

# TAX FREE SHOPPING FOR TRAVELLERS IN LITHUANIA

## Contents

1. What is a tax free shopping scheme? .....	1
2. Does every vendor operate the tax free shopping scheme?.....	1
3. Who can benefit from the tax free shopping scheme? .....	1
4. How is a VAT refund made? .....	1
5. Who is a VAT refund agent?.....	1
6. What goods can be bought under the tax free shopping scheme? .....	2
7. What requirements must be fulfilled in order to benefit from the tax free shopping? ....	2
8. How is the required minimum price calculated? .....	2
9. What are the steps for the traveller in order to obtain VAT refund?.....	2
10. What is a special return? .....	3
11. How soon the vendor or the VAT refund agent will issue a refund? .....	3
12. Whom the traveller should contact if the refund was not received though all necessary documentation was submitted to the vendor or to the VAT refund agent?.....	3
13. What happens if the traveller carries out of the European Union not all goods indicated in the special return? .....	3

### 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. 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" and should provide the details on the tax free shopping scheme in written at the shopping premises.

### 3. Who can benefit from the tax free shopping scheme?

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

### 4. How is a VAT refund made?

VAT refund (when all conditions are fulfilled) can be made either by the vendor or by a VAT refund agent (it is the vendor who decides whether VAT refund agent is used) in any way which is agreed upon by the vendor and customer, e.g. it can be made in cash, by bank transfer, by check etc.

### 5. 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, see question 9) 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. For example, if the amount of VAT to which the traveller is entitled equals 100€, the fee for agent's services is 2% and the refund is made by bank transfer and bank charges the refund agent a fee of 1€ then the traveler will get 97€.

#### **6. What goods can be bought under the tax free shopping scheme?**

Firstly, it should be known that if 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.

#### **7. 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;
- 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).

#### **8. 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.

#### **9. What are the steps for the traveller in order to obtain VAT refund?**

The traveller should:

- upon the purchase inform the vendor of his wish to use the tax free shopping scheme;
- provide the vendor with a prove that the traveller is permanently residing outside the European Union (usually such document is passport or identity card);
- get from the vendor a special return (filled in appropriately) together with the document proving payment (usually it is a cash register receipt);
- when leaving the European Union present the purchased goods along with the accompanying documents (return, prove of payment) as well as passport (or identity card) to the customs officer of the European Union member state, the border of which is crossed to leave the territory of the European Union.

In cases where European Union is left by a transit flight and the purchased goods are kept as traveller's hand baggage, the traveller has to present the purchased goods along with

the specified documents to the customs officer of the member state, which is the last before leaving the territory of the European Union. If the purchased goods are part of the registered baggage, the traveller must present the purchased goods along with the specified documents to the customs officer of the member state in which this baggage is submitted to baggage check-in;

- get a verification of the customs officer that the goods indicated in the return are carried out of the European Union (it is done by the customs officer's stamp on the return);
- send the stamped special return form together with the document proving payment back to the vendor (if VAT refund agent is used those documents must be submitted to the VAT refund agent).

#### **10. What is a special return?**

It is a form which is approved by the Lithuanian tax authorities and which must be used in the tax free shopping scheme (the number of the form is FR0420 and it can be found [here](#)). In this form identification data of the vendor, traveller, purchased goods is provided. VAT refund agent is allowed to use its own form if both customs and tax authorities agreed. The allowed forms of VAT refund agents can be found [here](#).

#### **11. How soon the vendor or the VAT refund agent will issue a refund?**

The period is not determined in the legislation and is subject to the rules of the vendor or VAT refund agent.

#### **12. Whom the traveller should contact if the refund was not received though all necessary documentation was submitted to the vendor or to the VAT refund agent?**

In such cases the traveller has to contact the vendor or the VAT refund agent.

#### **13. What happens if the traveller carries out of the European Union not all goods indicated in the special return?**

If not all the goods specified in the special return are carried out by the traveller from the European Union, the customs officer will indicate such information in the special return and the traveller will not be able to obtain VAT refund with regard to such goods.