Where the business has yet to commence trading, and is thus incurring VAT expenses without any VAT-able revenues to offset these outflows; and,
- Where the business makes a substantial investment in capital equipment, on which VAT is paid, that exceeds the input VAT collected by the business for the VAT return period in question.



## Appendix 3: Data limitations

### Limitations present in data collected from VAT refund agents

The following limitations are present in the data collected from the VAT refund agents surveyed as part of this study:

- **Claims processed:** Data on the number and value of claims brought forward from the previous period was received from two of the six agents surveyed. This limits the extent to which claims processed can be calculated for all agents. Accordingly, the agents' share of claims processed compared against the Commission's data on claims processed in the EU-27 appears to be relatively low, standing at 4% in 2016.
- **Number of invoices attached to claims:** Details about the total number of invoices submitted per claim was only provided by two of the six agents surveyed.
- **Expense types for which claims were submitted:** Only one agent submitted details about the breakdown of claims broken down by the expense classifications in Directive 2008/9/EC.
- **Claims submitted:** Due to limitations in the calculation of the number and value of claims processed for all VAT refund agents surveyed, analysis of the distribution of claims was based on the size of claims submitted rather than claims processed.
- **Claims approved and rejected:** Data on claims rejected was collected from three of the six agents surveyed. However, data on the number and value of approved claims was collected from two of the agents surveyed. Moreover, due to data limitations claims processes could not be calculated for those agents, it was not possible to calculate an approval and rejection rate that is comparable to the EU-27 rates derived from the Commission's data.
- **Claims queried:** Data with regards to the number and value of claims queried was received and analysed for three of the six agents surveyed. The calculation of the query rate experienced by these three agents is based on claims submitted rather than claims processed.
- **Claims paid outside the deadlines stipulated by Articles 19 and 21 of the Directive:** Data with regards to the number and value of claims queried was received and analysed for three of the six agents surveyed. The calculation of the rate of claims submitted outside the deadlines was based on claims submitted rather than claims processed.
- **Duration of claims:** Data on the average duration of a claim across all claim categories was collected from four of the six agents surveyed. However, only three of those agents also provided a breakdown of the duration of a claim by value category.



## Limitations present in data collected from EU-28 tax administrations

The following limitations are present in the data collected from EU-28 tax administration.

### VAT refund data

- **Claims received:** Data on the number of claims received was provided by 26 Member States. Germany is the only Member State that did not provide any data. Only 20 Member States provided data on the corresponding value of these claims for the period 2013-2016. However, 24 Member States provided data on value of claims received for the period 2016.
- **Expense type for which claims is submitted:** 17 Member States provided data on the most common expense types for which claims were submitted and 16 Member States provided data for the least common expense types for which claims were submitted.
- **Breakdown of composition of claims by category of value of claim:** 19 Member States provided data for the breakdown of the number and value of claims by different categories.
- **Claims that originated in the Member State of Establishment:** Data on the number of claims that originated in the Member State of Establishment was provided by 19 Member States. Data on the value of claims that originated in the Member State of Establishment was provided by 15 Member States.
- **Claims processed:** Data on claims processed is available for all Member States except Germany. However, data on claims processed per employee is only available for 21 Member States, as not all tax administrations provided data on the number of full time equivalent employees working with the department.
- **Processing duration of Member States of Refund:** Nine Member States provided the average time taken to process a claim that was not queried and paid within deadline.
- **Processing duration of Member State of Establishment:** 11 member States provided data on the processing duration of claims received in their role as a Member State of Establishment.
- **Claims queried:** Data on the volume and value of claims queried is only available for 26 Member States for the period 2014-2016. This is because, Malta has not provided any data for the year 2013 and Germany has not provided any data for the period 2013-2016.
- **Breakdown of claims queried by value of claims:** Only 11 Member States provided data on the breakdown of claims queried by different value categories.
- **Common expense types for which additional information requests are made:** 11 Member States provided data on the common expense types for which additional information requests are made.



- **Common types of additional information requested by Member States:** 21 Member States provided data on common types of additional information requested by each Member State.
- **Claims approved:** Data on the volume and value of claims approved is available for 26 Member States for the period 2013-2016. The United Kingdom and Germany did not provide any data.
- **Claims rejected:** Data on the volume and value of claims rejected is available for 25 Member States for the period 2013-2016. Similar to claims approved, the United Kingdom and Germany did not provide any data.
- **Common reasons for tax administrations to reject claims:** 18 Member States provided common grounds for rejecting claims.
- **Claims paid outside deadline:** With regards to delayed claims, 17 tax administrations only provided data on claims paid outside deadline for the period 2013-2016.
- **Procedures in place to prevent delays:** 18 Member States provided responses on whether or not specific procedures are in place to prevent delays in the VAT refund process.
- **Common expense types that are likely to be delayed:** 14 Member States provided data on common expense types that are likely to be delayed.
- **Common reasons for claims being delayed:** 14 Member States provided data on common reasons for claims to be delayed.
- **Appeals, disputes and litigation at the administrative level:** Data on the number and value of disputed claims received at the administrative level was only provided by five Member States. However, data with regards to decisions made on disputes at the administrative level was only received from three Member States.
- **Appeals, disputes and litigation at the judicial level:** Data on the number and value of disputed claims received at the judicial level was only provided by 5 Member States. Data with regards to decisions made on appeals at a judicial level was only received from three Member States.
- **Effectiveness in the exchange of information on pro-rata calculations between Member States:** Only 14 Member States commented on the effectiveness of the exchange of information on pro-rata calculations.
- **Common Member States of Establishment to request for assistance under Directive 2010/24/EU:** 19 Member States listed the common Member States of Establishment that request for assistance under Directive 2010/24/EU.
- **Member States that have experienced significant issues with the online portal of Member States of Establishment:** 20 Member States provided a response as to whether they have experienced significant issues with the online portal of Member States of Establishment.





