



Understanding New Rules For EU Events

Last year, the VAT rules that apply to the organizing of events, conferences and trade shows in the European Union (EU) countries changed. The new rules are in some instances very favorable to the U.S. event planner, but can in other instances be of a disadvantage.

First, however, a definition of VAT:

Value Added Tax (VAT) is a consumption tax of up to 25 percent that is levied on both goods and services in most countries around the world. The national tax systems of Europe, Japan and Australia and others often allow for a refund of VAT to non-resident business entities worldwide. For VAT claims that are not Travel and Entertainment expenses, registration for VAT may sometimes be required prior to the transactions in order to get a refund. For more information, go to www.eurovat.com.

Below is a description of the general rules that now apply. It is important to check the particulars for your planned event in the early planning stages as they can greatly vary.

1. The EU vendors will charge VAT on fewer items.

It used to be that the EU vendors, such as any DMC, venue, hotel and AV company had to charge VAT on all invoices issued to the U.S. event planner. This is no longer the case. The venue and hotel still have to charge VAT in most cases, but mostly the DMC and AV are not required to, so this can mean big savings. Note that the vendor may still charge VAT by mistake sometimes, so each invoice that includes VAT should be reviewed.

2. Can the approximate 20 percent VAT paid to the EU vendors be reclaimed?

Generally the U.S. company that pays VAT

to EU vendors for conference/event/trade show services can reclaim the VAT from the local tax authorities in each country. VAT registration prior to the event may be required in order to get the refund. This is usually the case if any fees are to be collected from the attendees of the event.

3. When is registration for VAT at the planning stage required?

U.S. companies usually need to register for VAT at the planning stage, and charge VAT to all or some of the attendees/exhibitors if they plan to either charge a fee to the people who will attend the conference/event/trade show or charge for exhibit space. Registration is usually not required if there will be no revenue collected for the event. For example, VAT registrations are generally not required for in-house meetings or marketing events where no fees are collected from the attendees or exhibitors.

The U.S. event planner who plans an event for a corporate client in one of the EU countries usually does not have to register for VAT nor charge VAT to their client. This is a huge advantage if the event takes place in a country that refunds VAT to U.S. companies, such as Austria, Denmark, Finland, France, Germany, Ireland, the Netherlands, Sweden and the United Kingdom. It also means that the U.S. event planner can reclaim most of the VAT that they have incurred from the EU vendors without having to be registered and charging the VAT to their U.S. client. It is not an advantage if the event takes place in any other EU country, since it means the VAT cannot be reclaimed and will end up as a cost.

Sample Scenarios

A U.S. corporation organizes an in-house meeting in the UK. No fees are charged to any of the attendees. They contract directly with the UK vendors, and do not use a DMC:

Net cost from the UK vendors	\$100,000
20 percent VAT	\$20,000
Total paid to the UK vendors	\$120,000

Note: The \$20,000 in VAT can be reclaimed from the UK VAT authorities. Registration at the planning stage is not required

A U.S. corporation organizes a user conference in Germany. 1,000 attendees will pay a fee to attend, and there will also be exhibitors and sponsors. The U.S. corporation does all the planning in-house. VAT registration at the planning stage is required. VAT has to be charged to all the attendees and some of the exhibitors:

Fees from attendees and exhibitors	\$200,000
19 percent German VAT	\$38,000
Total charge to the attendees and exhibitors	\$238,000

Note: The VAT is refundable to almost all companies, so it will not be a cost to them

U.S. corporation pays to German vendors:

Net cost	\$100,000
19 percent VAT	\$19,000
Total paid to German vendors	\$119,000

Note: The VAT is refundable when the U.S. corporation files a VAT return to the German tax authorities.

The U.S. event planner organizes an in-house meeting for a U.S. corporation in Sweden and contracts with Swedish vendors.

U.S. event planner pays to the Swedish vendors

Net cost	\$100,000
12 percent VAT	\$12,000
Total paid to Swedish vendors	\$120,000

Note: The event planner can claim back the VAT from the Swedish tax authorities without prior VAT registration.

The U.S. event planner organizes an in-house meeting for a U.S. corporation in Italy and pays to the Italian vendors.

Net cost	\$100,000
21 percent VAT	\$21,000
Total paid to Italian vendors	\$121,000

Note: The VAT cannot be reclaimed, since Italy does not refund VAT to U.S. companies. The VAT ends up as a cost.

The 27 EU countries are Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. Croatia, Iceland, Norway, Switzerland and a few other countries do not belong to the EU.

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