

UK TO RESTORE VAT REFUND FOR TOURISTS



The British government announced last week its intention to allow tourists to make non-VAT purchases again, a possibility that was removed with the Brexit, to boost trade. The measure will "give a boost to department stores and create jobs in the retail and tourism sectors," according to the "plan for growth" unveiled by British Chancellor of the Exchequer Kwasi Kwarteng.

The new scheme will be aimed at "non-British visitors to Britain" and will **"allow them to get a VAT refund on goods bought in shopping streets, airports" and other points of exit from the country**, provided they are carried out of the UK "in their personal luggage", the government pointed out.

People visiting the European Union without residing there are allowed to make purchases without VAT or to be reimbursed for this tax, a system that benefits department stores and luxury stores in particular. The United Kingdom put an end to this system when it left the EU in January 2021, to the great displeasure of the tourism and retail industries.

The British government said it is launching a public consultation on how to implement the scheme, which it says it wants to start "as soon as possible. According to documents released last week after Kwasi Kwarteng's budget presentation to the British Parliament, the measure could be implemented in 2024, at the cost of a reduction in government revenue of nearly 1.3 billion pounds for the first year.

The British Chambers of Commerce welcomed the return of this measure, which they had been calling for. **"International tourism is vital to the British economy (...), particularly in the hotel sector,"** said Shevaun Havilland, the chambers' director general, in a statement. The exemption of VAT "will give a much-needed boost to the retail, hotel and other sectors that depend on tourist traffic to support their income," said the City of London Corporation, which represents the business district of the British capital.

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