**Table 6: Summary of data limitations in the VAT refund data**

Key metric	Member States with available data	Member States without available data
<b>Claims received</b>		
Number of VAT refund claims received over the 2013-2016 period	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Germany
Value of claims received over the 2013-2016 period	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Estonia, Finland, France, Germany, Hungary, Malta and Netherlands
Value of claim received by Member States in 2016	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Finland, Germany and Malta
<b>Breakdown of composition of claims by category of value of claim</b>		
Breakdown of composition of claims by category of value of claim	Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, Estonia, France, Greece, Hungary, Ireland, Italy, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia, and Spain	Czech Republic, Finland, Germany, Latvia, Luxembourg, Malta, Netherlands and Sweden
<b>Expense types for which claims were submitted</b>		
Most common expense categories being claimed	Belgium, Bulgaria, Denmark, Estonia, Greece, Hungary, Italy, Ireland, Latvia,	Austria, Croatia, Czech Republic, Cyprus, Finland, France, Germany,



Key metric	Member States with available data	Member States without available data
in 2016	Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia and Spain	Lithuania, Malta and Sweden
Least common expense categories being claimed in 2016	Belgium, Bulgaria, Denmark, Estonia, Greece, Hungary, Italy, Ireland, Latvia, Luxembourg, Netherlands, Poland, Romania, Slovakia, Slovenia and Spain	Austria, Croatia, Czech Republic, Cyprus, Finland, France, Germany, Lithuania, Malta, Portugal and Sweden
<b>Claims that originated in the Member State of Establishment</b>		
Total number of VAT refund claims originated in the Member State of Establishment in 2016	Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, Greece, Hungary, Italy, Latvia, Luxembourg, Lithuania, Poland, Portugal, Romania, Slovakia, Spain, Sweden and Slovenia	Austria, Cyprus, Estonia, France, Germany, Ireland, Malta and Netherlands
Average value of a claim originated in Member States of Establishment in 2016	Belgium, Bulgaria, Croatia, Denmark, Greece, Latvia, Lithuania, Luxembourg, Italy, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Austria, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Hungary, Ireland, Malta, Netherlands and Poland
<b>Claims processed</b>		
Claims processed over the period 2013-2016	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Germany
Claims processed per employee in 2016	Bulgaria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Greece, Hungary, Ireland, Italy, Finland, Luxembourg,	Austria, France, Germany, Malta, Netherlands and Poland



Key metric	Member States with available data	Member States without available data
	Lithuania, Latvia, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	
<b>Processing duration of Member States of Refund</b>		
Processing duration of Member States of Refund	Belgium, Bulgaria, Estonia, Finland, France, Hungary, Ireland, Portugal and Spain	Austria, Croatia, Cyprus, Czech Republic, Denmark, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Romania, Slovakia, Slovenia and Sweden
Processing duration for Member States of Establishment	Bulgaria, Greece, Hungary, Italy, Latvia, Poland, Portugal, Slovakia, Slovenia, Spain and Sweden	Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Germany, Lithuania, Luxembourg, Malta, Netherlands, Poland, Romania, Slovakia, Slovenia and Sweden
<b>Claims queried</b>		
Volume and value of claims queried for the period 2014-2016	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden	Germany
<b>Breakdown of claims queried by value of claims</b>		
Breakdown of claims queried by value of claims	Bulgaria, Croatia, Denmark, Finland, France, Hungary, Ireland, Lithuania, Portugal, Slovakia and Slovenia	Austria, Belgium, Cyprus, Czech Republic, Estonia, Germany, Greece, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Romania, Spain and Sweden



Key metric	Member States with available data	Member States without available data
<b>Common expense types for which additional information requests are made</b>		
Most common expense types for which additional information was requested in 2016	Austria, Bulgaria, Czech Republic, Finland, Greece, Hungary, Italy, Lithuania, Slovakia, Slovenia and Sweden	Belgium, Croatia, Cyprus, Denmark, Estonia, France, Germany, Ireland, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania and Spain
<b>Common type of additional information requested by Member States</b>		
Common types of additional information requested by tax administrations in 2016	Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Romania, Slovakia, Slovenia, Spain and Sweden	Belgium, Germany, Malta, Netherlands, Poland and Portugal
<b>Claims approved</b>		
Volume and value of claims approved for the period 2013-2016	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Germany
<b>Claims rejected</b>		
Value of claims rejected for the period 2013-2016	Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Austria and Germany
<b>Common reasons for tax administrations to reject claims</b>		



