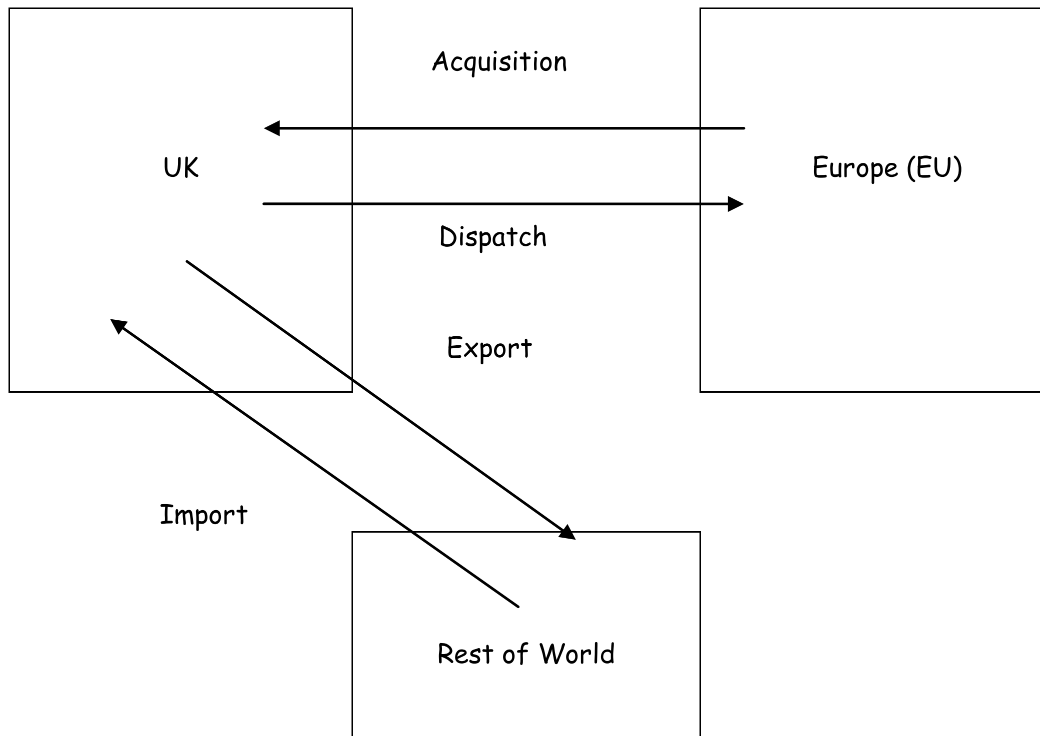
CHAPTER 21

INTERNATIONAL ASPECTS: GOODS

21.1 Introduction

This chapter looks at how to treat sales of goods to overseas customers and how to treat purchases of goods from overseas suppliers.



Above we have a "map of the world" divided into three parts - the UK, the EU and everywhere else. A list of EC countries can be found in **SI 1995/2518 Regulation 2**.

The "rest of the world" will include every other country - America, India, Australia and all those other countries in continental Europe that are not members of the EU.

If a trader **sells** goods from the UK to a customer in the **rest of the world**, that sale is called an **export.** If he **purchases** goods from a supplier in the **rest of the world,** that is known as an **import**.

If he **sells** goods to a customer in the **EU** this is called a **dispatch**. A **purchase of** goods from a supplier in the **EU**, is known as an **acquisition.**

Exports and imports are treated in a completely different way to **dispatches and acquisitions.**

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21.2 Exports

Exports are where a trader sells goods to a customer based in the rest of the world. The **export** is a **zero-rated** supply. It is irrelevant what type of goods are being sold.

VATA 1994, s. 7(7)a
VATA 1994, s. 30(6)

There are great demands placed on a trader to obtain the **necessary evidence** that the goods he sold have been exported. The sort of evidence that HMRC will accept is a **Bill of Lading, an Air Waybill** or other commercial evidence.

VAT Notice 703 paras 5.1-5.6

21.3 Imports

The problem with imports of goods, is that lots of overseas countries have very similar rules to the UK. Consequently goods come into the UK having borne no equivalent of VAT.

VATA 1994, s.15 & VATA 1994, s.16

The "problem" with this, from a UK point of view, is best illustrated with an example.

