



## VAT's new?

**Current developments  
in Germany and the EU  
in the field of VAT**

## Highlight

### Open market value

Articles 72 and 80 of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT must be interpreted as precluding the services provided by a parent company to its subsidiaries in the context of the active management of those subsidiaries from being, in all situations, regarded by the tax authority as constituting a single supply which precludes the open market value of those services from being determined using the comparison method laid down in the first paragraph of Article 72 of that directive.

*CJEU, judgment of 3 July 2025 – C-808/23, Högkullen*

### Links for further information

[VAT Insights](#) | Webcast | 17 July 2025

[Deloitte Tax-News: EuGH: Anwendungsbereich der Mindestbemessungsgrundlage für konzerninterne Leistungen](#)

### Changes due to the Growth Opportunities Act, Fourth Bureaucracy Relief Act and Annual Tax Act 2024

With the Growth Opportunities Act of 27 March 2024 (Federal Law Gazette 2024 I No. 108), the threshold for the exemption from the obligation to submit preliminary VAT returns was raised from EUR 1,000 to EUR 2,000. With the Fourth Bureaucracy Relief Act of 23 October 2024 (Federal Law Gazette 2024 I No. 323), the retention period for invoices was reduced from ten to eight years. Furthermore, the threshold for the monthly submission of preliminary VAT returns was raised from EUR 7,500 to EUR 9,000. In addition, the threshold for the margin scheme for resellers was increased from EUR 500 to EUR 750. Moreover, the Annual Tax Act 2024 of 2 December 2024 (Federal Law Gazette. 2024 I No. 387) included VAT-relevant amendments. Accordingly, self-billing documents issued to a non-entrepreneur or to an entrepreneur who has not performed the supply of goods or services fall under sec. 14c (2) GVATA. Regarding the electronic transmission of declarations to the tax authorities, the wording of the German Fiscal Code was adjusted. The German VAT Application Decree was amended accordingly.

*German Federal Ministry of Finance, letter of 7 July 2025 – IV D 1 - S 0229/00120/007/030*

### Link for further information

[Deloitte Tax-News: Steuern – Indirekte Steuern/Zoll](#)

## News from the CJEU

### Public postal services

Article 132(1)(a) of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT, read in the light of the second and fourth indents of Article 12 of Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service, as amended by Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008, must be interpreted as precluding supplies of postal services provided, in accordance with separate contracts, by a holder of an individual licence to provide the universal postal service from benefiting from the VAT exemption provided for in Article 132, when such supplies, which are intended to meet the special needs of the persons concerned without being offered to all users, are provided under different, more favourable conditions than those approved by the national authority designated in the Member State concerned to regulate the universal postal service or those provided for in the standards relating to that service.

*CJEU, judgment of 19 June 2025 – C-785/23, Bulgarian posts*

### Link for further information

[Deloitte Tax News](#)

### **No VAT liability for incorrect VAT amount on invoices issued to final consumers**

Article 203 of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT, as amended by Council Directive (EU) 2018/1695 of 6 November 2018, must be interpreted as meaning that a taxable person who has supplied a service and who has stated on the invoice an amount of VAT calculated using the incorrect rate is not liable for the part of the VAT which was incorrectly invoiced to a non-taxable person, even if that taxable person has also supplied similar services to other taxable persons.

Directive 2006/112, as amended by Directive 2018/1695, must be interpreted as meaning that it is appropriate to classify as 'final consumers who do not have a right to deduct input VAT', within the meaning of the judgment of 8 December 2022, Finanzamt Österreich (VAT invoiced incorrectly to final consumers) (C378/21, EU:C:2022:968), only non-taxable persons. Thus, taxable persons who, in a given situation, do not have a right to deduct input VAT are not covered by that concept.

Directive 2006/112, as amended by Directive 2018/1695, must be interpreted as not precluding, in the case of simplified invoicing under Article 238 of Directive 2006/112, as amended, a tax authority or a national court from using an estimate in order to determine the proportion of the invoices in respect of which a taxable person who has incorrectly invoiced VAT is liable for that tax under Article 203 of Directive 2006/112, as amended, provided that for the purposes of such an estimate, all the relevant circumstances are taken into account, and a taxable person, in compliance with the principles of fiscal neutrality and proportionality and the rights of the defence, from calling into question the results obtained by that method.

*CJEU, judgment of 1 August 2025 – C794/23, Finanzamt Österreich*

### **Joint and several liability**

Article 205 of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT, as amended by as amended by Council Directive (EU) 2018/1695 of 6 November 2018, read in the light of the principle of the proportionality, must be interpreted as not precluding a national practice which imposes on a taxable person, recipient of a supply of goods for consideration, a joint and several obligation to pay the VAT due from the supplier of those goods, even though the recipient of that supply of goods was refused the right to deduct the input VAT due or paid on the ground that he, she or it knew or ought to have known that he, she or it was participating in VAT evasion.

