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**VAT IN THE EUROPEAN COMMUNITY**

**VADEMECUM FOR THE ELECTRONIC  
REFUND PROCEDURE TO TAXABLE  
PERSONS NOT ESTABLISHED IN THE  
MEMBER STATE OF REFUND BUT  
ESTABLISHED IN ANOTHER MEMBER  
STATE (COUNCIL DIRECTIVE 2008/9/EC)**

**NOTE**

**THIS DOCUMENT COLLATES A RANGE OF  
BASIC INFORMATION ON THE  
APPLICATION OF THE REFUND  
ARRANGEMENTS IN THE MEMBER  
STATES WHICH HAS BEEN OBTAINED  
FROM THE TAX AUTHORITIES  
CONCERNED.**

**THIS DOES NOT REFLECT THE VIEWS OF  
THE COMMISSION OF THE EUROPEAN  
UNION, NOR DOES IT SIGNIFY APPROVAL  
OF THE LEGISLATION.**

## UNITED KINGDOM

### VADEMECUM FOR THE ELECTRONIC REFUND PROCEDURE TO TAXABLE PERSONS NOT ESTABLISHED IN THE MEMBER STATE OF REFUND BUT ESTABLISHED IN ANOTHER MEMBER STATE

#### General

#### **1. Where could a non-established taxable person (NETP) find information on your laws and guidelines?**

The Value Added Tax Act 1994, section 39 and Public Notice 723A 'Refunds of VAT in the European Community for EC and non-EC businesses' and Schedule 1A: Registration In Respect of Taxable Supplies: Non-UK Establishment; and Public Notice 700/1 'Should I be registered for VAT?' and Public Notice 700/11 'Cancelling your Registration'.

#### **2. Eligibility for a refund**

To be eligible for a refund the applicant must be a taxable person established in the EU making taxable supplies in his own Member State (the Member State of Establishment). He must have incurred VAT on expenses in a Member State in which he has no establishment (the Member State of Refund), and he must have made no supplies within that Member State other than reverse charge supplies, or certain exempt transport services, during the refund period.

#### **3. What can be refunded**

VAT relating to business activities carried out outside the Member State of Refund if those activities would be subject to tax or exempt with a right to deduct in the Member State of Refund if they had been made there, and VAT relating to supplies on which the reverse charge is applicable in the Member State of Refund.

#### **4. What cannot be refunded**

VAT incurred which relates directly to activities which are exempt without the right to deduct.

VAT incurred on expenses on which there are restrictions on the right to deduct in the Member State of Refund.

You may not claim:

- amounts of VAT that have been incorrectly invoiced, or where VAT has been charged on the despatch of goods to another member state, or the export of goods outside the EU (you must take this up with the supplier)
- VAT on the purchase of a motor car
- VAT on goods and services used for business entertainment. As an exception, VAT on entertainment for overseas customers may be reclaimed but only if it is of a very basic nature.
- VAT on goods and services used for non-business activities

#### **5. Proportional deduction**

Where the taxable person is only able to deduct a proportion of his input tax because he makes taxable and exempt supplies, that person can only have the amount refunded according to the rules on proportional deduction in his Member State.

## **Procedures in the Member State of Establishment**

### **6. What is the application procedure?**

Businesses established in the UK must submit claims for VAT incurred in other Member States through the HMRC Website. This is an On-line service which is accessible 24/7. Anyone wishing to use the service must first enrol at the UK Government Gateway. This is a centralised registration service for e-Government in the UK. Businesses or individuals can register for online government services and once registered for the Government Gateway you can register for the EU VAT Refund System. Further information such as Passwords and Known facts about the applicant are required to access the system.

### **7. Are there any particular requirements for an agent to be able to submit a claim on behalf of the applicant?**

If you are an agent you can use the EU VAT Refund Service on behalf of your client. An agent must first set up as an agent through the UK Government Gateway (see Q 6). Once your Government Gateway account is activated you can sign up and enrol for the EU VAT Refund System.

### **8. Content of the application:**

The application should contain the following information:

- the applicant's name
- the applicant's VAT identification number or tax reference number
- the applicant's full address including country code (the address which is on record in Member State of Establishment)
- e-mail address
- a description of the applicant's business activity for which the goods and services are acquired via NACE v.2 codes
- the refund period covered by the application
- declaration by the applicant that he has supplied no goods and services deemed to have been supplied in Member State of Refund during the refund period, with the exception of the supply of specific transport services and services ancillary thereto or supplies to which the reverse charge mechanism is applicable in Member State of Refund
- bank account details including IBAN and BIC codes

In addition, the following details of each invoice or importation document:

- name and full address of the supplier;
- the VAT identification number or tax reference number of the supplier except in the case of importation
- the prefix of the Member State of Refund (except in the case of importation)
- date and number of the invoice or importation document
- taxable amount and amount of VAT expressed in the currency of Member State of Refund
- the amount of deductible VAT calculated expressed in the currency of Member State of Refund
- where applicable, the deductible proportion expressed as a percentage
- nature of the goods and services acquired according to the codes 1 to 10
- Where requested, further information on the nature of the goods and services acquired according to the sub-codes of 1 to 10.

