



Purchased Goods and Services

[11.3] Commencement of Business Activities

VAT can be recovered from the moment an entity begins operating as a VAT-liable person.

VAT is accounted for in the VAT return, provided it can still be submitted.

The VAT refund procedure for foreign businesses may apply.

L. VAT Refund Thresholds for Foreign Businesses

Businesses from:

- EU
- non-EU

Accounting period shorter than 12 months:

- EU: €400
- non-EU: €1,000

Accounting period equal to 12 months:

- EU: €50
- non-EU: €500

[11.2] VAT in Germany

VAT is administered by the tax authorities of the individual federal states of Germany.

Local businesses are registered with their local tax office.

Foreign persons are registered with the tax office responsible for VAT matters for the respective countries.

Correspondence address for VAT refunds for foreign businesses:

Bundeszentralamt für Steuern

Dienstsitz Schwedt/Oder

Passower Chaussee 3b

16303 Schwedt/Oder

Germany

Tel.: +49 (0) 228 406 1200

Fax: +49 (0) 228 406 3200

Email: vorsteuerverguetung@steuerliches-info-center.de

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VAT Registration

Domestic Supplies

[11.3] Any taxpayer making taxable supplies in Germany may be required to register and account for VAT in Germany.

In general, there is no VAT registration threshold or possibility of voluntary registration (except in situations described in sections 11.5 and 11.6).

Transactions taxable in Germany include:

- Supplies of goods and services within Germany by a VAT-registered person.

In the case of reverse charge (see 11.5), the recipient (instead of the supplier) may be required to register and self-account for VAT.

- Intra-Community acquisitions of goods in Germany and intra-Community supplies of goods for own use.
- Importation of goods into Germany is considered a taxable transaction; however, the obligation to register usually arises only when the goods are subsequently supplied after import.

VAT registration in Germany may be carried out by both natural and legal persons (e.g. private individuals, companies, pension funds, foundations, charities, enterprises).

For legal entities under common control, only the parent company (if established in Germany) must be registered as the VAT taxpayer. Domestic subsidiaries are treated as dependent business units of the parent company (see section 11.11).

For VAT purposes, the territory of Germany does **not** include the island of Helgoland, the town of Büsingen, or the customs-free zones as defined in Article 243 of the Union Customs Code (mainly the free ports of Bremerhaven and Cuxhaven, and other special areas).

Transfer of a Business as a Going Concern

[11.4] Germany has implemented Article 19 of Directive 2006/112/EC (the main VAT Directive), allowing the transfer of a whole or part of a business to be treated as a non-taxable transaction.

These provisions are known as the “**transfer of a business as a going concern**” rules.

More information is provided in section 11.56.

Distance Selling

[11.5] For intra-EU distance sales of goods and for broadcasting, telecommunication and electronic (BTE) services, a threshold of €10,000 applies to EU-established businesses.

VAT due may be declared through the **One Stop Shop (OSS)** scheme, avoiding the need for VAT registration in each EU Member State where goods are delivered or services supplied (see 11.52).

For distance sales of imported goods, VAT may be declared via the **Import One Stop Shop (IOSS)** system. Special rules apply for appointing the person responsible for VAT, especially where sales are made through

online platforms.

Where neither the platform nor the seller is established in the EU, an EU-based intermediary may be required to declare VAT under IOSS.

Intra-Community Acquisition of Goods

[11.6] A business may be required to register for VAT in Germany if it makes intra-Community acquisitions of goods.

See section 11.1 for the relevant threshold for certain businesses.

Once registered for VAT, the acquirer must report VAT on the value of goods acquired to the tax authorities.

Consignment and Call-Off Stock

[11.7] If a business stores goods in Germany near its customer (consignment or call-off stock) and agrees to retain ownership until the customer takes delivery, the following must be considered:

If the business moves goods from another EU Member State to Germany to replenish such stock, the transaction is treated as a supply to the customer from the outset (and **not** as an intra-Community transfer of own goods), provided all the following conditions are met:

- The customer is known before shipment.
- The goods remain in Germany after transportation.
- The customer provides a valid German EU VAT number before transport.
- The company documents the transport in accordance with §22(4f) of the German VAT Act (“Umsatzsteuergesetz” – UStG) and reports the supply in the EC Sales List.
- The supply to the customer occurs within 12 months of arrival of the goods in Germany.
- The goods are returned to the dispatching EU country if unsold.
- The goods have not been destroyed, lost, or stolen.

If these conditions are met, the transaction is **not** treated as an intra-Community transfer of own goods, meaning no VAT registration obligation arises in Germany.

However, if the final customer changes after the goods arrive in Germany, additional formal requirements must be fulfilled; otherwise, the movement will be treated as an intra-Community self-supply, triggering VAT registration.

For goods shipped from a non-EU country to a consignment or call-off warehouse in Germany, the VAT consequences depend on whether the goods were ordered or paid for before shipment. Each case requires individual assessment.

Supply with Assembly or Installation (Werklieferung)

[11.8] When a company transports materials from another EU country to Germany to perform a supply involving assembly or installation, this is **not** considered an intra-Community transfer of own goods and does not trigger a VAT registration obligation in Germany.

A supply with assembly/installation occurs when a company installs goods at the customer's premises using materials it has purchased itself (not from the customer or a third party).

A **work supply (Werklieferung)** occurs when a company performs work on goods owned by the customer (or a third party) but also uses substantial own materials.

For VAT purposes:

- Supplies with assembly/installation and work supplies are taxed where the assembly or processing takes place.
- For supplies with assembly – the supplier (foreign business) may be required to register for VAT in Germany.
- For work supplies – if the customer is a business, the tax liability is transferred to the customer (reverse charge), and the foreign business need not register.

Voluntary VAT Registration

[11.9] In Germany, there is no VAT registration threshold or formal option for voluntary registration. However, as described earlier (11.5 and 11.6), certain transactions only trigger VAT obligations once specific thresholds are exceeded.

The law allows taxpayers to waive these thresholds, which in practice equates to voluntary registration.

Activities of Foreign Companies (Without a German Establishment)

[11.10] Foreign companies without a permanent establishment in Germany must register for VAT in Germany if they perform any of the following activities:

- Storage of goods – including in consignment warehouses (see 11.7) – on German territory and sale of those goods to German customers (unless covered by the One Stop Shop – OSS, see 11.52).
- Use of fulfilment services provided by an online platform operator who stores and moves goods from another EU country to a warehouse in Germany.
- Supply of goods solely within Germany (if not reported under OSS).
- Sale of imported goods cleared into Germany and payment of German import VAT.

Special rules apply to consignments valued up to €150.

[11.11] VAT Registration for Foreign Businesses

The obligation to register for VAT in Germany arises for foreign companies in the following cases:

- Import of goods into Germany, from both EU and non-EU countries.
- Movement of goods between Germany and another EU Member State (intra-Community supplies or acquisitions).
- Purchase and sale of goods within Germany.
- Online sales of goods to German consumers, where the VAT distance selling threshold is exceeded.
- Storage of goods in consignment warehouses located in Germany.
- Organising exhibitions, events, or training sessions in Germany.
- Receiving services in Germany subject to the reverse charge mechanism.
- Self-supply of goods within Germany.

[11.12] VAT Registration Procedure in Germany

The VAT registration process for foreign companies includes:

1. Submitting an application to the competent German tax office. The application must include:
 - o Company name and address.
 - o Information on business activities carried out in Germany.
 - o Identification details of company directors.
2. Allocation of a VAT number by the German tax office. The VAT number is sent by post and is not provided electronically.
3. The obligation to maintain VAT records and submit regular VAT returns in accordance with German tax law.

[11.13] VAT Groups (Organschaft) in Germany

In Germany, it is possible to form VAT groups ("Organschaft"), meaning:

- The parent company and its subsidiaries may be treated as a single VAT taxpayer, provided the following criteria are met:
 - o The parent company holds at least 50% of the shares in its subsidiaries.
 - o Subsidiaries are fully integrated into the parent company's business operations.
 - o All parties agree to form a VAT group.
- Branches cannot be registered separately for VAT purposes; their transactions are included in the parent company's VAT returns.

The need for action depends on whether the supply was lawfully reported under the OSS procedure and/or whether it was made through an online platform (see 11.52).

- Making intra-Community supplies of goods from Germany to other EU Member States (including movements of own goods within the EU).
- Intra-Community acquisitions of goods in Germany (including own-goods transfers).
- Distance sales, unless the OSS procedure is applied in another EU Member State (see 11.52).
- Receiving supplies subject to German VAT or reverse charge (e.g. services related to German real estate or work supplies performed in Germany by a foreign supplier, or supplies subject to domestic reverse charge – see 11.57). The condition is that the recipient must be a business.
- Organising live events such as conferences, artistic performances, and training sessions in Germany if provided to consumers (unless reported through OSS in another EU Member State).
- Personal participation in a seminar held in Germany by a non-German resident entity.

Germany has excluded admission to fairs, exhibitions, and conferences organised in Germany from the reverse charge mechanism. Even in cases where such supplies are made to a business, the liability for German VAT rests with the foreign supplier, creating a requirement for VAT registration in Germany.