Key metric	Member States with available data	Member States without available data
Common reasons used by tax administrations to reject claims in 2016	Austria, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Slovakia, Slovenia, Spain and Sweden	Belgium, Cyprus, Estonia, Germany, Ireland, Malta, Poland, Portugal and Romania
<b>Claims paid outside deadline</b>		
Volume and value of claims paid outside deadline for the period 2013-2016	Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Luxembourg, Portugal, Romania, Spain and Sweden	Czech Republic, Estonia, Germany, Latvia, Lithuania, Malta, Netherlands, Poland, Slovenia and Slovakia
<b>Procedures in place to prevent delays</b>		
Procedure in place to prevent delays in 2016	Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Italy, Latvia, Luxembourg, Romania, Slovakia, Spain and Sweden	Cyprus, Germany, Ireland, Lithuania, Malta, Netherlands, Poland, Portugal and Slovenia
<b>Common expenses types that are likely to be delayed</b>		
Common expenses types that are likely to be delayed in 2016	Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, Greece, Hungary, Italy, Latvia, Lithuania, Slovakia, Slovenia and Sweden	Croatia, Cyprus, Estonia, France, Germany, Ireland, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Spain and
<b>Common reasons for claims being delayed</b>		
Common reasons for claims being delayed	Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, Greece, Hungary, Italy, Latvia, Lithuania, Slovakia, Slovenia and Sweden	Croatia, Estonia, France, Germany, Ireland, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Spain and Slovakia
<b>Appeals, disputes and litigation at the administrative level</b>		
Number and value of disputed claims received	France, Greece, Hungary, Latvia and Lithuania	Austria, Belgium, Bulgaria, Croatia, Cyprus,



Key metric	Member States with available data	Member States without available data
in 2016		Czech Republic, Denmark, Estonia, Finland, Germany, Ireland, Italy, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden
Number of decisions made at the administrative level in 2016	Greece, Hungary and Lithuania	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden
<b>Appeals, disputes and litigation at the judicial level</b>		
Number and value of disputed claims received in 2016	France, Greece, Hungary, Latvia and Lithuania	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Ireland, Italy, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden
Number of decisions made at the judicial level in 2016	Greece, Hungary and Lithuania	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia,



Key metric	Member States with available data	Member States without available data
		Slovenia, Spain and Sweden
<b>Effectiveness of the exchange of information on pro-rata calculations between Member State</b>		
Effectiveness in the exchange of information on pro-rata calculations between Member States in 2016	Austria, Belgium, Bulgaria, Cyprus, Denmark, Estonia, Finland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Spain and Sweden	Croatia, Czech Republic, France, Germany, Greece, Hungary, Ireland, Malta, Poland, Portugal, Romania, Slovakia and Slovenia
<b>Common Member States of Establishment to request for assistance under Directive 2010/24/EU</b>		
Common Member States of Establishment to request for assistance under Directive 2010/24/EU in 2016	Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Romania, Slovakia, Slovenia, Spain and Sweden	Belgium, Finland, France, Germany, Ireland, Malta, Poland and Portugal
<b>Member States that have experienced significant issues with the online portal of Member States of Establishment</b>		
Member States that have experienced significant issues with the online portal of Member States of Establishment in 2016	Austria, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Romania, Slovakia, Slovenia, Spain and Sweden	Belgium, Cyprus, Germany, Ireland, Malta, Poland and Portugal

### VAT reimbursement data

- **Claims received:** Data on the number and value of claims received over the period 2013-2016 is only available for 16 Member States. However, for 2016, 18 Member States provided data on the number and value of claims. This is because two Member States only provided this data for 2016.
- **Claims processed:** Data on the number and value of claims processed over the period 2013-2016 is only available for six Member States. However, for 2016, data on claims processed is available for nine Member States. This is because, three Member States only provided this data for 2016. Data on claims



processed per employee is only available for seven Member States as not all tax administrations provided data on full time equivalent employees working within the relevant department.

- **Fraudulent claims:** Six Member States provided data on the number of claims received in 2016 that were deemed to be fraudulent. Of this, only four Member States provided data on the value of claims.
- **Claims approved:** Data on the number and value of claims approved over the period 2013-2016 is only available for eight Member States. However, with regards to 2016, data is available for 11 countries as three Member States only provided the data for 2016.
- **Claims rejected:** Similar to claims approved, data on the number and value of claims rejected is only available for eight Member States. In addition, with regards to 2016, data is available for 10 countries as two Member States only provided the data for 2016. Furthermore, it is worth noting that data on the average value of claims does not include Slovenia, as the tax administrations in these countries recorded that it rejected no claims in 2016.
- **Common reasons for claims being rejected:** 17 Member States provided common reasons for claims being rejected.
- **Claims paid outside deadline:** Similar to VAT refunds data, eight tax administrations provided data on claims paid outside deadline for the period 2013-2016. However, for 2016, data is available for nine Member States as one Member States only provided data for 2016. Five Member States provided data on late interest paid on claims paid outside deadline.
- **Appeals, disputes and litigation at the administrative level:** Data on the number and value of disputed claims received at the administrative level was provided by four Member States. However, data with regards to decision made on disputes at the administrative level was received from five Member States.
- **Appeals, disputes and litigation at the judicial level:** Data on the number and value of disputed claims received at the judicial level was provided by four Member States. Data with regards to decisions made on appeals at a judicial level was received from five Member States.
- **Most widely used forms of communication:** 21 Member States listed the most widely used forms of communication.
- **Most widely available sources of support:** 22 Member States listed the most widely available sources of support.
- **Use of technology in processing claims:** 22 Member States provided responses on the use of technology to process claims.

