



Businesses Claiming UK VAT Refunds – deadline is 31 March for costs made in 2020

If you are an EU business, and you have incurred VAT before 31 December 2020, you can still recover the UK VAT by submitting an EU refund claim in the country where you are established. Claims can only be made until **31 March 2021** after which time the ability to claim online through your own EU member state tax authority's website will cease.

Any UK VAT incurred after 1 January 2021 will need to be recovered using the procedure under which the claim is submitted direct to the UK tax authorities. This is similar to claims currently made by non-EU businesses. These claims can start to be submitted from 1 April 2021.

There are strict time limits for such claims and claims need to be submitted within 6 months after the end of the 'prescribed year' when you were charged the VAT. The prescribed year runs from 1 July to 30 June, so you must make a claim by 31 December. If you miss the deadline, the UK tax authorities will not accept the claim. Generally, the UK tax authorities do not require businesses to appoint tax agents and do not require reciprocal treatment in the claimant's country before repaying a claim.

Background

There are a lot of changes from 1 January 2021 as the UK is not anymore an EU Member State. As the UK is no longer an EU Member State (MS), 8th Directive online claims in the own EU MS are not anymore possible.

HMRC has updated their guidance on 31 December 2020, see [here](#).

Since the EU rules no longer apply to the UK from 2021, the process for reclaiming VAT has also changed from 1 January 2021. The website of the Dutch Tax Authorities can be used until March 31, 2021 at the latest to reclaim the UK VAT on invoices from 2020. After this, the EU business will have to submit the application directly to the UK tax authorities (HMRC).

Until the 31st March 2021

The current portal process for EU companies will continue until the 31st March 2021, i.e. data only and copies where necessary. See more details [here](#).

Corrections or additions relating to the refund applications (which have been submitted on time) may still be reported up to 31 December 2021.

Post 31 March 2021

EU companies will be able to claim VAT in the UK as the UK will continue to offer the 13th Directive equivalent.

Transitional rules will apply for VAT refunds on expenditure incurred in the UK on or before 31 December 2020.

New rules apply after 2020

For VAT refunds on expenditure incurred in the UK after 31 December 2020, the new rules will apply. A separation has to be made after 2020 between:

- the GB and NI and
- supply of goods and services.

Northern Ireland (NI)

The current rules continue to apply for refunds of VAT related to supply of **goods**. This means that it is possible to use existing online 8th directive claims in your own MS, when it's VAT on purchases of goods. For supply of **services**, the same rules will apply as for the GB.

See more details [here](#).



Great Britain (GB)

From 2021, EU businesses will no longer be able to submit UK VAT refund requests via the EU portal. The UK has announced its intention to introduce an online system. It will thus be possible to submit future refund requests online, similar to the current EU system. However, the system is currently being tested and is not yet available.

Changes from 1 January 2021 concerning the UK VAT refunds of costs incurred after 1 January 2021.

- UK HMRC will be offering EU businesses VAT reclaim possibilities, this be based on the existing 13th Directive procedure.
- Claim limits (minimum refund amount), will change.
- Documents that need to be submitted. E.g., EU companies will need physical original invoices, tax certificates. And claim forms.
- Time limits will also change. Currently claim period is 1st July 2020 to 30th June 2021 to be claimed by 31st December 2021. However, the current procedures will apply to 2020 invoices, i.e. a physical claim of 13th Directive invoices dated 1st January 2020 to the 31st December 2020 can be submitted by the 30th September 2021.

Grant Thornton's international indirect tax team and digital advisory team can assist you in your VAT refund claims as well as in any other VAT / customs matters. Please contact us if you would like to discuss your options and possibilities.

Contact

Do you have questions or do you need more detailed information? Please do not hesitate to contact us.

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