



VAT's new?

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

Highlight

Input tax deduction in the general taxation procedure in case of invoice correction

A taxable person can exercise the right to deduct input tax incurred in Germany in the general taxation procedure even if this person receives the invoice with VAT at a time when he or she no longer carries out any domestic supply. In the case recently decided by the German Federal Fiscal Court, a non-EU established company carried out a taxable supply in Germany in 2018 but did not receive the invoice with VAT in 2019. The German Federal Fiscal Court ruled that the right to deduct input tax had already arisen in 2018 but could only be exercised in 2019 upon receipt of a correct invoice. Retroactive invoice correction was excluded as no VAT amount was shown on the original invoice.

German Federal Fiscal Court, judgment of 25 June 2025 – XI R 17/22

Link for further information

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

News

Transfer of single-purpose vouchers

For assessing whether a voucher is a single- or multi-purpose voucher, it is irrelevant whether it can be transferred after it has been issued between taxpayers who act in their own name and are resident in Member States other than the one in which the place of supply is located. In its follow-up ruling the German Federal Fiscal Court adhered to the CJEU (judgment of 18 April 2024, C-68/23, M-GbR). Accordingly, the classification of a voucher as a single-purpose voucher depends solely on the conditions laid down in Article 30a(2) of the EU VAT Directive. Correspondingly, the place of supply of services to private customers, to which that voucher relates, must be known at the time of the voucher issuance. This applies irrespective of the fact that the voucher is transferred between taxable persons acting in their own name and established in Member States deviating from the location of the private customers.

German Federal Fiscal Court, decision of 25 June 2025 – XI R 14/24 (XI R 21/21)

Link for further information

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

VAT-exempt optimization of insurance contracts

The optimization of existing insurance contracts by a broker is exempt from VAT. Achieving savings for customers by changing tariffs fulfills the characteristics of insurance brokerage even without the conclusion of a new contract or without insurer change. The decisive factor is that policyholders and insurers are brought together again through amendment agreements. The performance-related remuneration paid by the customer does not preclude the VAT exemption rule.

German Federal Fiscal Court, judgment of 8 July 2025 – XI R 7/23

Free access to a newspaper's e-subscription

Providing free access to a newspaper's e-paper granted to print subscribers in the years 2009–2012 does not constitute a service subject to VAT. Although the supply of the print edition and the e-paper are two independent main supplies, it was appropriate in these years to assign a remuneration share of EUR 0 to the e-paper as long as the total price of the subscription remained unchanged.

German Federal Fiscal Court, judgment of 9 July 2025 – XI R 29/23

VAT-exempt services used for school and educational purposes

The German Federal Ministry of Finance fundamentally revised the German VAT Application Decree regarding the VAT treatment of services used for school and educational purposes. For the first time, public institutions are named as eligible service providers. In addition, new comments on the VAT exemption for private teachers have been introduced. Digital educational formats are also covered. Services that are purely leisure-related will remain taxable.

German Federal Ministry of Finance, letter of 24 October 2025 – III C 3 - S 7179/00054/001/094

VAT-exempt adult educational services

The Federal Ministry of Finance published information on the VAT exemption rule for lectures, courses, and other events of a scientific or educational nature, with the exception of services related to the education of children and young people.

German Federal Ministry of Finance, information of 24 October 2025 – III C 3 - S 7180/00032/001/065

Ranking-based payments

Prize money that a rider receives for successful participation in a tournament by a third party (the organizer or the owner of the horse) is not remuneration for a taxable supply of service by the rider according to the German Federal Fiscal Court (judgment of June 10, 2020 – XI R 25/18). The German Federal Ministry of Finance adopted the German VAT Application Decree accordingly. It clarified that the prize money is paid on a performance-related basis for the competition result. Further, the financial award does not constitute the remuneration for taxable services if it is paid by a third party who received it from the organizer. For the distinction from a uniform taxable service, the German Federal Ministry of Finance references the CJEU judgment of 9 February 2023 – C-713/21, Finanzamt X.

German Federal Ministry of Finance, letter of 3 November 2025 – III C 2 - S 7100/00097/005/182

Transition to standard taxation or the small business rule

The German Federal Ministry of Finance commented on input tax deduction when switching from the small business rule to standard taxation and vice versa. The administrative guidance deals with the VAT treatment of input tax amounts from supplies received before the transition and used afterwards for supplies eligible for input tax deduction. In these cases, input tax deduction is generally excluded. In principle, the transition is a change in circumstances which triggers an input tax adjustment. The administrative guidelines apply to all open cases. For VAT returns submitted by 10 November 2025, reference to the previous instructions will not be objected to.

