

Value Added Tax refund to taxpayers of the United Kingdom in case of Brexit scenario

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Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (hereinafter – Directive 2006/112) and Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State (hereinafter – Directive 2008/9) provisions will no longer be applicable to the UK after 31 December 2020.

The provisions of Directive 2008/9 relating to the VAT refund procedure will no longer be applicable to the United Kingdom (hereinafter – UK) after *31 March 2021*. Considering that the UK will become the third country to be covered by Thirteenth Council Directive 86/560/EEC of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes – Arrangements for the refund of value added tax to taxable persons not established in Community territory (hereinafter – 13th VAT Directive 86/560), all VAT refund requests that will be received from the UK will be treated as VAT refund applications from a third country that can be submitted in accordance with the procedures established in Latvia.

Accordingly, the electronic VAT refund application will no longer be available to request refunds of VAT paid in Latvia.

1. About VAT paid until 31 December 2020, for which a refund request is submitted to Latvia until 31 March 2021



All VAT refund applications that will be received from the UK before 1 April 2021 will have to be processed by Latvia in accordance with Directive 2008/9.

In turn, after *31 March 2021*, taxpayers will not be entitled to a refund of VAT from Latvia for the VAT paid until *31 December 2020*.

2. About VAT paid before 1 January 2021 for which a refund request is not submitted and transferred to Latvia before 1 April 2021



After the actual withdrawal of the UK, UK taxpayers will not be entitled to a refund of VAT from Latvia on the VAT paid before 1 January 2021. The deadline to submit refund applications from the UK for 2020 is 31 March 2021. After the deadline, UK VAT refund applications for year 2020 submitted by traders will be rejected as they do not comply with the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (hereinafter - Withdrawal Agreement).

3. Value Added Tax refund to taxpayers of the United Kingdom (summary)



VAT refund filing date	VAT refund application period	VAT refund application submission	Communication and notification of a decision
Until <i>31.03.2021</i> .	Until 31.12.2020.	Electronically via the VAT refund system In the UK Tax Administration	Until <i>31.03.2021</i> . via the VAT refund system; after <i>31.03.2021</i> . directly with the taxpayer via e-mail or to the legal address.
After <i>31.03.2021</i> . when VAT refund system will not be available	Until 31.12.2020.	According to Withdrawal Agreement the electronic portal will not allow application to be submitted; application cannot be submitted under the 13th Directive either	directly to the taxpayer via e-mail or to the legal address.
The UK as a third country			
After 31.12.2020. (based on the principle of parity on VAT refunds which Latvia and the UK have agreed on)	From 01.01.2021.	In the paper format in accordance with 13th VAT Directive 86/560, see the section VAT Refund to Legal Persons registered in Third Countries	

The information provided in this material may change at any time depending on legislative acts, recommendations, guidelines and other documents adopted by the European Union, the UK and Latvia. Please follow the up-to-date information on the SRS website.

4. Information materials of the European Commission



- EU rules in the field of value added tax (vat) for services 



- EU rules in the field of value added tax (vat) for goods including vat refund to taxpayers of northern ireland 

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<https://www.vid.gov.lv/en/value-added-tax-refund-taxpayers-united-kingdom-case-brexit-scenario>