



**HEC Paris  
Students Union**

**HPSU and VAT**



# Main rules

**Payment of VAT to the French Administration is not automatic but VAT declaration is compulsory for all *Associations Loi 1901* and their related clubs.**

- There are 4 VAT rates in France:
  - Normal rate: 20 %
  - Intermediary rate: 10 %
  - Reduced rate: 5,5 %
  - Particular rate: 2,1 %
- You must know the VAT rate and related amount for each expenses and eligible revenues. If you don't know the rate you can use the following [link](#) or [this one](#) (in French only).
- VAT paid **outside** France is not taken into account in French Accounting.
- For each expense, make sure to verify the receipt before leaving the shop. If the VAT rate(s) and amount do(es) not show, please **ask for a professional invoice**.

# Calculating the VAT amount

- If you forgot to ask for a professional invoice showing the VAT rate(s) and amount.
- You have to **find the VAT rate(s) first**, using the links in the previous slide. VAT rate(s) depend(s) on the nature of the purchased goods and/or services.
- Then, you can use the following **calculation** formulas:
  - Normal rate (20 %) =>  $(\text{Price VAT included} / 120) \times 20 = \text{Amount paid for VAT}$
  - Intermediary rate (10 %) =>  $(\text{Price VAT included} / 110) \times 10 = \text{Amount paid for VAT}$
  - Reduced rate (5,5 %) =>  $(\text{Price VAT included} / 105,5) \times 5,5 = \text{Amount paid for VAT}$
  - Particular rate (2,1 %) =>  $(\text{Price VAT included} / 102,1) \times 2,1 = \text{Amount paid for VAT}$
- Net Price = Price VAT included – Amount paid for VAT

**But the easiest way is to make sure to verify the receipt before leaving the shop. If the VAT rate(s) and amount do(es) not show, please ask for a professional invoice.**