



VAT's new?

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

News

New legislation on tax amendments in force

On 19 December 2025, the German Federal Council ("Bundesrat") approved various legal acts passed by the German Parliament ("Bundestag") as well as the 7th ordinance amending tax regulations issued by the German Federal Government. The following legislation includes new VAT rules:

- Tax Amendment Act 2025 of 22 December 2025, Federal Law Gazette 2025 I no. 363 of 23 December 2025,
- Act on the modernization and digitization of the fight against undeclared work of 22 December 2025, Federal Law Gazette 2025 I no. 369 of 29 December 2025,
- 7th ordinance amending tax regulations of 19 December 2025, Federal Law Gazette 2025 I no. 372 of 29 December 2025.

Links for further information

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Invoice correction

The VAT liability for an incorrect tax statement under sec. 14c(1) GVATA does not apply if the risk to tax revenue does not exist. A correction takes effect from the time this risk is eliminated. The correction can also be made by a commissioned third party. Further, the reduction in remuneration does not lead to continuing VAT liability. In a case recently decided by the German Federal Fiscal Court, a metal construction company had issued a final invoice with an incorrect VAT amount. However, the invoice was corrected in the same year by a third party. As no excessive input tax deduction was claimed, the amount owed under sec. 14c(1) GVATA had to be corrected in the year of the dispute.

German Federal Fiscal Court, judgment of 9 July 2025 – XI R 25/23

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Input tax deduction for supplies related to the renovation of a castle

Input tax deduction from input supplies related to the renovation of a castle can be claimed if, at the time of receiving the supply, the intention is substantiated to provide taxable rental services directly and immediately related to the input supplies. In the case of input supplies that are exclusively directly and immediately related to taxable output supplies, the type of financing (e.g., through donations) is irrelevant. The economic activity does not need to be aimed at making a profit. Typical entrepreneurial behavior in line with market conditions is also entrepreneurial in the event of a loss.

German Federal Fiscal Court, judgment of 9 July 2025 – XI R 32/22

Services by a private hospital

Operators of private hospitals that are not approved in accordance with sec. 108 of the German Social Code V can invoke Article 132(1)(b) of the EU VAT Directive directly for hospital services provided until 31 December 2019. However, the VAT exemption only applies if the services are provided in the same way as in approved hospitals. If there is no guarantee of efficient and cost-effective hospital treatment, the VAT exemption does not apply.

German Federal Fiscal Court, judgment of 8 July 2025 – XI R 36/23

Place of supply

According to the German Federal Fiscal Court, it is not necessary to clarify that, under EU VAT law, the purchaser must be known at the start of dispatch in order to determine the place of supply.

German Federal Fiscal Court, decision of 4 December 2025 – V B 41/24

Customs value in case of cross-border supplies between affiliated companies

In a recent case where it was disputed whether the relationship between affiliated parties influenced the price, the German Federal Fiscal Court referred the case back to the Fiscal Court for further fact-finding. If the price for supplies between affiliated companies is too low and increased by year-end adjustments, this can indicate that the affiliation affects the price. The transaction value method under Article 29 CC / Article 70 UCC may not be applicable.

German Federal Fiscal Court, judgment of 17 May 2025 – VII R 36/22

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Intra-Community triangulation

An intra-Community triangular transaction can also exist in the case of a chain transaction involving four parties in three different Member States, without the applicability of the simplification rule being limited to the last parties involved in the chain. If the shifting of the VAT liability to the final customer fails solely due to the lack of reference to a triangular transaction in the invoices, without any VAT loss to the tax authorities, the assessment of VAT for the intra-Community supply against the first customer is inequitable.

Düsseldorf Fiscal Court, judgment of 22 November 2024 – 1 K 2832/19 U, appeal pending German Federal Fiscal Court: V R 44/25

Link for further information

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Liability limitation in case of boot rental

If a boat rental company agrees with a customer that the limitation of liability for negligently caused damage under the terms and conditions will be reduced to zero in return for payment, this does not result in VAT-exempt supplies under sec. 4 no. 8 letter g of the German VAT Act or sec. 4 no. 10 letter a of the German VAT Act.

Berlin-Brandenburg Fiscal Court, judgment of 15 October 2025 – 7 K 7160/22

Remuneration from transferred procedures

The civil courts are not bound by a VAT return filed by the plaintiff if it is not certain that the tax law situation in the relationship between the defendant and its tax office will be assessed in the same way. The mere transfer of an employed insolvency administrator from one insolvency administration firm to another does not constitute a taxable supply for VAT purposes.

