

VAT refund in Germany

An advantage over your competitors

Many foreign companies are unaware that they may be able to claim back foreign VAT. This is possible in Germany, amongst other European countries, under the 8th EC Directive. The VAT refund means a direct saving on costs and an advantage over competitors who do not know about this procedure.

It is a precondition that the foreign entrepreneur neither has a domicile nor his corporate seat, his place of management nor a branch entered in the Commercial Register in Germany nor has made any turnover which is subject to German VAT. Furthermore, the entrepreneur has to prove that he is a taxable person to the German fiscal authorities (e.g. in the UK by means of the form VAT66 which is issued by his local HM Customs and Excise office). The proof must not be older than 1 year.

If the preconditions are met, the entrepreneur may use a special procedure to apply for the refund of the German VAT (Umsatzsteuer; USt) which he has paid. German VAT amounts to 16 % (standard rate) and 7 % (reduced rate) respectively.

The minimum refund claimed has to amount to at least € 200 per calendar quarter and to at least € 25 per year.

The refund period must comprise at least 3 consecutive months in a calendar year (an exception is made for the last period of a calendar year) and may not exceed one calendar year. The application for refund of German VAT for the calendar year 2003 has to be submitted at the latest by 30th June 2004 (for the calendar year 2004 latest submission on 30th June 2005).

VAT incurred in connection with expenditure for the business may be refunded, such as VAT contained in invoices for trade fair participation, travelling costs, hotel accommodation, meals, telephone, car hire, taxi and training costs.

All invoices with a gross amount larger than € 100 have to fulfil the following requirements:

- name and address of the supplier
- the German VAT number (Umsatzsteueridentifikationsnummer) or local German Tax Number (Steuernummer) of the supplier
- invoice number
- name and address of the customer:

Name of the company

Mr, Mrs, Ms X

Street

Post code, Town

Country

- a description which identifies the supplied goods or services as well as the quantity of goods or extent of the services
- the date of the transaction (supply or service)
- the total amount excluding VAT (net amount)
- the total VAT amount and the VAT rate

Please, notice that German Tax Authorities in charge will not refund VAT unless the invoices do not meet the above requirements.

In Germany there exist similar rules for low value invoices (referred to as „less detailed invoices“). Such rules for simplified invoices apply to invoices showing a gross amount of € 100 or less.

Where the refund procedure does not apply, the German VAT can only be claimed back if the entrepreneur registers for German VAT and regularly files German VAT declarations.

For further details in respect of the refund of German VAT contact:

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