



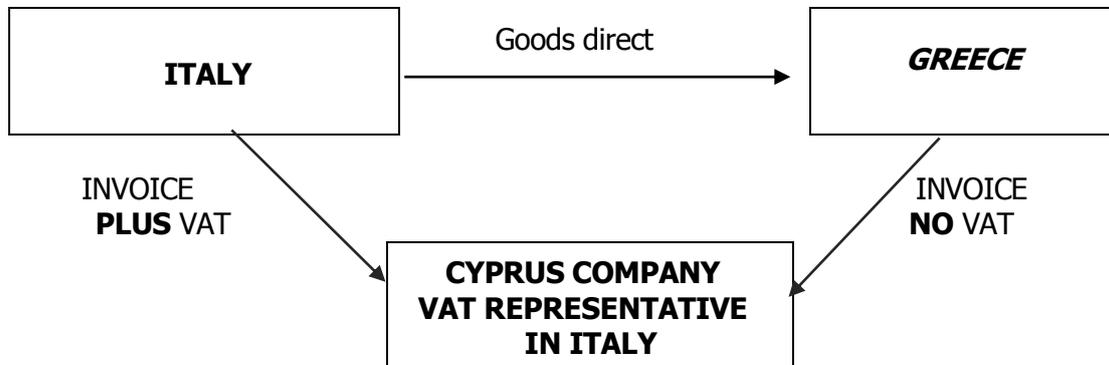
Vat representative in E.U. countries

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Who must register
Anyone from a country outside the E.U. who buying from and selling to countries within the E.U., is required to appoint a VAT representative in any E.U. country.
Importance of a VAT representative
When a company resident of a non E.U. country appoints a VAT representative (say in Greece) then for the purposes of VAT (only) it is considered that the company is a resident of Greece. Thus the company is obliged to charge and / or pay VAT (where applicable) like any other company resident in Greece.
A. Goods transferred from an E.U. country to another E.U. country
In case of a Cyprus company that is buying from an E.U. country (say Italy) and selling to another E.U. country (say Greece) and the goods are transferred direct from one E.U. country to the other E.U. country.
<u>Alternative 1</u>
VAT REPRESENTATIVE REGISTERED IN GREECE
<pre>graph TD; Italy[ITALY] -- "Goods direct" --> Greece[GREECE]; Italy -- "INVOICE NO VAT" --> Cyprus["CYPRUS COMPANY VAT REPRESENTATIVE IN GREECE"]; Greece -- "INVOICE PLUS VAT" --> Cyprus;</pre>
Although the Italian company is selling to the Cyprus company, for VAT purposes it is like it is selling to a Greek company (because its VAT agent is registered in Greece) therefore the Italian company will sell to the Cyprus company (through the Greek VAT agent) without charging any VAT.
The agent receives the goods without paying any VAT but on the sale of goods the agent will charge VAT. This is because it is a sale from one Greek entity (the VAT agent is a Greek resident for VAT purposes) to another Greek entity.
The VAT agent in Greece will have to collect the VAT and pay the Greek authorities every two months.

Alternative 2

VAT REPRESENTATIVE REGISTERED IN ITALY



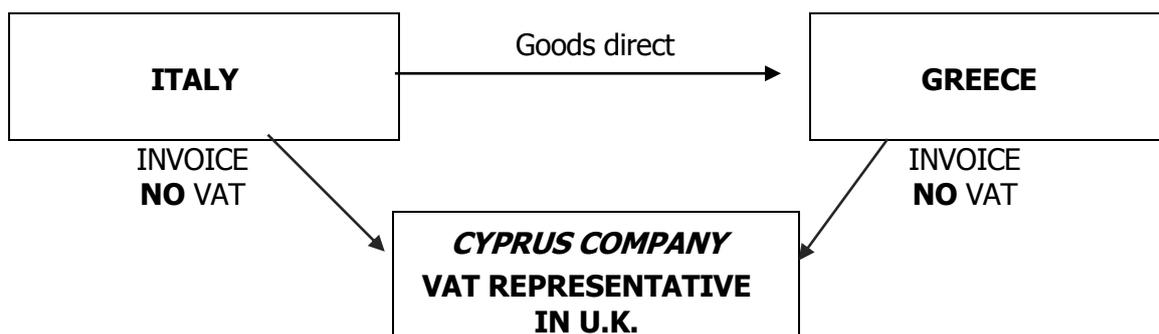
In the above example if the Cyprus company had registered a VAT representative in Italy then the Italian company will charge the representative in Italy with VAT and the representative would sell to the Greek company without VAT.

The VAT representative in Italy would apply for a refund of VAT from the Italian authorities.

Alternative 3

VAT REPRESENTATIVE REGISTERED IN A THIRD E.U. COUNTRY

(i.e. country other than the country of the seller or purchaser)



If in our previous example the Cyprus company registers a VAT representative in U.K., the Italian company will sell to the U.K. representative without charging any VAT, then the U.K. representative would sell to the Greek company without any VAT. Therefore the U.K. representative will submit a NIL VAT return.

It is recommended that the VAT representative is registered in a country with whom the non E.U. company has little or no transactions because this will eliminate the need to collect VAT and then

submit the funds to the government or pay the VAT and apply for refund, as the case may be.

However, in accordance with the E.U. proposals, as from the 1st January 1997 the E.U. countries will be required to charge VAT on sales to other E.U. countries. If this proposal is implemented then it will not make any difference as to which E.U. country is chosen for VAT representation.

B. Goods transferred via a non E.U. country

Below is a similar example as above with the exception that the goods are physically transferred via a non E.U. country.

If in the example the goods were physically transferred from Italy to Cyprus and then to Greece there will be no VAT implications for the Cyprus company as the Italian would export the goods. The goods will be subject to VAT in Greece (at the port of arrival) as it is considered as "import" from a non E.U. country.

Requirements for registration of VAT representative or agent in Greece

Where the trading is intra E.U. then a VAT agent is appointed whereas if the trading is outside the E.U. a VAT representative is appointed in Greece (in the latter case, liability rests with the representative).

The main requirement for the appointment of a VAT representative or agent in Greece is that the proposed representative or agent must have a clear record and must not have committed any tax offences.

Documents required for registration of VAT representative or agent in Greece

1. Legalised power of attorney in Greek must be given to the Vat representative to appoint him/her as the attorney
2. Original or certified true copy of certificate of incorporation of the company in Greek and English
3. Original or certified true copy of the certificate of directors and secretary of the company in Greek and English
4. Original or certified true copy of the certificate of share-holders of the company in Greek and English
5. Original or certified true copy of the certificate of registered office of the company in Greek and English
6. A written confirmation by the representative accepting his /her appointment
7. Declaration of commencement of business

All the above (a to g) must be submitted with the tax authorities in Greece

Documents required for registration of VAT representative in United Kingdom

1. Certificate of incorporation in English
2. Certificate of director and secretary in English
3. Certificate of the shareholders in English
4. Certificate of the registered office in the United Kingdom
5. Memorandum and Articles of Association in English
6. Letter of Appointment of a VAT agent in the United Kingdom
7. Information about the activity of the company



Obligations of VAT representative

The representative will have to submit VAT returns periodically and an annual VAT return. This will be done irrespective of whether there has been any activity or not.

The representative is also obliged to keep accounting records showing the transactions.

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Totalserve Management Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.