



# Getting a VAT refund

## Table of content

- > [Main information](#)
- > [Additional information](#)



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## Main information

**Taxpayer can apply for VAT Refund of goods or services purchased in another member state, if all legal terms are fulfilled.**

### When is a business eligible for a VAT refund?

Taxpayer with business seat or permanent establishment in one member state can apply for refund of VAT paid within purchases with place of taxable supply in another member state in the taxable period, in which:

- They had no business seat or permanent establishment
- Was not a taxpayer
- Did not perform a supply of goods or services, except supplies exempt from VAT or supplies, in which purchaser is obliged to declare VAT.

To apply for VAT Refund in another member state, taxpayer must submit a VAT refund application on an electronic portal set up by a member state of establishment. To submit a VAT Refund application, there must be fulfilled all legal terms pursuant to Council

## **What types of goods/services can and cannot be refunded?**

It is possible to apply for VAT refund of goods and services purchased in another Member state in order to perform the economic activity under similar conditions, when the taxpayer is eligible for VAT deduction in that Member state. There cannot be applied for VAT refund of goods and services purchased for personal use.

In the VAT refund application there must be described the kind of purchased goods or services according to the codes given in Article 9 of the Council Directive 2008/9/EC, or § 82a article 6) of Act on VAT respectively. The particular VAT refund application and purchases mentioned in that application are being considered and decided by competent tax authority of Member state of refund.

## **What are the rules on proportional deduction?**

If the taxpayer uses received transaction for both, purposes eligible for VAT deduction pursuant to the national legislation, and other purposes (e.g. personal use), the taxpayer can apply for VAT refund in proportional rate only. Pro-rata rate adjustment of claim for VAT refund can be submitted within VAT refund application, or as a separate Pro-rata rate adjustment.

## **Whether the applicant can use a third party to submit a claim for a VAT refund: If so, whether they need to provide any additional documentation; Whether payments can be made to third parties?**

VAT refund applicant can use a third party. If the Czech Republic is a Member state of establishment and applicant is a taxpayer, registered in the Czech Republic, which is being represented by a third party, it is necessary to submit the original of Power of Attorney to the competent local tax authority. In the VAT refund application there can be stated a bank account of the representing third party. The bank account must be kept in the territory of EU.

## **What information should be included in the VAT refund application?**

The VAT refund application shall contain the following information:

a) The applicant's VAT identification number,

c) a name and full address or place of residence of authorised representative, if the representative is appointed,

d) an electronic address,

e) a description of the applicant's business activity for which the goods and services are acquired; described by harmonised codes,

f) the refund period covered by the application,

g) a declaration by the applicant that he has supplied no goods and services, by which the VAT registration obligation in the Czech Republic would be constituted,

h) bank account details including IBAN and BIC codes, the account owner's name and currency of the account,

i) for each invoice or importation document, the following details must be stated:

1 the VAT identification number of the supplier, except in the case of importation,

2 name and full address of the supplier, which performed the taxable supply,

3 evidence number of the invoice or importation document,

4 the date of the taxable supply,

5 taxable amount and amount of VAT expressed in the Czech currency,

6 the amount of deductible VAT in the Czech currency,

7 the deductible proportion of VAT refund expressed as a percentage,

8 nature of the goods and services acquired, described according to the following codes:

1. fuel,

2. hiring of means of transport,

3. expenditure relating to means of transport (other than the goods and services referred to under codes 1. and 2.),

6. accommodation,
7. food, drink and restaurant services,
8. admissions to fairs and exhibitions,
9. expenditure on luxuries, amusements and entertainment,
10. other.

The applicant must enclose to the VAT refund application the electronic copy of the invoice or importation document, where the taxable amount on the invoice or importation document is the equivalent of 250 EUR or more, if the invoice concerns fuel, or the equivalent of 1 000 EUR or more in case of all other acquired goods or services.

### **What are minimal amounts for VAT refund?**

Claimed amount for VAT refund cannot be lower than 400 EUR (or the equivalent in national currency) for a refund period shorter than one calendar year, but not shorter than three calendar months; and 50 EUR (or the equivalent in national currency) for a refund period of one calendar year or the remainder of a calendar year.

### **What is the time limit to request a refund?**

The VAT Refund application shall be submitted after the end of a refund period and at the latest on 30 September of the calendar year following the refund period.

