

# VAT Retail Export Scheme: Update note

## Update Note: Digitisation of the VAT Retail Export Scheme (RES)

The current paper based VAT RES system is being digitised to improve the efficiency for both retailers and travellers and also to help reduce fraud.

So far, we've:

- met with a wide range of stakeholders including ports and airports, refund providers, retailers, enabling companies, industry forums and software developers to discuss any issues, concerns or proposals they may have regarding VAT RES
- looked at what is needed within the current design to make the new system operate effectively, and to improve the customer experience.

Following the meetings with stakeholders, we recognised that the industry wanted clarification of whether there are likely to be any changes to HMRC's policy and the essential scheme requirements when the process is digitised.

We have consulted with our Policy colleagues who have confirmed that:

- the general principles set out in current VAT law and in policy (as outlined in [VAT Notice 704](#)) are not expected to change significantly
- the digital system will still require the traveller's details to be recorded and the eligibility of the traveller to be verified
- the digital VAT407 claim form will still require a customs endorsement - albeit electronically applied
- any changes to law or policy will focus on enabling the digital process.

HMRC, together with UK Border Force, will be responsible for risk scoring the passenger data that is transmitted to us before endorsing the claim. This is the most significant change to the actual process. HMRC is seeking a solution from the RES industry to address:

- how the traveller's eligibility can be verified electronically
- how data is captured and transmitted to us
- how the traveller can start the validation process at the port of exit, and
- how the validation endorsement and instructions can be transmitted back to the retailer and the traveller.

Any questions can be sent directly to the project team mailbox - [resconsultation.idt@hmrc.gsi.gov.uk](mailto:resconsultation.idt@hmrc.gsi.gov.uk)