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# VAT FOR GB BUSINESSES EXPORTING TO THE EU

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## WHO SHOULD READ THIS DOCUMENT?

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- Businesses established in Great Britain or the Isle of Man (**‘GB businesses’**) that make supplies of goods to customers in EU Member States. Great Britain includes England, Wales and Scotland, and does not include Northern Ireland.
- This document covers:
  - VAT Registration
  - VAT Rates and Rules
  - VAT Refunds
  - Low Value Consignment Relief
  - Returned Goods Relief
  - Fiscal Representatives

# GLOSSARY

For the purposes of this document, the following terms have been defined:

TERM	DEFINITION
<b>GB BUSINESSES</b>	These are businesses established in Great Britain (England, Wales and Scotland) or the Isle of Man that make supplies of goods to customers in EU Member States/or the rest of the world.
<b>BUSINESS CUSTOMERS</b>	These are taxable or non-taxable businesses that conduct any economic activity in an EU Member State/or the rest of the world.
<b>NON-BUSINESS CUSTOMER</b>	A non-business customer is a private individual consumer.
<b>GB BUSINESSES ACTING AS A NON-ESTABLISHED TAXABLE PERSON IN THE EU</b>	A non-established taxable person in the EU is a business that is neither established in, nor has a fixed establishment in the EU country where the tax is due.
<b>IMPORTER</b>	An importer is an individual or business who is responsible for paying import VAT on goods and completing the necessary customs clearance procedures and formalities at the point of entry into the EU. Who the importer is should be set out in contractual arrangements between the seller and customer (and agent, where applicable).
<b>ZERO-RATED</b>	This is where the supply of goods is subject to VAT at 0%.
<b>DOMESTIC REVERSE CHARGE MECHANISM</b>	This is an anti-fraud procedure, where it is the customer's responsibility, rather than the supplier's, to account to their domestic tax authority for VAT on supplies of goods.
<b>TAXABLE SUPPLIES</b>	A taxable supply is any supply of goods made in the EU which is not exempt from VAT. Taxable supplies also include those which are zero-rated for VAT.

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# VAT OVERVIEW

## MOVING GOODS FROM GB TO EU MEMBER STATES

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## 1.1 OVERVIEW – GB AND THE EU

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- Under EU law, indirect taxes are broadly harmonised at EU level.
- However, there may be different VAT rules and regulations across the 27 EU Member States as they are able to apply VAT rules within the parameters of the EU VAT directive (Council Directive 2006/112/EC).
- Businesses exporting to the EU from GB should ensure they are aware of the importing requirements of the relevant EU Member State, as these may differ across individual EU Member States.

## 1.1 OVERVIEW – GB AND THE EU CONTINUED

- As of 1 January 2021, supplies of goods sent to customers within the EU by GB businesses are treated as exports from GB and are zero-rated for UK VAT, subject to the seller obtaining evidence of export.
- Further guidance can be found here: [www.gov.uk/guidance/vat-exports-dispatches-and-supplying-goods-abroad](https://www.gov.uk/guidance/vat-exports-dispatches-and-supplying-goods-abroad)
- On importation into the EU, goods may be subject to duties and import VAT. These are typically payable by the importer, unless alternative contractual arrangements have been agreed between the parties.
- When importing goods into the EU, there are general rules that you need to follow. Individual Member States may also have their own VAT rules for imports.
- **Import VAT is usually due at the point of importation into the EU**, and charged by the customs authority in that Member State. This may not necessarily be the EU Member State of destination.
- More information on EU VAT rules can be found here: [https://europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index\\_en.htm](https://europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index_en.htm)



## 1.2 OVERVIEW – VAT REGISTRATION

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### DO I NEED TO REGISTER FOR VAT?

As a GB business, you may be required to register for VAT in the EU, if you are:

- making taxable supplies from and/or to an EU Member State;
- importing goods into an EU Member State;
- holding goods in warehouses or consignment stock in EU Member States for customers, or
- supplying and installing equipment in an EU Member State.
- More information about VAT registration in EU Member States, can be found here: [europa.eu/youreurope/business/taxation/vat/vat-exemptions/index\\_en.htm](https://europa.eu/youreurope/business/taxation/vat/vat-exemptions/index_en.htm)
- To find out how to file a VAT return online in an EU Member State, please see here: [europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index\\_en.htm#shortcut-4](https://europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index_en.htm#shortcut-4)

## 1.3 OVERVIEW – VAT RATES AND RULES FOR IMPORTS OF GOODS

### HOW MUCH VAT IS DUE ON GOODS?

- Check if you are responsible for paying import VAT. You may need to check the contractual arrangements between yourself and the customer (and agent, where applicable).
- The amount of import VAT due will depend on the rate of VAT applied in the relevant Member State.
- VAT rates across the EU vary and can be found here:  
[https://europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index\\_en.htm#shortcut-6](https://europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index_en.htm#shortcut-6)
- Import VAT is calculated on the customs value, which includes any duty, as well as the transportation and insurance costs.