VAT Grouping – [11.11]

As mentioned earlier (see 11.3), in the case of related entities, only the parent company (if established in Germany) should be registered as a VAT taxpayer in Germany. Domestic subsidiaries (based in Germany) are considered dependent parts of the parent company's business activities (and therefore are **not treated as separate taxable persons**).

The following conditions apply:

- The parent company (member of the VAT group) may take any legal form, including a corporation, partnership, or sole proprietorship.
- The subsidiary (controlled company) must be a corporation. However, German national regulations also allow partnerships to join a VAT group if specific conditions are met.

The German tax authorities' guidelines are largely based on court rulings concerning the admission of partnerships into VAT groups.

If the following conditions are met, subsidiaries automatically become dependent parts of the parent company's business activities:

- **Financial integration** – the parent company holds the majority of voting rights in the subsidiaries. In the case of partnerships, national law and German tax authorities require that the parent company directly and/or indirectly controls the voting rights.
- **Economic integration** – subsidiaries operate as departments or divisions within the overall group structure. For example, this condition is met when the parent and subsidiary conduct joint business operations.
- **Organisational integration** – the parent company has the right to manage the subsidiaries, and the same individual acts as managing director in both the parent and subsidiary companies. Regulations require that this person is employed by the parent company, not by the subsidiary.

Since subsidiaries are treated as dependent parts of the parent company's business activities, **domestic intra-group transactions are not subject to VAT**.

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Only transactions with customers and suppliers **outside the VAT group** must be reported in the VAT return. A **single consolidated VAT return** is submitted by the parent company.

This also means that certain thresholds referred to in section 11.1 apply to the **entire taxable base of the VAT group**, rather than separately to each group member's taxable base.

However, exceptions exist. For example, each subsidiary must have its own VAT identification number for **intra-Community supplies or acquisitions of goods** and, where applicable, must file its **own EC Sales List**. Intrastat declarations may, however, be submitted for the entire group by the parent company, if more convenient.

Once established, the VAT group means that the parent company becomes the **VAT taxpayer for the entire group**. However, subsidiaries are **jointly liable** for the parent company's tax obligations.

A VAT group takes effect once the above conditions are met. Consequently, retroactive application of VAT group status is generally possible, which may require corresponding adjustments.

Divisional Registration

[11.12] Decentralised taxation and registration of organisational units of the federal government are possible in Germany under specific circumstances. Apart from that, **divisional registration** is not allowed.

VAT Registration Procedure

General Requirements

[11.13] Foreign taxpayers applying for VAT registration are assigned to a specific German tax office depending on their country of establishment. For example:

- French companies – tax office in **Offenburg**
- UK companies – tax office in **Hanover-Nord**
- US companies – tax office in **Bonn-Innenstadt**

[11.15] A **standardised VAT registration form** for foreign applicants must be sent to the competent tax office. The form can be filled out digitally and submitted electronically, or sent by post or fax. It is also available in **English and French**.

Normally, VAT registration approval by the competent tax office takes **four to eight weeks**.

When registering for VAT in Germany, foreign companies are generally required to provide the following documents:

- Power of attorney, if a German tax representative has been appointed,
- Articles of association (statutes),
- Extract from the commercial register or other proof of legal existence,
- Certificate issued by the tax authority in the EU Member State where the company is VAT-registered,
- Questionnaire containing details of the activities carried out in Germany that require VAT registration.

Tax Identification Number (Steuernummer)

[11.14] After VAT registration, the local tax office assigns a **tax identification number (Steuernummer)**. This number is **not limited to VAT purposes** – it may also be used for **income tax** or **corporate tax** purposes.

VAT Identification Number (“Umsatzsteuer-Identifikationsnummer”)

Upon request, the **Federal Central Tax Office (Bundeszentralamt für Steuern)** issues the VAT identification number.

The number follows the format “**DEXXXXXXXX**” and is used for **intra-Community transactions** as well as **domestic transactions in Germany**.

Appointment of a Fiscal Representative

[11.15] Germany does **not require** foreign entities to appoint a fiscal representative. However, one **may be appointed** in cases where the company does not intend to reclaim German VAT and carries out only **VAT-exempt supplies** or **zero-rated transactions**.

Fiscal representatives are typically appointed in cases such as:

- VAT-exempt import of goods followed by an immediate intra-Community supply,
- VAT-exempt cross-border transport of goods where the supplier receives no other supplies entitling them to input VAT deduction.

A fiscal representative in Germany may be:

- A professional tax adviser or accountant,
- A freight forwarder assisting with customs import clearance,
- Another business entity engaged in customs clearance activities.

The fiscal representative must be **established in Germany** and **cannot be a “small entrepreneur”** under §19 of the German VAT Act.

They must also hold a **power of attorney** from the represented company **before any transaction is carried out**.

If the power of attorney is not in German, an **officially certified German translation** must be provided upon request of the tax office.

The fiscal representative must also apply for a **separate tax number and VAT ID** for the company they represent.

This number must be used for all transactions and VAT returns, etc.

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The fiscal representative ceases to act in that capacity when:

- the power of attorney is revoked, or
- the tax authorities refuse to continue cooperation with the representative.

The representative must notify the tax office that they have stopped acting on behalf of the client and must ensure that **all VAT returns are submitted** for the period during which they acted as representative.

Note: Regardless of the above, a foreign company has the right to appoint a **tax adviser** (e.g. Steuerberater) authorised to represent it before the German tax authorities or the fiscal court – however, this representation is in the company's name, **not in the representative's own name**.

In certain cases, such authorisation or appointment of a correspondence recipient is mandatory. It should also be noted that **non-EU companies generally cannot import goods into Germany in their own name** for customs purposes, which may require appointing an **indirect customs representative**, unless exceptions apply.

[11.16] Penalties for Late VAT Registration

Germany does not impose a specific penalty for **late VAT registration**. However, if a taxpayer pays VAT late due to untimely registration, a **late filing penalty** for VAT returns may be applied.

In such cases, financial penalties for **late tax payment** may also apply (in principle), but usually only in cases of deliberate action.

Nevertheless, late VAT registration and filing may be treated as **tax fraud** under German law. Further information on penalties for late filing and payment is provided in sections **11.60** and **11.61**.

[11.17] VAT Deregistration

There is **no codified procedure** for VAT deregistration as such.

To deregister, the tax office must be informed that the company **no longer conducts VAT-relevant activities in Germany**.

After all reporting obligations are fulfilled, the tax number is deleted.

[11.18] Recordkeeping and Accounting Requirements

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Companies must record data necessary to determine tax and its calculation basis (e.g. agreed remuneration) in a manner **comprehensible to external experts**.

The extent of documentation depends on the taxation form, type of supply, and business sector.

Companies must **retain copies of sales invoices and originals of purchase invoices for 10 years**.

Private individuals receiving invoices for construction work or real estate-related services must retain them for at least **2 years**.

Paper invoices must generally be kept in **paper form** or, under certain conditions, on **data storage media**.

Electronic invoices must be **stored electronically**.

Storage must comply with **GoBD** standards (the German tax accounting standard for compliance and internal control).

Domestic companies must store invoices **in Germany**.

In certain cases, electronic invoices may be stored **in other EU countries**, provided this is **notified in writing to the tax office** without prior request.

Foreign entrepreneurs may also store invoices in other EU Member States, subject to specific conditions.

Tax offices may periodically audit VAT documentation, and **making records available for inspection is a legal obligation**.

Payment service providers must maintain certain records of **cross-border transactions** and **electronically transmit data** to the Federal Central Tax Office, with some exceptions.

[11.19] VAT Invoices

A VAT invoice must be issued for all **supplies of goods or services between businesses (B2B), exports, and intra-Community supplies** (unless exempt under §4(8–29) of the German VAT Act).

Invoices are generally **not required for B2C transactions**, except for certain real estate transactions and intra-EU distance sales (unless reported through OSS).

The standard deadline for issuing an invoice is **6 months** from the date of supply.

However, for **intra-Community supplies** and **reverse charge services**, the deadline is **15 days after the end of the month following the month of supply**.

The full requirements for a VAT invoice are listed in **Appendix 11A**.

From **1 January 2025, mandatory e-invoicing** will be introduced in Germany for certain transactions.

Details and transitional provisions are described in **section 11.21**.

[11.20] Invoices in Foreign Currencies

If an invoice is issued in a currency other than the euro, its value must generally be converted into euros using either:

- the **average monthly exchange rate** published by the **Federal Ministry of Finance**, or
- the **bank selling rate** valid on the date of supply, which must be supported by bank-issued documents accepted by the tax authorities.

[11.21] Electronic Invoices

In Germany, invoices may be issued electronically provided that **authenticity of origin, recipient consent, integrity of content**, and **legibility** are guaranteed during transmission.

If an invoice is **not signed electronically** or **not transmitted via EDI (Electronic Data Interchange)**, an **internal control process** must be implemented to ensure a **reliable audit trail** between the invoice and the supply.

From **1 January 2025**, Germany will require the use of **electronic invoices (e-invoices)** – i.e., structured data sets compliant with the **CEN EN 16931 standard** – for **B2B transactions**, where both supplier and recipient are established in Germany.

This does **not apply** to:

- VAT-exempt supplies under §4(8–29) of the VAT Act (UStG),
- simplified invoices (see 11.22), and
- travel tickets.

Transitional rules allow paper invoices to be issued for supplies made **until the end of 2026**.

