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A Guide to Value-Added Taxes

A global look at value-added taxes -- and how to get a refund

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November 1, 2011

Keeping tabs on VAT

Rules for value-added taxes change frequently -- very frequently, according to Nancy Eide, co-owner of Omaha-based CEI VAT Reclaim, who checks rates on a monthly basis.

Eide says that in many cases the changes aren't publicized, and planners won't find out about them until their VAT rebate request gets rejected.

While the best resource for keeping tabs on VAT changes are VAT experts such as Eide, planners interviewed for this story also have consulted local CVBs, national tourism offices, hoteliers and destination management companies, which keep up-to-date on the latest VAT news for the destination.

For planners of events held outside the United States, understanding the ins and outs of value-added tax -- the surcharge levied on various goods and services in more than 140 countries -- can be a daunting prospect. That's largely because there are no universal standards for administering the tax (which does not exist in the U.S.).

To many a planner's consternation, each country has its own VAT rate, rules on what meeting components VAT is applied to, types of event-related goods and services that are eligible for rebates (typically hotels, food and beverage, venue rental and audiovisual rentals), types of meetings that warrant refunds (e.g., an incentive program vs. a sales meetings), filing procedures and deadlines.

However, experts say that regardless of what VAT-charging country an event is held in, there are basic steps meeting planners can take to ensure they follow the correct protocol and recoup any fees -- which top out at a whopping 25 percent in Iceland, Norway and Sweden -- that they are entitled to.

Where VAT matters When planning an international meeting, convention, incentive trip or trade show, and when VAT is an important consideration in site selection, experts recommend that planners do some preliminary research.

Naturally, an initial step is to determine whether the destination offers VAT rebates to U.S. firms holding an event on its shores. Most nations that do are in Europe, but not all: Italy and Spain, for example, do not.

To find out the most up-to-date VAT rates in specific countries, contact national tourism organizations, convention and visitor

Following is a rundown of some recent VAT changes of interest to planners:



Ireland has eased its VAT rate.

- **Ireland.** This past July, the Emerald Isle introduced a temporary (through 2013) reduction in VAT, from 13.5 percent to 9 percent. Among the meeting elements affected are hotels, food and beverage, and golf green fees. However, VAT charged on incentive programs remains nonrefundable.

- **Germany.** Last year, VAT on hotel rooms was reduced from 19 percent to 7 percent.

- **United Kingdom.** In January, the VAT rate increased from 17.5 percent to 20 percent.

- **Sweden.** According to Meridian Global Services, a White Plains, N.Y.-based VAT firm, Sweden plans to reduce its restaurant VAT from 25 percent to 12 percent in January 2012, in a bid to create jobs in the restaurant industry and to boost tourism.

bureaus, and suppliers.

Any research will quickly reveal the discrepancy in rates from country to country. For example, the VAT on hotel rooms in France is 5.5 percent, while in United Kingdom, it's 20 percent. Both countries offer rebates, but theoretically, a planner will lay out less cash up front under the French system. For more specific country-by-country data, see "[Where the Refunds Are.](#)"

Most countries outside of Europe -- the Caribbean nations, Central and South America, China, India and Singapore, among them -- charge some form of VAT but do not allow U.S. firms to recover the tax.

Others, such as Australia, Japan and South Korea, offer limited rebates on very specific types of meetings, but their requirements, including documentation, are extremely complex, according to Zdenek Vajnlích, senior VAT manager at White Plains, N.Y.-based Meridian Global Services.

In South Korea, for example, no VAT refund is available for foreign companies renting venues in Korea, while, according to Sung K. Kim, MICE manager for the Korean Tourism Organization in New York, the policy for other costs, such as A/V rentals or destination management services, "is complex and cannot be generalized."

Within North America, Mexico stopped levying a VAT in 2005 and instead waives that amount -- usually about 10 percent -- at the outset rather than charge and rebate it (pure incentive programs do not count in this policy). For full details, contact the [Mexico Tourism Board](#).

