

Euro  *Refund*

VAT

Value Added Tax

Euro VAT Refund, Inc.

- **Managing VAT reclaim 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

VOLVO

DREAMWORKS
SKG



.....
GENERAL MILLS

SIEMENS



SONY

GUESS

ORACLE

NEC



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

Samples of VAT rates

- **Australia** **10%**
- **France** **19.6%**
- **Germany** **19%**
- **Japan** **5%**
- **Netherlands** **19%**
- **Sweden** **25%**
- **UK** **17.5%**

U.S. company will experience VAT

- Start up cost, such as Travel, Tradeshows and Consultants
- Drop-shipments and Imports
- Can sometimes be claimed back, sometimes not
- Europe refunds often, other countries do not
- VAT registration may be required
- “Prices excl. VAT” can mean VAT will be charged

- **FIND OUT BEFORE YOU TRADE!**

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 not a cost usually

VAT on Sales to Germany

Purchase from German vendor	50,000
<u>VAT 19%*</u>	<u>9,500</u>
Paid to German vendor	59,500
Sale to German customer	100,000
<u>VAT 19%*</u>	<u>19,000</u>
Total collected	119,000

***VAT is not considered a cost: accounted for on Balance Account**

VAT on imported products

U.S. product imported to Germany:

Commercial invoice:	100,000	(pay to U.S. vendor)
Duty 3%:	<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 Declaration to the Tax Authorities

Collected VAT	19,000
<u>Less Paid VAT</u>	<u>9,500</u>
Due the German tax auth.	9,500

Revenue from customer	100,000
<u>Less cost</u>	<u>50,000</u>
Margin	50,000

***VAT is not considered a cost: accounted for on Balance Account**

VAT Registration U.S. Company

VAT registration in EU often required if:

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

VAT Registration can be done without PE

U.S. Company can register for VAT in most EU countries without any other liabilities.

Many restrictions apply

Be VAT Smart

- **Be prepared for VAT charges**
- **Try to always claim the VAT back from the EU countries**
- **Ask for advise BEFORE the transactions start**

Contact Information

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