**Table 7: Summary of data limitations in the VAT reimbursement data**

Key metric	Member States with available data	Member States without available data
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Key metric	Member States with available data	Member States without available data
<b>Claims received</b>		
Volume and value of Reimbursement claims received over the period 2013-2016	Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Greece, Hungary, Italy, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden and Spain	Austria, Cyprus, Estonia, Finland, France, Germany, Ireland, Luxembourg, Latvia, Malta and Netherlands
Volume and value of claims received in 2016	Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Poland, Portugal, Romania, Spain and Sweden	Cyprus, Finland, France, Germany, Ireland, Malta, Netherlands, Slovakia and Slovenia
<b>Claims processed</b>		
Volume and value of claims processed over the period 2013-2016	Lithuania, Poland, Portugal, Romania, Slovakia and Slovenia	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Latvia, Malta, Netherlands, Spain and Sweden
Volume and Value of claims processed in 2016	Estonia, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia and Slovenia	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Luxembourg, Malta, Netherlands, Spain and Sweden
Claims processed per employee in 2016	Estonia, Italy, Latvia, Lithuania, Romania, Slovakia and Slovenia	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Luxembourg, Malta, Netherlands, Poland, Portugal, Spain and



Key metric	Member States with available data	Member States without available data
		Sweden
<b>Fraudulent claims</b>		
Volume of fraudulent claims in 2016	Estonia, Latvia, Lithuania, Portugal, Slovakia and Spain	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, Netherlands, Poland, Romania, Slovenia and Sweden
Value of fraudulent claims in 2016	Portugal, Lithuania, Slovakia and Spain	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Romania, Slovenia and Sweden
<b>Claims approved</b>		
Volume and value of claims approved over the period 2013-2016	Greece, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia and Spain	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, Latvia, Malta, Netherlands and Sweden
Volume and value of claims approved in 2016	Estonia, Greece, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia and Spain	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Luxembourg, Malta, Netherlands and Sweden
<b>Claims rejected</b>		
Volume and value of claims rejected over the period	Greece, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia and	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark,



Key metric	Member States with available data	Member States without available data
2013-2016	Spain	Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, Latvia, Malta, Netherlands and Sweden
Volume and value of claims rejected in 2016	Estonia, Greece, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia and Spain	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Luxembourg, Malta, Netherlands, Slovenia and Sweden
<b>Common reasons for claims being rejected</b>		
Common reasons for claims being rejected	Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Austria, Croatia, Cyprus, Finland, France, Germany, Greece, Ireland, Malta and Poland
<b>Claims paid outside deadline</b>		
Volume and value of claims paid outside deadline over the period 2013-2016	Greece, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia and Spain	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands and Sweden
Volume and value of claims paid outside deadline in 2016	Estonia, Greece, Italy, Poland, Portugal, Romania, Slovakia, Slovenia and Spain	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Netherlands and Sweden
<b>Appeals, disputes and litigation at the administrative level</b>		
Number and value of	Bulgaria, Estonia, Latvia	Austria, Belgium, Croatia,



Key metric	Member States with available data	Member States without available data
disputed claims received in 2016	and Spain	Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia and Sweden
Number of decisions made at the administrative level in 2016	Bulgaria, Estonia, Latvia, Poland and Spain	Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Romania, Slovakia, Slovenia and Sweden
<b>Appeals, disputes and litigation at the judicial level</b>		
Number and value of disputed claims received in 2016	Bulgaria, Estonia, Latvia and Spain	Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia and Sweden
Number of decisions made at the judicial level in 2016	Bulgaria, Estonia, Latvia, Poland and Spain	Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Romania, Slovakia, Slovenia and Sweden
<b>Most widely used forms of communication</b>		
Most widely used forms of	Austria, Bulgaria, Croatia,	Belgium, Cyprus, France,



Key metric	Member States with available data	Member States without available data
communication in 2016	Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Ireland, Malta and Poland
<b>Most widely available sources of support</b>		
Most widely available sources of support in 2016	Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Cyprus, France, Ireland, Malta and Poland
Perceived most effective sources of support by tax administrations in 2016	Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Cyprus, France, Ireland, Malta and Poland
<b>Use of technology in processing claims</b>		
Use of technology in processing claims	Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden	Cyprus, France, Ireland, Malta and Poland

**Limitations present in data collected through the business surveys**

The sample size used for the business survey is too small to yield results that can be generalised to the rest of the population. As such, the data yielded by this survey is indicative, providing useful insights into the views and experience of businesses.



## 4. Anecdotal evidence on practical reality of claiming a VAT refund

Member State	Legal and administrative compliance assessment	Issues experienced by businesses	Comments
Austria	Compliant	Travel expenses, documentary evidence, portal issues	Austria is compliant with the EU law in relation to VAT refunds. However, anecdotal evidence collected from the IVA indicates that additional information and document requests have become increasingly common and complex in nature. Businesses might be dissuaded from even making an application in the first place given the time and financial costs associated with responding to the additional information requests. Additionally, in order to obtain a refund of VAT, the Austrian tax administration requires local VAT advisors to upload a request to the Austrian electronic portal. However, the portal itself does not allow applicants outside Austria to make a request via the portal, which creates an obstacle to businesses claiming a refund.
Belgium	Compliant	No issues reported	Belgium is compliant with the EU law in relation to VAT refunds. Furthermore, no issues were reported by businesses.
Bulgaria	Compliant	Travel expenses	Bulgaria is compliant with the EU law in relation to VAT refunds. However, anecdotal evidence from the IVA shows that the Bulgarian tax administration frequently makes additional information requests in respect of claims that are considered as entertainment or representation expenses. There is also a lack of clarity among businesses as to what kind of document needs to be submitted in response to requests of this nature.