**9. The circumstances under which a Member State of Establishment will not send an application to the Member State of refund.**

- If the details in point 8 above are not filled in.
- The applicant is not a taxable person during the refund period.
- The applicant only carries out exempt supplies in the Member State of establishment during the refund period.
- The applicant is covered by the exemption for small businesses.
- The applicant is covered by the flat rate scheme for farmers.

**10. Minimum refund limits**

- 400 EUR or the equivalent in national currency [£294] if the refund period is between 3 months and less than a calendar year
- 50 EUR or the equivalent in national currency [£37] if the refund period is of a calendar year, or the remainder of a calendar year.

**11. Time limit**

The application must be submitted to the Member State of Establishment by 30 September of the calendar year following the refund period. The application is only considered as submitted if the applicant has filled in all the required information.

**12. Is an applicant able to correct an error on an application which has been forwarded to a Member State of Refund?**

The electronic portal provides a correction facility whereby you can recall the original application and amend existing details (including contact and bank details) and invoice lines. You may reduce an existing line to 'nil' (effectively deleting it), or substitute new invoice details for the existing ones. You may not, however, add new lines.

## **Procedures in the Member State of Refund**

### **13. Are copies of invoices required?**

You must attach scanned copies of all invoices and import documents where the taxable amount exceeds:

- £200 in the case of fuel, and
- £750 in the case of all other goods and services

### **14. The maximum size limit for an attachment has been agreed at 5 mb. What is the applicant to do if they exceed this limit?**

The documents must be scanned and saved as files of PDF, TIFF or JPEG format, and the total attachment size per application must not exceed five megabytes. In order to keep your attachment size within this limit, you should scan the documents at the lowest resolution that still provides a legible copy, and you may include the document files in a 'zip' file. You may not, however, include 'zip' files within 'zip' files.

Where the UK tax authorities receive an attachment larger than five megabytes, containing 'zip' files within 'zip' files, or infected by a virus, they will remove and destroy the attachment. They will notify you if this happens. To prevent this happening, if the attachment size would exceed five megabytes, please remove lower value invoices to reduce the attachment size to an acceptable limit for submitting. If we require copies of further invoices, we will ask for them separately. The UK recommends TIFF or PDF format at 200 DPI.

### **15. As a Member State of refund, do you require additional documentation for claims submitted by an agent?**

Claims can be made by you or a representative e.g. your accountant or agent if they have a letter of authority to act for you.

### **16. Can payments be made to agents?**

Yes, if allowed by a letter of authority.

### **17. How will the Member State of Refund communicate with the applicant?**

Directly via email; to make claimants aware of data security GB will ask for e-mail permissions from the claimant or agent.

### **18. Time limits for the processing of an application**

The Member State of refund has four months from the date of receipt of an application to notify the applicant of its decision to approve or refuse the application, or to ask for further additional information. Where additional information is required, it has a further two months from receiving that

information. Where it has asked for further information, it shall, in any case, notify the applicant of its decision within 8 months of the receipt of the application.

Where the refund application is approved, payment should be made within 10 working days.

#### **19. Procedure for sending additional information to the Member State of Refund**

If the UK authority requests further information, the procedure for sending the information is agreed between the UK authority and the applicant/agent on a case by case basis.

#### **20. The refund period**

The period covered by your application is known as the 'refund period'. This must not be more than one calendar year or less than three calendar months (unless it covers the remainder of a calendar year, for example, where applications have already been submitted covering more than nine months). Refund periods do not have to cover strict calendar quarters. For example, you may submit two applications covering five months each, and a final one covering two months.

Generally, refund periods should not overlap. You may submit a further application covering the whole of the refund year after the year end. This enables you to claim for any purchases or imports which you have missed in earlier periods.

#### **21. Number of applications accepted per year.**

Any number of claims covering a minimum of 3 months, and one for the remainder of the Calendar year. You can also submit a single "sweep up" claim covering the whole of the calendar year, to capture any invoices that have been missed in earlier claims.

#### **22. What is the procedure for appealing against a decision? Are there any time limits for appeals?**

The process for appealing against a decision can be found [here](#).

#### **23. Incorrect applications**

If an amount has been recovered in a fraudulent or incorrect way, Member States may recover those amounts.