An unregistered UK business needs some widgets - if bought in the UK it would pay 17.5% VAT on top of the price. However, if the trader went to America to buy them, they would be shipped VAT-free. It would therefore be cheaper for the trader to buy goods from America than to buy them in the UK.

To counter this, HMRC add on the equivalent of the UK VAT that would have been charged if the goods had been supplied in the UK. This VAT charge is made when the goods arrive at the port of entry into the UK and is to prevent distortion of trade.

VATA 1994, s. 1(1)c

VATA 1994, s. 1(4)

HMRC will need to value the goods (or rather the importer values the goods for HMRC) and **HMRC apply the appropriate rate of VAT** to those goods. The rate of VAT applied is whatever **rate would have been applied if the goods had been bought in the UK.** That amount of VAT is charged to the person who wants to take the goods out of the port and bring them to their UK business premises.

The import VAT can either be paid **straight away** or, for regular importers, a line of credit can be set up with HMRC to allow deferred payment.

VATA 1994, s.38

The VAT paid to import the goods is treated like any other type of **input VAT** and so will be **deducted in the next VAT return** in the normal way.

The VAT is paid to put the trader into the same position whether he buys goods in the UK or overseas; there will be the appropriate input tax on both and the location of the supplier is irrelevant. The purchaser will then deduct the input tax in the normal way depending on the use that he makes of those goods.

Import VAT can be paid at a later date under the duty deferment scheme. There is a **credit limit** that applies to the scheme which is usually 100% of **the estimated monthly debt for VAT**. **Bank guarantees** are required to support this credit limit. The import VAT on a month's imports are then all paid on **the 15th day of the following month**.

Approved importers are able to provide reduced, possibly even zero, security in relation to the import VAT element, when it comes to the duty deferment scheme.

The **duty deferment scheme gives some cash flow relief**. If there is no duty deferment guarantee in place then HMRC will require payment before they release the goods from the port of entry.

SI 1976/1223

As an alternative to a trader importing goods himself, an **import agent** could be used to clear the goods. If a business only occasionally imports goods, it is a good idea to use an import agent because they are familiar with the paperwork and the rules that go with importing goods. The import agent will use a deferment account to obtain the release of goods. The agent will recover the import VAT from the importer. The import agent must make sure that the actual importer is shown on the import entry so that the entitlement to credit for input tax will be available to the business.

21.4 Dispatches

Dispatches are where a trader sells goods to a customer in the EU.

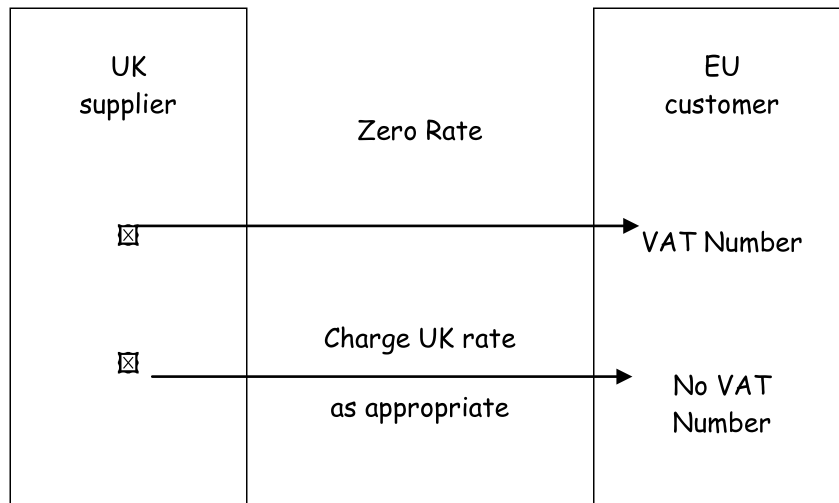
Whether the trader charges VAT on the dispatch depends on the status of his European customer.

VATA 1994, s.7(7)a

If the **European customer is VAT registered** in his EC member state and he gives the UK trader his VAT registration number, then the UK trader will **zero-rate** the supply.

SI 1995/2518 Reg 134
VATA 1994, s.30(8)

If however the customer is **not VAT registered** in his EU member state, the UK trader **will charges UK VAT** at the rate that would be appropriate to the goods being sold.



There are no port formalities within the European Union, so when a UK trader sends goods from the UK to Europe they are not held up at the port of entry into that European country. They go straight to the premises of the customer.

