



**VALUE ADDED TAX (VAT)
EXPLANATORY LEAFLET**
**on the procedure for the refund of French VAT to
taxable persons established in another European Union Member State
Directive 2008/9/EC of 12 February 2008.**

I. INFORMATION ON SUBMITTING AN APPLICATION FOR A REFUND¹

A. SEND YOUR REFUND APPLICATIONS TO:

Direction Générale des Finances Publiques
Service de Remboursement de TVA
10 rue du Centre
TSA 60015
93465 - Noisy-le-Grand Cedex
FRANCE
(Tel: +33 1 57 33 84 00; e-mail: sr-tva.dresg@dgfip.finances.gouv.fr).

B. PROCEDURE AND TIMEFRAME

1) How to submit an application

Since 1 January 2010, taxable persons established in another European Union Member State who wish to obtain a refund of French VAT must submit their application through the website set up by the Member State in which they are established in keeping with the provisions of Directive 2008/9/EC of 12 February 2008.

Applicants should contact the tax administration of the Member State in which their establishment is situated for more information on the procedure for submitting applications.

The Member State of establishment notifies the applicant by electronic means of its decision to forward an application to France based on the applicant's eligibility as a taxable person such as defined in Article 18 of the Directive.

The VAT Refund Service (Service de Remboursement de TVA) informs the applicant by electronic means of the date on which it received the application.

NB: This receipt is sent to the applicant by electronic means via the Member State of establishment in keeping with the procedure provided for in Article 3 of Commission Regulation (EC) No. 1174/2009 of 30 November 2009.

2) Information to be provided in the application

The refund application must contain the following information.

Information on the applicant:

- The applicant's name and full address;
- An address for contact by electronic means;
- A description of the applicant's business activity for which the expenditure has been made;
- The refund period covered by the application;
- A declaration by the applicant certifying that he has conducted no taxable operations in France during the refund period, with the exception of the transactions referred to in Section II, Paragraph A, point 2), paragraph b) of this leaflet;
- The applicant's VAT identification number or tax reference number.

Where applicable, information on the applicant's tax agent:

- The agent's name and full address;
- An address for contact by electronic means;

¹ See Section II below for eligibility for VAT refunds granted in France to taxable persons established abroad (persons and transactions concerned by the refund).

- The agent's intracommunity VAT identification number or tax reference number or any other identification number if the agent is a natural person.

Information on the bank account chosen for the bank transfer:

- The capacity and name of the bank account holder;
- The bank account details in IBAN and BIC code format.

Information on the invoices for the outlays on which VAT has been charged and for which the refund is requested:

- The name and full address of the supplier or service provider and his French VAT identification number (including the country prefix for France), except in the case of importation;
- The date and number of the invoice or importation document;
- The taxable amount on which the VAT is charged, expressed in euros;
- The amount of VAT, expressed in euros, paid on the outlays made in France in accordance with Article 242-0 N of Annex 2 of the French General Tax Code and, where applicable, the applicant's deductible proportion referred to in paragraph II of Article 242-0 Q of Annex 2 of the French General Tax Code;
- The nature of the goods and services acquired by the applicant, described in keeping with the codes and sub-codes given on the website. (Appendix II)

Please use one line per invoice.

Where space is limited on some Member States' websites and the invoice data entry system does not allow enough room to enter all the transactions for the period in question:

- A single supplier's invoices may be grouped on one line, provided the line contains all the compulsory data provided for by the Directive. In this case, however, it is recommended to mention the date and reference number of the first invoice in the period and the grand total for all the invoices grouped on this line. In the case of till receipts, their reference number must be provided.
- Applicants must also enclose with their refund application the itemised schedule of the invoices that have been grouped together, in image format (PDF, JPEG or Tiff) only.

Where invoices are not expressed in euros, the amount must be converted using the latest exchange rate determined with reference to the rate published by the Banque de France and based on the rate set by the European Central Bank on the day on which the tax became payable or, if no exchange rate is published on that day, the rate for the previous day of publication.

Documents to be enclosed with the application:

- Proof of expenditure

Applicants must e-mail with their refund application a scanned copy of the originals of the invoices or import documents detailing the French VAT paid by the applicant. This computer file is compulsory for each invoice where the taxable amount (price before VAT) on these documents is 1,000 euros or more or 250 euros or more for expenditure on fuel.

Note:

- Enclosures must be provided in the following formats: JPEG, PDF or TIFF;
- The total size of all enclosures must not exceed 5 Mb. Where applicants are unable to send all the required documents, it is recommended they first send the documents referring to the largest amounts. The VAT Refund Service may request the other invoices to be sent by a suitable channel.