In certain cases (e.g., small and medium-sized enterprises with turnover up to **€800,000 in 2026**), the mandatory e-invoicing requirement will only apply **from 1 January 2027**.

...up to 2026, according to §19(3) UStG, and for EDI invoices, the transitional period **may be extended until the end of 2027**.

However, it should be noted that **no transitional period is provided for invoice recipients**, meaning that consent to receive e-invoices will **no longer be required**.

Therefore, invoice recipients may find themselves in a situation where, from **1 January 2025**, they must be able to **receive and process e-invoices in the new format**.

Such companies should prepare themselves **technically and organizationally as soon as possible**.

[11.22] Simplified invoices

Simplified invoices may be issued if the **total invoice amount (including VAT) does not exceed EUR 250**. Such invoices contain fewer details and must include only:

- the supplier's name and address;
- the date of issue;
- a description and quantity of the goods/services supplied;
- the gross amount of the invoice and the VAT rate.

The features of simplified invoices are also described in **Annex 11A**.

[11.23] Summary (collective) invoices

In Germany, collective invoices may be issued covering several deliveries of goods or services over a given period (e.g. monthly).

A collective invoice may consist of several source documents that contain the legally required invoice elements, and the total amount and VAT must be stated in the collective invoice.

All other documents from which the invoice elements derive must be **clearly linked** to it and **easily verifiable**.

Amounts should generally be broken down by VAT rate and exemptions.

However, if the invoice includes various VAT rates and the VAT amount is automatically determined and shown on the invoice, a total VAT amount may be provided, **provided that the individual VAT rates are indicated for each item**.

[11.24] Self-billing invoices

In Germany, self-billing invoices may be issued **if both parties agree**.

A written agreement is not required.

A self-billed invoice must include the term **“Gutschrift”** or **“self-billing”** or an equivalent term in another language listed in the EU VAT Directive.

[11.25] Credit notes

Credit notes may be issued to correct previously issued invoices.

Invoices may also be cancelled and reissued if they were incorrect.

[11.26] Exports and intra-Community supplies – proof

Exports and intra-Community supplies of goods are **zero-rated for VAT**, provided that certain conditions are met.

One such condition is that the supplier must hold **appropriate proof that the goods have left the supplier’s country**.

Exports

The standard proof is the “**Ausgangsvermerk**” – a confirmation of export from the **ATLAS** (Automated Customs and Local Clearance System).

If the export was **not declared via ATLAS**, alternative documents such as **bills of lading, air waybills, or logistics company certificates** may be used as evidence of shipment.

Intra-Community supplies

The required proof is usually the “**Gelangensbestätigung**” – a confirmation of receipt of the goods, which must include:

- the name and address of the recipient;
- the quantity and standard commercial description of the goods;
- the place and date of receipt of the goods in another EU country;
- if the recipient transports the goods themselves – the date and place where transport ended within the EU;
- the date of issue of the confirmation;
- the signature of the recipient or their authorized representative.

Companies may use **other transport documents** as proof, provided they meet the content requirements.

[11.27] Tax audits

Tax authorities have the right to perform **periodic or ad hoc audits** of a company’s VAT documentation.

Inspectors have broad powers to enter premises and review records.

A **report** is prepared after each audit.

If no irregularities are found, this will also be **confirmed in writing**.

[11.28] Time of supply (tax point)

The tax point for the supply of goods and services is **the end of the VAT reporting period** in which the supply occurred.

If the **cash accounting method** is used, the tax point is **the end of the period in which payment was received**.

Specific rules apply for certain transactions:

- **Advance payments and prepayments:** the tax point is the end of the period in which the payment was received.
- **Intra-Community services (reverse charge):** the tax point is the end of the period in which the service was performed.
- **Other reverse charge services:** the tax point is the earlier of the following dates – the end of the month following the month in which the service was performed, or the date on which the supplier issued the invoice.

[11.29] Reporting obligations – tax point rules

- **Intra-Community acquisitions of goods:** the tax point is the earlier of the following – the end of the month following the month of acquisition, or the date the invoice was issued.
- **Imports of goods:** the tax point is the date on which the goods are released from customs suspension (customs clearance completed).
- **Continuous supplies of services:** the tax point is the date the service is completed.
If a service is divided into separate parts with agreed individual payments, the tax point arises **for each partial supply** at the time of payment.

Intra-Community supplies of goods:

The tax point arises **at the end of the month** in which the supply took place.

Leased assets:

If services are divided into separate payments (e.g. monthly leasing fees) and both parties agree, the tax point arises **at each payment date**.

Periodic VAT Returns [11.29]

The main reporting obligation for all VAT-registered entities in Germany is the **periodic VAT return**.

- From **1 January 2025**, if the VAT liability for the previous calendar year does **not exceed EUR 2,000** (previously EUR 1,000), the tax office **may exempt** the company from the obligation to file periodic VAT returns.
- The **filing and payment deadlines** for VAT always fall on the **10th day** following the end of the reporting period.
- The **reporting periods** are as follows:
 - o **Monthly** – for newly registered businesses during the first two years of registration (not applicable for years 2021–2026);
 - o **Monthly** – if the annual VAT liability in the previous year exceeded **EUR 7,500**;
 - o **Quarterly** – if the annual VAT liability in the previous year did not exceed **EUR 7,500**.
- If the **10th day** falls on a **Saturday, Sunday, or public holiday**, the deadline is postponed to the **next working day**.
- If the **VAT refund** for the previous year exceeds **EUR 7,500**, a company may **opt for a monthly reporting period** instead of quarterly.
- It is possible to **apply for a permanent one-month extension** of the filing deadline for periodic VAT returns.
In such a case, companies filing monthly returns must pay an **additional prepayment equal to 1/11** of the total VAT due for the previous calendar year. This payment must be made **by 10 February** of the year in which the extension is to apply.
- In case of a **delay in submitting VAT returns**, penalties may be imposed (see section 11.60).

Submission of VAT Returns

- All businesses are required to file VAT returns **electronically via the ELSTER portal** (www.elster.de/eportal/start) using electronic authentication.
- After successfully submitting a VAT return, the company should receive a **transmission protocol**, which must be printed and stored with the company's records.
- **Paper forms** are accepted only in **exceptional cases**.

VAT Refunds [11.30]

- If a company has a **VAT overpayment** resulting from the submitted return, this amount will either be **refunded by the tax office** or **offset** against other tax liabilities.
- In practice, **VAT refunds are often preceded by inquiries or audits** from the tax authorities.

Annual VAT Returns [11.31]

- All companies are obliged to file their **annual VAT return** by **31 July** of the year following the calendar year-end.
- If a **German tax advisor** is engaged to prepare the return, the deadline is extended to **28/29 February** of the **subsequent year**.
- From **2024 onwards**, **small businesses** (see section 11.35) are generally **exempt** from filing annual VAT returns, unless requested by the tax office or if VAT is due on received supplies or the **intra-Community acquisition of new vehicles**.

Deadlines for Annual VAT Returns (Years 2022–2025):

Year	Without Tax Advisor	With Tax Advisor
2022	2 October 2023	31 July 2024
2023	2 September 2024	2 June 2025

2024 31 July 2025

30 April 2026

2025 31 July 2026

1 March 2027

- Deadlines may be postponed by **one day** if a public holiday falls on that date in the respective federal state (Land).
- VAT payments must be **booked by the tax office** within **one month** after the annual return has been submitted.
- Annual VAT returns must be **submitted electronically** with an **electronic signature**.

Reporting Obligations [11.32] – Intra-Community Sales Lists (Zusammenfassende Meldung – ZM)

- **Intra-Community supplies of goods, triangular transactions, and intra-Community services** must be reported in the “**Zusammenfassende Meldung**” (ZM).
- For goods, the **reporting period** is usually **monthly** (up to certain thresholds) or **quarterly upon request**.
- For services, the **reporting period** is **quarterly** (e.g. 31 March, 30 June, 30 September, 31 December).
- Companies may opt to submit **monthly ZM reports** instead of quarterly ones.
- Submission of the ZM is **mandatory electronically**, and **penalties of up to EUR 5,000** may be imposed for failure to file or for incorrect reporting.

Required Data in the Zusammenfassende Meldung (ZM):

- Customer’s **VAT identification number**.
- **Total value** of supplies in euros.
- **Indicator code** (for goods supplies, the code is not required unless it is a **triangular transaction** – in that case, use **Code 2**; for services, use **Code 1**).

Intrastat Declarations [11.33]

All German VAT-registered entities that make **intra-Community acquisitions or dispatches** of goods exceeding the **Intrastat thresholds** (see section 11.1) are required to file **monthly Intrastat declarations** covering arrivals, dispatches, or both.

Intrastat (Intra-EC Trade Statistics) is a system for collecting statistical data on trade in goods between EU Member States. Instead of the terms “import” and “export,” the terms “**arrivals**” and “**dispatches**” are used.

Declarations must be submitted **within ten working days** after the end of the reporting period and can be submitted electronically using one of the following methods:

- **Online IDEV form** (www-idev.destatis.de/idev) – requires a user account and password. The company can register online, and after verification, will receive an initial password and login linked to the VAT number. The first Intrastat return can be submitted using this password, after which a final password is issued.
- **eSTATISTIK.core** (Common Online Raw Data Entry) – <https://core.estatistik.de/core>.
- **Separate upload** using the **IDES software**.

