



Reclaiming VAT from International Meetings: Part II

By Michelle Bruno

Reclaiming the Value Added Taxes paid in the course of producing a meeting outside the U.S. is an attractive prospect. After all, the organization receives a refund. That may be where the excitement ends. According to Phelps Hope, vice president, meetings and expositions, at Kellen Meetings, the process needs to be proactive, precise and continuous. His firm has developed an overview to guide staffers and clients through the process.

Hope knows something about reclaiming VAT. Kellen Meetings is the largest global association management company in the world providing services to 110 associations. A staff of 20 global meetings professionals manages 300 meetings, events and trade shows every year, a quarter of which are organized outside the U.S. They provide full service management, as well as a list of a-la-carte services including registration, digital marketing and exhibit sales.

For international conference and trade show organizers, VAT registration and reclamation is nearly impossible to avoid. The process itself—one involving the selection of a VAT company, application for a tax number, issuance of special invoices, collection of taxes through the registration/booth sales process, and dedication of VAT specialists on staff—is rigorous.

In some ways, recovering VAT is like joining the Mafia—once you get in, you can never get out. And it's difficult NOT to get in. Phelps Hope refers to the many ways that organizations are drawn into the process as “triggers,” and there are several:

Trigger #1: Local authorities discover an unregistered event.

In most countries, organizers are required to register their events with the local taxing authorities as a prerequisite for holding an event there. If the organizer does not register the event and taxing authorities discover such a violation (convention centers are required to report events in some places), the remediation process is a messy (and expensive) one, Hope says.

Trigger #2: Stakeholders independently attempt to reclaim VAT.

VAT can be reclaimed by anyone (from outside the host country) that pays it—the organizer, attendees, exhibitors, and suppliers. The event organizer must have

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registered the event with the taxing authorities in order for anyone else to receive a refund. Any one stakeholder making a claim will “out” the organizer.

Trigger #3: EU’s cross-reporting system detects an irregularity.

Countries in the European Union operate under a somewhat more organized process for VAT collection than countries in other regions. They have implemented a system of cross reporting that exposes events that may have registered one year in one (European) country, but not registered another year in another country.

As a third-party meeting planning company, Kellen “lives in the bandwidth between the client and the VAT recovery company,” Hope says. To manage that space, the firm developed a written overview, “to make sense of the process from a layman’s point of view,” he adds. Speaking directly with the VAT recovery firm can be a daunting experience. “We developed a process that we could explain to our clients. Once you make it understandable, it demystifies the process.” Hope explains.

VALUE ADDED TAX (VAT) PROCESS OVERVIEW

- A VAT Reclamation company is chosen to represent the account for the conference
- Once conference dates are confirmed, the conference is registered within the country via the VAT company
- VAT company provides invoice templates and Invoice Set Up documents as a guideline to help build conference invoices (for exhibitors, delegates and vendors)
- When building the online registration site (exhibitor and/or delegate packages) all fees including the % amount of VAT (specific to the country) must be disclosed; all prices listed on the registration must indicate either inclusive or exclusive of VAT; and the VAT company information must be provided on the invoice
- When an exhibitor or delegate registers, they are asked whether they have a VAT number and to disclose that information during the registration process
- Prior to issuing the invoice, the company’s VAT number must be verified as a valid VAT number through a link provided by the VAT company
- Registrations are documented on VAT tracking sheet, invoiced on the proper template
- All invoices and the tracking sheet for that week (or month) are sent electronically to the VAT company for verification (after verified internally)
- A hard copy of the electronic invoices and tracking sheet are mailed to the VAT company
- The VAT amount is collected, along with the fees and held in escrow
- Applicable VAT from the invoices submitted to the VAT company are paid by a specified date (usually the beginning of each month)
- A copy of all vendor invoices are sent to VAT company electronically and are also mailed a set of hard copies at the end of the event
- Post event, the VAT company sends a summary sheet of all vendor amounts invoiced, any VAT paid and present a total estimated amount of VAT reclaim due to the account (with or without the process fee included)
- VAT company provides exhibitor/delegate reclaim information based on final registration list (including any documents or links specific to the country)
- Post event, any exhibitors/delegates who paid VAT will receive an email or are directed to the account website for all reclaim information, and are instructed to contact the VAT company directly for any questions (usually exhibitors/delegates have up to one year to file for a reclaim)
- Any vendors used during the event (congress center, hotel, special event venues etc.) must have the VAT Reclamation company information on invoices in order for the account to reclaim any VAT
- The account receives the reclaim monies within 1-2 years after the event closes (meaning all VAT paperwork is complete and accurate)

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