

Spanish VAT Refund to British companies and professionals

On 1 February 2020, the United Kingdom of Great Britain and Northern Ireland (United Kingdom) has ceased to be part of the European Union (E.U.). A transitional period has been settled on the Withdrawal Agreement between the United Kingdom and the E.U. that has ended on 31 December 2020.

From 1 January 2021 onwards the United Kingdom has become a “Third State” for VAT purposes in any E.U. State. Therefore, since the beginning of 2021 companies and professionals established in the United Kingdom may request the Refund of the Value Added Tax (VAT) paid on acquisitions or imports of goods and services within the Spanish territory, **according to conditions applicable to Third States** provided for in Spanish VAT Law and EU Directives.

For that reason, and in general terms, to obtain VAT Refund in Spain companies and professionals from the United Kingdom should comply the following two conditions:

- a) Appoint a **tax representative** resident in Spain.
- b) A **reciprocal treatment** must be applicable to companies and professionals established in Spain to obtain VAT refund in the United Kingdom.

However this reciprocity requirement **shall not be required** in Spain to obtain the refund of VAT related to:

- b.1) the supply of templates, moulds and equipment acquired or imported in Spain to be made available to companies or entrepreneurs established in Spanish territory to be used in the manufacture of goods which are subsequently forwarded outside the EU
- b.2) access, hotel, restaurant and transport services connected with attendance at trade fairs, congresses and exhibitions of a commercial or professional nature held in Spanish territory.

Regarding the condition of **reciprocal treatment in the United Kingdom**, Spanish Tax Authorities have recently recognise that **the reciprocity treatment** condition is met by the United Kingdom.



However, based on the information provided by the United Kingdom, Spanish Tax Authorities acknowledge that the United Kingdom does not refund VAT paid on the acquisition of goods and services not intended to business or professional activity or related to entertainment or to purchase of motor vehicles. Thus, according to the above mentioned reciprocal treatment condition, no refund shall be granted regarding VAT paid in these same acquisitions within Spanish territory.

Taking into account the above mentioned, companies and professionals from the United Kingdom may request the refund of VAT paid in Spain (except in cases referred above). In order to request the VAT refund, companies and professionals from the United Kingdom must appoint a tax representative who will fulfil the formal obligations and follow up the refund procedure until its conclusion.

FONT & YILDIZ is Boutique Consulting Firm that provides tax and legal services to international clients and has a long experience in VAT refund procedures to non-resident companies and individuals. FONT & YILDIZ will be pleased to provide you all the necessary professional services in connection with VAT refund in Spain, including the appointment as tax representatives for this purpose.

Fernando Ribas
Lawyer

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