- Power of attorney

In principle, each taxable person should personally submit their refund application, but this may be presented by a third party with a power of attorney to this effect.

In this case, the original power of attorney must be sent by post to the VAT Refund Service (Service de Remboursement de TVA) in keeping with the conditions defined in French Tax Gazette BOI 3 D-2-99 (No. 19) and BOI 3 D-5-99. An updated power of attorney model is enclosed in Appendix I.

3) Time limit for submission

The refund application must be submitted at the latest by 30 September of the calendar year following the refund period.

4) Refund periods and refund amount

The refund period cannot be more than one calendar year or less than three calendar months. Refund applications may, however, relate to a period of less than three months where the period represents the remainder of a calendar year.

Therefore, as a Member State of refund, France actually accepts up to five refund applications for a given calendar year:

- A maximum of four applications covering a period of no less than three calendar months, except at the end of a year;
- And one additional application covering the entire calendar year.

Note:

1) The refund application may not cover a period overlapping two calendar years.

e.g. When applying for the refund of VAT on invoices that have been drawn up over a period running from 15 November 2009 to 31 January 2010, you need to submit two applications:

- A first application covering the period from 1 November to 31 December 2009 (year-end period allowed to be less than three months) to be submitted at the latest by 30 September 2010;
- A second application covering the period from 1 January to 31 March 2010 (three-month period) to be submitted at the latest by 30 September 2011.

2) For invoices concerning participation in an exhibition: when exhibitors make **advance payments** in Year Y for participation in an exhibition in Year Y+1, such exhibitors may submit a refund application for the **VAT on the advance payments** by the deadline applicable to the VAT refund application for invoices issued and paid in Year Y+1, i.e. by 30 September of Year Y+2. However, this leeway does not apply to a total invoice in Year Y.

If the application relates to a period covering:

- ✓ **Three calendar months**, the amount of VAT for which the refund is requested may be no less than **400 euros**;
- ✓ **A calendar year**, or the remainder of a calendar year, the amount of VAT for which the refund is requested may be no less than **50 euros**.

C. REFUND TERMS

The French administration makes refunds in euros only.

D. ACTION IN THE EVENT OF A FRAUDULENT REFUND APPLICATION

Where a refund is obtained fraudulently and legal action is taken, any further refund will be refused until a ruling has been pronounced.

II. INFORMATION ON THE IMPLEMENTATION IN FRANCE OF DIRECTIVE 2008/9/EC OF 12 FEBRUARY 2008 LAYING DOWN DETAILED RULES FOR THE REFUND OF VAT TO TAXABLE PERSONS NOT ESTABLISHED IN FRANCE, BUT ESTABLISHED IN ANOTHER MEMBER STATE OF THE EUROPEAN UNION

A- BUSINESSES CONCERNED

This special procedure for the refund of VAT paid in France is reserved for taxable persons:

1) Who are established in a Member State other than France (and the Principality of Monaco);

2) Who, during the period covered by the refund application, meet the two following conditions:

a) Location outside of France:

- Established in another Member State of the European Community and have in France neither their head office nor a fixed establishment from which the transactions eligible for a refund were effected.
- Do not have their permanent address or usual place of residence in France (if no such head office or fixed establishment exists).

However, a taxable person established in another Member State with just one branch in France whose business consists exclusively of providing a service to its head office and which is therefore not taxable is nonetheless considered to be established in France if this branch is sufficiently permanent and apt, from a human and technical point of view, to enable the use of services as defined in Article 259-1° of the French General Tax Code.

Therefore, the taxable person established in another Member State who is liable for payment of VAT on the services referred to in Article 259-1° of the French General Tax Code provided to his non-taxable branch in

France by a service provider established in another Member State, identified as such for VAT purposes in France on the basis of paragraph 4° of Article 286 ter of the French General Tax Code, may, consequently, deduct the VAT paid in France in the standard manner in keeping with the provisions of Article 205 and following of Annex 2 of the French General Tax Code.

b) No supply of goods in France or of services whose place of taxation is located in France and for which the taxable persons are liable for VAT.

However, some operations located in France and referred to in paragraph 2° of Article 242-0 O of Annex 2 of the French General Tax Code are, due to their nature, entitled to the refund provided for in Article 242-0 M of Annex 2 of the French General Tax Code. The details of the operations concerned are stipulated in the instruction published in French Tax Gazette BOI 3 D-2-10.

B- REFUND RULES PROVIDED FOR BY DIRECTIVE 2008/9/EC OF 12 FEBRUARY 2008.