Paper declarations are accepted **only in exceptional cases** and require **prior approval** from the **Federal Statistical Office**.

Companies that fail to submit a correct Intrastat declaration on time **may be subject to penalties**.

Information Required in Intrastat Declarations:

- Company’s **VAT number** (and branch code, if applicable), name, and address including postal code.
- If the declaration is submitted by an agent, their **name, address, and VAT number** are required.
- **Contact telephone number**.

Details Required in Intrastat Declarations:Notes:

Field	Applies to Dispatches	Applies to Arrivals
Description of goods	✓	✓
Member State of dispatch/arrival	✓	✓
Dispatch/arrival number	✓	✓
Region of dispatch/arrival	✓	✓
Terms of delivery	✓	✓
Final destination	✓	
Type of transaction (Note 1)	✓	✓
Country of origin	✓	✓
Mode of transport	✓	✓
CN8 code of goods	✓	✓
Statistical procedure	✓	✓
Net mass	✓	✓
Supplementary units	✓	✓
Type of supplementary units	✓	✓
Statistical value	✓	✓
Invoice value in euros (Note 2)	✓	✓
Customer's/supplier's VAT number (Note 3)	✓	✓

- (1) A two-digit transaction code is required. Since 2022, new transaction variants must be included, particularly those related to **e-commerce**.
- (2) If the threshold of **EUR 46 million for dispatches** or **EUR 36 million for arrivals** is exceeded, the **statistical value** must be included.
- (3) For **B2C (business-to-consumer)** supplies, special rules apply when entering data.

Examples of German dispatch or arrival region codes:

Code	Region
01	Schleswig-Holstein
02	Hamburg
03	Niedersachsen (Lower Saxony)
04	Bremen
05	Nordrhein-Westfalen (North Rhine-Westphalia)
06	Rheinland-Pfalz (Rhineland-Palatinate)
07	Baden-Württemberg
08	Bayern (Bavaria)
09	Saarland
11	Berlin

12	Brandenburg
13	Mecklenburg-Vorpommern
14	Sachsen (Saxony)
15	Sachsen-Anhalt
16	Thüringen (Thuringia)

Domestic VAT Rate [11.34]

German VAT applies at the **standard rate of 19%** to all supplies of goods or services made within Germany, except for:

- VAT-exempt supplies;
- VAT-exempt supplies with the right to deduct input VAT (0% rate);
- supplies subject to the reduced VAT rate;
- supplies made by non-taxable persons;
- supplies unrelated to business activity.

Supplies of goods or services subject to either the **standard** or **reduced VAT rate** are referred to as “**taxable supplies.**”

General rule

Most supplies of goods or services are subject to VAT at the **standard rate**, regardless of how the supply is made (retail, distance selling, online purchases, barter transactions, etc.).

The **method of payment** is also irrelevant, as is whether or not the supplier earns a profit from the transaction.

Note: VAT may also apply in situations that do not appear to involve a supply of goods or services, such as:

- permanent transfer or disposal of business assets without payment;
- use of business assets free of charge for private or non-business purposes;
- retention of business assets after VAT deregistration;
- use of services for which input VAT was deducted, but which are used for private or non-business purposes.

Taxation of Small Enterprises [11.35]

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VAT on taxable supplies of goods and services is **not charged** by a business established in Germany if its **total turnover including VAT did not exceed EUR 22,000** in the previous calendar year and **is not expected to exceed EUR 50,000** in the current year.

In this case, the company:

- has **no obligation to charge VAT** (provided it is not shown on the invoice); and
- has **no right to deduct input VAT**.

The company may **opt out of the small business exemption** by notifying the tax office before the tax assessment becomes final.

Input VAT [11.36]

Businesses making **taxable supplies** are entitled to **recover German input VAT** paid on expenses incurred for making those taxable supplies.

Businesses making **only VAT-exempt supplies** cannot recover input VAT, although there are exceptions depending on the nature of the supply.

Businesses making **both taxable and exempt supplies** may **partially recover input VAT** (see section [11.39] below).

VAT Invoice

In almost all cases, a **valid VAT invoice** is required to recover input VAT. The invoice must be correctly issued to the business receiving the supply and include all **mandatory VAT invoice details**.

Import of goods from non-EU countries

VAT is also charged on **imports of goods from outside the EU**.

This tax, referred to as **import VAT**, is not supported by an invoice but is **collected by the customs office**. Documents received from customs serve as the basis for input VAT recovery.

However, such recovery is only permitted if the business **had actual control over the goods** at the time of import.

Acquisition of goods from EU suppliers

When a business registered for VAT in Germany acquires goods from suppliers in other EU Member States, the supplier does **not charge VAT**.

The buyer must **self-account for German VAT** as an **intra-Community acquisition** in their VAT return.

This VAT is recoverable, provided that the usual partial exemption rules apply.

The foreign supplier's invoice must be retained as **evidence of the right to deduct VAT**.

Services received from abroad without VAT

Services received from **foreign suppliers without VAT** are subject to **German VAT under the reverse charge mechanism** and must be reported in the VAT return.

This VAT is recoverable, subject to the normal partial exemption rules.

The foreign supplier's invoice must be kept as evidence of the right to recover VAT.

Special rules

There are also **special rules** for **tour operators** and for **businesses selling goods subject to the margin scheme for used goods** (see sections [11.50] and [11.51]).

Non-recoverable VAT

Input VAT **cannot be recovered** on **luxury goods and services**.

In general, if an expense is **tax-deductible** under German income tax law, the related input VAT is **normally recoverable**.

Business Gifts

Input VAT **cannot be recovered** on business gifts with a value exceeding **EUR 35**.

More information on recovering VAT on goods and services used for **private or non-business purposes** can be found in section [11.45].

Company Cars

If a company **recovers input VAT** on the purchase, lease, or rental of a company car, it must **account for output VAT** on the **private use** of that vehicle.

Restrictions on Input VAT Recovery

Businesses have **no right to recover all or part of the input VAT** incurred on the following types of expenses:

- **10% rule:** if a business uses an asset **less than 10%** for business purposes, input VAT **cannot be recovered**.

This rule applies to **all types of assets**.

Private Use

For legal entities such as **GmbH** or **AG** that are VAT payers, input VAT incurred on goods or services purchased for business purposes is **fully recoverable**.

However, if such goods or services are used for **private purposes**, the business is treated as making a **supply for private use** and must **account for output VAT** (the so-called **Lennartz method**).

If the taxpayer knows at the time of purchase that the goods/services will be used privately, the law **does not allow input VAT recovery**, and consequently, **no output VAT** needs to be accounted for.

VAT Bad Debt Relief [11.37]

In Germany, **bad debt relief** for VAT can be claimed **if the debt has become uncollectible**.

Pre-registration Input VAT [11.38]

VAT incurred on **business expenses prior to VAT registration** can generally be recovered.

For **foreign companies**, the **VAT refund procedure** (see sections [11.1], [11.83], and [11.84]) may apply initially — for example, when VAT registration has already occurred but VAT returns have not yet been filed. Each case must be **assessed individually**.

Businesses must maintain **records proving** that the expenses were incurred for business purposes and for making taxable supplies.

Invoices must be **issued in the name of the business**.

Expenses incurred **before the establishment of the business** can also be recovered, provided the same conditions are met (subject to individual assessment).

VAT-Exempt Supplies and Partial Exemption [11.39]

German VAT law is largely based on the **EU VAT Directive** and provides exemptions for most of the same categories of goods and services.

However, the German provisions are **more detailed** and are **interpreted very specifically** by the German tax authorities.

As a full list of all exemption categories is beyond the scope of this guide, **consultation with a local tax advisor** is recommended for proper interpretation.

Effects of VAT Exemption:

- Goods or services are **exempt from VAT** at the time of supply.
- **Input VAT** incurred on expenses related to exempt supplies (including general overheads) **cannot be recovered**.

Tax offices generally **do not require VAT registration** from businesses making only exempt supplies, though exceptions exist.

Partially Exempt Businesses

Businesses making both **taxable** and **exempt** supplies must register for VAT.

Such entities are called “**partially exempt**” and must apply the **partial exemption method** when calculating input VAT to be declared in their VAT returns.

German law provides a **single method of partial exemption**, which can be used if the result is **fair and reasonable**.

Standard Partial Exemption Method

1. Input VAT directly attributable to taxable or exempt supplies must be **segregated**:
 - o Input VAT directly related to **exempt supplies** is **non-recoverable**.
 - o Input VAT directly related to **taxable supplies** is **recoverable**.
2. The remaining input VAT (residual VAT) is **apportioned** between taxable and exempt supplies using a **pro-rata ratio** or other suitable method.
The allocation must be **based on the proportion** of taxable and exempt transactions, unless a **more accurate economic method** is available.

Special rules apply to **input VAT on the acquisition and construction of real estate**.

Capital Goods Scheme [11.40]

Germany has implemented the **option under the EU VAT Directive** allowing adjustment of **deducted input VAT** on certain capital assets over subsequent years.

The scheme applies to **business assets** used in operations and intended for resale.
At the time of acquisition, the amount of input VAT recoverable is determined based on the company's **partial exemption position** at that time.