Baden-Württemberg Regional Labor Court, judgment of 12 November 2025 – 4 Sa 5/25

Transitional provision for the VAT warehouse rule

The VAT warehouse rule and the related provisions were removed by the Annual Tax Act 2024 as of 1 January 2026. The removed VAT warehouse rule provided for a VAT exemption for specific supplies related to goods stored in an approved VAT warehouse. The Act on the modernization and digitization of the fight against undeclared work of 22 December 2025 (Federal Law Gazette I 2025 no. 369) introduced a transitional provision with effect from 1 January 2026. It provides for continued applicability until 2029. The German Federal Ministry of Finance updated the German VAT Application Decree accordingly.

German Federal Ministry of Finance, letter of 29 December 2025 – III C 3 - S 7157/00010/002/077

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Operation of energy generation facilities

The German Federal Ministry for Economic Affairs and Energy will no longer publish the national average working price for heat. Consequently, it will no longer be possible to estimate the assessment basis for the free supply of heat based on the average heating price of the previous year. According to the German Federal Ministry of Finance, no objections will be raised if taxable persons use a fictitious revenue of 3 ct/kWh to calculate the assessment basis for the free supply of heat.

German Federal Ministry of Finance, letter of 17 December 2025 – III C 2 - S 7124/00010/002/173

Free or discounted meals for employees

Meals provided to employees free of charge or at a reduced price on working days are to be valued at the proportionate official value in accordance with the Social Security Remuneration Regulation. This also applies to meals provided to employees during work-related travel or in the context of maintaining two households if the price of the meal does not exceed EUR 60. The value of the non-cash benefit is EUR 4.57 for lunch or dinner and EUR 2.37 for breakfast. For full board (breakfast, lunch, and dinner), the meals are to be valued at EUR 11.50. The non-cash remuneration values can also be used for the VAT assessment of free meals to employees by company-owned canteens.

German Federal Ministry of Finance, letter of 29 December 2025 – IV C 5 - S 2334/00088/007/013

Reduced VAT rate on works of art and collectibles from 1 January 2025 onwards

With the Annual Tax Act 2024, the reduced VAT rate on the supply, intra-Community acquisition, and importation of works of art and collectors' items was reintroduced. The German Federal Ministry of Finance amended the German VAT Application Decree correspondingly. Accordingly, collectibles include only items of rarity and exemplary significance but not mere replicas or commercial commemorative coins. In addition, differential taxation is excluded if the input supply was subject to the reduced VAT rate.

German Federal Ministry of Finance, letter of 18 December 2025 – III C 2 - S 7229/00011/002/010

Amendments to the German VAT Application Decree as of 31 December 2025

The German Federal Ministry of Finance updated the German VAT Application Decree by inserting case law published in German Federal Tax Gazette II.

German Federal Ministry of Finance, letter of 19 December 2025 – III C 3 - S 7015/00054/001/110

VAT-exempt supplies by welfare organisations

Supplies of services closely linked to social welfare and social security are exempt from VAT if they are made by public institutions or other institutions which do not pursue profits systematically. Supplies made to people in need of financial assistance at below-market rates, e.g., in second-hand stores or bicycle repair shops, are exempt from VAT. The German Federal Ministry of Finance updated the German VAT Application Decree accordingly. These principles apply to supplies made after 31 December 2019. For supplies before 1 January 2026, no objection will be raised if the taxable person treats these supplies as taxable.

German Federal Ministry of Finance, letter of 11 December 2025 – III C 3 - S 7175/00036/001/054

VAT conversion rates

The German Federal Ministry of Finance updated the overview of the VAT conversion rates by adding the exchange rates for December 2025.

German Federal Ministry of Finance, letter of 2 January 2026 – III C 3 - S 7329/00014/007/181

VAT exemption based on the Supplementary Agreement to the NATO Status of Forces Agreement

The German Federal Ministry of Finance updated the list of official procurement agencies in the context of VAT exemptions based on the Supplementary Agreement to the NATO Status of Forces Agreement.

German Federal Ministry of Finance, letter of 2 January 2026 – III C 3 - S 7492/00026/008/009, list

VAT-exempt supplies relating to aviation traffic

The German Federal Ministry of Finance updated the list of domestic taxable persons who operate predominantly international air transport for remuneration.