Where a supply is made to a **taxable person in another EU country**, the time of supply (tax point) is the **earlier** of;

- the 15th day of the month following that in which the goods are removed; and
- the day of the issue of a VAT invoice in respect of the supply.

Unlike a UK domestic supply, the receipt of payment before the issue of an invoice does **not** create a tax point.

Supplies to non-taxable persons in another EU country are taxable in the UK and the tax point is determined under the normal rules.

21.5 Acquisitions

An acquisition is where the **supplier based in the EU supplies goods to a trader in the UK.**

There are no port formalities for transfers of goods between EU member states. Thus there will be **no VAT accounted for when the goods reach the port** of entry.

Notice 725 Paras 4.1,4.2, 4.4

Acquisitions work in a mirror-image way to dispatches. Therefore if the **UK trader has given the European supplier his VAT registration number** in the UK, the supplier will **zero-rate** (in his own country) the supply of goods to the UK trader.

If the UK trader has not **given the supplier his VAT registration number**, the supplier will charge the UK trader his **local rate of VAT** on those goods as appropriate.

If we assume that the UK customer has a UK VAT number, the goods will come to him free of any foreign VAT. However, HMRC will not tolerate a situation where a trader can buy something VAT-free from Europe but have to pay VAT for the same goods if he buys them in the UK.

This time HMRC do not have the option of holding the goods at the port of entry and making the UK trader pay some VAT to release the goods.

Instead the trader must **charge himself VAT on those goods on his next VAT return**. Thus he has to pay over an amount of VAT that would have been charged on those goods if they had been purchased in the UK by putting that VAT into the **output VAT box** (i.e. Box 2) on his **next VAT return.**

VATA 1994, s.1(1)B

VATA 1994, s.10

By the same token, this VAT is now **input tax** for the trader which he can recover on the same VAT return in the normal way (i.e. Box 4) as long as he has used those goods in making taxable supplies.

For a fully taxable business, **there will be a nil effect in the VAT return** – the tax in the output tax box will equal the amount in the input tax box. Only partially exempt traders will have anything to pay from such an acquisition.

The tax point for acquisitions which is the **earlier** of two dates;

- the 15th of the month following the month in which the goods arrived; or
- the date on which the invoice is issued for that supply of goods.

VATA 1994, s.12

21.6 Paperwork

For an **export,** a trader must ensure he has sufficient **evidence to prove that the goods were exported**. For an **import** there are **valuation forms** to fill in and then a trader must pay import VAT etc.

SI 1995/2518 Regs 21-23 & Reg 134

When it comes to acquisitions and dispatches there is also considerable paperwork for a business. In particular, there are two returns of importance. The first return is called the **Intrastat**, or the Supplementary Statistical Declaration **(SSD).** There is an acquisitions Intrastat and a dispatches Intrastat.

These are required for **dispatches** if the total value within a year exceeds **£250,000**. For **arrivals** they must be submitted if the total annual value exceeds **£600,000**. These limits are **effective from 1 January 2010**. The Intrastat must be completed and **submitted within one month of the end of the relevant month**, i.e. the end of the month of arrival or the end of the month of dispatch. Nil returns are not required however.

A failure to submit an Intrastat when required is a criminal offence.

The details required on an Intrastat are:

- the **commodity code** of the goods (each type of goods has a separate classification code);
- the **VAT exclusive value** in sterling;
- the **terms of delivery**;
- the **nature of the transaction** so is it a sale or a lease etc., and this is identified by a two digit code;
- the **net mass** of goods in kilograms;
- the **member state** of arrival or dispatch; and
- the **mode of transport**.

SI 1992/2790

The other return that has to be completed only applies to dispatches and is called **the EC Sales List** or ESL. It shows the value of supplies made to each customer, with each customer being identified by their VAT registration number in the appropriate Member State.

EC sales listings must be **submitted quarterly (or monthly – see below) within 42 days of the end of the period.** From 1 January 2010 the time limit for filing ESLs is **reduced from 42 days to 14 days for paper returns and 21 days for electronic returns.** It is possible to make an annual submission of an EC sales listing if turnover does not exceed £25,500 plus the current registration limit [which is £70,000 so that would give £95,500 as a grand total] or, the sales to EU customers do not exceed £11,000.

