



VALUE ADDED TAX (VAT) EXPLANATORY LEAFLET

on the procedure for the refund of French VAT
to taxable persons established in non-European Union countries

I. INFORMATION ON SUBMITTING AN APPLICATION FOR A REFUND¹

A. SEND YOUR REFUND APPLICATIONS TO:

Each application is submitted in a single copy to the:

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) Form to be used and how to fill it in

Taxable persons established in a non-European Union country need to submit their refund application on Form **3559** available from the Direction Générale des Finances Publiques.

All sections of this form must be filled in entirely in French, even if the English model (3559-ANG) of the form is used. **The amounts for which the refund is requested must be expressed in euros (Section 5) and all refund payments are made in euros (bank details: Section 7)**. Form 3559 can be downloaded from the following address: <http://www.impots.gouv.fr>. Click on "recherche de *formulaires*" in the search box to find it.

If the non-fillable version of the form is downloaded, it must be typed or in printed letters. If the fillable version of the form is downloaded, it may be filled in directly on screen, saved and printed out.

2) Time limit for submission

Refund applications may be submitted in the month following the calendar quarter (quarterly application) or in the month of January (annual application). In all events, however, applications must be submitted at the latest by 30 June of the year following the year for which the refund is requested (see point **3** below to determine the period – quarter or year – that the refund application may cover).

Note: Refund applicants who have already applied for a refund and been assigned a tax identification number by the service mentioned in **A** above must write this number in the box at the top of the application form.

3) Refund items and amounts

Applications must concern goods or services purchased in or imported from France over a period covering:

- ✓ **A calendar quarter**, when the amount of VAT for which the refund is requested is no less than **200 euros**;
- ✓ **A calendar year**, otherwise. In this case, the amount of VAT for which the refund is requested may be no less than **25 euros**.

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).

When the amount of VAT to be refunded for a calendar quarter is less than **200 euros**, it may be carried over to the application(s) submitted for the following quarter(s). Nevertheless, if the refund concerning the fourth calendar quarter is less than **200 euros**, the amount concerned may be considered to be refundable for the calendar year only if it is no less than **25 euros**.

4) Notes on filling in the form

➤ Section 9a:

Applicants enter in Section 9a of the application form the nature of the operations for which they purchased the goods and services referred to in the refund application (e.g. participation in international exhibitionin from..... to..... Stand No.; or international transport of merchandise).

➤ Section 9b:

Foreign taxable persons must also **tick one of the two boxes in 9b**:

- ✓ The first box if they have supplied no goods or services in France on which VAT is chargeable and for which they are liable;
- ✓ The second box if they have supplied in France only the items referred to in French General Tax Code Article 277 A , Point I, paragraphs 1°, 2°, 5°, 6° and 7°.

The exempt transport services referred to at the end of Section 9b are mainly transport for the transit, export and, where applicable, import of goods and international passenger transport exempt under Article 262-11-8° to 11° of the French General Tax Code.

➤ Further information

If applicants do not have enough space to include all their transactions in Section 10, they may use an additional sheet.

The tax identification number assigned by the service mentioned in **A** above must be written on the top of this additional sheet and the sheet must be attached to the refund application form.

5) Documents to be enclosed with the application

The application must be accompanied by **the originals of the invoices and import documents** establishing the amounts of French VAT paid by the applicant.

C. REFUND TERMS

The French administration makes refunds in euros only.

When submitting an application for the first time or in the event of a change of bank account, applicants must enclose with their application:

- ✓ Bank account details in RIB form (for refunds to a French bank account),
- ✓ Bank account details in IBAN, SWIFT or BIC form, the name of the account holder and the address of the bank (for refunds to a foreign account other than an American account),
- ✓ Bank account number, ABA Code or Routing Number, the name of the account holder and the address of the bank (for refunds to an American account)

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 THE THIRTEENTH DIRECTIVE 86/560/EEC ON THE REFUND OF VAT TO TAXABLE PERSONS NOT ESTABLISHED IN THE COUNTRY OR IN AN EU MEMBER STATE

A- BUSINESSES CONCERNED

This special refund procedure is reserved for businesses:

a. That are established:

- ✓ In a third country (outside the European Union) or in the excluded territories of the other Member States referred to in 1° of Article 256-0 of the French General Tax Code;
- ✓ Or in French Guiana, the French overseas territorial communities or New Caledonia.

b. That, during the period covered by the refund application, meet the following conditions:

✓ **Location outside of France:**

- Either of their head office or the fixed establishment from which the transactions eligible for a refund were effected. However, foreign businesses that own establishments in France whose business consists solely of providing services to their foreign head office are also eligible for the refund of VAT on goods and services acquired by the establishments to enable them to provide to their foreign head offices services used by the said head office exclusively for the purposes of refundable transactions (see paragraphs B and C below).

To obtain the refund, the French establishment must send the VAT Refund Service (Service de Remboursement de TVA) at the Direction Générale des Finances Publiques, by means of a tax representative for non-European Union businesses, Form 3559 accompanied by the supporting documents and marked "Demande de remboursement présentée par l'établissement français d'un assujetti établi à l'étranger" (refund application submitted by the French establishment of a taxable person established abroad),

- Or of their permanent address or usual place of residence (if no such head office or fixed establishment exists).

✓ **No supply of goods in France or services whose place of taxation is located in France and for which they are liable for the tax.**

B- POSSIBILITY FOR TAXABLE PERSONS ESTABLISHED IN A NON-EUROPEAN COUNTRY TO BENEFIT FROM THE REFUND ARRANGEMENTS PROVIDED FOR BY THE THIRTEENTH DIRECTIVE 86/560/EEC

Taxable persons established in a third country may apply for the refund of VAT paid in France, with the exception of taxable persons established in countries or territories included on a list drawn up by the Minister for the Budget.

Consequently, they may be refunded for VAT charged in respect of services supplied to them or goods acquired in or imported into France by them during the period referred to in Section I, Paragraph B-3 above (calendar quarter or calendar year) for the purposes of the following transactions indicated in Section 9b of Form 3559:

- ✓ Supplies of goods or services situated in France for which the customers, having a VAT identification number in France, are liable for VAT as of 1 September 2006, in accordance with the second paragraph of 1 of Article 283 of the French General Tax Code, provided they do not conduct any other taxable transactions in France for which they are liable for VAT with customers not identified for VAT.
- ✓ Transactions whose place of taxation is abroad (see Art. 258 A and 259 to 259 C of the French General Tax Code), but which would have been deductible if this place had been in France.

- ✓ Services whose place of taxation is deemed to be located outside of France: transport operations referred to above in Section I, Paragraph B-4, as well as exempt services ancillary to those transport operations concerning goods; services mentioned in articles 259 A 3°, 4° bis, 5°, 6° and 259 B of the French General Tax Code for which VAT is due by the taxable beneficiary established in France;
- ✓ Supply of goods mentioned in Article 258 D, I, paragraph 2° of the French General Tax Code for which VAT is due by the recipient pursuant to 2 ter of the same article;
- ✓ Supply of goods and services referred to in Article 277 A, I, paragraphs 1°, 2°, 5°, 6° and 7° of the French General Tax Code.

Entitlement to the special refund procedure is dependent on taxable persons established in a third country appointing a **representative who is a taxable person established in France** (see the Appendix) **and is approved** by the service mentioned above in Section I, paragraph **A**. This representative may have to present a guarantee. **Taxable persons established in a third country are not required to present a certificate of status as a taxable person.**

This procedure also applies to taxable persons established in the French overseas territorial communities and in New Caledonia.

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 Blc 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 a third country

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.