German Federal Ministry of Finance, letter of 2 January 2026 – III C 3 - S 7155-a/00020/007/008

Reduced VAT rate for restaurant and catering services

In a letter dated 22 December 2025, the German Federal Ministry of Finance commented on the reduced VAT rate for restaurant and catering services. For combination offers, such as buffets or all-inclusive packages, a flat-rate allocation of the total price will not be objected to. Accordingly, 30% may be allocated to beverages and 15% to certain additional services. To avoid transitional difficulties, the standard VAT rate of 19% may be applied for services provided on New Year's Eve from 31 December 2025 to 1 January 2026.

German Federal Ministry of Finance, letter of 22 December 2025 – III C 2 - S 7220/00023/014/027

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Standard amounts for benefits in kind for 2026

The German Federal Ministry of Finance published the standard amounts for benefits in kind for the calendar year 2026.

German Federal Ministry of Finance, letter of 23 December 2025 – IV D 3 - S 1547/00006/007/021

Entertainment expenses

The German Federal Ministry of Finance issued a letter on entertainment expenses for business purposes. It supplements the previous administrative guidance (German Federal Ministry of Finance, letter of 30 June 2021, IV C 6 - S 2145/19/10003 :003, Federal Tax Gazette I 2021, 908) with comments on mandatory e-invoicing for domestic B2B supplies from 1 January 2025.

German Federal Ministry of Finance, letter of 19 November 2025 – IV C 6 - S 2145/00026/005/033

Reduced VAT rate for supplies with collector coins

The German Federal Ministry of Finance updated the administrative guidelines regarding the application of the reduced VAT rate for supplies with collector coins for 2026. The reduced VAT rate applies if the assessment basis exceeds 250% of the metal value excluding VAT. For gold coins, a price of EUR 116,139 per kilogram of fine gold is to be applied, and for silver coins, EUR 1,464 per kilogram of fine silver. Taxable persons can use these values instead of the current daily prices.

German Federal Ministry of Finance, letter of 2 December 2025 – III C 2 - S 7229/00013/002/002

List of gold coins under the special scheme for investment gold

On 14 November 2025, the European Commission published the list of gold coins meeting the criteria of the special scheme for investment gold for the year 2026 in the Official Journal of the European Union. The Federal Ministry of Finance informed about this overview accordingly.

German Federal Ministry of Finance, letter of 27 November 2025 – III C 1 - S 7068/00017/009/012

Official preliminary VAT return and advance payment forms for 2026

The German Federal Ministry of Finance published the official forms for preliminary VAT returns and the advance payment procedure for the calendar year 2026, including instructions. The main changes involve new reporting requirements for supplies within the meaning of the EU Regulation 2025/1106 (SAFE).

German Federal Ministry of Finance, letter of 29 December 2025 – III C 3 - S 7344/00039/007/036

Link for further information

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VAT exemption for leasing operating facilities

Following the rulings of the CJEU and the German Federal Fiscal Court on the VAT treatment of the leasing of operating facilities, the German Federal Ministry of Finance plans to amend the German VAT Application Decree to clarify that the leasing of operating facilities is not taxable if it is an ancillary service to the VAT-exempt leasing of real estate and a uniform supply exists. To this end, the German Federal Ministry of Finance presented a draft letter on 18 November 2025. Accordingly, the question of whether a uniform supply exists will be assessed based on the general principles governing the uniformity of the supply. In this context, the transfer of real estate is the main supply if the transfer of the operating equipment serves only to optimize the use of real estate. If, on the other hand, operating equipment enables the intended use (e.g., swimming pools, climbing halls, or golf courses), its transfer is considered the main service, resulting in a taxable supply.

German Federal Ministry of Finance, draft of 18 November 2025 - III C 3 - S 7168/00035/001/026

Photographs for identity documents

According to a decree issued by the Ministry of Finance of Mecklenburg-Western Pomerania, the production of photographs by a legal entity under public law in connection with the issuance of identity documents is not subject to VAT as an ancillary service to the non-taxable issuance of identity documents, if any other use is excluded.

Ministry of Finance of Mecklenburg-Western Pomerania, decree of 16 October 2025 –S 7100-00000-2025/001

Biogas plants

Input tax deduction is ruled out if the energy generated is used exclusively by flat-rate farmers. Furthermore, the conversion of biomass to biogas is not recognized as agricultural processing. In the case of jointly operated plants or cooperatives, regular taxation applies, while the supply of self-generated biomass by farmers is subject to average taxation. The exchange of biomass for fermentation substrate is treated as a barter-like transaction,

with the value of the input supply serving as the basis for assessment. A ten-year input tax adjustment period applies to biogas plants.