This amount is then **adjusted over 5 years** (or **10 years** for land, buildings, etc.) to reflect **changes in the company's partial exemption ratio**.

Monthly changes in the recovery percentage are applied to **1/60 or 1/120** of the input VAT deducted and adjusted accordingly.

No adjustment is required if the change is **less than 10%** and the adjustment amount is **below EUR 1,000**.

Option to Tax [11.41]

Germany has implemented the option to tax certain transactions that would otherwise be VAT-exempt, including:

- Certain real estate transactions exempt from VAT.
- Selected financial transactions.

This option is known as the **“waiver of exemption”**.

Zero-rated Supplies [11.42]

Since **1 January 2023**, Germany has introduced a **0% VAT rate** on the supply of **solar modules** to photovoltaic system operators, including components necessary for their operation and energy storage devices.

Apart from this, there is **no general 0% VAT rate** in Germany. Instead, certain supplies are **VAT-exempt with the right to deduct input VAT** related to them. Examples include:

- Export of goods and export processing.
- Intra-Community supplies.
- Supply of gold to central banks.

[11.43] Reduced VAT Rate – 7% in Germany

Germany applies a **reduced VAT rate of 7%** to a specific list of goods and services (see Appendix 11C).

The reduced VAT rate of 7% also applies to:

- Leasing of goods listed in Appendix 11C.
- Breeding and rearing of livestock, cultivation of plants, and participation in animal performance testing.
- Breeding of stallions and support for animal breeding.
- Supplies of prosthetics by dentists and dental technicians.

- Supplies by cultural institutions such as theatres and museums.
- Supplies in the film industry.
- Supplies relating to copyright rights.
- Supplies by circuses, amusement parks, and zoos.
- Supplies provided by municipal, charitable, or religious institutions.
- Supplies by public swimming pools and therapeutic spas.
- Passenger transport and ferry crossings.
- Import, intra-Community acquisition, and supply of certain works of art and collectibles.
- Supplies of specific products in electronic form (e.g., audiobooks).
- Restaurant and accommodation services provided between **30 June 2020 and 31 December 2023** (excluding beverages).
- Supplies of gas and heat between **30 September 2022 and 31 March 2024**.

Since these are **taxable supplies**, the **input VAT** on related costs (including overheads) is recoverable, except for explicitly excluded items.

Note: The conditions for applying the reduced VAT rate must be verified carefully in each individual case.

[11.44] Non-Taxable Persons

A **non-taxable person** is any natural or legal person who does not independently carry out an economic or professional activity.

Any activity carried out **on a continuous basis for the purpose of generating income** is considered an economic or professional activity, even if no profit motive exists.

[11.45] Non-Business Activities

Supplies **not made in the course of business** most commonly include:

- Purely private, personal, or hobby activities of individuals.
- Specific supplies made by **charitable organizations or similar non-profit entities** for little or no remuneration.

In such cases, **VAT does not apply**, and **input VAT** on costs related to such activities **is not recoverable**.

[11.46] VAT Voucher Rules

There are **two types of vouchers** for VAT purposes:

- **Single-Purpose Vouchers (SPV):**

The **place of supply** and **VAT treatment** of the goods/services that can be purchased with the voucher are already known at the time of issue.

Issuance and any subsequent transfer of the voucher are **subject to VAT**. The supply of goods or services in exchange for the voucher **is not subject to VAT**, since tax was already accounted for when the voucher was issued.

- **Multi-Purpose Vouchers (MPV):**

These are vouchers that do not meet SPV conditions. VAT becomes due **only when the voucher is redeemed** (i.e., when goods/services are purchased using the voucher).

The transfer of the voucher before redemption is **not subject to VAT**.

[11.47] Reporting Periods and Special Schemes

- The **standard VAT reporting period** in Germany is the **calendar quarter**.
- If the **VAT due** (after deducting recoverable input VAT) for the previous year **exceeds EUR 7,500**, the reporting period changes to **monthly**.
- If the VAT for the previous year does not exceed **EUR 2,000** (from 2025 onward, instead of EUR 1,000), the **tax office may exempt** the company from the obligation to file monthly or quarterly returns.
- **Newly registered businesses** must file **monthly** returns during their **first and second year of operation**.
- In **exceptional years (2021–2026)**, special rules for reporting periods apply.

Annual VAT Return:

- In addition to periodic VAT returns, companies must also submit an **annual VAT return**.
- The **deadline** is usually **31 July** of the year following the tax year.
- If the company is represented by a **tax advisor**, the deadline extends to **28/29 February** of the second subsequent year.
- For tax years **2022–2025**, **extended submission deadlines** apply (exact dates provided in the reference table).

Summary

- Germany applies a **reduced VAT rate of 7%** to certain goods and services.
- **Non-business persons** are not subject to VAT.
- **Non-economic activities** are exempt from VAT, with **no right to input VAT recovery**.
- **Special VAT rules** apply to the treatment of **vouchers**.
- **Reporting periods** can be **monthly or quarterly**, depending on VAT turnover.
- **All VAT-registered taxpayers** must file **annual VAT returns**.

[11.48] Accrual vs. Cash Accounting

Businesses registered for VAT in Germany normally account for VAT on the basis of the **agreed consideration** for sales of goods and services made during the reporting period (month, quarter, or year).

However, in certain cases, businesses may **apply to the tax authorities** to account for VAT based on **actual payments received** during the reporting period.

In such cases:

- VAT on sales becomes due **when payment is received** from the customer.
- Input VAT can be reclaimed **upon receipt of an invoice**, even if it has not yet been paid.

The **cash accounting scheme** can be applied if:

- The previous calendar year's turnover was **below the cash accounting threshold** of **€800,000** (€600,000 up to the 2023 tax year).

[11.49] Flat-Rate Scheme for Farmers

Germany has exercised the option provided by the **EU VAT Directive** and introduced a **flat-rate VAT scheme for farmers** whose total turnover in the previous calendar year does not exceed **€600,000**. Farmers do not need to apply to use this scheme.

If a farmer wishes to apply **normal VAT rules** for a given calendar year, they must file a notification by **10 January** of the following year. Once chosen, normal VAT accounting must be applied for at least **five years**.

Under the flat-rate scheme:

- Farmers do **not charge VAT** at the standard rates on sales to customers.
- Instead, a **flat-rate addition** for farmers is applied (see 11.1).

This scheme may also be used by businesses engaged in **animal breeding or rearing**, provided the number of animals is necessary for agricultural activity.

[11.50] Margin Scheme for Travel Agents and Tour Operators

Germany applies a **special margin scheme** for travel agents and tour operators, in line with the **EU VAT Directive**. Although the Directive applies only to such operators, any business providing equivalent services must use the scheme.

According to German tax authorities, **non-EU taxpayers** should **not** have the right to apply the **Tour Operator's Margin Scheme (TOMS)**; however, **until 31 December 2026**, this rule is **not being enforced**.

The scheme applies **only** where goods or services are **purchased from other VAT-registered businesses**.

Under the scheme:

- VAT is calculated **only on the margin** (the difference between the purchase price and sale price, excluding VAT).
- The sale is **VAT-exempt** if the related purchases were made **outside the EU**.

- The scheme allows VAT accounting **without requiring registration in each destination country** where clients travel.

[11.51] Margin Scheme – Second-Hand Goods and Global Accounting

Germany also operates a **special margin scheme for dealers of second-hand goods**, allowing VAT to be applied **only to the margin**, rather than the total selling price. Participation is **voluntary**.

Conditions:

- The goods must be **eligible**.
- The goods must have been **acquired under qualifying conditions** (e.g. from a private person, from a small business exempt from VAT, or from another dealer under the margin scheme).
- The **margin must be calculated** according to the scheme's rules.
- **Record-keeping requirements** must be observed.

Eligible goods include:

- Used goods.
- Precious stones and metals.
- Works of art (paintings, collages, drawings).
- Antiques and collectibles over 100 years old.

The seller must maintain **inventory records**, issue **sales confirmations and invoices**, and link them to entries in the record book.

Global Accounting:

A simplification applies to dealers purchasing **low-value qualifying goods in bulk** ("global accounting"). In this case, the margin is calculated **for the entire VAT period**, as the difference between total sales value and total inventory purchases.

- A **positive margin** is multiplied by the VAT rate to determine the tax payable.
- A **negative margin** is not carried forward, and the tax base for the period is **€0**.
- Global accounting applies **only** to used goods with a **purchase price not exceeding €500**.

[11.52] One Stop Shop (OSS)

Like all EU Member States, Germany applies **simplified VAT declaration and payment procedures** under the **One Stop Shop (OSS)** system for **B2C services, distance sales of goods** within and outside the EU, and **cross-border digital supplies**.

All OSS schemes are **optional**. If OSS is not used, the **standard VAT registration and reporting rules** apply.

Note: The OSS scheme generally **does not apply** to the supply of **new vehicles** or **excise goods**, although each case must be assessed individually.

EU and Non-EU OSS Schemes:

- **EU OSS Scheme:**

Applies to **B2C taxable services, intra-EU distance sales of goods, and domestic retail sales of goods** up to a value of **€150**.

- **Non-Union OSS Scheme (Non-EU OSS):**

Applies to B2C services provided by businesses established outside the EU (e.g., broadcasting, telecommunications, and electronic services) when the supplies are made within the territory of the EU.

