

DO YOU PAY VALUE ADDED TAX (VAT) ON YOUR SHIPMENTS TO EUROPE?

VAT IS NOT A COST OF DOING BUSINESS

VAT IS A CONSUMPTION TAX OF UP TO 25%

VAT is a consumption tax of up to 25% that is levied on both goods and services. Although the goal of VAT is the same as sales tax, the mechanism for levying and collecting VAT is different.

In the sales tax system, the tax is charged at the point of purchase as a percentage of the price for goods or services. In the VAT system, all businesses in the supply chain charge taxes on their sales, but they are also refunded for the amount of VAT charged by their suppliers.

This way, the total tax levied at each stage in the chain of supply is a constant fraction of the value added by a business to its products. Hence the name "Value Added Tax".

EU LEGISLATION ALLOWS YOU TO RECLAIM VAT

Imports are taxed to keep the system fair for EU manufacturers so they can compete on equal terms on the European market with foreign suppliers. When goods enter the EU, the import VAT has to be paid by the importer of record.

If an importer of record in the EU purchases products from a foreign vendor, the EU Company will reclaim the VAT on its regular monthly or quarterly VAT filing. However, in many instances there is no sale following the import (e.g. trial or repair shipment). In those instances there is no EU importer of record that can reclaim the VAT on his regular VAT filing.

In this case the foreign company will act as the importer of record, and according to EU legislation, that foreign Company can usually reclaim the VAT by using the 13th directive EU VAT Refund procedures.

OUR CHICAGO BASED OFFICE PROVIDES A ONE-STOP SHOP FOR ALL YOUR LOGISTICS AND VAT RELATED QUESTIONS AND ISSUES.

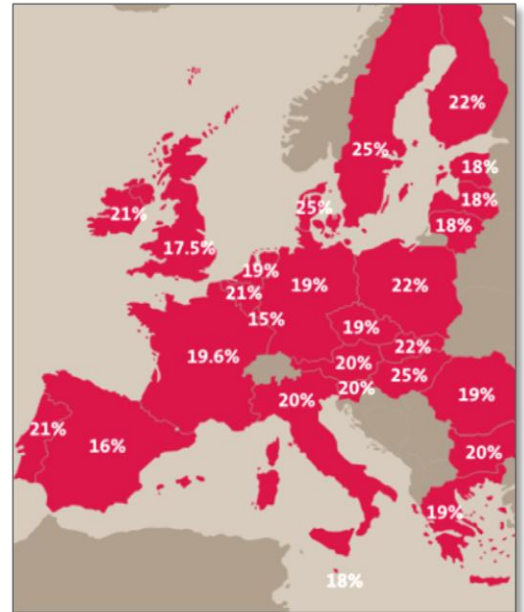


VAT PAID ON FOREIGN BUSINESS EXPENSES

In general, EU countries will refund any VAT paid by a non-EU taxable company on goods or services supplied by a taxable entity in the EU.

Provided that the foreign company can provide original invoices, VAT on business expenses like; hotels, exhibition and advertising expenses, conference costs or service fees for warehousing, datacenters and connectivity can all be reclaimed.

VAT IN THE EUROPEAN UNION



EXAMPLES WHERE VAT IS HARD TO AVOID BUT STILL CAN BE RECLAIMED

- ✓ The foreign company agrees to pay Duties and Taxes on shipments to the EU using Express Carriers (like FedEx, DHL and UPS).
- ✓ The imported goods are trial shipments or spare/repair parts and are shipped to recipients without an actual sale taking place.
- ✓ Foreign companies ship or transfer servers and related hardware to datacenters in the EU but remain owner of the equipment.

In some instances, the foreign company is simply not aware that VAT is paid on importation.

Many exporters use third-party logistics providers, such as fulfillment centers or crating companies, who handle the documentation for them and who pre-pay the VAT.

This import VAT is then charged as an expense or disbursement to the exporter who absorbs the VAT amount as a cost.

IN ALL THESE CASES EXPORTVAT WILL RECLAIM YOUR VAT AND IMPROVE YOUR BOTTOM LINE.



ExportVAT
Recovery Services

CALL TODAY (773) 801 3010

www.exportvat.com
info@exportvat.com

Ref. 14090-pri/us-v5-1

EXPORTVAT WILL RECOVER YOUR VAT ON A NO REFUND-NO FEE BASIS

VAT RECOVERY MADE SIMPLE

The VAT refund process is complex; the requirements and processes are different for each country in the EU and are subject to frequent changes. Non-compliance with the requirements will almost always lead to rejection of the claim with limited options for appeal.

ExportVAT will manage the entire process from start to finish for you so you don't have to worry about:

- ✓ **Required IRS documents;** that prove you are a taxable entity. We will apply for them on your behalf.
- ✓ **Missing invoices and shipping documents;** we will review the required documents and work with shippers and carriers to retrieve missing documents.
- ✓ **The unique rules and processes for each country;** our consultants are intimately familiar with the specific VAT rules and requirements of each EU country.
- ✓ **Changing VAT legislation;** EU legislation is subject to frequent changes. Our EU office continuously monitors changes in VAT legislation and adjusts their processes where necessary.
- ✓ **Language barriers;** VAT reclaim forms need to be filled out in the native language. Personal negotiation with the tax inspector in the native language is almost always mandatory for a successful claim.
- ✓ **Time zone differences** that make personal communication and negotiation with tax authorities difficult.
- ✓ **Timescales and deadlines;** failure to file the claim in time will always lead to rejection of that claim. Our system's automatic triggers and alerts allow us to pro-actively monitor deadlines.



OUR EUROPEAN OFFICE HAS EXPERIENCED MULTILINGUAL CONSULTANTS WHO COMMUNICATE AND NEGOTIATE WITH LOCAL TAX AUTHORITIES IN THE REQUISITE NATIVE LANGUAGE.

DEADLINES AND TIME LIMITS

The claim must be made no later than 6 months from the end of the calendar year in which you incurred the VAT. For example if you paid the VAT in April of a particular year we would have until 30 June the next year to make your claim.

However, VAT incurred in the Netherlands can be reclaimed five calendar years after the VAT was charged.

TESTIMONIAL

"In 2007, our company, Computer Modules, Inc. located in San Diego, California, opened a warehouse in the Netherlands whereby we could ship our products quicker and cheaper to our European customers.

In doing so, we incurred exorbitant VAT costs getting our inventory from the U. S. to the Netherlands. Trying to deal with a tax authority in another country can be a daunting and laborious task. There are language barriers, time issues, and unfamiliar tax forms.

Finding ExportVAT Recovery Service has been the best thing to happen to us with regards to this venture. They do all the Dutch tax filing for us and know exactly what the requirements are.

They communicate clearly, are forthright and trustworthy, and a delight to work with.

Their knowledge, honesty, and diligence are extremely commendable and I would highly recommend their services to anyone."

Lisa Oliveri
Accountant
Computer Modules inc.
San Diego, CA
www.computermodules.com

NO REFUND – NO FEE

Our philosophy is that we add tremendous value to you in exchange for a small percentage of that value.

Our fee depends on a number of factors and will be agreed with you upon the start of the actual refund process.

Because we value long term relationships with our clients, we provide different contractual options with different percentages.

Contact us for more details.