From 1 January 2010 ESLs can continue to be submitted quarterly provided that the VAT exclusive value of supplies of goods to other member states has not exceeded £70,000 in any one of the previous four quarters. Once the threshold is exceeded, monthly returns must be submitted.

Most traders selling to EC member states will have to fill in an EC sales list and if it is wrong or if it is late, there are civil penalties to penalise the trader for his wrong doing.

There is one other return that has information on it in respect of sales to overseas customers and purchases from overseas suppliers and that is the VAT return itself. The trader has to put an entry for the value of supplies in Boxes 6 and 8 of the VAT return. Box 6 is for total supplies made, excluding VAT i.e. the total sales figure, and this must include the Box 8 figure. Box 8 is the statistical box for supplies of goods and related services to the EU. Likewise the value of purchases has to be accounted for in Boxes 7 and 9 of the VAT return. Box 7 is for total purchases made, excluding VAT i.e. the net purchases figure, and this must include the Box 9 figure. Box 9 is the statistical box for acquisitions of goods and related services from the EU.

Notice 725 Para 3.15

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Example 1

Here are six transactions. Tick the appropriate box to say whether the transaction is a dispatch, an acquisition, an export or an import.

	Dispatch	Acquisition	Export	Import
1. Sale of apples to France				
2. Purchase of men's hats from Canada				
3. Purchase of lamb from New Zealand				
4. Sale of children's toys to Italy				
5. Sale of coal to Siberia				
6. Purchase of wine from Spain				

21.7 Transfer of own goods to another EU country

Subject to certain exceptions, the transfer of goods within the same legal entity from one EU country to another (e.g. between branches of the same company) is **deemed to be a supply** of goods for VAT purposes under the general provisions of *VATA 1994, Sch 4 para 6* and is liable to VAT under the normal arrangements for intra-EU supplies. Therefore, where a UK business transfers its own goods from the UK to another EU country in the course of its business (e.g. to sell them on from that country or to use them there), it is liable to account for VAT in that EU country on the acquisition of the goods. It may need to register for VAT in that EU country both to meet its obligations there and to use an overseas VAT registration number to support zero-rating of the deemed supply when the goods leave the UK. Otherwise the business must account for VAT in the UK on the goods (and cannot recover this as input tax in the other EU country).

Essentially you must treat the movement of own goods like an ordinary dispatch. If the branch is registered in the member state you do not charge UK VAT. If the branch is not registered in the member state you charge UK VAT.

Where a UK business is not VAT-registered in the EU country of arrival of the goods at the time the goods are transferred, it may subsequently become registered there retrospectively to include the time when the goods were transferred. When this registration is obtained, the deemed supply of goods from the UK can be zero-rated quoting the VAT registration number in the EU country of arrival of the goods (subject to the normal conditions). Some EU countries may not allow retrospective VAT registration.

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In these circumstances, the business should obtain confirmation from the tax authorities in that EU country that they will not allow retrospective registration. When this has been obtained (and subject to the normal conditions), HMRC may allow the deemed supplies to be zero-rated.

Similarly, where a business transfers its own goods from another EU country to the UK in the course of its business, VAT must be accounted for on the acquisition of the goods in the UK under the normal rules.

21.8 Distance Selling

The distance selling legislation applies to **sales to non-registered persons in other EU member states -** so from one EU member state to the other EU member state. Basically it affects mail order traders.

For example a trader sells women's clothing mail order to non-VAT registered customers in France. Under the current rules, he makes a dispatch and would charge the UK rate of VAT, 17.5%, to those French customers. This may not sound like any advantage at all but the current rate of VAT in France is 19.6%. Thus there is a difference when it comes to the VAT being charged on the goods. The French customers may therefore find that it is cheaper to buy goods from the UK than to go to their local French shop.

The **distance selling legislation allows some mail order sales** but once the cumulative value in a year of the mail order sales **exceeds the distance selling threshold the trader is required to register for VAT in France**. Then the sales are treated as going from the UK registered business to the French registered business - so a zero-rated dispatch. There is then a sale from the French registered business to the French customers, hence a requirement to charge the French rate of VAT.

The **distance selling threshold** varies between different EU member states; it is **either 35,000 Euros or 100,000 Euros**. The UK has gone for the higher limit and in sterling equates to a **£70,000 threshold**. For anyone from another member state selling mail order into the UK it is only once their cumulative turnover exceeds £70,000 that the distance selling legislation requires them to register for VAT in the UK. The test is on a **calendar year basis**.