Member State	Legal and administrative compliance assessment	Issues experienced by businesses	Comments
Croatia	Compliant	Documentary evidence	Croatia is compliant with the EU law in relation to VAT refunds. However, anecdotal evidence from the IVA indicates that the number of documents required is not considered proportionate to the nature or size of the claim. Originals of receipts, proof of payment and explanations regarding the purpose of each receipt are examples of documents that have been requested. The IVA also indicated that applications for refund are seldom approved.
Cyprus	Compliant	No issues reported	Cyprus is compliant with the EU law in relation to VAT refunds and businesses have not reported any issues.
Czech Republic	Compliant	Language barriers, travel expenses, documentary evidence	Czech Republic is compliant with the EU law in relation to VAT refunds. However, anecdotal evidence collected from the IVA captures a number of issues that businesses experience when making a claim. The tax administration requires both the initial refund application and additional requests from companies to be in the local language, with English not being sufficient. This creates an additional administrative burden. With regards to travel expenses, they require proof that the expenses were made by employees for business purposes.
Denmark	Compliant	Documentary evidence, filing process	Denmark is compliant with the EU law in relation to VAT refunds. However, anecdotal evidence from the IVA suggests that businesses are unclear as to the rules concerning the criteria for documentary evidence. Scanned invoices are not officially required yet they are



Member State	Legal and administrative compliance assessment	Issues experienced by businesses	Comments
			frequently asked for by the Danish tax administration. Additionally, anecdotal evidence suggests that the Danish tax administration does not allow claimants to correct invoices after the filing deadline.
Estonia	Compliant	Portal issues, language barriers, interest	Estonia is compliant with the EU law in relation to VAT refunds. However, anecdotal evidence collected from the IVA captures a number of issues that businesses experience when making a claim. Estonia only grants portal access to individuals wishing to make a claim, thus barring companies/agents from applying for a refund. With regard to language barriers, the Estonian tax administration requires all communication from companies to be in the local language, with English not being sufficient. The Estonian tax administration is also inconsistent with its payment of interest on late payments on refunds, with interest payments not always being provided.
Finland	Compliant	Portal issues, documentary evidence	Finland is compliant with the EU law in relation to VAT refunds. However, anecdotal evidence from the IVA shows that enquiries made by the Finnish tax administration are sent as unique links without the possibility of seeing the contents of the link and the requests can only be dealt with on the computer that the link was originally sent to. Additionally, Finland only grants portal access to individuals wishing to make a claim, thus barring companies/agents from applying for a refund.
France	Compliant	Communication	France is compliant with the EU





Member State	Legal and administrative compliance assessment	Issues experienced by businesses	Comments
		with tax administration	law in relation to VAT refunds. However, anecdotal evidence collected from IVA indicates that the French tax administration does not send confirmation of approved refund claims to agents. This results in a communication gap where agents are not aware of the outcome of the claims.
Germany	Non-compliance with Article 24 of Directive 2008/9/EC, concerning penalties and late payment interest	Documentary evidence, language barriers, filing process,	Germany is non-compliant with Article 24 as the procedure for recovering amounts paid because of a fraudulent claim is not in the domestic legislation, nor has a consistent process been identified as a matter of tax administration practice. However, evidence collected from the IVA indicates that there are extensive formal and complex requirements in place in relation to submitting documentary evidence. For example, it is not possible to resubmit an invoice even when the Directive deadline has not expired. The claimant must file an appeal in order to do so. Furthermore, if scanned copies of invoices are not submitted by 30 <sup>th</sup> September the invoice is rejected. It is also not possible to submit claims twice in a year. This means that if a claim was submitted in December, another claim cannot be submitted in September. With regard to language barriers, the German tax administration requires all communication from companies to be in the local language, with English not being sufficient. This creates an additional administrative burden.
Greece	Compliant	Portal issues	Greece is compliant with EU law in relation to VAT refunds. However, evidence gathered



Member State	Legal and administrative compliance assessment	Issues experienced by businesses	Comments
			from the IVA suggests that the Greek tax administration uses another external system for logging claims to the portal which requires manual listing of all invoices. This extra layer of administration may further delay the process and increase the associated costs for businesses.
Hungary	Compliant	Documentary evidence, portal issues	Hungary is compliant with the EU law in relation to VAT refunds. However, evidence collected from the IVA indicates that there are unclear rules from the Hungarian tax administration in relation to additional information requests. For example, there is a lack of clarity on the format in which invoices should be submitted.
Ireland	Compliant	Travel expenses	Ireland is compliant with the EU law in relation to VAT refunds. However, evidence collected from the IVA indicates that the Irish tax administration typically rejects invoices relating to organisation of a workshop for business purposes as they consider this to be entertainment.
Italy	Non-compliance with Article 23(1) of Directive 2008/9/EC, concerning time limits	Communication with tax administration, interest, delays, filing process	Italy is non-compliant with Article 23 (1) of Directive 2008/9/EC as there is no requirement within domestic legislation or published guidance for the tax administration to provide reasons for rejection. Furthermore, evidence collected from the IVA indicates that there are issues in relation to communication. For example, the Italian tax administration sends a standardised document as a decision for all applications with no reference to the company making the claim. This may become burdensome for agents



Member State	Legal and administrative compliance assessment	Issues experienced by businesses	Comments
			who then need to work out which business the decision relates to. The Italian tax administration also requires identity documents for individuals signing declarations in relation to VAT refunds in Italy. This is an administrative burden for agents, as clients often do not provide this information given its confidential nature. This might dissuade claimants from submitting an application in the first place. Additionally there have been issues relating to delays of more than four months for a decision by the Italian tax administration, interest not being paid by the Italian tax administration on late payment of a refund, and claims being rejected on the basis that the VAT registration number has been left off the claimant's invoices.
Latvia	Non-compliance with Article 23(1) of Directive 2008/9/EC, concerning time limits	No issues reported	Latvia is non-compliant with Article 23 (1) of Directive 2008/9/EC as there is no requirement within domestic legislation or published guidance for the tax administration to provide reasons for rejection. However, no issues concerning cross-border VAT refund applications were submitted by businesses.
Lithuania	Compliant	Communication with tax administration, portals	Lithuania is compliant with EU law in relation to VAT refunds. However, evidence collected from the IVA indicates that the Lithuanian tax administration approves claims in an inconsistent manner, and do not always communicate with claimants the reasons for the rejection of a claim. Furthermore, when submitting a claim, the portal gives error



