

# German VAT News 2020

## Quick Fixes

The Quick Fixes are part of the most extensive VAT reform of the EU, which will gradually change the majority of the previously applicable VAT-laws until 2022. The changes apply to consignment stocks, chain transactions and requirements for tax exemption of intra-community supplies.

### Consignment stocks

Unlike in the past, deliveries to consignment stocks are now to be treated as intra-community deliveries when they are withdrawn by the customer. This change results in numerous recording obligations. On a positive note, this makes registration in other EU countries superfluous.

### Chain transactions

As in the past, in a chain transaction only one supply can be a moving supply and be considered as tax exempt intra-community supply or an export. The significance of the initiation of transport now takes on a legal character and thus presents a reliable criterion for companies to be able to make the allocation decision with greater legal certainty.

### Intra-community supplies

The new legislation adds to the significance of the VAT ID number and the EC Sales List. Substantive conditions for tax exemption now include both the registration of the customer for VAT purposes in another member state and the active communication of another member state's VAT ID number. In addition to the VAT ID number, the EC Sales List is of increased importance: the planned new regulation links the tax exemption to the proper reporting of the relevant turnover in the EC Sales List.

## Get in touch with us ...



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## Other changes with effect from January 1, 2020

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- **Increase of the turnover limit for taxation according to payments received (§ 20 UStG)**  
The turnover limit for taxation according to received payments (§ 20 UStG) was increased from EUR 500,000 to EUR 600,000.
- **Small business regulation**  
Increase of the limit for the total turnover for the taxation of small businesses within the meaning of § 19 UStG from EUR 17,500 to EUR 22,000.
- **Repeal of § 3f UStG**  
Since January 1, 2020, the place of the benefits in kind is to be determined similarly to the place of regular sales.
- **Application of the reduced tax rate (7%) to rail passenger rail transport**  
The reduced VAT rate is applicable for all rail passenger rail transport regardless of the distance.
- **Application of the reduced tax rate (7%) to electronic publications**  
The general prerequisite is that the publications correspond in their function to conventional print media and do not go far beyond that.
- **Application of the reduced tax rate (7%) for products used for female monthly hygiene purposes**
- **Exports in non-commercial travel are only exempted from VAT if the invoice amount exceeds EUR 50.**
- **Adjustment of margin taxation for travel services**  
The special regulations for travel services are now also applicable to travel services intended for companies. The taxation of the overall margin, in particular for package tours, is no longer permissible.
- **Distribution of food and beverages on seagoing vessels**  
A regulation, according to which the supply of food and beverages on board certain seagoing vessels is exempt from VAT, is repealed.
- **Repeal of § 25d UStG and introduction of § 25f UStG to combat tax evasion**  
Parties who knowingly took part in tax evasion will be excluded from the right of input VAT deduction and other exemptions for the corresponding turnover.
- **New obligations for fiscal representatives as defined in § 22b (2), (2a) UStG**
- **Tax exemptions**
  - Tax exemption for school and educational services
  - Tax exemption for all services closely related to education and care
  - Tax exemption for services provided by independent and charitable associations to their members