



## **ABOUT OUR EUROPEAN VAT REFUND SERVICES**

### **Why Should I Claim VAT Refunds?**

When you conduct business in Europe, you pay VAT at rates up to 25% on all of your travel and operational expenses. VAT is designed to be paid by European consumers, not by businesses. Therefore, U.S. and Canadian companies are legally entitled to request refunds of VAT previously paid.

While the money rightfully belongs to your company, European governments have put the burden of reclaiming it on you. Working in conjunction with the European tax offices, International VAT Consulting Group, Inc. offers professional and comprehensive management of the VAT refund process. We provide complete guidelines, all of the necessary paperwork, and regular statements of the progress of your claims.

VAT refunds typically range from several hundred to several thousand dollars per trip, depending on the country and purpose of visit. Claiming a VAT refund involves no out-of-pocket expense. All we need to go to work on your behalf are the invoices issued to your employees as they travel.

### **Am I Eligible for a VAT Refund?**

Most U.S. and Canadian companies are eligible for VAT refunds. Your business will most likely qualify for a VAT refund from a given European country so long as you are not required to file VAT returns in that country as a supplier of goods or services. Your company will be eligible for VAT refunds even if it has a European parent or subsidiary -- eligibility is rarely an issue for North American businesses that are legally distinct from their European affiliates. The few businesses that are currently ineligible for VAT refunds are those which, if established in Europe, would be statutorily exempt from VAT (such as insurance companies and select health care providers).

### **What Do I Have to Do to Reclaim VAT?**

To take advantage of our comprehensive refund preparation and submission services, you need only i) complete the attached VAT refund application & agreement ii) sign an authorization form and iii) provide proof that your company is registered for tax outside of Europe. We will help you meet this third requirement by obtaining the proper form from the IRS or Canada Revenue Agency.

Once we have received your authorization, we go to work on your behalf, dealing with the complexities of each country's varying procedures and language requirements. All we need from you are your European invoices. You can either send us invoices on an ongoing basis, or, if you prefer, our staff members can come on-site and collect them for you.

European governments require specific details on invoices in order to issue VAT refunds. Invoices must be originals -- no credit card or photocopied receipts are accepted -- with the VAT component stated separately. Depending on the country of claim, larger invoices should have your company name and address on the invoice. As part of our comprehensive VAT refund services, we can help you set up a system for insuring that invoices are properly styled. Similarly, if you are missing an original invoice, or if it is improperly styled, we will try to get it replaced. All invoices submitted will be returned to you.

## **Which of My Business Expenses Are Refundable?**

The rules, as detailed in the accompanying chart, vary by country. Generally speaking, the United Kingdom, the Netherlands, Sweden, Germany and France have the most generous VAT refund schemes.

## **What are the Filing Deadlines?**

VAT refund applications may be made between one and four times per year. In most countries, claims based on expenses incurred in a given calendar year must be filed by June 30 of the following year. The United Kingdom follows a different calendar, with an annual filing period running from July 1 to June 30. Claims based on VAT incurred in that period must be submitted by December 31. Given the time it takes to obtain the required forms from the IRS or Canada Customs, it is advisable to get started with your claim paperwork at least ten weeks before the final due date.

The easiest procedure is for you to simply submit invoices to us as expenses are incurred. We will hold all invoices received until your company is eligible to make a claim, and we will file timely refund applications that maximize your VAT refund while minimizing your wait for the funds.

Certain countries, including the Netherlands, Ireland, and Belgium, allow retroactive claims. Belgium will accept eligible invoices from the past three years, the Netherlands will accept eligible invoices from the past five years, and Ireland accepts eligible invoices from the past ten years.

## **When Will I Receive My Refund?**

The tax authorities process most refunds within six months from the time a refund request is received. Your refund will be converted to dollars and remitted to you (net of our fee) within five business days from the time we receive the funds.

## **Fee Schedule**

Our fee is set at a flat rate of 20% of the refund we realize on your behalf (15% on the portion of any refund in excess of \$2,000). There are no up-front or out-of-pocket charges. On refunds under \$750, we charge \$150, or, if the refund granted is less than \$150, the amount of the refund. On-site assistance is available either as an hourly charge or at a higher fee percentage.

Effective November 1, 2006, the IRS will charge \$35 to issue the residency certificates required to accompany most claims (French claims do not need this form). The certificates are good for a year and the IRS will provide up to 20 certificates for a single charge. If you want us to pay the IRS and obtain the certificates for you, we will deduct \$60 from your VAT refund check. Alternatively, you can provide a check for \$35 made out to the United States Treasury and we will obtain the certificates for you at no extra charge.

## **About International VAT Consulting Group, Inc.**

Founded by graduates of Harvard Law School and the Washington University School of Law, International VAT Consulting Group, Inc. works with government and industry on a range of VAT policy and refund issues. The principals of International VAT Consulting Group, Inc. are active members of the American Bar Association Committee on the Value Added Tax.

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## Summary of Value Added Tax Refunds

All countries will refund VAT paid on trade show exhibitions (such as booth rental, construction and maintenance), conferences, training courses, marketing expenses, business services and assorted professional fees. Refunds available on additional items are summarized below.

Unless otherwise noted, claims for expenses incurred in a given calendar year must be submitted by June 30 of the following year.

<b>BELGIUM</b> TVA	Rates up to 21% Retroactive claims available (up to 3 years in the past) Refunds also available on car rentals and gasoline (subject to certain limitations)
<b>DENMARK</b> MOMS	Rates up to 25% No retroactive claims available Refunds also available on gasoline
<b>FRANCE</b> TVA	Rates up to 19.6% No retroactive claims available
<b>GERMANY</b> MWST	Rates up to 19% Refunds available on hotel accommodations and car rentals No retroactive claims available
<b>NETHERLANDS</b> BTW	Rates up to 19% Retroactive claims available (up to 5 years in the past) Refunds also available on hotel accommodations, gasoline, and car rentals and repairs
<b>SWEDEN</b> MOMS	Rates up to 25% No retroactive claims available Refunds also available on hotel accommodations, meals, car rentals and repairs, gasoline, and transportation
<b>UNITED KINGDOM</b> VAT	Rates up to 17.5% No retroactive claims available Claim period of July 1 - June 30; claims due December 31 Refunds also available on hotel accommodations, meals, car rentals and repairs, gasoline and transportation

Information about refunds from other European countries available upon request.

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