Taxable persons established in another Member State of the European Community may apply for the refund of VAT charged in respect of services supplied to them or goods acquired in or imported into France by them during the period covered by the refund application (Section I, Paragraph B-4 above: minimum three months or one calendar year) for the purposes of the following transactions:

1. Transactions whose place of taxation is abroad

These are transactions whose place of taxation, as defined by articles 258 to 259 E of the French General Tax Code, is not in France, i.e.:

- Supplies of movable tangible property abroad;
- Supplies of services that are not taxable in France pursuant to the rules on the place of supply stipulated by articles 259 to 259 D of the French General Tax Code.

2. Transactions for the purposes of which VAT has been paid in France on the associated expenditure, where such would have been deductible if the place of taxation had been in France

VAT paid for the purposes of the following transactions is eligible for a refund in keeping with the procedure reserved for non-established Community taxable persons:

- Transactions that would have been liable for the tax in France if the place of taxation had been in France;
- Transactions that, although exempt in France, are nonetheless deductible. This is the case for:
 - The supply of transport services and ancillary transactions that are exempt pursuant to articles 262, 262 bis, 263 and 291-III-2° of the French General Tax Code: the supply of transport services and ancillary transactions directly associated with the export of goods or services for the transport of persons to and from abroad;
 - The supply of goods and services for which the tax is paid by the purchaser, the customer or the recipient;
 - The supply of services on which VAT is suspended under customs arrangements or under tax warehousing arrangements pursuant to articles 275 and 277 A-I of the French General Tax Code.

C- VAT IS NOT REFUNDABLE WHEN IT CONCERNS NON-DEDUCTIBLE GOODS AND SERVICES

This is the case mainly (**non-exhaustive list**) for VAT on:

- ✓ Goods and services not necessary for the purposes of the operation;
- ✓ Expenditure on lodging and accommodation by foreign taxable persons for the benefit of their managers and/or employees;

Note: However, the VAT is refundable when this expenditure is paid, for the purposes of the operation, **for the benefit of third parties**. The foreign taxable person must then:

– Write the identity and capacity of the beneficiaries on the invoices issued by the French suppliers in order to justify that the VAT for which the refund is requested concerns expenditure disbursed for the benefit of a third party;

– And determine the proportion of the VAT to be refunded pro rata to the number of third parties when this expenditure is disbursed for the benefit of both third parties (refundable VAT) and managers and/or employees (non-refundable VAT).

- ✓ Transport of persons and transactions ancillary to this transport. However, this exclusion does not concern transport either on behalf of a public passenger transport firm or pursuant to a permanent transport contract concluded by the firms to carry their staff to the workplace;
- ✓ Fuel and petroleum-based lubricants that are not supplied or sold unaltered or in the form of other petroleum products, especially fuel used by firms for means of transport;

Note: However, the VAT invoiced is deductible (and hence refundable):

– When it is paid on purchases of diesel or liquefied petroleum gas (LPG) used as road transport fuel and referred to respectively in Table B of Article 265 of the French Customs Code under Customs Tariff Number 27-10 Clc, Identification Index 19 and 27-11 B1c Identification Index 3;
– The diesel or liquefied petroleum gas is used exclusively for the **direct purposes of the professional activity** of the firm of the taxable person not established in France for tax purposes (for example, no refund for diesel or LPG purchased for personal travel purposes for the firm's managers or employees).
VAT on the import, supply and purchase of diesel or LPG used for means of international transport and on services concerning these same products used for these same purposes is deductible.

- ✓ Goods transferred without remuneration or for remuneration far below their normal price, except where these are very low value goods;
- ✓ Services of all kinds relating to non-deductible goods, products or merchandise. This is the case, for example, with the repair of vehicles for the transport of persons where such constitutes a fixed asset, with the exception of the repair of vehicles purchased by passenger transport firms (taxi drivers in particular) and used exclusively for the means of the said transport.

Moreover, when foreign taxable persons run a business for which deductibility entails restrictions, they are subject to these restrictions. For example, tour operators and travel agencies established in another Member State cannot obtain a refund of the VAT on the price paid in France to transport operators, hotels, restaurants, entertainers and other taxable persons who materially provide the services used by the customer.

Note: VAT on the purchase of real property located in France is not refundable in accordance with the special procedure.

D- THE CASE OF PARTIAL VAT DEDUCTIONS

If a taxable person conducts both deductible transactions and non-deductible transactions, he can only obtain a refund on the proportion of French VAT attributable to the deductible transactions, determined in accordance with the provisions of Article 173 of Directive 2006/112/EC of 28 November 2006 such as they are implemented in the Member State in which said taxable person is established.