## 1.4 OVERVIEW – VAT REFUNDS

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### CAN I CLAIM VAT REFUNDS FROM THE EU?

- You may be able to claim a VAT refund from the EU Member State in which you paid the VAT if you are not established in the EU and have been charged VAT on business activities in that country.
- VAT can be reclaimed by the party that paid the VAT.
- Further information on this can be found here:  
[europa.eu/youreurope/business/taxation/vat/vat-refunds/index\\_en.htm#shortcut-1](https://europa.eu/youreurope/business/taxation/vat/vat-refunds/index_en.htm#shortcut-1)

## 1.5 OVERVIEW – LOW VALUE CONSIGNMENT RELIEF

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### WHEN IS VAT DUE?

- Before 1 July 2021, goods with a value of under 22 euro were relieved from VAT when imported into Spain.
- However, as a result of the new EU e-Commerce package, **Low Value Consignment Relief has been removed**, and VAT is now due on all imported goods.
- Further information on the new EU e-Commerce package can be found here:
- [https://ec.europa.eu/taxation\\_customs/business/vat/vat-e-commerce\\_en](https://ec.europa.eu/taxation_customs/business/vat/vat-e-commerce_en)

## 1.6 OVERVIEW – RETURNED GOODS RELIEF

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### WHAT IS RETURNED GOODS RELIEF AND WHEN CAN I CLAIM THIS?

Returned goods relief is a relief available to both businesses and individuals, where previously exported goods are re-imported into GB subject to the conditions below:

- The goods must be re-imported in an unaltered state.
- The goods must have been in free circulation in GB when they were exported, unless they were originally declared to inward processing or end-use.
- The goods must not have been exported to be repaired or processed.
- The goods must be re-imported within 3 years of their export or by 30 June 2022 under a special grace period agreed.
- The goods must be re-imported by the same individual or business that exported them.
- Further information can be found here: [www.gov.uk/guidance/pay-less-import-duty-and-vat-when-re-importing-goods-to-the-uk-and-eu](https://www.gov.uk/guidance/pay-less-import-duty-and-vat-when-re-importing-goods-to-the-uk-and-eu)

## 1.7 OVERVIEW – FISCAL REPRESENTATIVE

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### DO I NEED A FISCAL REPRESENTATIVE?

- A fiscal representative is a special type of tax agent in an EU Member State that is responsible for correct VAT calculations, registration and reporting for non-EU businesses. They must be a taxable person liable for VAT and established in the relevant EU Member State.
- Some EU Member States require non-EU businesses to appoint a fiscal representative that will have joint and several liability for the VAT due.
- EU Member States who require a fiscal representative as the default sometimes have legislation which disapplies this requirement where this is agreed with the non-EU country of businesses.
- As this requirement varies across EU Member States, you should check the rules of the EU Member States that you trade with. EU Member State tax authority websites can be found here:

[ec.europa.eu/taxation\\_customs/national-tax-websites\\_en](https://ec.europa.eu/taxation_customs/national-tax-websites_en)



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# MOVING GOODS FROM GB TO EU: SPAIN

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## 2.0 OVERVIEW – SPAIN

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*The following information covers VAT only. Please ensure you check which customs and excise rules apply before exporting.*

If you are a GB business exporting to the Spanish Peninsula and Balearic Islands ('Spain'):

- Your goods from GB are zero-rated subject to you obtaining evidence of export.
- Any VAT due upon importation into Spain is normally payable by the importer of the goods.
- You may be required to register for VAT in Spain if you make supplies in, and/or import goods into Spain, even if your business is not established in Spain.
- As a non-established taxable GB business importing goods into Spain, you may be able to defer import VAT by deducting this when you file your return (domestic reverse charge mechanism) subject to Spanish VAT rules.
- You should check with the Spanish tax authority whether you need a fiscal representative in Spain.
- Where a GB business is not required to be registered for VAT in Spain but incurs VAT on business expenses in Spain, they may be able to reclaim VAT paid in Spain through the EU refund procedure – 13<sup>th</sup> Directive procedure for VAT refunds to non-EU businesses.
- GB businesses with an XI prefix may be able to reclaim VAT through the electronic cross-border VAT refund procedure for EU businesses. For more information on using an XI prefix for VAT please check the guidance on the application of VAT under the NI Protocol <https://www.gov.uk/government/publications/accounting-for-vat-on-goods-moving-between-great-britain-and-northern-ireland-from-1-january-2021>