Member State	Legal and administrative compliance assessment	Issues experienced by businesses	Comments
			notices without directing the claimant to the field where there is an error.
Luxembourg	Compliant	No issues reported	Luxembourg is compliant with EU law in relation to VAT refunds. No issues regarding cross-border VAT refund applications were submitted by businesses
Malta	Compliant	No issues reported	Malta is compliant with the EU law in relation to VAT refunds. No issues regarding VAT refund applications were submitted by businesses.
Netherlands	Non-compliance with Article 23(1) of Directive 2008/9/EC, concerning time limits	Communication with tax authorities, portal issues, interest	Netherlands is non-compliant with Article 23 (1) of Directive 2008/9/EC as there is no requirement within domestic legislation or published guidance for the tax administration to provide reasons for rejection. Evidence collected from the IVA indicates that the Dutch tax administration does not communicate effectively with claimants. In particular, there are instances where they do not send out their decisions, or confirmation of receipt from the Member State of Refund. When decisions are sent, the reasons for rejection are not made clear. Furthermore, they do not respond to information requests. Lack of effective communication makes the process of submitting an application burdensome for the claimant. Additionally, it has been reported that the Dutch tax administration may not pay interest on late refund payments.
Poland	Non-compliance with Article 23(1) of Directive 2008/9/EC, concerning time	Language barriers, communication with tax administration, payment,	Poland is non-compliant with Article 23 (1) of Directive 2008/9/EC as there is no requirement within domestic legislation or published guidance for the tax administration to



<b>Member State</b>	<b>Legal and administrative compliance assessment</b>	<b>Issues experienced by businesses</b>	<b>Comments</b>
	limits	portal issues,	<p>provide reasons for rejection. Furthermore, evidence collected from IVA indicates that businesses experience issues relating to additional information requests. For instance, instead of sending all additional information requests together, the Polish tax administration often makes several requests per application over a period of time. The deadlines for responding to these requests are within a short timeframe (for example, seven days) and it is often not always possible to meet them. The tax administration often makes requests over phone calls instead of sending out official requests in writing. These issues often result in additional administrative costs to claimants. In addition, the IVA also mentioned language related issues. The Polish tax administration requires trade register extracts to be translated by a certified translator for each submission. For small VAT refund claims, the cost of translation is higher than the refund amount. This creates an additional administrative burden, which might dissuade claimants from submitting applications in the first place. Furthermore, the evidence gathered from the IVA showed that claims are being rejected by the Polish tax administration on the basis that the VAT registration number has been left off the claimant's invoices. Additionally Poland only grants portal access to individuals wishing to make a claim, and not companies/agents, thus barring companies/agents from applying for a refund. Lastly, businesses have mentioned that no interest is paid on claims paid outside the</p>



Member State	Legal and administrative compliance assessment	Issues experienced by businesses	Comments
			Article 19 deadline.
Portugal	Non-compliance with Article 25 of Directive 2008/9/EC, concerning the amount refundable	Delays, portal issues, payment	Portugal is non-compliant with Article 25 as there is no provision in the domestic legislation for corrections to previous claims to be taken into account, nor has a process been identified as a matter of tax administration practice. Furthermore, the IVA has observed that in the case of accepted appeals, there are delays in VAT refunds, and claims are being rejected by the Portuguese tax administration on the basis that the VAT registration number has been left off the claimant's invoices. Furthermore, there are instances where the Portuguese tax administration does not send out confirmation of receipt from the Member State of Refund via the portal.
Romania	Non-compliance with Article 26 of Directive 2008/9/EC, concerning penalties and late payment interest	Language barriers, documentary evidence, delays, portal issues	Romania is non-compliant with Article 26 (2) and, as a result, claims for interest are often rejected. Anecdotal evidence collected from the IVA has shown that while there are few document requirements when submitting a claim, the Romanian tax administration makes a number of additional information requests. It is often difficult to obtain this information within the timeframe of thirty days. The IVA also observed that the Romanian tax administration often rejects claims without clearly communicating the reasons with the claimant. Some of the reasons mentioned were the signature on the power of attorney was not right and the person who signed the appeal does not appear as the power of attorney. In addition, language issues in submitting applications



Member State	Legal and administrative compliance assessment	Issues experienced by businesses	Comments
			and responses add to the administrative burden of making a claim. This creates an additional administrative burden despite, in some instances, it being legally acceptable for the Member State to require applications in their official language. The IVA also recorded delays in payment of refunds, and non-payment of interest on late payments of the refund. Lastly, businesses have reported numerous issues with regards to the portal when submitting a claim, adding to the administrative cost of applying for a VAT refund.
Slovakia	Compliant	Communication with tax administration	Slovakia is compliant with the EU law in relation to VAT refunds. However, anecdotal evidence from the IVA also observed that although tax offices indicate their e-mail address on decisions and information requests, they do not respond to requests submitted via email. As a result, there is no scope for communication with the Slovakian tax administration via email. Furthermore, businesses only have 15 days to appeal a decision by the Slovakian tax administration, which is an unusually short timeframe and may prevent some businesses from appealing.
Slovenia	Compliant	No issues reported	Slovenia is compliant with EU law in relation to VAT refunds. Furthermore, no issues were reported by businesses.
Spain	Non-compliance with Article 25 and Article 23(1) of Directive 2008/9/EC, concerning	Documentary evidence, communication with tax administration, delays, payment	Spain is non-compliant with Article 25 as there is no provision in place for correction to previous claims and Article 23(1) as there is no requirement within the domestic legislation for tax authorities to provide reasons for



