

TAX FREE SHOPPING FOR REFUND AGENTS

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1. What is a tax free shopping scheme?

It is a shopping scheme offered by vendors where a customer is entitled to get VAT paid on purchase of goods back if the traveller carries the goods out of the European Union.

2. Who can benefit from the tax free shopping scheme?

Natural persons permanently residing outside the European Union (hereinafter - travellers).

3. Does every vendor operate the tax free shopping scheme?

There is no obligation for vendors to operate such scheme, i.e. it is a scheme operated on voluntary bases. However all those vendors who choose to operate the scheme are obliged to clearly indicate this choice in their premises by using label "TAX FREE SHOPPING".

4. What goods can be bought under the tax free shopping scheme?

Firstly, it should be known that if the traveller wants to benefit from the scheme the goods must be bought for personal use. Secondly, the scheme is not applicable if the goods were bought under the margin scheme or VAT was not charged upon sale or the goods carried out from the

European Union were transformed (i.e. were changed from the original form in which they were bought).

VAT is also not refunded on:

1. vessels and aircrafts;
2. goods which can be exported only with the appropriate license;
3. lump gold, golden tiles, plates and coins, jewels;
4. alcoholic drinks, tobacco and tobacco products;
5. goods installed in private transport means (cars, vessels, airplanes), including fuel and oil.

5. What requirements must be fulfilled in order to benefit from the tax free shopping?

The requirements are:

- the goods bought must be eligible goods (see question 4);
- the eligible goods must be bought from the vendor who is registered as VAT payer;
- the eligible goods must be bought by traveller;
- the eligible goods should be carried out from the European Union no later than the last day of the third month following the month in which the goods were purchased and such fact should be confirmed by the customs authorities (it is done by stamping the special return form);
- the sale of the eligible goods should be accompanied by a special return issued by the vendor whenever the tax free shopping scheme is applied;
- the price of the purchased eligible goods should be not less than 55 euros (inclusive of VAT).

6. How is the required minimum price calculated?

55 euros set as a minimum requirement for the purchase price means that either traveller during one sale operation should buy eligible goods which value inclusive of VAT is at least 55 euros or during several sales operations effected on the same date by the same vendor should buy eligible goods which value inclusive of VAT is at least 55 euros.

If the traveller from the same vendor buys eligible goods (e.g. shoes) and non-eligible goods (e.g. tobacco), only the price of eligible goods (i.e. of shoes) will be taken into account.

7. Who is a VAT refund agent?

VAT refund agent is a person (natural or legal) who has a contract with a vendor to fulfil the role of intermediary in the tax free shopping scheme. The main role of the agent is to collect the appropriate documentation from the traveller (the documents stamped by customs officer) and to make a refund to the traveller. Usually the refund agent deducts a fee for his services from the amount to which a traveller is entitled as well as any bank charges due for the bank transfer.

8. Does a person have to register as VAT refund agent or get a licence in order to carry out that activity in Lithuania?

No, there is no registration of VAT refund agents nor any license is needed.

9. Does a person carrying out the activity of VAT refund agent have to fulfil any special conditions?

There are no special conditions for the VAT refund agent as such. However there are some special rules that are applicable where the VAT refund agent is involved in tax free shopping scheme.

First, it should be noted that in order to benefit from the tax free shopping scheme travelers have to get a special return from the vendor. In this form identification data of the vendor, traveller, purchased goods is provided.

The special return form (FR0420) is approved by the tax authorities and can be found [here](#). However, VAT refund agents are allowed to use their own forms if those forms are approved both by tax and customs authorities.

10. What is the procedure for approving the special return form if the VAT refund agent wishes to use its own form?

First of all the VAT refund agent has to contact the tax authorities (it can be done via [inquiry form](#)) with the form that will be used. The tax authorities will examine the form and either will ask the VAT refund agent to correct the form, or will send the form onwards to the customs authorities (which means that the tax authorities approved the form). The customs authorities will examine the form as well and either will approve it or ask to correct it. If the customs authorities have approved the form then the VAT refund agent and the tax authorities are informed. The refund agent is allowed to start using the form as soon as he is informed about the approval. The tax authorities will make known about the newly approved form on its website. If either the tax or customs authorities have asked for corrections the VAT refund agent has to correct the form and send it to the appropriate authority or if the VAT refund agent disagrees with the correction asked the explanation on such disagreement should be provided.

11. Is there information provided either by tax or customs authorities on the special return forms that were approved by the authorities?

Yes, such information as available on the tax authorities' [website](#).

12. What should the VAT refund agent do if the approval of the form was given however the form is not provided on the website of the tax authorities?

The VAT refund agent should contact the tax authorities via [inquiry form](#).

13. What documents the VAT refund agent should get from the traveller in order to issue a refund?

The traveller should provide the VAT refund agent with the special return form (together with the documents proving payment) which is stamped by the customs authorities thus confirming that the goods were carried out of the European Union.

14. What should the VAT refund agent do with the documents returned by the traveller?

The documents should be returned to the appropriate vendor. The documents can be returned in the electronic format (i.e. the copies of the originals) if there is an agreement between the vendor and the VAT refund agent provided that upon the request of the vendor or the tax authorities the originals are given within 2 weeks.

15. Are there any restrictions on how VAT refund can be made?

No, there are no restrictions foreseen. It is the matter of agreement between the vendor, the VAT refund agent and the traveller. The refund can be made in cash, by check, bank transfer, paypal, etc.

16. How soon the VAT refund agent has to issue a refund?

The period is not determined in the legislation and is subject to the rules established by the VAT refund agent. However such information should be clearly stated in the terms and conditions under which the VAT refund agents operates.