

# 'FREE' MONEY FAQs



Did you know that business travel and related expense costs have been estimated at \$220 billion in Western Europe alone?

Did you know that around **4%** of global business travel spend offers reclaimable VAT? How much money could you recover from cross-border expenses?

**VAT recovery – aka VAT reclaim – is an underutilised source of business ‘revenue’. Yes, the process can be administration-heavy but your refund could be well worth the effort.**

## Which companies are eligible for VAT recovery?

- **Any European Union (EU) business** VAT-registered in its home member state can recover VAT from other EU member states
- **Non-EU businesses** VAT/GST-registered in their home jurisdiction can recover from many EU member states
- **Global businesses** VAT/GST registered in their home jurisdiction can secure refunds from several non-EU jurisdictions.

## What VAT can be recovered?

While there are many exceptions and restrictions depending on the type of expense and where it was incurred, recoverable VAT generally falls into two categories.

1. Employee travel and expense (T&E) costs, notably accommodation, car hire and subsistence
2. VAT charged by overseas suppliers, for example conference and tradeshow organisers.

<sup>1</sup> SAP Concur, 2017

## Where can VAT be recovered from?

VAT incurred on employee expenses and business purchases in jurisdictions where there is a recovery mechanism. These include:

- EU member states
- European Free Trade Association (EFTA) members and Serbia
- Saudi Arabia and the UAE
- Australia, Canada and South Korea (with restrictions).

## How do I identify and find the recoverable VAT for my business?

There are two methods.

1. **Search your expense management and ERP systems** for records that fulfil the broad refund criteria
2. **Perform a manual review** of stored physical expenses and invoices.

You then need to assess the deductibility of the expense and whether the invoice is compliant.

Both methods are time-consuming and require specialist tax knowledge. This is where working with VAT recovery experts is recommended. They typically charge a percentage of the VAT recovered.

**DID YOU KNOW?** Businesses can be incorrectly charged VAT by their overseas suppliers. If this happens, you are entitled to have the money credited.

## How do I recover the VAT?

- **An EU company** applying for a refund from another EU jurisdiction can do so via the VAT reclaim portal of its member state. Claims are usually assessed within four months.
- **A non-EU company** applying for a refund from an EU jurisdiction must follow the 13th Directive – a paper-based application process requiring all original receipts (no photocopies or photographs).
- The procedure and requirements for refund applications to **non-EU jurisdictions** vary significantly.



## What are the VAT recovery deadlines?

- VAT-registered EU businesses: **30 September** to reclaim VAT paid in another EU member state in the preceding calendar year
- Non-EU businesses claiming VAT from EU jurisdictions: **30 June** (or in some cases 30 September) for the preceding calendar year
- Non-EU businesses claiming VAT from the UK: **31 December** for the preceding 1 July to 30 June
- For refund applications to non-EU jurisdictions, deadlines vary

## What could delay my refund?

Your claim could trigger queries from the tax authorities and subsequent delays if:

- It's believed your business **is obliged to register for VAT in the member state from which the refund can be claimed**
- **More information is needed** to properly assess your claim
- The **bank account nominated does not fulfil the criteria** for the member state of refund

For EU-to-EU claims the refunding member state has four months to process your application.

A further one-to-three-month delay can occur if the tax authority has questions. Companies are typically given one month to respond to requests for further information before the application is rejected. There is no fixed timescale for other jurisdictions.

## Who can I turn to for help?

TMF Group's VAT and wider tax experts located in over **80** jurisdictions can:

**Identify** your eligible T&E and supplier invoices

**Process** your VAT recovery claims and deal with any queries in the local language, with complete knowledge of local processes and procedures

**Establish** the correct procedures for logging relevant VAT recovery expenses and provide a system to manage them.

# NAVIGATE THE RISKS AND OPPORTUNITIES OF OPERATING INTERNATIONALLY

TMF Group is the leading provider of administrative support services, helping clients access some of the world's most attractive markets – no matter how complex – swiftly, safely and efficiently.

With some 7,800 experts – in-house, on the ground in over 80 locations – we are the only company worldwide to provide the combination of fiduciary, company secretarial, accounting and tax and HR and payroll services essential to the success of businesses investing, operating and expanding across multiple jurisdictions.

That's why over 60% of the Fortune Global 500 and FTSE 100, and almost half of the top 300 private equity firms, use us.

**We make a complex world simple.**

**[Find out how to boost your bottom line through VAT recovery](#)**

