



# VAT Communicator

– a UVS Quarterly Newsletter

## Do you know?

- \* Effective 1st May 2016 Austria increased VAT rate on accomodation services from 10 to 13%
- \* That even though France does not normally refund VAT on hotel expenditure, they are very good with Universities that have 'Study Abroad' programmes. UVS regularly recovers VAT on such programmes for several Universities.
- \* Japan only refunds once a year for a client. Pre-registration is a requirement before we can recover VAT from Japan. UVS is able to handle the registration process for clients.
- \* Italy requires the appointment of a local Fiscal Representative, to process VAT refund claims. UVS will handle the whole process, for clients.



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## UVS challenges HMRC decision and wins

In April 2016 HM Revenue and Customs (HMRC) Londonderry, rejected a VAT refund claim on catering related expenses incurred by an UVS Aerospace customer at the Farnborough Airshow (2014). The reason was stated as, "entertainment expense is not a VAT deductible item." UVS contested the rejection, quoting the ruling in HMRC guidelines VIT43200, which states clearly that foreign customers are exceptions, and that VAT is deductible if expenses are incurred for foreign customers. Londonderry, did not accept the UVS argument and adding insult to injury, penalized the USA based client for making an incorrect claim.

UVS then contacted HMRC Business Head and Unit Manager at their New Castle office, and requested "Reconsideration" of the Londonderry HMRC decision, once again quoting the VIT 43200 ruling. It was a matter of satisfaction when HMRC New Castle reversed the Londonderry decision and granted the Aerospace client, a full refund on the VAT claim.

UVS always goes beyond the extra mile for it's clients. This story demonstrates that it is possible to challenge decisions and optimise VAT Recovery, with a proactive VAT recovery company.

## German VAT Recovery

German VAT recovery can often try anyone's patience. There are times when a client may throw their arms up, and say, "I have had enough." **Clients may be ready to walk away; but UVS never gives up.** Here are a couple of success stories.

UVS has a German auto manufacturer with a plant based in South Carolina, as a major client. They have been a client for several years. The client recently sent us some invoices. As is our practice, the invoices were thoroughly checked by our German VAT refund audit team. Among the invoices, there was one with a VAT value of € 239,514. Closer scrutiny and discussions with our client revealed that VAT was charged on a machine tool manufactured for our USA client; but the item was shipped to a third party within Germany. The tool was used to manufacture parts like frame, water drainage systems, and other parts of an automobile. While the manufactured

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## Do you know ...

- \* That the German industrialist Dr. Wilhelm von Siemens proposed the concept of VAT in 1918.
- \* France was the first country in the world to introduce VAT on 10th April 1954.
- \* In France today, it is the most important source of State Finance. VAT accounts for nearly 50% of State revenues in the Country.
- \* Out of the 195 countries in the world today, 160 charge VAT.
- \* In the USA, Puerto Rico is the only US territory that charges VAT.

parts were shipped to the USA, the tool itself was to always remain in Germany. When UVS filed for the VAT refund, the German Tax authority, raised several queries. To respond to some of them, UVS had to consult with its legal counsel. Eventually, the **Tax authority accepted all the UVS responses and refunded the complete VAT** that had been charged.

Our second story involves two invoices with a total German VAT value of € 345,415. It represented 19% of the invoice value. In this case, the invoices were issued by a USA based supplier whose parent company, is German. They supplied plastic fuel systems and emission reduction related items, to our client. As the supplier had a German registered VAT number, they were obliged to charge the German VAT. In this particular case, **UVS had to work with the supplier in the USA, to correct the original invoice**, to ensure it was completely compliant with German VAT regulations. Once this was done, UVS was able to recover the total VAT charged.

We share these stories with you to demonstrate that such VAT recovery effort is always the result of sustained and coordinated team effort. In the above cases, Team UVS worked closely with the client Purchase Office, the client's Fixed Asset Manager, and our Europe based, highly experienced VAT expert, to successfully recover the VAT. **The refund amount of these invoices was a handsome check for € 584,929 - well over half a million US dollars.**

## Meet our Team

*In this issue we introduce Sam Shah our Chief Operating Officer*



Sam worked for the Coca-Cola Company for over 27 years. For many of those years he was in charge of the Company's financial Division in South East Asia and the Pacific region. Among his many skills are his abilities to convert any business into a highly efficient and profit making enterprise that performs at its very best. Additionally, with his proven leadership experience, he is able to drive value for a business, in diverse global environments, including the launching of new operations, building networks and tapping into value creation opportunities by utilising the right people, processes and technology. A strategic and action-oriented leader, Sam thrives on steep challenges and enables team performance in multicultural settings.

He has the reputation of being an astute negotiator and genuine relationship-builder with employees, partners and customers. He is a certified public accountant.

The father of two, now adult children, Sam enjoys spending time with his family. Among his several hobbies are music and photography. He is based in Atlanta, Georgia.

"Over the past five years, our partnership with UVS has helped us recover VAT on numerous travel and art-fair related expenses. UVS works quickly and efficiently, looking to resolve issues independently. We are happy to work with UVS as we continue to expand our business abroad." - Jennifer Lue, David Zwirner

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