## 2.1 VAT REGISTRATION – SPAIN

### DO I NEED TO REGISTER FOR VAT IN SPAIN?

- A GB business must register for VAT **only** if importing goods into Spain or making taxable supplies in Spain with no reverse charge.
- For GB businesses required to register for VAT, but not established in Spain, there is no VAT registration threshold. This is separate from the Domestic VAT threshold for Spanish established businesses. Further information on Spanish Domestic VAT threshold can be found here: [https://europa.eu/youreurope/business/taxation/vat/vat-exemptions/index\\_en.htm#shortcut-1](https://europa.eu/youreurope/business/taxation/vat/vat-exemptions/index_en.htm#shortcut-1)

### WHAT DO I NEED FOR VAT REGISTRATION IN SPAIN?

- Recent incorporation certificate or abstract of trade register.
- Articles of association.
- You may need a fiscal representative to complete VAT registration refunds and returns on your behalf, or
- You may be able to process your VAT registration application via Spanish Consular Offices in the UK.
- Further information can be found here: [https://www.agenciatributaria.es/AEAT.internet/en\\_gb/Inicio/La\\_Agencia\\_Tributaria/Campanas/Campanas/Fiscalidad\\_de\\_no\\_residentes/IVA\\_VAT/Identificacion\\_de\\_empresarios\\_no\\_establecidos/Identificacion\\_de\\_empresarios\\_no\\_establecidos.shtml](https://www.agenciatributaria.es/AEAT.internet/en_gb/Inicio/La_Agencia_Tributaria/Campanas/Campanas/Fiscalidad_de_no_residentes/IVA_VAT/Identificacion_de_empresarios_no_establecidos/Identificacion_de_empresarios_no_establecidos.shtml)

## 2.2 VAT RATES – SPAIN

### WHAT VAT RATES APPLY TO SPAIN?

SPANISH VAT RATES	PERCENTAGE (%)
STANDARD VAT RATE	21%
REDUCED RATE	10%
SUPER-REDUCED RATE	4%
ZERO RATE	0%

- Where import VAT is charged, it is usually at the rates above.

## 2.3 VAT REFUNDS – SPAIN

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**IF YOU ARE A GB BUSINESS CLAIMING VAT REFUNDS VIA THE 13<sup>TH</sup> DIRECTIVE PROCEDURE IN SPAIN DURING THE REFUND PERIOD, YOU MUST MEET THE FOLLOWING CONDITIONS:**

- you are VAT registered in the UK,
- you are charged VAT on business activities in Spain,
- you have neither headquarters nor management in Spain or other EU Member States,
- you must not be registered, liable or eligible to be registered in Spain for VAT purposes,
- you must not have any fixed establishment, seat of economic activity, place of business or other residence in Spain or other EU Member States, or
- you have not supplied any goods or services in Spain other than:
  - transport services related to foreign traffic of goods,
  - supplies where the customer or purchaser must account for VAT.

## 2.3 VAT REFUNDS – SPAIN CONTINUED

### HOW DO I SUBMIT A REFUND FOR VAT IN SPAIN?

- You must appoint a **fiscal representative** to deal with your VAT refunds claim.
- Your VAT refunds claim must be submitted by 30 June following the calendar year of importation and takes 1-4 months for a minimum of €200 refund to be granted.
- The period of filing the VAT refund application starts on the day following the end of the calendar quarter or calendar year, and ends on 30 June of the year following the calendar year in which the referenced VAT was charged.
- The application (form 361) must be sent with the required documents to the Spanish Tax Authority at the following address

(correct in August 2021):

Oficina Nacional de Gestión Tributaria  
Servicio de Recepción de Documentos de la Delegación Especial de Madrid  
C/ Guzmán el Bueno 137.  
28077 Madrid  
Spain

Further information can be found here:

[https://www.agenciatributaria.es/AEAT.internet/en\\_gb/Inicio/La\\_Agencia\\_Tributaria/Campanas/ Campanas /Fiscalidad de no residentes/ IVA VAT /Devoluciones de IVA a no establecidos VAT Refund /Devoluciones de IVA a no establecidos VAT Refund .shtml](https://www.agenciatributaria.es/AEAT.internet/en_gb/Inicio/La_Agencia_Tributaria/Campanas/ Campanas /Fiscalidad de no residentes/ IVA VAT /Devoluciones de IVA a no establecidos VAT Refund /Devoluciones de IVA a no establecidos VAT Refund .shtml)

## 2.3 VAT REFUNDS – SPAIN CONTINUED

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### WHAT DOCUMENTS DO I NEED WHEN APPLYING FOR A VAT REFUND?

- Certificate of status of a taxable person issued by HMRC.
- Further information on certificate of status can be found here: [www.gov.uk/guidance/get-confirmation-from-hmrc-that-you-are-trading-in-the-uk](https://www.gov.uk/guidance/get-confirmation-from-hmrc-that-you-are-trading-in-the-uk)
- Original Invoices and Receipts and must be numbered consecutively.
- Power of attorney (required for your fiscal representative to act on your behalf).
- Completed form 361.



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