

News Flash

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VAT refund from other EU Member State in the Czech Republic

VAT refund from other EU Member State

Are you registered to VAT and your employees incurred transportation expenses (e.g. taxi fares, public transport fares, fuels and road tolls), accommodation expenses and expenses on professional trainings in relation to business trips? Did your company purchase goods in another EU Member State and the goods remained in the territory of the respective EU Member State? Does your company present itself at trade fairs and exhibitions in other EU Member States?

In such a case, we would like to inform you about the possibility to **apply for a refund of the VAT** paid on goods and services in another EU Member State via electronic VAT refund application when meeting the specific conditions of respective EU Member State.

Deadline for submission of VAT refund application

VAT refund application for VAT refund period shall be submitted by 30th September of the calendar year following the "VAT refund period" (i.e. deadline for submitting the VAT refund application **for the calendar year 2020** is on the **30 September 2021**).

VAT refund period

VAT refund period shall not exceed one calendar year but shall not be less than 3 calendar months; VAT refund application may be submitted for the period less than 3 calendar months in case that the VAT refund period represents the remainder of the calendar year.

Who is entitled to reclaim VAT?

- Company which is registered to VAT in the refund period in the Czech Republic.
- Company which has its seat, place of business or establishment in the Czech Republic.
- Company which does not have its seat, place of business or establishment in other EU Member State (state of VAT refund) according to the rules set by the respective EU Member State.
- Company which did not carry out only VAT exempt supplies without the right to deduct in the VAT refund period.

- Company which did not deliver goods and did not provide services which are considered to be delivered or provided in the state of VAT refund in the VAT refund period. Exceptions are taxable supplies which are subject to the reverse charge mechanism and transport or ancillary services exempt from VAT.

Limits of the amount of VAT

- 400 EUR (or the equivalent in the national currency) for the period less than one calendar year but at least 3 calendar months.
- 50 EUR (or the equivalent in the national currency) for the period of one calendar year or for the remainder of the calendar year.
- Individual EU Member States may set their own limits of reclaimable VAT amounts.
- The limit applies to the whole VAT refund application and not to individual tax documents.

VAT refund application process

- First, an application for an access to the "Application for VAT refunds from other EU Member States" available on the tax web portal of the Financial Administration of the Czech Republic administrated by General Financial Directorate has to be filed.
- Tax administrator decides on the application within 15 days from the date the tax administrator received the application at the latest.

- Subsequently, it is possible to submit VAT refund application via website of the tax authorities. Following that VAT refund application is forwarded to the EU Member State of VAT refund via the web portal.
- Tax administrator of the EU Member State of VAT refund issues the decision within the

period of 4 months from the date the tax administrator received the VAT refund application. In case that the tax administrator requests additional information, the decision is issued within the period of maximum 8 months from the date the tax administrator received the VAT refund application.

Why use Accace services when applying for VAT refund from other EU Member State?

- VAT refund application from other EU Member States is complicated and administratively demanding process.
- Individual EU Member States may have special rules under which VAT refund can be claimed (e.g. some Member states do not allow to refund VAT paid on fuels) as well as different requirements for the format and structure of the VAT refund application.
- Tax administrator of the EU Member State of VAT refund often requires additional explanations and documentation in the language of the EU Member State in order to assess the VAT refund application.
- In case that the formal requirements of the EU Member State of VAT refund are not fulfilled, the tax administrator may reject the VAT refund application.

If you are interested in our professional assistance in this respect, please do not hesitate to contact us! We will be pleased to assist you.

Disclaimer

Please note that our publications have been prepared for general guidance on the matter and do not represent a customized professional advice. Furthermore, because the legislation is changing continuously, some of the information may have been modified after the publication has been released. Accace does not take any responsibility and is not liable for any potential risks or damages caused by taking actions based on the information provided herein.

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About Accace Czech Republic

Accace Czech Republic was founded in 2007 in Prague, while the branches in Brno and Ostrava followed in 2009 and 2016. Accace ranks among the leading outsourcing and consultancy providers on the Czech market with almost 270 professionals and more than 500 clients. As a part of the Accace Group, we provide a comprehensive range of accounting, payroll, tax, legal and corporate services to over 2,000 customers, from local companies to large multi-country outsourcing projects.

About Accace Circle

Accace operates internationally as Accace Circle, a co-created business community of like-minded BPO providers and advisors who deliver outstanding services with elevated customer experience. Covering almost 40 jurisdictions with over 2,000 professionals, we support more than 10,000 customers, mostly mid-size and international Fortune 500 companies from various sectors, and process at least 170,000 pay slips globally.

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