

# VAT eLearning module 11

## REFUND

### Course takeaways

This is a handy summary of the most relevant course information.

This eLearning course is based on EU VAT Legislation as it stands on 01.01.2020 (valid for the EU VAT Directive, the EU VAT Refund Directive and the EU VAT Implementing Regulation).

This module is a part of a VAT broader course which is made up of the following units:

- Introduction
- Territory
- Taxable person
- Transactions
- Place of taxable transactions
- Digital Services and Mini One-Stop Shop (MOSS)
- Chargeable Event & Taxable Amount
- Rates
- Exemptions
- Right to deduct
- **Refund**
- Obligations

This course addresses the question “**Which steps to get VAT refund?**”

### 1. Learning objectives

At the end of the training you will know how to:

- explain **the key principles** of provisions for VAT refund **to non-established persons**. **These are the persons:** not established nor having a fixed establishment in the Member State of refund during the refund period. The amount to be refunded must be at least € 400 and the refund application has to be submitted to the Member State of Establishment.
- **define** Member State of Establishment (**MSE**) and Member State of Refund (**MSR**): MSE is the Member State in which the applicant is established, MSR is the Member State is the State where business expenses are incurred by taxable person;
- describe **the VAT refund procedure** performed by taxable persons and Tax Officials:

- describe **the responsibilities** for tax officials and taxable persons in relation to VAT refund.
- identify **sources of information** at an EU and national level through the VAT refund process and data.

## 2. VAT refund procedure

The procedure is defined by the Council Directive 2008/9/EC laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC to taxable persons not established in the Member State of refund but established in another Member State.

A taxable person has to fulfil a few **conditions** to be allowed to apply for a VAT refund.

To be eligible for refund, the taxable person:

- **Cannot be established nor has a fixed establishment in the Member State of refund** during the refund period.;
- **Must not have supplied any goods or services** deemed to have been supplied in the Member State of refund with the **exceptions** of the following transactions:
  - the supply of transport services and services ancillary thereto;
  - the supply of goods and services to a person who is liable for payment of VAT (**reverse-charge mechanism**).

**The amount** to be refunded must **at least be 400 EUR**. This does not apply if the refund period is the calendar year or the last period of a calendar year. For these periods the amount must be at least 50 EUR.

## 3. Electronic VAT refund process

The electronic VAT Refund process involves several main steps which must be performed by taxable persons and Tax Officials.

**Refund request** has to be submitted **to the Member State of Establishment** and refund **payment** will be done by **Member State of Refund** where the supply occurred;

- 1) Once the taxable person has incurred **business expenses in the Member State of Refund** (MSR), it accesses web portal in their Member State of establishment (**MSE**) and completes an **application form**. Each Member State may design their own web portal.
- 2) MSE checks the status of the applicant as well as whether the application is complete with all the information under Article 8 filled in.

### **Possible outcomes from MSE:**

- a) If the applicant does not meet the requirements for a VAT refund, the application will be **rejected** and the applicant notified.
  - b) Once the application is complete, the MSE has **15 days to send** the application **to** the Member State of Refund (**MSR**).
  - c) if the application is incomplete the Member State of establishment (MSE) will request the **missing information** from the applicant who has **one month** for providing them.
- 3) If the MSE accepts the application it forwards it on to MSR within 15 days to conduct **further checks**. Once the checks are complete the MRS will send a notification to the applicant.
  - 4) MSR carries out its checks:

### **Possible outcomes from MSR:**

- a) If no further information is required the **MSR** will simply **communicate** to the applicant an **acceptance or rejection**. If the application is accepted the MRS must make a full or partial payment within ten days.
- b) If more information are needed from MSR, applicant or third party receives a query in order to provide more information. After information are provided, **if application is not rejected**, Tax Authority has **ten days to make the payment** or partial payment.

## **4. VAT refund timeline**

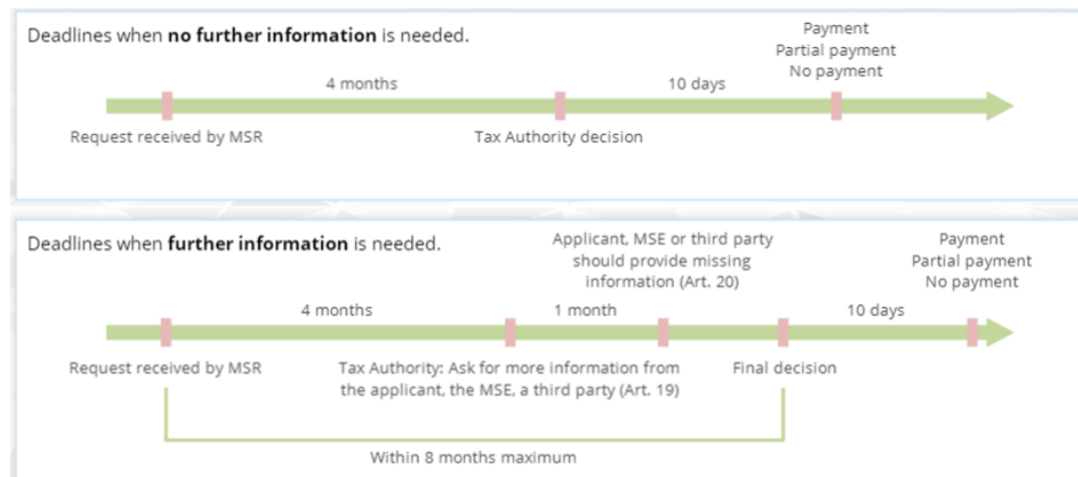
The Directive contains strict deadlines for all parties!

The application deadline is the 30<sup>th</sup> September of the year that follows the refund period.

There are two timelines:

- When no further information is required and
- Where further information is needed.

When no further information needed, once a request is received by MSR, The Tax Authorities have 4 months to make a decision.



Example “when further information is needed”:

- Once a request is received by MSR, The Tax Authorities have in total 8 months to make a final decision.
- The Tax Authorities have 4 months to ask for additional information;
- The taxable person has 1 month to respond;
- After the decision to make a refund, the Tax authorities have 10 days to make a payment;

Access to non-restricted eLearning courses is available via EUROPA website: [https://ec.europa.eu/taxation\\_customs/eu-training/general-overview\\_en](https://ec.europa.eu/taxation_customs/eu-training/general-overview_en).

*Remember, this is a quick and handy summary of the most relevant course information. Only the European Union legislation published in the Official Journal of the European Union is deemed authentic. The Commission accepts no responsibility or liability whatsoever with regard to the training.*