### **What is the time limit for an authority to process a refund? Whether there are any repayment supplements available if the authority is late paying the VAT back?**

The Member State of refund shall issue the decision on a VAT Refund application within 4 months of its receipt by that Member State.

In case of any doubts or if any other information is needed, the Member State of refund may request within the four-month period referred above the applicant to submit requested additional information. The applicant must reply to the authority's request within 1 month. The Member State of refund shall issue the decision within 2 months from delivery of additional information, or within 2 month from the day, when the additional information should have been delivered. If the additional information is requested, the total time limit for decision shall be at least 6 months and not more than 8 months.

## **Is there a limit on how many applications are allowed annually?**

In case of the Czech Republic, the number of applications is not limited. The number of applications, allowed to be submitted annually, may be limited by national legislation of particular Member states.

## **Are there copies of invoices required?**

The Member State of refund may require according to the national legislation the applicant to submit an electronic copy of the invoice or importation document with the refund application, pursuant to Article 10 of Council Directive 2008/9/EC.

In case the Czech Republic is the Member State of Refund, the applicant must enclose to the VAT refund application the electronic copy of the invoice or importation document, where the taxable amount on the invoice or importation document is the equivalent of 250 EUR or more, if the invoice concerns fuel, or the equivalent of 1 000 EUR or more in case of all other acquired goods or services. For this purpose, to exchange the currency EUR to the Czech currency there shall be used the exchange rate announced by the Czech National Bank valid on the first working day of January of the year, for which the refund is applied.

When examining the application, the tax administrator may require the applicant to submit copy or original of invoices or import documents, regardless the above mentioned thresholds.

## **How will the authority communicate with the applicant?**

If the Czech Republic is the Member State of Refund, the tax administrator communicates with the applicant by electronic means via the e-mail address of the applicant, or in writing in special cases. The tax administrator is allowed to communicate with the applicant by electronic means and to deliver notifications, requests and decisions regarding VAT refund applications to the applicant's e-mail address, given in the application.

The applicant must communicate with the tax administrator electronically via the Tax portal in case of submitting of VAT refund application or correction of VAT refund application, or in writing in the Czech language in other cases.

If the Czech Republic is the Member state of Refund, an appeal may be submitted via an electronic tax portal for submitting of VAT refund applications as a corrective application under the same reference number, or in writing in the Czech language. The appeal may be submitted within 30 days from delivery of the decision, against which the appeal is directed.

### **What are the rules for incorrect applications?**

The tax administrator checks the formal correctness of the application and fulfilment of all rules given in § 82a and § 82b of Act on VAT and considers particular expenses, from which the VAT refund is applied.

The tax administrator considers in the application especially:

- Whether the electronic copies of invoices are attached,
- Whether the invoices are formally correct,
- Whether the data stated in the application match to the invoices,
- Whether the expenses relate to performance of economic activity of the applicant,
- Other circumstances crucial for correct VAT refund.

In case of any doubts, the tax administrator may issue a request, by which the tax administrator requests the applicant to remove the doubts and to submit all requested documents or information.

### **What are the circumstances where a requester's EU country won't send the refund request?**

During completing of VAT refund application on the electronic tax portal for submitting of VAT refund applications, there are automatic checks of the Member state of establishment implemented in particular boxes of the application for formal correctness of the application. There are generated error messages with permissible errors and critical errors, while the application with critical errors cannot be submitted.

After submitted by the applicant on electronic tax portal of Financial Administration of the Czech Republic, the application is prior to sending to the Member state of refund checked for:

- Validity of authorisation for submitting of VAT refunds.

### **Can the VAT refund be granted to applicants seated in the third country (non-EU based businesses) without reciprocal agreements with this third country?**

The VAT cannot be refunded to applicants seated in the third country (non-EU based businesses) without reciprocal agreement between the Czech Republic and this third country.

## **Additional information**

### **Reference to legal acts**

Council Directive 2008/9/EC

Act n. 235/2004 Coll., Act on Value Added Tax

### **Responsible Public Authority**



**Ministerstvo financí**

Letenská 525/15

Malá Strana

11800 Praha 1

Datová schránka: **xzeaauv**

E-mail: [podatelna@mfcz.cz](mailto:podatelna@mfcz.cz)

Web: [www.mfcz.cz](http://www.mfcz.cz)

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