VATA 1994, Sch 2 para 1

A person who becomes liable to registration under these rules must notify HMRC of the fact within 30 days after that day.

VATA 1994, Sch 2 para 3

A person who is not liable to be registered under VATA 1994 and is not already so registered may request to be registered under these provisions.

VATA 1994, Sch 2 para 4

A person who has become liable to be registered under these provisions ceases to be liable if at any time

(*a*) his relevant supplies in the year ended 31 December last before that time did not exceed £70,000;

(*b*) HMRC are satisfied that the value of his relevant supplies in the year immediately following that year will not exceed £70,000 and will not include any such dutiable supply;

If a trader finds he has to register for VAT under the distance selling rules, he may wish to take up the services of a fiscal representative who will administer his VAT registration in that EC member state.

Once a trader is registered for VAT in another state then those sales are treated as dispatches from the UK to the other member state. Thus the sales will appear in Box 6 and Box 8 on the VAT return, and the trader will have to make intrastat declarations for those dispatches etc.

21.9 Registration in respect of acquisitions of goods from other EU countries.

Where a person is not registered for VAT in the UK, any goods purchased from a registered supplier in another EU country bear VAT at origin. To avoid distortions of VAT, additional registration requirements apply in respect of certain acquisitions from other EU countries by persons who acquire goods in excess of an annual threshold but who are **not** registered, or required to be registered. The provisions apply to any person not currently registered (including public bodies, charities and even private individuals if they are not acting in a purely personal capacity).

VATA 1994, Sch 3

A 'person' becomes liable to be registered under these provisions if

(*a*) at the end of any month, in the period beginning with **1 January** in that year, he has made 'relevant acquisitions' whose value exceeds, or

(*b*) there are reasonable grounds for believing that the value of his relevant acquisitions in the period of 30 days then beginning will exceed £70,000.

For a transaction to be an acquisition it must, under *VATA 1994, s 11*,

- be a supply of goods (including anything treated for the purposes of *VATA 1994* as a supply of goods); and

- involve the removal of the goods from another EU country.

For the purposes of determining a person's entitlement or requirement to be registered under these provisions, however, only certain acquisitions are taken into account. These are called '*relevant acquisitions*' which are acquisitions which meet all of the following conditions.

- The goods are acquired in the course or furtherance of

  (i) a business carried on by any person; or

(ii) any activities carried on otherwise than by way of business by any body corporate or by any club, association, organisation or other unincorporated body.

- The person who carries on that business or, as the case may be, those activities acquires the goods.
- The supplier is taxable in another EU country at the time of the transaction and the transaction is in the course or furtherance of his business.
- The goods are not acquired in pursuance of an exempt supply.
- The goods are not subject to excise duty.
- The goods do not consist of a new means of transport.
- The acquisition is treated as taking place in the UK.

An acquisition is not, however, a relevant acquisition where, although the goods are transported to the UK, they are deemed to be supplied in the UK (e.g. installed goods).

In determining the value of relevant acquisitions for the above purposes, any part of the consideration representing a VAT liability of the supplier under the law of another EU country is disregarded. Also disregarded are supplies to which *VATA 1994, s 18B(4)* (last acquisition or supply of goods before removal from fiscal warehousing) applies.

VATA 1994, s. 31(1)

VATA 1994, Sch3

A person who becomes liable to registration under Schedule 3 above must **notify** HMRC of that fact as follows.

(i) Where (*a*) above applies, within 30 days of the end of the relevant month.

HMRC must then register him (whether or not he so notifies them) with effect from the end of the month following the relevant month or from such earlier date as is agreed between them.

Illustration 1

On 10 June, Harry who is not registered for VAT, calculates that, since the previous 1 January, he has made relevant acquisitions exceeding the registration threshold.

Harry becomes liable to register on 30 June. He must notify HMRC of his liability to register in respect of acquisitions by 30 July. Unless mutually agreed otherwise, HMRC will register him with effect from 1 August.

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(ii) Where (*b*) above applies, before the end of the period by reference to which the liability arises.

HMRC must then register him (whether or not he so notifies them) with effect from the beginning of that period.

Illustration 2

On 5 August, Max who is not registered for VAT, estimates that the value of his relevant acquisitions in the next 30 days will exceed the registration threshold.

