

November 2021

Outline

- The procedure for making claims related supplier fee payments on EEA Risks is changing from 20 February 2022.
- The change applies only to risks written by UKNV

To the members

VAT Handling for Claims Related Expenses on EEA Risks

Members are advised from 20 February 2022 the procedure for paying claims related suppliers for claims on European Economic Area (“EEA”) risks is changing. The change applies only to risks written by UKNV.

UKNV risks only

The Club may engage in appointing and working with suppliers on a Members behalf, but the contract for services remains solely between the appointed supplier and the Member receiving services, even in the event that the Club is paying the supplier in the first instance. For avoidance of doubt, invoices must be addressed to the Member and VAT rules must be applied based upon the Member being the customer.

Suppliers based in the same EEA country as the Member

It will be necessary in the majority of cases for the supplier of services to charge VAT on VAT bearing services, which the Member may recover if that Member is able to be registered for VAT in that same country. Members based in the EEA should ordinarily be registered for VAT and in such circumstances, where the relevant invoice forms an accepted claim against the Club, the Club will pay the amount of such an invoice net of VAT, the VAT being settled directly by the Member with the supplier of the services and re-claiming on their VAT return.

Suppliers based in an EEA country other than that of the Member

Suppliers based in an EEA country other than that of the Member Where a supplier of services based in one country and provides services to a Member established in another EEA country, Members are reminded that where VAT is applicable they must account for VAT using the reverse charge to the relevant authorities.

Other scenarios

The rules above are the commonly expected position but it is possible that in isolated cases the VAT position may differ e.g.a foreign VAT charge could correctly apply. Where this is the case we will endeavour to advise the Member in those exceptional cases in order that the procedure for fee payments remains straightforward and practical.

Yours faithfully,

THE MANAGERS

For more information, please contact Paul Clephane (paul.clephane@thomasmiller.com or londonclaimsprocessing@thomasmiller.com).

For more information

Members requiring further information should contact their usual underwriting contact at the Club.