



VAT-refund requests and BREXIT: early deadline of 31 March 2021

VAT-refund requests for the year 2020 by UK businesses for German VAT and by German businesses for UK VAT must be filed until the 31st of March 2021

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*The German Tax Authorities published a renewed [statement](#) about the consequences of the BREXIT on VAT-refund requests on their website. Entities operating in different EU-member states can usually claim a refund of input-VAT arising in a member state other than their state of residency on the basis of the Council Directive 2008/9/EC from 12 February 2008 until September of the year following the year in which the relevant transactions occurred. As a consequence of the BREXIT, the deadline for such requests by UK businesses for a refund of German input-VAT – or by German businesses for a refund of input-VAT from the UK - is shifted forward **to 31 March 2021** to the extent it concerns the year 2020.*

Since the BREXIT negotiations resulted in a VAT related transition period for the United Kingdom, meaning that the United Kingdom was treated like a EU-member for VAT purposes until 31 December 2020, sticking with the September deadline for VAT-refund requests for the year 2020 seemed like a logical step.

However, as agreed in Article 51 (3) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the EAEU (the “Withdrawal Agreement”), the deadline for such refunds was shifted forward to 31 March 2021. The German tax authorities now stated a reminder on their website that this deadline is a **strict deadline**. Any requests filed after the end of 31 March 2021 will be rejected. The German tax authorities only mention the early deadline for requests by businesses resident in Great Britain and VAT-refund request for VAT that was levied in Great Britain. However, when looking at the Withdrawal Agreement as well as the Circular of the German tax authorities of 10 December 2020 (III C 1 – S 7050/19/10001), the early deadline should also apply to businesses from Northern Ireland as well as to VAT that was levied in Northern Ireland.

Practical consequences

The consequences of the early deadline and the BREXIT as such for VAT-refund requests can be categorized in the following six possible scenarios:



- A UK based entity that desires a refund of German input-VAT **for the year 2020** must file its VAT-refund request until 31 March 2021.
- A Germany based entity that desires a refund of UK input-VAT **for the year 2020** must file its VAT-refund request until 31 March 2021.
- A Great Britain based entity that desires a refund in Germany of input-VAT that arises from transactions that occurred **after 31 December 2020** has to file its request in line with the provisions stated in the council directive 86/560/EEC. The same applies to entities that are based in Northern Ireland and are entitled to a refund of input-VAT in Germany from transactions involving the provision of services.
- A Northern Ireland based entity that desires a refund in Germany of input-VAT that arises from transactions involving acquisitions of physical goods that take place **after 31 December 2020** can be filed under the regular VAT-refund procedure according to council directive 2008/9/EC.
- A Germany based entity that desires a refund in Great Britain for input-VAT that arises from transactions made **after 31 December 2020** has to request the refund with the British fiscal authorities. The same applies for input-VAT that arises in Northern Ireland from transactions involving the provision of services.
- A Germany based entity that desires a refund in Northern Ireland of input-VAT that arises from transactions involving the acquisition of physical goods and take place **after 31 December 2020** has to follow the previous VAT refund procedure as applicable within the EU (council directive 2008/9/EC)

Managerial and tax matter implications

We highly recommend to file all VAT-refund requests that involve requests by UK businesses (including Northern Ireland) as well as VAT that was levied in the UK (including Northern Ireland) until 31 March 2021 in order to make sure that all input-VAT claims to which an entity is entitled will be eligible for a VAT-refund, at least from a formal perspective. PSP will be happy to assist with any questions that arise in this respect.