

Brexit: VAT refund claims for 2020 due by 31 March 1/10/21



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As you may know, Latvian taxable persons can recover VAT paid on purchases in another member state under Council Directive 2008/9/EC, i.e. local VAT is refunded to taxable persons that are not established in the member state but are established in another. As Britain left the EU on 31 January 2020 with a period of transition to 31 December 2020, the single EU VAT refund procedure is no longer available to recover UK VAT after 1 January 2021. The single procedure can still be used to recover any UK VAT paid in 2020, but the filing deadline is almost upon us: 31 March 2021.

Latvian taxable persons have until 31 March to recover UK VAT

After the actual Brexit, traders registered for VAT in Latvia and other member states can file a UK refund claim with the tax authority in the member state of establishment under Directive 2008/9/EC by 31 March 2021. After 31 March the single EU procedure is no longer available but Latvian taxable persons will be able to claim refunds from the UK for 2020 using the only available procedure under Directive 86/560/EEC, which governs VAT refunds to third-country taxable persons. Claims are due by 30 June 2021.

Transactions made after 1 January 2021 have a different UK VAT refund procedure: VAT will have to be reclaimed directly from the UK tax authority. And there is a new claim period from 1 July to 30 June. Claims for this period must be filed with the UK tax authority by 31 December. So VAT paid in the UK over the period from 1 January to 30 June 2021 will have to be reclaimed from the UK tax authority by the end of 2021.

Northern Ireland's special status

Under the Northern Ireland Protocol to the Brexit Withdrawal Agreement, Northern Ireland remains subject to EU VAT legislation for goods only and continues to apply the single EU VAT refund procedure in 2021.

Latvian taxable persons having paid VAT on purchases or imports of goods in Northern Ireland can continue filing refund claims under Directive 2008/9/EC.

On the other hand, Latvian taxable persons incurring VAT on services acquired in Northern Ireland or on invoices for goods and services will be unable to recover it under the single EU procedure but only under Directive 86/560/EEC.

Since Latvian taxable persons have several administrative steps to take in reclaiming their UK VAT, we suggest acting now to recover this before it becomes a cost if the filing deadlines are missed.