Baden-Württemberg Regional Finance Office, decree of 14 August 2025 –7410 card 5

Transfer Pricing Adjustments

Articles 2(1)(c), 73 and 90 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 relevance, for the purposes of VAT law, of an adjustment of profits made for reasons of income tax law depends on what it relates to and how it is made.

Where the adjustment of profits is made by means of separate supplies of services for consideration (creation of input and output) and there are not only fictitious supplies of services, those separate supplies of services for consideration constitute taxable transactions for the purposes of Article 2(1)(c) of Directive 2006/112.

Where the adjustment of profits is made unilaterally and subsequently by the tax authority solely for the purposes of an appropriate allocation of profits between two tax-levying States, that is not, in principle, relevant for the purposes of VAT law.

On the other hand, where, as in the present case, the adjustment of profits is made by means of a sale price which has been provided for precisely for that purpose and agreed to be variable and which relates to a specific supply of goods, that constitutes a reduction in the taxable amount under Article 90 of Directive 2006/112 or a further part of the taxable amount under Article 73 thereof in respect of the supply made. Since the change in the taxable amount of a supply relates solely to the consideration, it cannot itself constitute a supply of services for consideration within the meaning of Article 2(1)(c) of Directive 2006/112.

CJEU, opinion of Advocate General Kokott delivered on 15 January 2026 – C-603/24, Stellantis Portugal

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Supply of services by independent groups

Article 132(1)(f) of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax must be interpreted as precluding national legislation under which the supply of services by an independent group of persons cannot be classified as 'directly necessary' services, within the meaning of that provision, where those services are necessary for the activity which is exempt from value added tax carried on by those persons, but are not exclusively linked to that activity on account of their general nature.

Article 132(1)(f) of Directive 2006/112 must be interpreted as precluding an interpretation of national legislation under which there is, as a matter of principle, a distortion of competition or a risk of distortion of competition where the services supplied by an independent group of persons to its members may, on account of their general nature, be used for any taxable activity and not exclusively for the exempt activity which they carry on.

CJEU, judgment of 22 January 2026 – C-379/24, C-380/24, Agrupació de Neteja Sanitària, Educat Serveis Auxiliars

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Taxable person in case of a partnership without legal personality

Article 9(1) and Article 193 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, as amended by Council Directive 2013/43/EU of 22 July 2013, must be interpreted as precluding national legislation which provides that one of the partners in a civil law partnership devoid of legal personality separate from that of its partners and providing taxable services – referred to as the 'designated partner' – is to

be deemed to be the person liable to pay value added tax in respect of taxable services provided by the other partners in that partnership, even though those other partners have dealt with their end customers for the provision of those services, and that it is irrelevant in that regard that, in order to do so, those other partners have departed from the rules of civil law governing the representation of that partnership in relations with third parties by dealing with their end customers in their own name.

CJEU, judgment of 11 December 2025 – C-796/23, Česká síť

Triangular transaction comprising four operators

Article 141(c) of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, as amended by Council Directive 2010/45/EU of 13 July 2010, must be interpreted as meaning that the fact that the goods supplied in the context of a triangular transaction are not physically transported to the person for whom the subsequent supply is carried out, but to his or her customer, to whom that person resells them and who is identified for VAT purposes in the same Member State as the reseller, does not preclude the condition laid down in that provision from being regarded as satisfied.

Article 141(c) of Directive 2006/112, as amended by Directive 2010/45, must be interpreted as meaning that the fact that the operator benefiting from the simplification measure provided for in respect of triangular transactions is aware that the goods concerned are not physically transported to the person for whom the subsequent supply is carried out, but to the customer of that person, to whom that person resells the goods and who is identified for VAT purposes in the same Member State as the reseller, has no bearing on the compliance with the condition laid down in that provision.

Articles 41 and 42 of Directive 2006/112, as amended by Directive 2010/45, must be interpreted as meaning that it is for the authorities and the courts of the Member State which issued the VAT identification number under which a person acquiring the goods who is a taxable person for VAT purposes made an intra-Community acquisition of goods to refuse that person acquiring the goods the benefit of the scheme provided for in Articles 42 and 141 of that directive and the reduction of the taxable amount provided for in the second paragraph of Article 41 of that directive, if it is established that that person acquiring the goods knew or should have known that, by the transaction relied on to justify the application of that scheme, he or she was participating in VAT fraud committed in the context of a chain of supplies.

