

## GLOBAL VALUE ADDED TAX - EUROPEAN VAT REFUND OPPORTUNITY DEADLINE APPROACHING

Nearly all countries outside the United States impose a Value Added Tax (VAT), also called Goods and Services Tax (GST) or Consumption Tax (CT). A physical presence in a VAT jurisdiction is generally not required to be liable for VAT. As such, for U.S. companies with international activities, understanding the basics of VAT is critical to minimize exposures and identify potential refund opportunities. For many European countries, the deadline for filing a refund claim covering VAT incurred in 2022 is June 30, 2023.

### EUROPEAN VAT REFUND OPPORTUNITIES

With VAT rates in Europe averaging well over 20%, substantial amounts of VAT may be payable by U.S. businesses even if international activities do not trigger a local VAT registration obligation.

However, for most companies VAT incurred on business expenses, whether for resale or internal use, is potentially refundable.

Several European countries even provide VAT refunds to non-resident U.S. businesses that are not registered for VAT in that jurisdiction by means of a separate refund mechanism, referred to as the 13th Directive VAT refund claim.

This could, for example, include VAT incurred on expenses related to:

- business travel and accommodations;
- conferences, trade shows, seminars, and training events;
- importation of own goods;
- service charges; and
- other local purchases.

Refund applications are subject to conditions and for many European countries the deadline for filing a 13th Directive claim covering VAT incurred in calendar year 2022 is June 30, 2023. Therefore, with the deadline approaching and to allow for the preparation of supporting VAT documentation and obtaining certification of U.S. residency, eligible companies should act promptly.

### THE TAKEAWAY

Does your business incur VAT in Europe that is not being recovered? Key action items for U.S. businesses are to review any international activities, quantify the VAT amounts at stake, and understand how to prepare for local country VAT refund opportunities where available.

### HOW ANDERSEN CAN HELP

Andersen teams globally with experienced VAT specialists to provide timely, practical, and effective advice from a holistic perspective that is tailored for a U.S. audience.

For help with European VAT refund opportunities and VAT matters in general, please reach out to your Andersen advisor.



FOR FURTHER INFORMATION PLEASE CONTACT:



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