



**BDO Seidman, LLP**  
Accountants and Consultants

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## **Issue:** **UK VAT Refund Opportunity**

# International Tax Alert

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### **Issue:**

There is an opportunity for businesses based outside the EU, such as those in the United States (US) to reclaim any VAT on expenses they incurred in the EU under the EU 13<sup>th</sup> Directive. The deadline for making such claims in the UK is December 31, 2005, while for most other EU countries it is June 30, 2006.

### **Affecting:**

U.S. companies that have paid UK VAT.

**Note:** If the US company is registered for VAT in the UK, or has a place of business in the EU (subsidiaries are not counted for these purposes), then it can reclaim UK VAT in the usual way.

### **Details:**

If a registered business in the US buys goods or services in the UK they may have to pay VAT if the goods or services are consumed in the UK. For example, if a US company takes part in a trades fair in the UK or receives training in the UK they will be charged VAT on the costs.

If the US business is not registered for VAT in the UK, they are unable to recover the VAT on the costs in the normal way. However, under the 13th Directive, businesses based in non-EC countries such as the US can reclaim the VAT.

The 13th Directive Claim is available for non-EC business who:

- 1) Are not registered for VAT in the UK or liable/eligible to be registered for VAT in the UK.
- 2) Have no place of business or other residence in the EC.
- 3) Do not make supplies in the UK.

There is a deadline for making such a reclaim. In the UK, a 13th directive claim must be made no later than six months after the prescribed year (1 July to 30 June), i.e. a claim must be made by December 31, 2005 for expenses/cost incurred between July 1, 2004 and June 30, 2005.