General Court, judgment of 3 December 2025 – T-646/24, MS KLJUČAROVCI

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VAT exempt activities of a credit intermediary

Article 135(1)(b) 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 exemption laid down by it in respect of transactions consisting in the negotiation of credit applies to the activities of a credit intermediary which searches for and canvasses customers for the purpose of offering them mortgage loan agreements, which assists customers by carrying out preparatory work prior to the conclusion of the agreements, which is responsible for communicating with the credit institutions and which is paid by those institutions on the basis of the volume of credit agreements concluded as a result of its intermediation, notwithstanding the fact that the credit intermediary has neither the power to act on behalf of the credit institutions nor any influence on the terms of the credit offers and that customers remain free to conclude or not to conclude a credit agreement and to choose the credit institution with which they will conclude the agreement.

General Court, judgment of 26 November 2025 – T-657/24, Versäofast

Liability after the removal of the principal debtor from the commercial register

Article 205 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, read in the light of the principles of proportionality and legal certainty, must be interpreted as not precluding national legislation under which the person held jointly and severally liable for payment of value added tax, within the meaning of that Article 205, may incur liability after the person liable for payment of that tax has ceased to exist as a legal person, where it is established that that person, while exercising his or her right of deduction himself or herself, knew or should have known that that person liable for payment would not pay that tax.

CJEU, judgment of 11 December 2025 – C-121/24, Vaniz

Intra-Community supplies of goods

Article 138(1) 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, and Article 45a of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax, as amended by Council Implementing Regulation (EU) 2018/1912 of 4 December 2018, must be interpreted as, first, precluding an exemption from value added tax under Article 138(1) of Directive 2006/112, as amended by Directive 2018/1910, being refused on the sole ground that evidence of the existence of an intra-Community supply as provided for in Article 45a of Implementing Regulation No 282/2011, as amended by Implementing Regulation 2018/1912, has not been provided, and, secondly, requiring the national tax authorities to assess any evidence produced for the purpose of determining that the goods were dispatched or transported from a Member State to a destination outside its territory but within the European Union, other than in the cases of presumption provided for in Article 45a(1) of Implementing Regulation No 282/2011, as amended by Implementing Regulation 2018/1912.

CJEU, judgment of 13 November 2025 – C639/24, FLO VENEER

Late payment interest on VAT arrears

Article 325 TFEU and Article 273 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, read in the light of Article 49(3) of the Charter of Fundamental Rights of the European Union, must be interpreted as not precluding national legislation which, irrespective of the nature and severity of the infringement found by the tax authority, sets the amount of late payment interest without that authority being able to reduce one of the parts of that amount and thereby apply a rate of interest which is lower than the rate provided for by that legislation or waive a part of that amount and which provides that the taxpayer may be exempted from paying late payment interest only in the cases expressly defined by that legislation.

CJEU, opinion of Advocate General Rantos delivered on 13 November 2025 – C544/24, Nekilnojamojo turto valdymas

Excursions with sale of goods

Article 26 of Sixth Council Directive 77/388/EEC of 17 May 1977 must be interpreted as not applying to a situation in which a taxable person purchases tourist services, in particular transportation services, from other taxable persons and subsequently provides them in its own name within the framework of excursions combined with the supply of goods, the purchase of which is not a condition for participation in the excursion, with the taxable person charging participants a fee that does not cover the entire cost of the services purchased from other taxable persons, and the remainder of that cost being covered by revenue from the supply of goods, thus becoming a component of the price of those goods.

CJEU, opinion of Advocate General Szpunar delivered on 27 November 2025 – C-565/24, P-GmbH & Co. KG

Input tax deduction

Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, as amended by Council Directive 2010/45/EU of 13 July 2010, read in conjunction with the principles of fiscal neutrality and effectiveness, must be interpreted as precluding a national practice by which the tax authorities refuse a taxable person the right to deduct input value added tax (VAT) relating to the acquisition of a good, on the ground that (i) the invoice lacks credibility, given that the economic transaction that is the subject of that invoice did not take place between the parties shown on the invoice, and (ii) the taxable person has thus obtained a financial advantage, even though the transaction in question did in fact take place, the taxable person was supplied with that good and used it for the purposes of its own taxed transactions, that supply was the subject of an invoice, and the State budget sustained no loss because all of the members of the invoice chain fulfilled their obligations to declare and pay VAT.