Who can use it?

- Under the **Union Scheme (EU OSS)** – entities established within the EU, as well as certain non-EU entities (depending on the type of service), may participate.
- Under the **Non-Union Scheme (Non-EU OSS)** – only non-EU entities providing B2C services to EU consumers may participate.

[11.53] Services Provided by Non-EU Entities

Non-EU businesses providing B2C services (including broadcasting, telecommunications, and electronic services) may:

- register under the **non-EU OSS scheme**, or
- register for VAT in each EU Member State where they supply services.

If a non-EU business also conducts **distance sales of goods** within the EU, it must register separately under the **EU OSS scheme**.

[11.54] EU Businesses

EU-based businesses opting to use the **EU OSS scheme** register in a single EU Member State — the one where they are established. This allows them to declare and pay VAT for B2C services and distance sales to consumers in other EU Member States through one OSS return.

[11.55] Import One Stop Shop (IOSS)

Germany applies the **Import OSS (IOSS)** system for goods imported from outside the EU with a value not exceeding €150.

The scheme allows the seller (or an EU intermediary acting for a non-EU seller) to collect German VAT at the point of sale and remit it directly to the German tax authorities.

If the seller uses IOSS, the import of goods into Germany is **exempt from import VAT**.

Participation in IOSS is **optional** — importers who do not opt for it must follow **standard customs and VAT procedures**.

[11.56] Transfer of a Business as a Going Concern (TOGC)

Germany has implemented rules in line with Article 19 of the EU VAT Directive, allowing the transfer of all or part of a business to be treated as **not a supply of goods** for VAT purposes — i.e., as a “transfer of a going concern (TOGC).”

If certain conditions are met (e.g., the transfer of a functioning business unit), this treatment applies automatically.

Germany — Transfer of a Business as a Going Concern (TOGC)

Such a transaction may be carried out **without charging VAT** on the sale price. This simplifies business transfers and avoids potential cash flow issues related to high-value transactions.

The TOGC treatment applies automatically. The German tax authorities will **deny input VAT recovery** by the purchaser if VAT was incorrectly charged.

The purchaser may **inherit the input VAT adjustment period** under the seller’s capital goods scheme (see section 11.40) if it is still active.

The seller’s **VAT registration number does not automatically transfer** to the purchaser.

Accounting records usually remain with the seller.

Conditions for TOGC treatment:

- The transferred assets must be sold as part of a business that continues to operate as an economic activity.
- Excluded transactions:
 - the sale of company shares (unless specific conditions are met);
 - the sale of individual assets;
 - changes in partnership composition.
- The purchaser must intend to use the acquired assets for a similar business activity.
- If only part of a business is transferred, that part must be capable of independent operation.
- No significant interruption of activity may occur.

[11.57] Domestic Reverse Charge Mechanism in Germany

The domestic reverse charge applies to the following transactions:

- Certain supplies related to real estate,
- Certain transactions connected to real estate transfer tax,
- Some wholesale supplies of gas and electricity,
- Supplies of goods transferred as collateral to an assignee (outside insolvency proceedings),
- Supplies of emission allowances,
- Certain wholesale supplies of heat and cooling,
- Supplies of scrap metal and waste as defined under German law,
- Certain cleaning services,
- Supplies of integrated circuits, mobile phones, tablets, and gaming consoles with a value of at least €5,000,

- Supplies of base metals as defined under German law,
- Telecommunication services.

In these cases, the **purchaser** accounts for VAT under the **reverse charge mechanism**.

[11.58] Penalties and Interest — The German Tax System

The German tax system imposes penalties designed to encourage taxpayers to comply with VAT obligations. Penalties are divided into four categories:

- Tax fraud and evasion through negligence or intent,
- Late filing of returns,
- Late or missing payment,
- Formal infringements.

[11.59] Tax Fraud and Evasion

These offences may lead to criminal or administrative proceedings. The amount of the penalty depends on the circumstances and the tax amount involved.

In severe cases, imprisonment may be imposed in addition to financial penalties.

If the taxpayer **voluntarily discloses irregularities** (“self-disclosure”), additional surcharges may apply:

- 10% of the tax amount for €25,000–€100,000,
- 15% for €100,000–€1 million,
- 20% for amounts exceeding €1 million.

[11.60] Late Filing of VAT Returns

The penalty for late submission can reach **up to 10%** of the VAT due, capped at **€25,000**.

If the annual VAT return is filed late, the tax office **must impose** a late-filing surcharge — it is **no longer discretionary**.

An additional penalty of up to €25,000 may also be imposed at the tax authority’s discretion.

[11.61] Late or Missing VAT Payment

A **late payment interest** of **1% per month** of the VAT due is charged for each month (or part thereof) after the due date.

The interest rate is set by law. In justified cases, a **reduction request** may be submitted at the discretion of the tax office.

For bank transfers, a **delay of up to three days** is tolerated without penalty.
Intentional non-payment or underpayment of VAT may result in a **fine of up to €30,000**.

[11.62] Formal Infringements

For breaches of formal obligations (e.g., missing or incorrect invoices, incorrect or late submission of EU VAT listings), penalties of **up to €5,000** may be imposed.

[11.63] Interest on VAT Payments and Refunds

VAT amounts paid to or received from the tax office accrue interest.

The **current annual interest rate** is **1.8%** (previously 6% until the end of 2018) and is calculated per full month.

However, the interest period begins **15 months after** the end of the tax year.

For VAT annual returns for the tax years **2022–2025**, the start of the interest period is proportionally adjusted to match the extended filing deadlines (see section 11.47).

In practice, interest is particularly relevant when VAT assessments are amended following a tax audit or when revised VAT returns are filed due to partial exemption adjustments.

Foreign VAT

Goods — Intra-EU Shipments

[11.64] Supplies of Goods by German Businesses to EU Consumers

German companies supplying goods and/or **BTE services** (broadcasting, telecommunications, and electronic services) to consumers in other EU Member States must follow the **distance sales** and **BTE service** rules (see section 11.52).

Since **1 July 2021**, harmonized **EU-wide distance sales thresholds** have been introduced.

[11.65] Supplies of Goods by German Businesses to Other EU Businesses

For supplies of goods from Germany to other EU Member States, intra-EU VAT rules must be observed.

Normally, such supplies are subject to German VAT but may be **exempt** if:

- the purchaser is VAT-registered in another EU Member State and acquires the goods for business purposes;
- the purchaser is liable to self-account for VAT in their Member State;
- the purchaser provides a **valid EU VAT identification number** issued by a Member State other than Germany;
- the supplier records the purchaser's VAT number in their records and on the invoice;
- the supplier obtains and retains **proof of dispatch** (e.g., certificate of arrival) of the goods to another EU Member State;
- the supplier reports the transaction in the **German EC Sales List (Zusammenfassende Meldung)**.

Suppliers must take reasonable steps to ensure that all the above conditions are met.

Triangulation

[11.66]

“Triangulation” describes a situation where a company in **EU country A** buys goods from a supplier in **EU country B** and sells them to a business customer in **EU country C**, with the goods moving directly from B to C.

Without simplifications, the company in country A might need to register for VAT in B or C.

Germany applies the **EU triangulation simplification**, allowing the company in country A to avoid VAT registration in either B or C, provided that the customer provides a valid EU VAT number.

The supplier in country A must include their own VAT number, the customer's VAT number, and references to triangulation and the **reverse charge mechanism** in the German EC Sales List.

Temporary Movement of Goods

[11.67]

Temporary movement of goods (as opposed to transfers of own goods, see below) refers to:

- goods moved to another EU Member State to perform works, supplies, or services there;
- goods moved to another EU Member State for services performed on them (e.g., repair).

Temporary movements do not need to be reported in VAT returns, EC Sales Lists (ZM), or Intrastat declarations, but a record of such goods must be kept.

The duration of actual use is irrelevant. The required return of unaltered goods to the originating Member State is not a taxable event. The movement becomes taxable only if the goods are destroyed or sold contrary to the original purpose.

For certain goods that would be fully exempt from import duties under temporary importation in Germany, no intra-EU movement declaration is required, provided that specific time limits (depending on the type of goods) are respected.

Special rules also apply to consignment and call-off stock movements and their return to the originating Member State (see section 11.7).

Transfer of Own Goods

[11.68]

When a German business transfers its own goods within the same legal entity from Germany to another EU Member State, the transaction is treated as a supply of goods for VAT.

Under the condition that the goods remain the property of the same legal entity in the destination EU country and are not transported solely for temporary use purposes (see 11.67 and 11.69).

In practice, this means that the German company must register for VAT in the EU country to which the goods are being shipped before the dispatch takes place (a valid VAT number in the recipient EU country is required). Otherwise, the VAT exemption in Germany may be lost.

The German tax authorities also expect the issuance of a pro forma invoice containing the following information:

- the goods dispatched;
- the taxable amount;
- the German VAT number;
- the VAT number of the other EU country.

Processing and Repairs

[11.69] Goods sent from Germany to another EU country for the purpose of performing a service (e.g., repair or other processing) and then returned to Germany are not treated as a supply of goods. Instead, the movement of goods and the receipt of the service are handled as follows:

- The temporary movement of goods must be recorded in a special register;
- Proof of dispatch from Germany must be retained;

- VAT should be accounted for under the reverse charge mechanism on the value of the received service, if it qualifies as a service.