German Federal Ministry of Finance, letter of 10 November 2025 – III C 2 - S 7300/00080/004/019

VAT rate for books, audiobooks, radio plays, newspapers, and databases

Physical and electronic books, newspapers, and magazines are subject to the reduced VAT rate, provided that they do not consist primarily of video or music content. Audiobooks are also subject to the reduced VAT rate if they are not harmful to minors. In contrast, radio plays, audio magazines, and audio newspapers are not subject to the reduced VAT rate, as their content and structure are not equivalent to the works that qualify for the reduced rate. The distinction is crucial for the provision of digital content. While the download of an e-book or audiobook has been subject to the reduced VAT rate since 18 December 2019, this does not apply to digital recordings of events or to content that predominantly contains audiovisual elements. In the case of combined offers, a separate VAT assessment is required if no uniform fee has been agreed upon. The reduced VAT rate applies to databases containing a large number of electronic books, newspapers, or magazines if these contents define the character of the database from the perspective of the average consumer.

Lower Saxony State Tax Office, administrative order of 18 September 2025 – S 7226-St 173-1843/2025

Allocation of travel revenue

The Baden-Württemberg Regional Finance Authority commented on the allocation of travel revenue in the case of combined own and third-party services, especially bus package tours. Own services, such as transportation with the tour operator's own vehicles, are subject to the general VAT rules, whereas travel services provided in advance by third parties are subject to TOMS according to sec. 25 GVATA. The administrative order also includes comments on the VAT treatment of day trips without accommodation, travel services in third countries, and school trips.

Baden-Württemberg Regional Finance Authority, administrative order of 14 August 2025 – S 7419 card 1

EU-News

Intermunicipal cooperation

Article 9 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, in the version applicable to the years at issue from 2014 to 2020, as most recently amended by the Act concerning the conditions of accession of the Republic of Croatia and the adjustments to the Treaty on European Union, the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community, must be interpreted as precluding the application of national legislation or of a national administrative practice under which services provided by an association to its members, for remuneration, are deemed to be internal transactions, with the result that they fall outside the scope of that directive, although that association, acting independently, must be regarded as a taxable person within the meaning of Article 9 of that directive and does not fall within the scope of Articles 11 or 13 thereof.

General Court, opinion of Advocate General Martín y Pérez de Nanclares delivered on 22 October 2025 – T-575/24, Digipolis

Tooling

Article 4(b) of Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State, read in conjunction with Article 138(1) and Article 171 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, as amended by Council Directive (EU) 2018/1910 of 4 December 2018, must be interpreted as precluding a refusal to refund the value added tax charged on the supply of equipment to a taxable person established in a Member State other than the Member State of purchase of those goods, where that equipment has not physically left the territory of the Member State of its supplier, unless, having regard to all the circumstances characterising the transactions in question, that supply must be regarded as forming part of a single, indivisible economic supply, or as being ancillary to a principal supply comprising intra-Community supplies of goods produced using that equipment and intended for that taxable person.

CJEU, judgment of 23 October 2025 – C 234/24, Brose Priedvidza

VAT ID as substantial requirement of the VAT exemption rule for intra-Community supplies?

- Is the notification of a VAT ID number of a Member State other than the Member State in which the dispatch or transport begins a substantial or formal requirement for the VAT exemption of an intra-Community supply?
- In the absence of notification of a VAT ID number, is there a taxable supply with the consequence that the purchaser can claim input tax deduction in the input tax refund procedure?
- Is the correction of the original invoice permissible?
- Does the correction have retroactive effect?

Austrian Federal Fiscal Court, referral of 18 September 2025, T-689/25, British Company

Link for further information

[Steuern und Recht im Jahresüberblick 2025](#)

Triangular transactions

The Austrian Higher Administrative Court referred several questions regarding triangular transactions to the CJEU:

- Is Article 42(a) of the EU VAT Directive to be interpreted as meaning that the initial issuance of an invoice required for the triangular transaction simplification triggers ex nunc effects?
- Does the ex nunc effect depend on whether the intermediary has already declared and paid VAT on the intra-EU acquisitions for the past periods in the Member State of destination?
- In what form must proof be provided that the first time correctly issued invoice has been received by the end purchaser?