Rebates of Canadian VAT -- called the goods and services tax or GST -- are rare, and it is very difficult for U.S. events to qualify for them, says Nancy Eide, co-owner of Omaha-based CEI VAT Reclaim. She points out that in addition to the GST, Canada has a provincial sales tax of 7 or 8 percent, depending on where it is charged, which can be reclaimed, but only in some provinces, including Québec. For information on tax rebates available for a specific event, contact the [Canada Revenue Agency](#).

The type of event a U.S. firm wants to hold in a foreign land can affect its rebate eligibility. For example, Ireland rebates most costs associated with a trade show or sales meeting, but not an incentive program. According to Nancy Eide, countries that do allow incentive-program VAT refunds include Denmark,

Finland, France, Germany, Iceland, Malta, Monaco, Netherlands, Norway and the U.K. Contact local tourism officials for specific details on how much of a refund U.S. firms are eligible for based on meeting type.

Getting Help With Refunds

Many experienced planners of international events opt to outsource the task to VAT reclaim specialists. Following are some companies recommended by planners and tourism officials.

[Cash Back VAT Reclaim Benelux](#) (011)
32-2-513-28-80

[CEI VAT Reclaim](#) (574)
233-0912

[EuroDev](#)(011)
31-548-659-014

[Global Tax Reclaim](#) (011)
353-1-458-7460

[Meridian Global Services](#)(212) 554-6614

[TMF–European VAT and Insurance Premium Tax Services](#) (305) 377-1200

Cash-back strategies Once a destination is selected and VAT refund eligibility confirmed, the next step is to learn the process for recouping the tax outlay following the event. Among the factors to consider are the following.

- **Collecting proper paperwork.** Experts stress the importance of keeping all receipts and invoices for the event and obtaining the required filing forms, which can be supplied by hotels, destination management companies and/or national tourism organizations. Ideally, VAT should be listed as a separate line item on all invoices.

Nancy Eide says all charges should be made to the end user (typically the sponsoring company); all paperwork should be filed under the same name.

- **Dealing with deadlines.** In most countries where refunds are granted, U.S. businesses must submit their VAT recovery application within six months after the year ends; e.g., VAT incurred during calendar year 2011 needs to be submitted by June 30, 2012. There are exceptions; for example, the U.K. operates on a fiscal year (July to July), so a VAT incurred between July 1, 2010, and June 30, 2011, must be submitted within six months after the fiscal year ends, or no later than Dec. 31, 2011.

- **Getting help.** If assistance is required to ease VAT reclamation, there are several resources available to planners.

"We generally ask the property if they can assist the client with the VAT reclaim, or we will ask them if they have a preferred service they suggest to their clients," says Judy Henrich, director, recruitment and industry relations, for Scottsdale-based site-selection and planning firm Global Cynergies. "Of course, if their own firm has a finance department or, in the case of large corporations, a dedicated VAT department, planners always can consult them."

Another option is to employ a third-party VAT reclamation agency (see "Getting Help With Refunds," page 56). These specialists handle all details of the refund process, including filing the proper appeals if rebate requests are initially rejected. They typically don't charge clients fees up front but take a percentage of what they recoup on the event.

Agnes Canonica, an independent planner based in Boston, advises planners to loop their VAT firm into the planning process as early as possible. "If you contact them before the program, they can guide you through the process," she says. "I learned the hard way that if you contact them after the event, you end up backtracking and losing time."

Some seasoned pros choose to handle the refund process through the auspices of local meeting authorities. Fred Diniz, managing director of Nanuet, N.Y.-based Global Events Consultants, recently worked with VisitLondon (now called London & Partners). "They filled out all the paperwork for us and we got our rebate, no problem."

When delegates pay Unlike when a corporation foots the bill for all aspects of a meeting, organizations that hold conferences that delegates pay to attend face a different set of rules. For example, if you organize conferences and/or exhibitions outside of your home country and charge registration or attendance fees, you would be regarded as performing a "taxable service" in the destination, and VAT/GST registration would be required.

Meridian Global Services' Zdenek Vajnlich says planners should be sure they are charging delegates the correct VAT rate, especially if attendees come from different countries. For example, EU residents might pay lower VAT rates than their U.S. counterparts at events held in another EU country.

Also, since attendees and exhibitors are paying their own way, be sure to provide them with forms and details about reclaiming their own VAT, perhaps on a website or in registration materials.