

By PwC Deutschland | 22 March 2019

# Input VAT claims and Brexit

**Prior to the announcement on 21 March 2019 that Brexit may be postponed until either 12 April 2019, 22 May 2019 or possibly later, the British tax and customs authorities (HMRC) issued guidance on 18 March 2019 on the changes to VAT IT systems in the event of the United Kingdom leaving the EU on 29 March 2019 without a deal.**

The guidance points out that it is not the date of application, which is relevant, but the date on which the Member State on whose portal the application was made sends the application to the competent UK authority.

The guidance distinguishes between refund claims for VAT incurred on business expenses for the period before 30 March 2019 (i.e. the dates refer to the dates mentioned in the HMRC guidance, which was issued before the postponement offer of 21 March 2019) and those expenses incurred after that date.

With respect to claims for the period from 1 January to 29 March, it should be noted that the guidance does not expressly state whether an application for this period can be submitted before the end of March. In Germany, the VAT Application Decree provides for this: where there are no specific reasons for not forwarding the VAT refund application, it must be forwarded to the Member State of refund within 15 days of receipt of the application (cf. Section 18g.1 (11), VAT Application Decree). **Applications should, therefore, be submitted as soon as possible.**

However, as Brexit could possibly occur in less than 15 days, it cannot be ruled out that applications made via the portal for input tax refund applications in the EU will no longer be forwarded by the competent German authority. In such cases (as well as in cases where an application is made for pre-Brexit periods after the Brexit date), it will continue to be possible to submit a VAT refund application to HMRC in the United Kingdom **albeit using a manual process**. The British tax authorities have announced their intention to provide more detailed information for the period after 30 March 2019 after that date.

Deadlines for refund applications have not changed for the aforementioned pre-Brexit refund periods:

- refunds of input tax for 2018 can be applied for until 30 September 2019, and
- refunds for the period from 1 January to 29 March 2019 until 30 September 2020.

However, there will be more far-reaching changes for the input tax refund for periods after 29 March 2019. After the Brexit date, the repayment period will run from **1 July to 30 June** instead of from 1 January to 31 December. **The deadline for submitting claims will then be 31 December of the respective year.**

This means that the deadline for input tax for the period 30 March 2019 to 30 June 2019 expires earlier (on 31 December 2019) than the deadline for reimbursement of the first three months of 2019. Please note in particular that because of the possible extension of the deadline for the United Kingdom to leave the EU, this could potentially change the situation for that period or parts thereof.

Source:

<https://www.gov.uk/guidance/vat-it-system-changes-for-businesses-outside-the-uk-if-the-uk-leaves-the-eu-with-no-deal#how-to-claim-uk-vat-refunds>

If you have any questions, our specialists will be happy to assist you and, if you wish, will put you in touch with a contact person near you:

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### **Keywords**

Brexit, input VAT, input VAT refund procedure