



**VAT**

**Value Added Tax**

# Euro VAT Refund, Inc.

- Managing VAT reclaim, refund and registration for U.S. corporations since 1992
- Expertise in complex VAT issues
  - VAT reclaim
  - VAT consulting: conferences, drop-shipping, installations & service contracts, import VAT, warranty products

# Selection of Valued Clients

**SIEMENS**



**GUESS**

**SONY**

**ORACLE®**

**RENESAS**

Renesas Electronics America

# Value Added Tax

**Consumption tax added to most goods and services in all levels of the production and distribution chain.**

**Implemented tax in almost all countries in the world – except the USA (so far).**

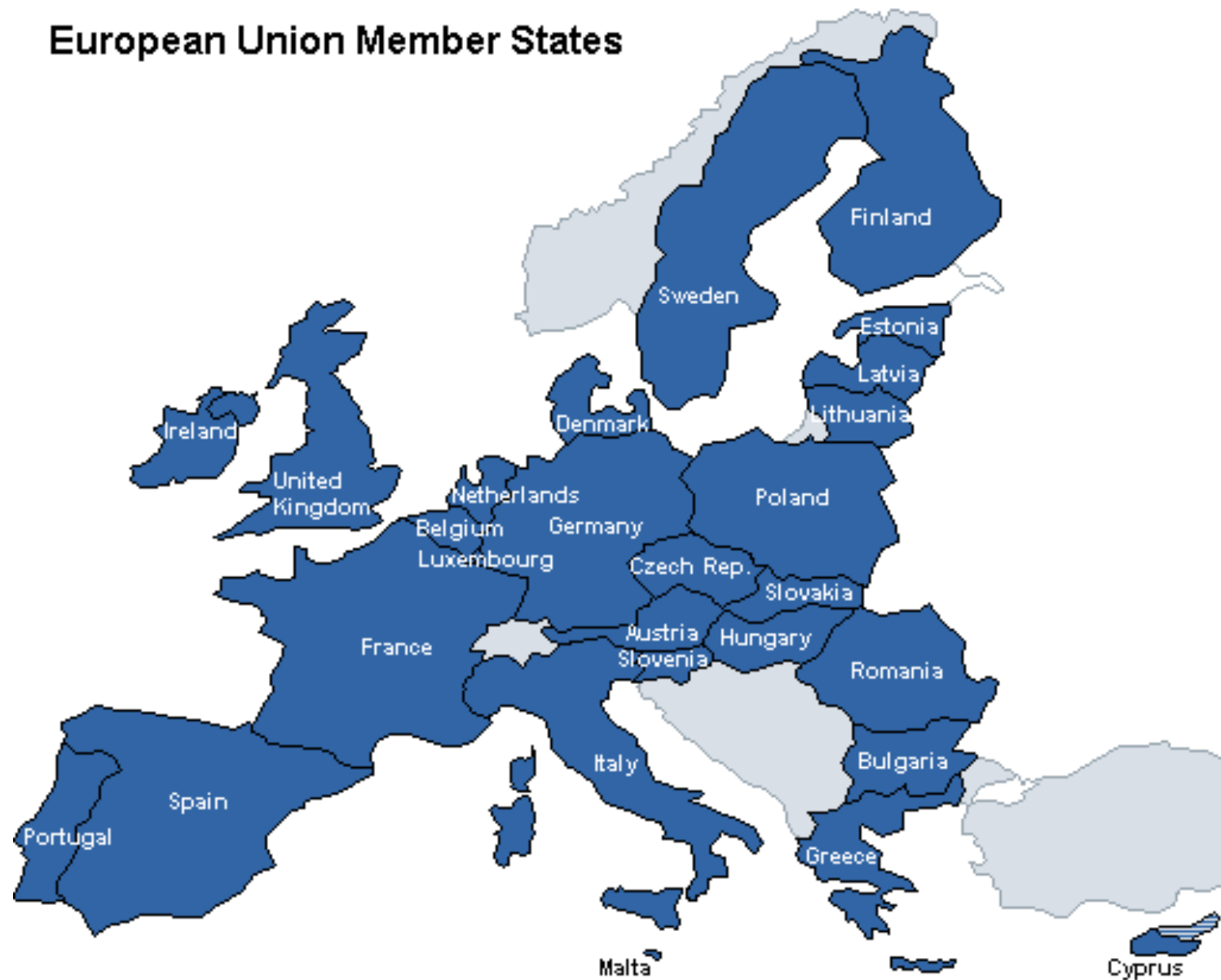
# Value Added Tax is Called

- VAT UK & many other countries
  - GST Canada, Australia
  - MWST Austria, Germany
  - TVA France
  - IVA Italy
  - JCT Japan
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- 5% to 25%. 15% to 27% in Europe

# U.S. Company Will Incur VAT

- Start up cost; Travel, Tradeshow and Conferences
  - Imports & Drop-shipments of goods
  - Most EU countries refund to North American companies (Most other countries do not)
  - VAT registration may be required
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- **ASK FOR ADVICE BEFORE YOU TRADE!**

## European Union Member States



# VAT Registration U.S. Company

VAT registration in EU often required if:

- U.S. company imports and warehouses
- U.S. company drop-ships goods



# How VAT Works

**Almost all companies:**

1. **Collect VAT on all sales invoices**
2. **Pay VAT on all purchase invoices**
3. **Declare the difference to the VAT authorities**
4. **Pay VAT on the value that is added**

**VAT is accounted for on a balance account, and is usually not a cost**

# VAT on Imported Products

U.S. product imported to Germany:

Commercial invoice:	100,000	
<u>Duty 3%:</u>	<u>3,000</u>	(pay to customs)
Sub total:	103,000	
<u>VAT 19%*</u>	<u>19,570</u>	(pay to customs)
Total landed cost:	122,570	

\*VAT is refundable to the “importer of record” if this is a company

# VAT on German Purchases of Goods

Purchase from German vendor	10,000
<u>VAT 19%*</u>	<u>1,900</u>
Paid to German vendor	11,900

**\*VAT is not a cost to a company. Accounted for on balance account.**

**VAT is only a cost to the private person and non-registered entities.**

# VAT on Sales to Germany

Sale to German customer	150,000
<u>Freight</u>	<u>1,000</u>
Net Price	151,000
<u>VAT 19%*</u>	<u>28,690</u>
Total collected	179,690

**\*VAT is not considered a cost to a company: accounted for on balance account. VAT is a cost to the private person.**

# VAT Declaration to the Tax Authorities

VAT collected from the German customers	28,690
Less VAT paid to German vendors	-1,900
<u>Less VAT paid upon import</u>	<u>-19,570</u>
 Due the German tax authorities	 7,220

# Margin

Revenue from German customer	150,000
Less cost (value of imported goods)	-103,000
<u>Less cost (purchase from German vendor)</u>	<u>-10,000</u>
Margin	37,000

# Conclusion: U.S. Company Will Incur VAT on

- Lodging and transportation
- Tradeshows and conferences
- Goods purchased or imported
- Professional fees

VAT is refundable from many EU countries



# Be VAT Smart

- Be prepared for VAT charges
- Always try to reclaim VAT from the EU countries
- Ask for advice **BEFORE** any business activity or transaction starts



# Contact Information

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