

EXPORTVAT WILL RECLAIM VAT PAID BY DATA CENTERS' INTERNATIONAL CUSTOMERS

VAT CREATES AN ENTRY-BARRIER FOR YOUR INTERNATIONAL CUSTOMERS

Companies from outside the European Union (EU) who want to use the facilities and services of European data centers will be faced with two significant financial consequences:

1. European data centers often charge Value Added tax (VAT) on their services. Because most non-EU companies aren't VAT registered and do not file taxes in the EU member states, they can't reclaim this VAT on a regular VAT filing, like an EU company would do, but instead have to absorb it as a cost of doing business.
2. When a non-EU company ships its hardware to the data center, it will have to pay VAT over the value of the product upon arrival in the destination country, when the shipment is cleared through customs. As the value of these shipments is usually very high, the VAT to be paid to customs can dwarf the service fees that the data center charges for its services.

Many companies aren't aware that EU legislation exists (the 13th Directive) which provides the opportunity for non-EU companies to reclaim VAT.

Also, the VAT legislation for electronic services (which covers the activities of data centers) has undergone significant changes in 2003 and 2006, due to the rapid advances in technological innovation and development. In 2010 it will change again.

Unfortunately, the EU has decided that the implementation of this legislation will be an internal affair for each member state. This has resulted in a great variance in regulations, with each country having different rules and criteria for the reclaim process.

Failure to comply with the most recent regulations will result in the rejection of the claim by the local tax authorities. Due to the time limits set for VAT refunds, a rejection almost always results in the passing of the deadline, meaning the VAT can never be recovered.

The combination of these factors render the reclaim process for VAT a complex and difficult enterprise, and the chances of success for people not intimately familiar with the details of the member state's tax laws and regulations are slim to nil.

WE WILL RECLAIM YOUR CLIENT'S VAT ON A NO REFUND – NO FEE BASIS

We will ensure that your customer gets the VAT back, and we provide this service on a no refund-no fee basis. Our HQ in Chicago, IL is staffed with seasoned consultants who have expert knowledge not only of VAT laws and regulations, but also of international logistics and transportation.

Our office in The Netherlands processes the actual refunds and communicates directly (in the native language) with the various EU tax authorities/revenue Services.

We manage the process from start to finish without the need for your customer's involvement. We start by requesting special IRS forms that show that our customer is a taxable entity (this is a requirement for the refund). Often we engage our contacts at the various carriers like FedEx, DHL and UPS to locate missing documentation. Our Dutch office is highly successful in communicating with the EU tax authorities to ensure that even complex refunds are being honored.

WHAT DOES THIS MEAN FOR YOU?

The VAT on imported shipments creates an entry-barrier for your services. A non-EU company will have to absorb a very large VAT bill before they can even place their equipment in your data center.

To illustrate this; one of our newer customers, who currently uses a data center in Germany, considered expanding their capacity by placing additional servers in Amsterdam, but they were hesitant because of the enormous 'start-up' cost of having to pay VAT on the imported shipments.

Our customer kept delaying the decision to expand, but because ExportVAT offered to reclaim the VAT for them, the cost of doing business has decreased significantly. It has now become a sound business decision to proceed.

You and your customers will benefit if ExportVAT removes the VAT barriers for your customers. Call ExportVAT for more details.