<b>Member State</b>	<b>Legal and administrative compliance assessment</b>	<b>Issues experienced by businesses</b>	<b>Comments</b>
	amount refundable and time limits		rejection of a claim. Furthermore, anecdotal evidence collected from IVA indicates that there are instances of the Spanish tax administration making decisions on claims in an inconsistent manner. For example, claims on courses and conferences for business purposes are inconsistently approved or denied. In addition, businesses have reported that it is difficult to get a response from the Spanish tax administration, on information requests. It was also noted that delays of more than four months have been recorded before a decision has been received from the tax administration. Lastly, evidence gathered from the IVA suggests that the Spanish tax administration uses another external system for logging claims to the portal, which requires manual listing of all invoices.
Sweden	Compliant	Documentary evidence, penalty regime, portal issues	Sweden is compliant with EU law relating to VAT refunds. However, anecdotal evidence collected from the IVA indicates that the extent of information requested on applications is often disproportionate to the amount being claimed. In addition, the Swedish tax administration is starting to take a stricter approach in processing claims. For instance, they are applying penalties for involuntary mistakes made in the claims. Lastly, evidence from the IVA suggests that the Swedish portal often malfunctions, preventing the submission of a claim.





<b>Member State</b>	<b>Legal and administrative compliance assessment</b>	<b>Issues experienced by businesses</b>	<b>Comments</b>
United Kingdom	Compliant	Travel expenses, documentary evidence, penalty regime, portal issues, delays	The United Kingdom is compliant with the EU law relating to cross-border VAT refunds. However, anecdotal evidence collected from the IVA indicates that the UK tax administration makes unnecessary requests for information with regard to claims. This may include traveller's expense reports, proof of meetings held, etc. These requests create a significant administrative burden for the claimant. Furthermore, the UK tax administration may sometimes delay their decision by more than four months, and penalty letters are issued with every rejection. This might dissuade businesses from submitting a claim from the outset.



## 5. Issues with the VAT refund and reimbursement process identified by the IVA

This section of the technical annex summarises anecdotal evidence collected from the IVA on issues encountered by businesses with VAT refund and reimbursement systems.

### Engagement with the International VAT Association

The IVA was requested to comment on any significant challenges or other matters concerning the VAT refund and reimbursement processes both in specific Member States and across the EU-28 as a whole.

A review of the responses received from IVA members provided anecdotal evidence on known issues with the VAT refund process in 25 Member States and issues with the VAT reimbursement process in three Member States.

### Issues with VAT refund processes

Responses collected from IVA members highlighted the existence of a number of issues faced by businesses with the implementation of VAT refund systems across the EU-28. These issues can be grouped into the following common themes:

- **Conditions and restrictions:** Businesses may face challenges in identifying conditions and restrictions placed on refunds of VAT incurred in respect of certain categories of expenditure by different Member States of Refund.
- **Language problems:** Businesses cited language problems in three Member States of Refund (Poland, the Czech Republic and Romania). Businesses mentioned that these Member States of Refund did not communicate in widely used business languages, such as English, French or German, preferring to communicate in their national language. In the case of the Czech Republic, it was noted that the initial refund application must be submitted in Czech despite local suppliers providing invoices in English for the convenience of clients. Moreover, it was noted that there are occasions where businesses eligible for a VAT refund from Poland choose not to pursue the claim as the translation costs involved could exceed the value of the claim. Tax administrations in certain Member States of Refund, such as Slovakia, do not have dedicated English speaking telephone lines. As a result, it is difficult for taxpayers and agents to communicate with tax administrations.
- **Claims in respect of travel expenses:** Businesses cited challenges with submitting VAT refund claims in respect of business travel expenditure incurred in Austria, Bulgaria, the Czech Republic, Ireland and the United Kingdom. In these Member States of Refund, it was observed that the tax administrations often deem expenditure on business travel and accommodation to be for the purposes of entertainment or marketing. As such refund claims for VAT incurred on expenditure of this nature are regularly disallowed in these Member States of Refund.



- **Communication with tax administrations:** Businesses noted problems relating to communication with tax administrations in a number of Member States of Refund (France, Italy, Poland, Netherlands, Slovakia and Spain).

In some cases, where a VAT refund agent submits a claim on behalf of their client, the tax administrations communicates directly with the client rather than the agent.

In other instances, the method of communication employed by tax administrations in Member States of Refund can create problems. In Poland, the tax administrations often makes additional information requests over the phone instead of sending out official requests via email. In France and the Netherlands, tax administrations have failed to notify VAT refund agents that a claim has been approved.

- **Documentary evidence:** Businesses cited instances of onerous levels of formality relating to documentary evidence. These issues have been experienced in a number of Member States of Refund (Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Germany, Romania, Spain, Sweden, Italy, Poland, Portugal, and the United Kingdom). The issues cited include excessive requests for information, the rejection of claims due to inaccuracies in invoices, requirements to explain the business purpose of the underlying expenditure, requests for additional information which are difficult to obtain within tight timeframes and requests for proof of payment of the underlying expenditure.

