

## The benefits to companies

Users of the **VATrecovery service** benefit from:

- A best practice guide from KPMG
- On-line visibility of the estimated VAT recoverable amount on all MasterCard transactions via Smart Data OnLine™
- Easy registration in seconds for the VAT recovery with Meridian
- Preferential pricing and conditions
- Seamless, hassle-free service for processing and submitting claims
- End-to-end support through to refund of VAT – provided by Meridian, the global leader
- Refunds paid directly into your bank account in the currency of your choice

## Maximise your Foreign VAT Recovery by using VATrecovery Service



### VAT should NOT be a cost to business...

Businesses large and small may recover up to 100% of the foreign VAT that they incur. However, many businesses do not recover foreign VAT for a variety of reasons:

- Unaware of the opportunity
- Don't realise the € value lost
- Don't know the rules
- Language issues with foreign paperwork
- Lack of internal administrative resource

Now for the first time, MasterCard, in collaboration with KPMG and Meridian, is offering **VATrecovery service**: a simple, comprehensive service that returns real value to businesses when they use their MasterCard® commercial or business prepaid cards.

### AT A GLANCE

- €5 billion in foreign VAT unrecovered every year
- Over 86% of EU businesses experience difficulty recovering foreign VAT
- Foreign VAT may be reclaimed from all EU countries and many other countries worldwide
- VAT rates charged can be as high as 25%

Source: Commission's Proposals to Simplify VAT Obligations, COM (2004) 728, dated 29/10/2004

Value Added Tax (VAT) is a consumption tax designed to be paid by the end consumer. VAT is charged at each stage of production, but to eliminate the pyramiding of tax, businesses are entitled to offset the VAT they have incurred until it is finally paid by the end consumer.

Companies incurring VAT on their expenses while doing business in the EU are entitled to request a refund directly from the Member State in which the VAT was incurred.

Standard VAT rates in the EU range from 15% - 25%, and each Member State imposes its own set of rules and regulations governing what VAT may be recovered and how this is done. For these reasons, businesses often find the process of getting their money back complex, confusing, labour-intensive and time-consuming.

### The Solution

Businesses can now recover foreign VAT easily — without any up-front investment — with the VATrecovery service. The service is unique in that it:

- educates corporations on Best Practices for maximising VAT recovery;
- provides on-line visibility on potential recoverable amounts in the various countries;
- eases the VAT recovery process by outsourcing it to Meridian, a leading VAT recovery bureau.



MasterCard has worked with KPMG LLP to develop a best practice guide that will help MasterCard commercial card users to fully exploit the capabilities of their existing card programme.

MasterCard Smart Data OnLine™ uses sophisticated technology to enable businesses to quantify how much VAT they have paid as part of their total corporate card spend and to estimate how much they are entitled to recover. On-demand reporting provides end-to-end visibility on the status of all VAT claims, from summary to invoice detail levels.

MasterCard has also teamed with Meridian to provide business customers, both large and small, with a fast, easy and efficient way to recover their foreign VAT. Registration can be done in seconds — with Meridian handling all the steps, from receipt of invoices through to refunding VAT directly into your bank account.

### What VAT can be recovered ?

Most VAT that businesses incur may be recovered, subject to the rules and regulations of the country in which the expense was incurred. Some examples of expenses for which the VAT may be recovered include:

- Hotel accommodation costs
- Meals and business entertainment
- Exhibitions, trade fairs, and conferences, including costs associated with hiring equipment and building stands or booths
- Office space rental and servicing costs
- Telecommunication costs
- Participation at training courses or seminars
- Car rental and fuel expenditure
- Non T&E related costs where VAT may be charged.



### The Components

1. A best practice guide for Corporate Travel Policies — developed by KPMG for MasterCard to help you streamline internal processes.
2. Smart Data OnLine — to identify potential VAT savings for you. Smart Data OnLine uses a sophisticated rules engine to automatically calculate the potential VAT savings against your spend, providing a simple overview of the potential VAT savings your business can achieve.
3. A fast, easy and efficient way to recover your foreign VAT at preferential conditions. MasterCard has partnered with Meridian to provide business customers, both large and small, with this service. Once you are registered, Meridian handles all the steps — from receipt of invoices through to the VAT refund.

### The Meridian VAT Recovery Process

1. Easy registration with Meridian
  - A direct link from Smart Data OnLine brings you to a dedicated registration page
  - Registration on-line is done in seconds
  - Step-by-step procedures are available to walk you through the information required
  - You benefit from preferential pricing and conditions

### 2. Meridian does the work

- Once documents have been received, Meridian processes, prepares and submits your claims
- Meridian manages all queries that may arise, including the rectification of invoices, where applicable
- Meridian manages the reconciliation of all refunds and remits directly into your bank account, in the currency of your choice

### 3. You're in control

- Meridian provides you with on-demand reporting, reflecting the status of current claims as well as refund history and overall summary statistics
- Comprehensive advice and support is available on-line at any time

### 4. You get the cash

- Refunds are reconciled, converted into the currency of your choice, and then transferred directly into your bank account
- Electronic remittances are issued to streamline the process and reduce paperwork

### VAT Recovery Process