*CJEU, judgment of 10 July 2025 – C276/24, KONREO*

### **Criminal and administrative penalties**

Article 325 TFEU, Article 273 of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT, and Article 50 of the Charter of Fundamental Rights of the European Union must be interpreted as precluding national legislation which provides for the imposition of a financial penalty on a taxable person on the ground that he or she has not issued fiscal cash register receipts relating to sales made where that offence has already given rise to the imposition of a coercive administrative measure to seal the business premises in which that offence was committed and prohibiting access thereto.

Article 273 of Directive 2006/112 and Article 49(3) of the Charter of Fundamental Rights must be interpreted as precluding national legislation which provides for, as an administrative penalty, a financial measure of a high amount without the court hearing a challenge to that measure having the procedural possibility of imposing an amount less than that provided for by that legislation or another more lenient type of penalty.

*CJEU, judgment of 3 July 2025 – C-733/23, Beach and bar management*

### **Cost-sharing groups**

Article 132(1)(f) of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT must be interpreted as meaning that the exemption of services provided by a group to its members in return for the exact reimbursement of their share of the expenses concerns services subject to input VAT used by the members in the context of their tax-exempt activity and which are typically obtained for the provision of the exempt activity because they are necessary for that provision. The exemption of those services does not, in principle, lead to a distortion of competition if the services in question are normally provided as part of the tax-exempt activity, which a large company would usually provide itself. The situation may be different if the exemption is applied inappropriately.

*CJEU, opinion of Advocate General Kokott delivered on 10 July 2025 – C379/24 and C380/24, Agrupació de Neteja Sanitaria, Educat Serveis Auxiliars*

### **Person liable for payment of VAT**

Article 9(1) and Article 193 of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT must be interpreted as meaning that a taxable person is not required to have its own legal personality but must have its own legal capacity. The economic activity is carried out 'independently' where the taxable person is acting in his or her own name. This results from the actions and dealings with third parties (outwardly). It is irrelevant for the purposes of VAT legislation whether it infringes internal agreements in that regard (such as, for example, a partnership agreement).

*CJEU, opinion of Advocate General Kokott delivered on 3 July 2025 – C-796/23, Česká síť*

### **German Federal Fiscal Court reorganization from 1 August 2025**

The Federal Fiscal Court restructured the distribution of senate responsibilities. It reduced the number of senates to ten. The 11th Senate has been dissolved. Its responsibility for part of the VAT proceedings will be taken over by the 5th Senate, which will thus once again be responsible for handling all VAT proceedings. The BFH will have 53 judges in the future.

*German Federal Fiscal Court, press release of 31 July 2025 – 050/25*

### **Good faith in the requirements of the margin scheme**

The German Federal Fiscal Court requested a preliminary ruling from the CJEU on the question of whether, regarding the principle of effectiveness, the application of the margin scheme precludes a national practice which only considers the reseller's good faith outside the assessment procedure, namely in equity proceedings. The margin scheme requires that the upstream supplier is also a reseller. In the case at hand, some of the information provided by the upstream supplier was incorrect. The plaintiff invoked her good faith, but the tax office rejected this in the assessment procedure and referred her to the equity procedure. The Federal Fiscal Court doubted whether this was appropriate as further equity proceedings would involve considerable effort, costs, and time.

*German Federal Fiscal Court, decision of 19 February 2025 – XI R 23/24*

### **VAT-exempt emergency medical service (stand-in duty)**

Emergency medical services by a medical practitioner in return for payment, with the assigned practitioner being released from duty, constitute VAT-exempt medical treatment services, irrespective of the recipient.

*German Federal Fiscal Court, judgment of 14 May 2025 – XI R 24/23*

### Input tax deduction for contributions in kind

If a one-man limited is founded by the contribution of a car that is supplied during the existence of a limited in formation and used exclusively for business activities after the formation of the limited, it can deduct input tax on the purchase of the car. This applies even if the invoice is addressed to the founding shareholder who is not entitled to deduct input tax. The interpersonal attribution for VAT purposes must be made during the company formation phase.

*Lower Saxony Fiscal Court, judgment of 3 April 2025 – 5 K 111/24, appeal pending: XI R 13/25*

### Reduced VAT rate for the supply of wood chips

Wood chips are subject to the reduced VAT rate if they are subject to position 4401 of the custom tariff. Pursuant to the updated administrative guidelines, the type of presentation at the time of the supply and the predetermined degree of moisture are decisive for the assessment of whether wood chips are exclusively intended for burning.