In some cases, the number of requests for additional information in respect of low value claims is such that it is not commercially viable for the claimant to provide the information requested.

Businesses also observed that in Italy, Poland, Spain and Portugal, claims were rejected when the claimant's VAT registration number is not provided in the invoices. As low value invoices, such as those from restaurants, might not include this information they are automatically invalid.

- **Penalty regimes:** It was also noted that two Member States (Sweden and the United Kingdom) apply penalties on claims that were rejected due to involuntary mistakes and errors made in good faith.
- **Payment:** VAT refunds from Poland can only be paid into accounts held at a bank with a registered office in Poland. As such, businesses not established in Poland may, therefore, need to open a bank account in Poland to receive payment in respect of a VAT refund.
- **Delays:** Businesses observed that they often experience long delays in receiving payment for VAT refund claims from Portugal and Romania.
- **Technology:** Businesses noted that the United Kingdom and Italy's online claim submission portals do not have the functionality for claimants to upload invoices in xml or csv format. In Austria, only local VAT advisers are allowed to upload to the online claim submission portal. In Spain, Hungary and Greece



external systems are used for uploading claims which require all invoices to be listed manually.

### Issues with VAT reimbursement processes

- **Documentary evidence:** Businesses cited instances of onerous levels of formality relating to documentary evidence. These issues have been experienced in a number of Member States (Germany, Italy, France, Poland and Austria).
- **Delays:** It was reported that VAT registered businesses in the United Kingdom often experience delays in resolving enquiries into repayment returns.

In Spain, it is only possible to reclaim VAT when filing an annual VAT return, which means companies sometimes have to wait over 12 months to get their VAT back. Businesses also reported long delays in Romania where it has been known for the VAT reimbursement process to take up to 16 months. In addition, the Belgian tax administration often fails to complete the VAT reimbursement process in time, taking up to six months to complete it in some instances.

- **Requirements:** Businesses have expressed concern over the introduction of new VAT reporting requirements in Spain, which has created unintended consequences in respect of VAT reimbursements. Spanish businesses, particularly SMEs, claiming a VAT reimbursement reported several instances of significant delays due to the introduction of the Immediate Supply of Information on VAT (SII) reporting system. Prior to the introduction of SII, businesses in a regular VAT repayment position (such as businesses making zero-rated supplies) were able to participate in a monthly VAT reimbursement scheme. The introduction of SII, however, forced those businesses to come out of this scheme while at the same time not being able to afford to participate in the SII system, meaning that they may have to wait 12-15 months for a reimbursement.

Furthermore, requirements within the United Kingdom have also caused difficulties. HMRC freezes online filing accounts if the taxpayer has failed to notify every department within HMRC of a change in address and as a result unopened post is returned back to them. In the past, HMRC has also frozen an account when the taxpayer tried to change the address to a "care of" address of a professional service firm. Once the filing account is frozen, it takes up to a year before the taxpayer is reimbursed.



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### Member State representatives/tax administration contacts

Member State	Affiliation(s)
Austria	Federal Ministry of Finance, European Tax Policy Department
Belgium	Federal Public Service Finance, Fiscal Department
Bulgaria	National Revenue Agency, Central Liaison Office
Croatia	Ministry of Finance, Tax administrations
Cyprus	Ministry of Finance, Tax Department
Czech Republic	General Financial Directorate, International Cooperation Unit - Indirect Taxes
Denmark	Ministry of Taxation, Management Secretariat Business
Estonia	Estonian Ministry of Finance, Tax Audit Department
Finland	Ministry of Finance, Finnish Tax administrations
France	French Tax administrations, Exchange of Information Unit
Germany	Federal Ministry of Finance
Greece	Independent Administration for Public Revenue, General Directorate of Tax administrations
Hungary	National Tax and Customs Administration, Central Management



Member State	Affiliation(s)
	Inspection Department
Ireland	Irish Tax and Customs, Mini One-Stop-Shop Team
Italy	Ministry of Economy and Finance, Finance Department
Latvia	State Revenue Service, NP Data Validation
Lithuania	State Tax Inspectorate, Tax Deductible Department
Luxembourg	Directorate of Registration Administration and Domains, Inspection Service of Taxation and Control Offices
Malta	Commissioner for Revenue
Netherlands	Ministry of Finance, Administrative Affairs and Communication Taxes
Poland	Ministry of Finance, Department of Tax Collection
Portugal	Tributary and customs administration, Primary Tax
Romania	National Agency for Tax administrations, Strategy and International Relation
Slovakia	Financial Directorate of the Slovak Republic, Risk Management and Operational Activities Department
Slovenia	Financial Administration of the Republic of Slovenia, Department of Value Added Tax
Spain	Tax Agency, International Relations Coordination Unit
Sweden	Swedish Tax Agency, Direct Taxes and VAT
United Kingdom	Her Majesty's Revenue and Customs, Business tax



## VAT refund agents and industry groups

- **Industry and expert groups:** EU VAT Forum and International VAT Association
- **VAT refund agents:** Nebu Transport Services, Nikosax, Negometal, VATIT, EuroVAT and Quipsound

## PwC network

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Latvia	Ilze Rauza and Juris Boiko



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Netherlands	Marco Lubbelinkhof, Stefan Leening and Huub van Erp
Poland	Tomasz Pabianski and Marcin Zawadzki
Portugal	Susana Claro, Catarina Mendonca Medeiros and Margarida Andrade Leitão
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