[11.71] Special considerations apply to goods used in the production of new products in another EU country, where only the new product is transported back to Germany.

[11.70] Supplies of goods from other EU Member States to German consumers must comply with the distance selling regulations.

The rules for distance selling changed on 1 July 2021, introducing a single, EU-wide threshold for such sales. Registration in the respective EU Member States is not required if all transactions of this type are reported centrally in one EU country through the One Stop Shop (OSS) system (see 11.52). However, the VAT rate applicable in the EU Member State to which the goods are delivered must be applied. When using OSS, invoices no longer need to be issued to customers.

Similar rules were introduced on 1 July 2021 for consignments of goods valued at up to €150, imported into the EU from non-EU countries. Such supplies can be declared centrally via the Import One Stop Shop (IOSS) system (see 11.55), which exempts the business from VAT registration in each EU Member State where goods are delivered.

Also from 1 July 2021, if e-commerce platforms are used for such transactions, the platform operators are deemed participants in the supply chain under certain conditions, which must be considered when applying the above rules.

The distance selling rules do not apply to the supply of new vehicles or excise goods (e.g., alcohol and tobacco) to businesses.

Supplies of Goods Received by German Businesses from EU Suppliers

[11.71] German businesses that are not registered for VAT but receive supplies of goods from EU suppliers may be required to register for VAT if the value of the received goods exceeds the Intrastat reporting threshold (see 11.1).

Until registration, the business should be charged VAT by its EU suppliers. After registration, the German business must account for VAT on the value of the received goods. This VAT, known as acquisition VAT, is deductible by the business, subject to normal restrictions such as partial exemption.

EU suppliers must receive the business's intra-EU VAT identification number.

The receipt of intra-EU supplies must be reported separately in the German VAT return. An Intrastat declaration may also be required.

Triangulation

[11.72] There are no special procedures for a German business receiving goods as the final participant in a triangular or chain transaction. However, the business must use a valid German VAT number for the

acquisition and report this transaction in its VAT return as an intra-Community acquisition within a triangular transaction.

Transfer of Own Goods

[11.73] Goods received in Germany that have been transferred within the same legal entity are subject to the same rules as other intra-Community acquisitions of goods. The conditions described in section 11.68 apply. Consequently, if the acquisition threshold (see 11.1) is exceeded, VAT registration in Germany may be required.

VAT on the acquisition must then be reported, along with all other reporting obligations, as described above.

Processing and Repairs

[11.74] Goods received in Germany for service work (e.g., repair or processing) that are later returned are not treated as standard intra-Community acquisitions, resulting in fewer reporting obligations.

Goods received for repair and return must be recorded in a temporary transfer register. Proof of dispatch of goods from Germany must be retained.

The value of the repair service should be included in the VAT return under the reverse charge mechanism.

Goods received for processing and return must also be recorded in the temporary transfer register, with proof of removal from Germany. The value of the processing service should be accounted for under the reverse charge mechanism.

Special rules apply when goods are used to produce a new product in Germany, and only the new product is sent to another EU Member State.

Import and Export of Goods

[11.75] Shipments of goods arriving from or dispatched to non-EU countries are subject to more formal procedures than intra-EU movements. A detailed discussion of these procedures goes beyond the scope of this document, but the main import/export formalities that directly affect VAT reporting are summarized below.

Goods Exported to Non-EU Countries

[11.76] The most common export scenarios include:

- Direct export – when goods remain under the supplier’s control and are shipped outside the EU;
- Indirect export – when goods are collected from the supplier’s premises by the foreign customer, who arranges their own transport.

In both cases, the supply may be zero-rated (0% VAT) provided that proper formalities are met:

- Proof of export must be obtained (for electronic export declarations, the “Ausgangsvermerk”) from the shipper or, in the case of indirect exports, from the foreign customer (in some cases, other forms of proof may be required);
- Accounting records must contain all necessary information, e.g., shipment reference number;
- Business documentation confirming the export must be retained, including customer orders, correspondence, a copy of the export invoice, transport documents, proof of payment, insurance and freight documents, and confirmation of receipt abroad.

For indirect exports, supplies are generally not zero-rated if the recipient is a German resident.

Goods Imported from Non-EU Countries

[11.77] All goods entering the EU must be declared at the customs border, and applicable customs duties and import VAT must be paid, unless an import VAT exemption applies.

Import VAT can be reclaimed as input VAT only by a business entitled to input VAT recovery and that had the right of disposal over the goods at the time of import. Proof is provided by a customs document indicating the assessed customs duties and import VAT.

If goods are imported into the EU under German customs rules and the supplier is liable for German import VAT, both the import (first taxable event) and the subsequent supply of those goods (second taxable event) are subject to VAT in Germany. In this case, the supplier must register for VAT in Germany and report the supply to the tax office.

If the subsequent supply qualifies as an intra-Community supply, which immediately follows the import, a fiscal representative may assume the German VAT obligations on behalf of the supplier. However, import VAT exemption may apply under certain formal conditions. The special rules for chain transactions (ABC supplies) must also be observed — individual consultation is recommended.

Special provisions also apply to B2C distance sales of goods valued up to €150:

The import VAT exemption for goods up to €22 expired on 1 July 2021. Import VAT is now generally due on all imports unless an exemption applies.

An exemption applies to consignments of goods valued up to €150, provided they are declared through the Import One Stop Shop (IOSS) (see 11.55). This aligns with the customs duty exemption for such consignments.

If a consignment up to €150 is not declared via IOSS, further procedures depend on whether the customs declaration is made in the name of the supplier or the customer, and whether the sale is conducted through an online platform. These cases require individual clarification. VAT obligations may also arise for the online platform operator.

The due date for import VAT depends on the customs clearance procedure:

- Without a simplified payment system – import VAT is generally due within 10 days;
- With a simplified payment system – payment is due on the 26th day of the second month following the month of import.

Except in specific cases, non-EU businesses must have an indirect representative. In addition, they must possess or apply for an EORI number to import goods into the EU.

Passenger Transport within the EU

VAT is charged proportionally in each country through which the journey takes place.

Exceptions Applying Only to Consumers:

- Work and valuation of movable property – VAT is charged where the work is actually performed. This includes, for example: installation, repair, calibration, processing, refurbishment, cleaning, restoration, etc.

Special rules apply to work carried out on goods intended for export outside the EU. Such work may be exempt from VAT if all of the following conditions are met:

- The goods on which the work is carried out must have been acquired or imported into the EU for the purpose of performing that work;
- The goods must not be used in Germany between leaving the supplier's premises and being exported;
- After completion of the work, the goods must be exported outside the EU by the service provider or the non-EU customer (or their authorized representative).

Most transport and transport-related services are subject to VAT in the place where the transport actually occurs, proportionate to the distances traveled.

An exception applies to transport of goods between EU Member States – VAT is charged in the country where the transport begins.

Intermediary transport services are subject to VAT in the place where the intermediary service is supplied.

Exceptions Applying Only to Non-EU Customers

(All these services are outside the scope of German VAT):

- Transfer of copyrights, patents, licenses, trademarks, and similar rights, including the waiver of such rights;
- Advertising services;
- Services of consultants, engineers, lawyers, accountants, and similar professionals;
- Data processing and information provision services (excluding those connected to immovable property);
- Banking, financial, and insurance services (except for security deposits);
- Access to and transmission through gas and electricity distribution systems, and related services;
- Provision of personnel;

- Leasing of goods other than means of transport;
- Refraining from carrying out a professional or industrial activity.

[11.81] Services Provided to Foreign Customers – Special Situations

The provisions concerning “use and enjoyment” of services are specific and require individual consideration.

Germany has introduced “use and enjoyment” rules for a limited list of services, described below.

These provisions override the normal place of supply rules in two significant cases:

1. Where the normal place of supply rules would treat the service as taxable in Germany, but the service is actually used and enjoyed outside the EU;
2. Where the normal place of supply rules would treat the service as supplied outside Germany, but the service is actually used and enjoyed in Germany.

In such cases, the normal place of supply rules are disregarded, and the services are deemed to be supplied where they are actually used and enjoyed.

If the services are actually used and enjoyed in Germany, the supplier may be required to register for VAT in Germany.

Services Covered by Situation 1

(when the service would normally be taxable in Germany but is used outside the EU):

- Short-term hire of a rail vehicle, bus, or road vehicle used exclusively for the transport of goods, supplied by a German-established business to a non-EU business customer using the service outside the EU;
- Transport of goods or services related to the transport of goods, such as loading, unloading, handling, or similar services;
- Work on tangible movable property and valuations thereof;
- Provision of certain tourism-related services or trade fair/exhibition services.

Services Covered by Situation 2

(when supplied by a non-EU business and used in Germany):

- Short-term or long-term hiring of means of transport;
- Telecommunication services;
- Certain services supplied to public bodies, excluding those relating to access to and transmission through natural gas and electricity systems and related services.

[11.82] Broadcasting, Telecommunication, and Electronically Supplied Services

Special rules apply to telecommunication, radio and television broadcasting, and electronically supplied services provided to consumers.

The place of supply for these so-called “BTE services” is the country where the customer is established (has their residence).