*German Federal Ministry of Finance, letter of 15 July 2025 – III C 2 - S 7221/00019/005/056*

### Link for further information

[Deloitte Tax-News](#)

### Special VAT audits

The newly announced template for special VAT audits has been revised. The updated version must be used at the latest upon publication in the German Federal Tax Gazette I. The form must be created on the basis of the unchanged form template. When using IT programs, the template can be issued in abbreviated form by printing only the parts of the form that are relevant for the audit in each individual case. Deviations from the form are permitted if necessary for organizational or technical reasons.

*German Federal Ministry of Finance, letter of 22 July 2025 – III C 5 - S 7420-a/00005/001/070*

### VAT-exempt exports

The German Federal Ministry of Finance updated its administrative guidelines regarding the proof of exports considering CJEU principles on the abuse of rights, the principle of proportionality and the fight against tax evasion. The German VAT Application Decree was amended accordingly.

*German Federal Ministry of Finance, letter of 1 July 2025 – III C 3 - S 7134/00025/002/012*

### Monthly VAT exchange rates

The German Ministry of Finance updated the monthly overview on the VAT exchange rates by adding the figures for June 2025.

*German Ministry of Finance, letter of 1 July 2025 – III C 3 - S 7329/00014/007/084*

### Overview of CJEU referrals as of 1 January 2009

The Baden-Württemberg Chief Finance Directorate published an overview of the requests for preliminary rulings since 1 January 2009 in VAT cases.

*Baden-Württemberg Chief Finance Directorate, order of 27 March 2025 – VAT Card Index BW Overview card 3*

### Annual report on taxation 2025

The European Commission published the Annual Report on Taxation 2025, which includes an analysis of the state of play of the taxation in the European Union. The report describes the challenges faced in the fight against VAT fraud and compliance deficiencies.

*European Commission: DG TAXUD, Annual report on taxation 2025, [europa.eu](https://european-council.europa.eu/media/en/press-room/default.aspx?id=14682)*

### Report on the application of the VAT e-commerce package for 2024

In 2024, the number of traders registered under the Union OSS scheme grew significantly. This increase represents a 16% growth compared to the end of 2023. The non-Union OSS scheme also saw a steady growth in 2024, marking an increase of registered traders of approximately 6%. Furthermore, the Import OSS (IOSS) scheme experienced an upward trend, which corresponds to a 6% growth compared to the previous year. The number of intermediaries under the IOSS scheme also continued to grow, with a rise of approximately 10%. With the phased implementation of the VAT in the Digital Age (ViDA) package in the coming years and the proposed removal of the €150 customs exemption threshold under the EU Customs Reform, the EU intends to create a modernized, fair, and fraud-resistant VAT and customs framework fit for the digital economy.

#### Link for further information

[europa.eu](https://europa.eu)

### Council formally adopts new rules simplifying tax collection for imports

The Council today adopted the new VAT rules for distance sales of imported goods. The directive will improve the collection of VAT on imported goods by ensuring suppliers are always liable for VAT paid on imports, rather than the EU consumer. This should encourage suppliers outside the EU to use the VAT import one-stop-shop (IOSS) for VAT reporting and collection. The directive will be published in the Official Journal of the EU and will enter into force twenty days later. The rules will apply from 1 July 2028.

#### Links for further information

*Council of the EU, press release of 18 July 2025, [europa.eu](https://europa.eu)*

*Deloitte Tax-News: Steuern – Indirekte Steuern/Zoll*

*Deloitte Tax-News*

### Annual Report on the protection of the EU's financial interests for 2024

The European Commission adopted its 2024 Annual Report on the protection of the EU's financial interests. The report shows the progress made by the anti-fraud bodies in strengthening their coordination, promoting the digitalisation of the fight against fraud, and reporting cases of fraud and irregularities to the Commission.

*European Anti-Fraud Office, press release of 25 July 2025, [europa.eu](https://europa.eu)*

### EU Sustainable tourism strategy

The EU Commission initiative "EU Sustainable tourism strategy" aims to enhance environmental and social sustainability, and support to Micro Small and Medium Enterprises, resilience and innovation within the tourism sector, while positioning the EU as a leading global player in tourism policy. The public consultation will last 12 weeks. The consultation will give stakeholders the possibility to share their views.

*European Commission, call for evidence of 20 June 2025, Ref. Ares(2025)4942810, [europa.eu](https://europa.eu)*

## Contact

#### Dr. Ulrich Grünwald

Partner  
Indirect Tax  
Tel: +49 30 25468 258  
[ugruenwald@deloitte.de](mailto:ugruenwald@deloitte.de)

#### Dr. Diana-Catharina Kurtz

Senior Manager  
Indirect Tax  
Tel: +49 89 29036 8025  
[dkurtz@deloitte.de](mailto:dkurtz@deloitte.de)

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