Max becomes liable to register on 5 August. He must notify HMRC of his liability to register in respect of acquisitions by 3 September. HMRC will register him with effect from 5 August.

Where a person who is not liable to be registered under *VATA 1994* and is not already so registered satisfies HMRC that

(*a*) he makes relevant acquisitions, or

(*b*) he intends to make relevant acquisitions from a specified date,

HMRC must, if he so requests, register him from the day on which the request is made or such earlier date as is mutually agreed. Any person who decides to register voluntarily under this provision before reaching the threshold must notify HMRC at least 30 days before the date from which registration is to be effective.

VATA 1994, Sch3 Para 4

HMRC require

- any person voluntarily registering to remain registered for at least two calendar years (e.g. if a person registers on 1 February 2011 his registration cannot be cancelled before 1 January 2013);
- any person applying for 'intending trader' registration to provide objective evidence to substantiate their claim that they will make relevant acquisitions (e.g. orders for goods).

C&E Manual V1-28, Chapter 2 Paras 7.8, .9

Where a person who makes or intends to make relevant acquisitions satisfies HMRC that any such acquisitions would be zero-rated if they were taxable supplies by a taxable person, HMRC may, if the person so requests and they think fit, grant exemption from registration under these provisions.

Where a person exempted under these provisions makes a relevant acquisition which would not be zero-rated if it were a taxable supply by a taxable person, he must notify HMRC within 30 days of the date of acquisition.

The exemption remains in force until it appears to HMRC that the request should no longer be acted upon or until it is withdrawn.

VATA 1994, Sch3 Para 8

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A person who has become liable to be registered under these provisions ceases to be liable if at any time

(*a*) his relevant acquisitions in the year ended 31 December last before that time did not exceed £70,000, and

(*b*) HMRC are satisfied that the value of his relevant acquisitions in the year immediately following that year will not exceed £70,000.

However, that person does not cease to be liable to be registered under these provisions at any time if there are reasonable grounds for believing that the value of his relevant acquisitions in the period of 30 days then beginning will exceed that limit.

VATA 1994, Sch3 Para 2

21.10 Registration by overseas traders in respect of disposal of assets for which a VAT repayment is claimed.

The provisions under Schedule 3A require overseas traders (also referred to as non-established taxable persons) to be registered for VAT in the UK if they make claims under the old *EC 8th Directive* (electronic cross border refund scheme from 1 January 2010) or *EC 13th Directive* and subsequently supply, or intend to supply, the relevant goods in the UK. The provisions apply regardless of the value of the relevant supplies, i.e. there is **no** registration threshold. Once registered for VAT, the business must account for VAT on all its taxable supplies and can recover input tax in the normal way. The business will no longer be entitled to claim refunds under the electronic cross border refund scheme or *EC 13th Directive*.

VATA 1994, Sch3A

A person who is not registered under *VATA 1994* becomes liable to be registered under these provisions at any time if

(*a*) he makes 'relevant supplies'; or

(*b*) there are reasonable grounds for believing that he will make relevant supplies within the period of 30 days then beginning.

A supply is a '*relevant supply*' where

- the supply is a taxable supply;
- the goods are assets of the business in the course or furtherance of which they are supplied; and
- the person by whom they are supplied, or a 'predecessor' of his, has received or claimed, or is intending to claim, a VAT repayment on the supply to him, or the importation by him, of the goods (or of anything comprised in them) under the electronic cross border refund scheme or the *EC 13th Directive*.

For these purposes, a '*predecessor*' is someone who has transferred the goods in question to the registerable person under the provisions allowing relief from VAT on the transfer of a business, or part of a business, as a going concern. A person's predecessors include the predecessors of his predecessor through any number of transactions.

VATA 1994, Sch3A Para 1,9

A person who becomes liable to registration under Schedule 3A above must notify HMRC of that fact as follows.

(*a*) Where (*a*) above applies, within 30 days of the date on which liability arises. HMRC must then register that person (whether or not he so notifies them) with effect from the beginning of the day on which liability arises.

(*b*) Where (*b*) above applies, before the end of the period by reference to which the liability arises. HMRC must then register that person (whether or not he so notifies them) with effect from the beginning of that period.

Where a person who makes or intends to make relevant supplies satisfies HMRC that any such supply would be zero-rated if he were a taxable person, HMRC may, if the person so requests and they think fit, grant exemption from registration under these provisions.