In order to provide a basis for such a refusal of the right to deduct VAT, the tax authorities must establish to the requisite legal standard that the taxable person actively participated in VAT evasion or that that taxable person knew or should have known that the issuer of the invoice had engaged in such evasion.

General Court, order of 30 October 2025 – T-363/25, UNIX

Legal assistance provided free of charge

Article 2(1)(c) 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 representation of a party in court by a lawyer constitutes a supply of services for consideration within the meaning of that provision, in circumstances where that supply is provided free of charge, but where the legislation of the Member State concerned provides that the opposing party, in the event that the latter is ordered to pay the costs, is also ordered to pay that lawyer fees, the amount of which is regulated by that legislation.

CJEU, judgment of 23 October 2025 – C-744/23, Zlakov

VAT gap report 2025

The European Commission published the VAT gap report 2025 with a focus on the years 2019-2023. It includes annual estimates of the VAT compliance gap for the EU and the Member States, as well as an analysis for EU candidate countries.

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ECOFIN report

The Council of the European Union published the ECOFIN report on current tax issues. In the report, the Council notes that an important development in the area of VAT in 2025 was the adoption of the directive creating incentives for the use of the one-stop shop for imports (IOSS) for distance sales of imported goods. The measure, agreed under the Polish Presidency, aims to improve VAT collection and compliance in e-commerce by encouraging non-EU suppliers to use the IOSS system. At the same time, discussions continued on VAT aspects related to the broader reform of the Union Customs Code, including customs warehouses for distance sales and the proposed abolition of the customs exemption for low-value consignments worth EUR 150.

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Link for further information

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Administrative cooperation and combat against VAT fraud

The European Commission published a report on the evaluation of the EU framework for VAT administrative cooperation. It includes an assessment on the effectiveness, efficiency, and coherence of the EU framework for administrative cooperation and combating fraud in the field of VAT for the period 2018-2024.

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41st meeting of the VAT expert group

The European Commission published the minutes of the 41st meeting of the VAT expert group held on 7 November 2025. Accordingly, the following topics were on the agenda:

- Preliminary findings of an external study on the challenges of VAT beyond ViDA launched in December 2024 with a focus on simplification, digitalisation, and consistency of VAT rules with environmental policy,
- Implementation strategy and Implementation dialogue for the VAT in the Digital Age (ViDA) package,
- Results of the Fiscalis workshop in Madrid on 17 and 18 September 2025 on the platform economy,
- State of play of the single VAT registration and secure Import One Stop Shop (pilot in 2026, planned entry into application on 1 July 2028),
- Presentation of the VAT travel initiative and preliminary list of the issues for the review of the special VAT scheme for travel agents and the VAT rules on passenger transport services, and
- Update on the incentivised use of IOSS and ongoing discussion on the remaining e-commerce topics.

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128th VAT Committee meeting

The key topics discussed at the 128th meeting of the VAT Committee on 17 November 2025 include questions addressed by

- Belgium on amounts payable upon termination in breach of contract,
- the EU Commission on VAT refunds and refund period thresholds,
- Cyprus on the VAT rate for the construction of housing, as part of a social policy, and
- Italy on the VAT treatment of IT services in exchange for the provision of users' personal data.

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Access to VAT-relevant information at EU level

The European Commission published a Proposal for a Council Regulation amending Regulation (EU) No 904/2010 as regards the access of the European Public Prosecutor's Office (EPPO) and the European Anti-Fraud Office (OLAF) to VAT information. It is aimed at improving the cooperation between the EPPO, OLAF and Member States by granting the EPPO and OLAF centralised access to VAT relevant information to combat VAT fraud more efficiently.

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EU-Mercosur agreement

The EU and four Mercosur States (Argentina, Brazil, Paraguay, and Uruguay) have signed an agreement creating one of the world's largest free trade areas. The agreement eliminates tariffs on most trade, enhances market access and reduces trade friction. The customs benefits for eligible goods could already become provisionally applicable as early as 2027. However, realising these benefits with risking post-clearance recoveries and exposure to compliance risks may be a challenge. Companies should begin preparing their customs processes to maximise the benefits while minimizing their risks.

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