In practice, the supplier can either register for VAT in the Member State of the customer or use the One Stop Shop (OSS) system.

Details regarding OSS registration in Germany are described in section 11.52.

[11.83] VAT Refunds for Non-German Businesses

The general place of supply rules (see 11.79) apply if the supply threshold (11.57) remains valid and has not been abolished.

If the services are provided to a business customer (B2B), VAT on these services is not subject to German VAT, and the customer accounts for VAT using the reverse charge mechanism.

VAT Refunds for EU Businesses

Businesses established in other EU Member States that have incurred German VAT on business-related expenses may apply for a refund.

To qualify for a VAT refund, the business must not have a fixed establishment in Germany and must meet one of the following conditions:

- Must not supply taxable goods or services in Germany, or only supply VAT-exempt services related to exported goods; or
- Must only supply services in Germany subject to reverse charge; or
- Must only provide passenger transport services subject to individual taxation; or
- Must only make intra-Community acquisitions in Germany and subsequent supplies under triangulation simplification (see 11.66); or
- Must only supply goods or services reported through the OSS system (see 11.52).

Applications must be submitted electronically to the VAT authorities in the applicant’s country of establishment, no later than 30 September of the following year.

Applications cannot cover a period longer than one calendar year and must not cover a period shorter than three months, unless it includes the remainder of the calendar year.

Applications must meet minimum value thresholds and be complete and correct when submitted.

Input VAT incurred on goods and services purchased in or imported into Germany can be reclaimed, except for:

- Incorrectly charged VAT;
- VAT on non-business-related goods or services.

VAT on purchases used wholly or partly for VAT-exempt activities will be restricted.

Invoices must be scanned and attached to the application if the invoice amount exceeds:

- €250 for fuel purchases.

Germany – VAT Refunds for Non-German Companies [11.83]

Germany refunds VAT to companies that incurred German VAT on business-related expenses exceeding €1,000 for all other goods and services.

Applications are acknowledged, and a decision on full or partial refund is sent electronically as a tax notice. Payment should be made within ten working days after the end of the fourth month following submission and receipt of all required documentation.

Interest applies in case of delay.

If the refund is fully or partially rejected, taxpayers have the right to appeal.

VAT invoiced on VAT-exempt export supplies, where goods were transported or dispatched by the customer or a third party on their behalf, is excluded from refund eligibility.

Likewise, VAT invoiced on intra-Community supplies or supplies that could qualify as VAT-exempt intra-Community supplies is excluded from refund.

VAT Refunds for Non-EU Businesses

Companies established outside the EU that incur German VAT on business expenses may apply for a refund from the Federal Central Tax Office (Bundeszentralamt für Steuern – BZSt).

However, refunds are not granted to businesses established in non-EU countries without reciprocity in VAT refund procedures.

Reciprocity exists if that country either does not refund VAT at all or imposes a similar tax on German companies.

The German Ministry of Finance regularly publishes a list of non-EU countries classified under this criterion.

To qualify for a refund, the company must not be established in the EU and must meet one of the following:

- Must not supply taxable goods or services in Germany, or only supply certain VAT-exempt services linked to exported goods; or
 - Must supply only services subject to reverse charge; or
 - Must supply only individually taxed passenger transport services; or
 - Must make only intra-Community acquisitions and subsequent supplies under triangulation simplification;
- or
- Must supply only taxable supplies declared via OSS.

Refunds cannot be claimed for:

- Incorrectly charged VAT;
- VAT on non-business-related goods or services;
- VAT on fuel purchases, if the claimant did not report taxable turnover in Germany via the OSS system to which the VAT relates.

VAT incurred on goods and services used partly or wholly for exempt activities will be restricted.

Applications for VAT refunds must not cover a period longer than one calendar year and should not be shorter than three months, unless covering the remainder of the year.

Applications must meet minimum claim thresholds and be submitted by 30 June of the year following the tax year.

Applications must be submitted electronically to the Bundeszentralamt für Steuern and include the following documents:

- All original invoices;
- A certificate issued by the tax authority of the applicant's home country, confirming that the company is registered for business purposes.

The certificate is valid for one year and must include:

- o Name, address, and official seal of the issuing authority;
- o Name and address of the applicant company;
- o Nature of the company's business;
- o Company registration number.

The certificate must be the original document – copies or scans are not accepted.

There is no statutory deadline for processing applications, and no interest is paid.

In case of full or partial rejection, taxpayers have the right to appeal.

Appendix 11A: Contents of a VAT Invoice

Feature	Full VAT Invoice	Simplified Invoice (amount ≤ €250)
Supplier's name and VAT number	✓	
Customer's name and address	✓	
Customer's VAT number (intra-Community only)	✓	
Invoice number	✓	
Date of supply	✓	
Date of issue	✓	✓
Unit price of goods or services	✓	
Description of goods or services	✓	✓
Quantity (for each item)	✓	

Net amount	✓	
VAT rate	✓	
Total net amount	✓	
Any cash discount rate	✓	
Total VAT amount (in euros)	✓	
Total amount payable including VAT	✓	
Reason VAT is not charged (intra-Community only)	✓	✓

Appendix 11B: VAT Exemptions in Germany

The provisions concerning VAT exemptions are detailed in the German VAT Act. The most important concepts and examples are presented below.

VAT exemption with the right to deduct input VAT on indirect costs

Exempt from VAT, but with the possibility to deduct input VAT on indirect costs:

- Export of goods and export processing services.
- Intra-Community supplies.
- Sales related to maritime navigation and aviation. Cross-border services.
- Services rendered to foreign entities concerning imported goods for temporary use.
- Supplies of gold to central banks.
- Supplies to VAT-exempt warehouses and certain services related to goods stored in such warehouses.
- Intermediation in the above activities, except for intra-Community supplies.
- Intermediation in the transport of passengers by aircraft and ships.
- Intermediation in sales in non-EU countries.
- Sales and services by federal railways to railway companies established abroad.
- Food and beverages supplied on ships between local and foreign ports.
- Supplies and services (excluding new vehicles) to other NATO countries and contracting parties for the use of their armed forces.
- Supplies and services to diplomatic missions of EU member states.

VAT exemption without the right to deduct input VAT on indirect costs

Exempt from VAT without the right to deduct input VAT on indirect costs:

- Granting and intermediation in granting loans.
- Transactions concerning current and deposit accounts, payments, transfers, debts, cheques, and other financial instruments (excluding debt collection).
- Transactions and intermediation in the trading of company shares.
- Assumption of loans, guarantees, and other securities.
- Supply of postage and revenue stamps and similar items.
- Supplies deemed to be made to an online marketplace operator in certain distance sales.
- Supplies subject to stamp duty (with the possibility of taxing commercial property rental with VAT).
- Insurance and reinsurance services and related intermediation.
- Leasing of land and buildings (except for short-term accommodation in hotels, campsites, or parking areas).
- Provision of medical care, performance of medical professions, and social services.
- Supply of human organs, blood, and milk.
- Social welfare and charitable services.
- Services provided by nursing and care facilities.
- Certain services between political party entities.
- Supply of goods or services performed by blind persons.
- Cultural services (theatres, orchestras, museums, botanical gardens, etc.).
- Services provided by private schools and teachers of certified educational character.
- Accommodation, meals, and education for young people under 27 years of age for care and educational purposes.
- Services provided by youth homes and charitable organizations.
- Services rendered by members of religious orders for charitable, religious, or educational purposes.

Appendix 11C: Reduced VAT Rate Applied in Germany

A reduced VAT rate of 7% applies in Germany to the following (non-exhaustive list):

- Live animals, namely: mules and donkeys; domestic cattle, including breeding stock; domestic pigs, including breeding stock; domestic sheep, including breeding stock; domestic goats, including breeding stock; poultry (hens, ducks, geese, turkeys, and partridges); domestic rabbits; pigeons; bees; and guide dogs for the blind.
- Meat and edible by-products from slaughter.
- Fish and crustaceans, molluscs, and other aquatic invertebrates, excluding ornamental fish, lobsters, oysters, and snails.
- Milk and dairy products; bird eggs and egg yolks, excluding inedible eggs and yolks; natural honey.

- Other animal-origin products, such as stomachs of domestic animals and poultry, bones, etc.
- Bulbs, tubers, roots, and rhizomes, in dormancy, growth, or flowering; chicory plants and their roots.
- Other live plants, including their roots, cuttings, and runners; mycelium.
- Flowers, flower buds, and buds cut for bouquets or decorative purposes, fresh.
- Leaves, branches, and other parts of plants without flowers and buds, as well as grasses, mosses, and lichens, fresh, for decorative purposes.
- Vegetables, plants, roots, and tubers used for food purposes, such as:
 - o fresh or chilled potatoes,
 - o fresh or chilled tomatoes,
 - o onions, shallots, garlic, leeks, and other vegetables of the onion family, fresh or chilled,
 - o cabbage, cauliflower, kohlrabi, savoy cabbage, and similar edible vegetables,
 - o lettuces (*Lactuca sativa*) and chicory (*Cichorium spp*), fresh or chilled,
 - o carrots, turnips, beets, celery, radishes, and similar edible roots, fresh or chilled,
 - o cucumbers and gherkins, fresh or chilled,
 - o leguminous plants, even unshelled, fresh or chilled.