VATA 1994, Sch3A Para 7

A person who has become liable to be registered under Schedule 3A ceases to be liable to be registered if at any time HMRC are satisfied that he has ceased to make relevant supplies.

VATA 1994, Sch3A Para 2

21.11 Refunds under the 'old' EC 8th Directive paper based claims procedure and the 'new' electronic cross-border refund scheme

Prior to its replacement from 1 January 2010 the *8th Directive* paper-based claims procedure enabled a taxable person to recover VAT suffered in another EU country provided he was not already registered in that country (in which case that country's domestic VAT legislation would apply).

This system **replaces the 8th Directive paper based refund scheme** for **all claims submitted after 1 January 2010.** Requests for refunds continue to be dealt with by the Member State from which the refund is requested and are determined under the rules of the Member State of refund. **Electronic claims** will be completed and submitted **via the competent authorities** in **each Member State,** that being HMRC in the UK.

Who can claim?

The claimant must be a **taxable person established** in a **Member State other than** the **Member State of refund.** An authorised agent can make the claim.

The applicant must meet the following conditions:

- it **must not be registered, liable or eligible to be registered** in the Member State from which they are claiming the refund;

- the applicant **must have no fixed establishment, seat of economic activity, place of business** or **other residence there;**

- during the refund period the applicant **must not have supplied any goods or services** in the **member state of refund** except:

  (i) **transport and ancillary services;**
  (ii) **supplies of goods or services where VAT is payable by the person to whom the supply is made.**

An application must be completed for each Member State.

The refund period must not be more than **one calendar year or less than three calendar months,** unless the period covered represents the remainder of a calendar year. if the application relates to less than a calendar year but not less than three months the minimum amount claimable is 400 Euros. If the claim relates to a period of a calendar year or the remainder of a calendar year, the minimum amount claimable is 50 Euros.

Claims must be made to the Member State of establishment **by 30 September** of the **calendar year following the refund year** at the latest. If the claimant deregisters during the refund year, it should submit its claim as soon as possible following deregistration. If the claim is not completed correctly by 30 September it will be considered out of time.

Invoices with a value of **1,000 Euros** or more, or the equivalent in national currency, **must be scanned and submitted electronically** with the application. **All other invoices should be retained** as they may be requested as part of the checking process.

Applicants will be informed of the progress of their claim at the following key stages:

- when the Member State of establishment forwards the application to the Member State of refund;
- when the Member State of refund receives the application;
- if the Member State of refund requires further information;
- when the Member State of refund makes its decision.

The **Member State of refund must notify the applicant** of the **decision to approve** or **refuse** the application **within four months** of the date they first received the application. If the **Member State of refund requires further information,** it **must request it within the four month period.** Once the Member State has received it, it has a **further two months** in which **to notify its decision.** If further additional information is requested, the **final deadline can be extended up to a maximum of eight months** from the **date** they **received the application. Payment must be made within 10 working days following expiry of the appropriate deadline.**

If a Member State refuses an **application** they **must give their reasons. Applicants can appeal** against a decision to refuse repayment.

21.12 Refunds under EC 13th Directive

The *13th Directive* requires each EU country to introduce a scheme to enable a taxable person established outside the EU to recover VAT suffered in that country provided he is not already registered there.

The taxable person must not make supplies of goods or services in the particular EU country other than

- supplies of transport (and related) services carried out in connection with the international carriage of goods; or
- services where the VAT on the supply is accounted for solely by the person to whom they are supplied.

Countries may make the refunds conditional upon the granting of comparable advantages regarding turnover tax by the territory where the taxable person is established.

EC 13th Directive Arts 1,2

Administrative arrangements and conditions for submitting applications, time limits and periods covered, minimum amounts claimable and methods of repayment are left to the individual countries. Refunds cannot be granted on terms more favourable than those applied to EU taxable persons. Countries may provide for the exclusion of certain expenditure.

EC 13th Directive Arts 3, 4

Answer 1

	Dispatch	Acquisition	Export	Import
1. Sale of apples to France	✓			
2. Purchase of men's hats from Canada				✓
3. Purchase of lamb from New Zealand				✓
4. Sale of children's toys to Italy	✓			
5. Sale of coal to Siberia			✓	
6. Purchase of wine from Spain		✓		