If, subsequent to the submission of a refund application, the deductible proportion needs to be adjusted pursuant to the provisions of Article 175 of Directive 2006/112/EC, the applicant must correct the amount of the refund applied for or already refunded. This correction is made by means of a special declaration presented during the calendar year following the refund period for which the correction needs to be made. This declaration is submitted via the website provided by the Member State of establishment.

List of sub-codes used by France to specify the nature of the goods and services acquired:

Main code	Sub-codes
Code 1 Fuel	1.1.1. Petrol for means of transport with a mass greater than 3,500 kg, other than means of transport for paying passengers
	1.1.2. Diesel for means of transport with a mass greater than 3,500 kg, other than means of transport for paying passengers
	1.1.3. LPG for means of transport with a mass greater than 3,500 kg, other than means of transport for paying passengers
	1.1.4. Natural gas for means of transport with a mass greater than 3,500 kg, other than means of transport for paying passengers
	1.1.5. Bio fuel for means of transport with a mass greater than 3,500 kg, other than means of transport for paying passengers
	1.2.1. Petrol for means of transport with a mass less than or equal to 3,500 kg, other than means of transport for paying passengers
	1.2.2. Diesel for means of transport with a mass less than or equal to 3,500 kg, other than means of transport for paying passengers
	1.2.3. LPG for means of transport with a mass less than or equal to 3,500 kg, other than means of transport for paying passengers
	1.2.4. Natural gas for means of transport with a mass less than or equal to 3,500 kg, other than means of transport for paying passengers
	1.2.5. Bio fuel for means of transport with a mass less than or equal to 3,500 kg, other than means of transport for paying passengers
Code 2 Hiring of means of transport	1.3.1. Petrol for means of transport for paying passengers
	1.3.2. Diesel for means of transport for paying passengers
	1.3.3. LPG for means of transport for paying passengers
	1.3.4. Natural gas for means of transport for paying passengers
	1.3.5. Bio fuel for means of transport for paying passengers
	1.4. Fuel used specifically for test vehicles
	1.5. Petroleum products used for lubrication of means of transport or engines
	1.7. Fuel for means of goods transport
Code 3 Expenditure relating to means of transport (other than the goods and services referred to under codes 1 and 2)	1.10. Fuel for machines and agriculture tractors
	2.1 Hiring of means of transport with a mass greater than 3,500 kg other than means of transport for paying passengers
	2.2 Hiring of means of transport with a mass less than or equal to 3,500 kg other than means of transport for paying passengers
	2.3 Hiring of means of transport for paying passengers
	2.4 Hiring of means of goods transport
	2.5 Hiring of passenger and multipurpose cars
Code 3 Expenditure relating to means of transport (other than the goods and services referred to under codes 1 and 2)	3.1 Expenditure relating to means of transport with a mass greater than 3,500 kg other than means of transport for paying passengers
	3.2 Expenditure relating to means of transport with a mass less than or equal to 3,500 kg other than means of transport for paying passengers
	3.3 Expenditure relating to means of transport for paying passengers
	3.4 Expenditure relating to means of goods transport
	3.5 Maintenance of passenger and multipurpose cars
	3.7 Expenditure, other than maintenance, garaging and parking relating to passenger and multipurpose cars

Code 4 Road tolls and road user charges	
Code 5 Travel expenses, such as taxi fares and public transport fares	5.1. Travel expenses, such as taxi fares and public transport fares, for the taxable person or an employee of the taxable person
	5.2. Travel expenses, such as taxi fares and public transport fares, for someone other than the taxable person or an employee of the taxable person
Code 6 Accommodation	6.1. Expenditure on lodging and accommodation for the taxable person, or an employee of the taxable person
	6.2. Expenditure on lodging and accommodation for someone other than the taxable person or an employee of the taxable person
Code 7 Food, drink and restaurant services	7.1.1. Food and drink provided by hotels, bars, restaurants and boarding houses, including breakfast, for the taxable person or an employee of the taxable person
	7.1.2. Food and drink provided by hotels, bars, restaurants and boarding houses, including breakfast, for someone other than the taxable person or an employee of the taxable person
Code 8 Admissions to fairs and exhibitions	
Code 9 expenditure on luxuries, amusements and entertainment	9.3. Expenditure on receptions and entertainment
	9.4. Expenditure on maintenance of pleasure craft
	9.5. Expenditure on works of art, collector's items and antiques
Code 10 Other	Please specify in your own words.