Austrian Higher Administrative Court, referral of 7 October 2025, Ro 2024/15/0007

Link for further information

[Steuern und Recht im Jahresüberblick 2025](#)

VAT incorrectly invoiced and paid in the same Member State

Article 203 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax must be interpreted as meaning that the application of that article, by reason of the invoicing, in error, of value added tax (VAT) for exempt intra-Community supplies, in the Member State in which dispatch or transport began, is unable to preclude the simultaneous taxation of the corresponding intra-Community acquisitions, in the same Member State, pursuant to Article 41 of that directive.

Article 41 of Directive 2006/112 must be interpreted as meaning that the question of the applicability of that provision is without prejudice to Article 68 of that directive, which determines, for intra-Community acquisitions, the chargeable event for VAT. According to that provision, that event occurs when the acquisition is made.

General Court, opinion of Advocate General Martín y Pérez de Nanclares delivered on 29 October 2025 – T-638/24, D GmbH

National restrictions on the right to deduct input tax

In the absence of a unanimous determination by the Council, the first paragraph of Article 176 of the VAT Directive does not preclude any provision of the Spanish legislation on VAT. However, the second sentence of the first paragraph of Article 176 of that directive demonstrates that the exclusion of the right to deduct input VAT in respect of expenditure on amusements and entertainment does not contravene the intention of the legislature, even if the Council and the Commission, collectively, have not yet fulfilled their mandate under the first paragraph of Article 176 of the VAT Directive. The question of whether or not Spanish income tax legislation permits the deduction of such expenditure is not decisive for the purposes of EU law.

The second paragraph of Article 176 of the VAT Directive must be interpreted as meaning that it precludes all Member States equally from providing for new or stricter exclusions of the right to deduct input VAT after expiry of the transposition deadline, so long as the Council and the Commission, collectively, have not yet fulfilled their mandate under the first paragraph of Article 176. Consequently, the second paragraph of Article 176 does not preclude national legislation which, for the first time, provided for an exclusion of the right to deduct input VAT in respect of expenditure on amusements and entertainment, and which entered into force at the same time as the accession and the transposition of the VAT Directive.

CJEU, opinion of Advocate General Kokott delivered on 23 October 2025 – C-515/24, Randstad España

Implementation Dialogue on VAT in the Digital Age (ViDA)

On 28 October 2025, the Commissioner Wopke Hoekstra hosted a dialogue on the VAT in the Digital Age (ViDA) package. During the meeting, which brought together various key stakeholders, including international large, small and medium-sized businesses, trade associations, and tax advisors, the participants addressed practical challenges related to the implementation of the ViDA package. They emphasized the need for harmonized rules to prevent fragmentation and called for sufficient time of at least 18 months to allow businesses to adapt their systems after the adoption of national legislation.

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EU VAT rate derogations

A report by the European Commission shows significant discrepancies in how EU Member States apply VAT rate derogations. The analysis shows that three countries – Luxembourg, Ireland, and Italy – account for 75% of the 64 derogations currently in force, while seven others (Malta, Cyprus, Greece, France, Portugal, Spain, and Austria) account for 25%.

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Link for further information

[Steuern und Recht im Jahresüberblick 2025](#)

Group on the Future of VAT: minutes of the 50th meeting

The Group on the Future of VAT published the minutes of its 50th meeting. The following topics were discussed:

- the first draft of the explanatory notes on digital reporting requirements (DRR) (GFV N° 151);
- the results of the Fiscalis workshop in Madrid (FWS/047/001) from 17 September to 18 September 2025, which was attended by 80 participants from 27 Member States, representatives of the platform economy and the VAT expert group. The discussions, which were structured in six working groups, focused on the roles and responsibilities of platforms, TOMS, and the application of the SME exception. Delegates exchanged views on practical challenges triggered by the optional nature of the deemed supplier scheme, the treatment of complex chain transactions, and the transparency requirements between Member States;
- the state of play of the Import One-Stop Shop (IOSS) and the One-Stop Shop (OSS); and
- the evaluation of the Travel and Tourism Package (GFV N° 152).

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Contact

Dr. Ulrich Grünwald

Partner
Indirect Tax
Tel: +49 30 25468 258
ugruenwald@deloitte.de

Dr. Diana-Catharina Kurtz

Senior Manager
Indirect Tax
Tel: +49 89 29036 8025
dkurtz@deloitte.de

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