



VAT's new?

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

Highlight

E-invoicing for domestic B2B supplies of goods and services

Following the first administrative guidance of 15 October 2024 on mandatory e-invoicing for domestic B2B supplies of goods and services (Federal Tax Gazette I 2014, 1320), the German Federal Ministry of Finance published the second e-invoicing guidance, which includes clarifications on errors, validation, and other essential administrative instructions. The German VAT Application Decree has been adjusted accordingly.

German Federal Ministry of Finance, letter of 15 October 2025 – III C 2 – S 7287-a/00019/007/243

Links for further information

[VAT Insights](#) | [Aktuelles aus der Umsatzsteuer](#) | [Deloitte Deutschland](#) | [Tax & Legal](#) | [Webcast](#)

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

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News

Draft legislation on the Tax Amendment Act 2025 – Federal Council issues statement

On 10 September 2025, the German Federal Cabinet approved the government draft legislation on Tax Amendment Act 2025. The draft covers the implementation of the governing coalition's latest political agreements on tax law. In the field of VAT, it provides for the permanent application of the reduced VAT rate on restaurant services and catering, with the exception of beverages. In addition, the draft includes a procedural simplification rule on data retrieval from 1 January 2026 (sec. 18g sentence 5 of the German VAT Act). The drafted new sec. 21b of the German VAT Act provides for the adjustment of VAT provisions to the increasing digitization of the harmonized customs rules. On 17 October 2025, the Federal Council commented on the government draft and proposed amendments to the legal provisions. In addition, the Federal Council sees a need for further legislative changes, largely as a result of recent Federal Fiscal Court rulings.

German Federal Ministry of Finance, referee draft of 4 September 2025

Links for further information

[Deloitte Tax-News: Overview of the draft legislation on the Tax Amendments Act 2025](#)

[Deloitte Tax-News: Steuern – Indirekte Steuern/Zoll: Concerning sec. 21b GVATA & customs rules](#)

VAT ID and confirmation request

The Federal Fiscal Court has allowed an appeal to clarify the significance of using a valid VAT ID issued by another Member State and the confirmation request.

German Federal Fiscal Court, decision of 15 September 2025 – V B 25/25

VAT exemption for teaching services provided by self-employed teachers

According to the German Federal Fiscal Court, an independent teacher provides VAT-exempt teaching services at a vocational training institution if these services are based on a legal relationship with the institution's governing body. Further, the teacher must instruct the students personally. In a case recently decided by the German Federal Fiscal Court, a self-employed driving instructor generated revenues from providing driving lessons, which she treated as VAT-exempt. A contractual relationship existed only between the driving students and the institution. The tax office denied the VAT exemption on the grounds that driving school training is general education. However, the German Federal Fiscal Court held that the VAT exemption rule applied due to the existing legal relationship with the institution and the personal instruction provided to the students.

German Federal Fiscal Court, judgment of 15 May 2025 – V R 23/24

Access to files

A taxpayer has no right to inspect files at the tax authority based on Article 15(1) of the General Data Protection Regulation. Although the information contained therein is personal data, the interests of confidentiality of the tax authority and the protection of the identity of the complainant prevail. The decision on access to files is discretionary. The conflicting interests must be weighed up. There is no right to fully access files.

German Federal Fiscal Court, judgment of 15 July 2025 – IX R 25/24

Protection of legitimate expectations in the absence of confirmation of arrival

The protection of legitimate expectations does not apply if goods are collected and the customer does not provide the supplier with confirmation of arrival. In the case in dispute, the plaintiff could prove for some supplies that vehicles had entered the Community territory, even though no confirmation of arrival had been submitted. However, for the other supplies of goods, he was unable to provide either documentary or objective evidence. In this respect, he could not invoke the protection of legitimate expectations.

Lower Saxony Fiscal Court, judgment of 13 May 2025 – K 9/25, appeal pending (German Federal Fiscal Court: V R 39/25)

Monthly updated overview of conversion rates for 2025

The Federal Ministry of Finance has updated its overview for 2025 of the monthly VAT conversion rates by the exchange rates for September 2025.

German Federal Ministry of Finance, letter of 1 October 2025 – III C 3 - S 7329/00014/007/134

Sustainable meat production and reforestation

In its judgment of 29 August 2024 – V R 15/23, the German Federal Fiscal Court held that the services provided by an animal breeding farm to comply with extra-statutory animal welfare standards are subject to average rate taxation. This is not necessarily dependent on the use of the services by the recipient for agricultural and forestry purposes. In contrast, reforestation on own land for the purpose of fulfilling official obligations is not subject to average rate taxation (German Federal Fiscal Court, judgment of 19 December 2024 – V R 18/22). The German Federal Ministry of Finance updated the German VAT Application Decree accordingly. Consequently, the decisive factor for the qualification of the services is the purpose pursued by the recipient. Services that do not serve agricultural production are generally excluded, unless they exclusively influence the production methods of the service provider. These principles apply to all open cases. A non-transitional rule is foreseen for supplies up to 30 September 2025.

German Federal Ministry of Finance, letter of 30 September 2025 – III C 2 - S 7410/00029/042/052

Sales at daycare centers as well as schools and student-run companies

The Schleswig-Holstein Ministry of Finance has clarified that sales at schools and daycare centers are not generally subject to VAT. Rather, the specific circumstances of each individual case are decisive. The VAT assessment depends on who acts as the supplying taxable person. In addition, a sales activity is only taxable if it is carried out on a sustained basis. Criteria include the intention to repeat the activity, market participation, systematic action, and acting as a dealer. Legally dependent student companies may be eligible for a VAT exemption rule if they are an integral part of school education measures.

Schleswig Holstein Ministry of Finance, decree of 14 July 2025 – VI 3510-S 7107-96373/2025

Photographs in connection with applying for identity documents

The taking of photographs by a legal entity governed by public law in connection with the issuance of identity documents is not subject to VAT, as it is an ancillary service to the issuance of identity documents, provided that any other use is excluded.

Schleswig Holstein Ministry of Finance, information of 29 September 2025 – VI 3510-S 7107-008

EU-News

VAT rate for services ancillary to accommodation

Article 98(1) and (2) of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT, read in conjunction with Point 12 of Annex III thereto, must be interpreted as meaning that it does not preclude a national provision under which lodging establishments are required to tax services, such as breakfast, at the standard rate and separately from the short-term accommodation, which benefits from a reduced rate, even if those services are a dependant supply ancillary to that short-term accommodation.

CJEU, opinion of Advocate general Ćapeta delivered on 25 September 2025 – C-409/24, C-410/24, C-411/24, J-GmbH

Link for further information

[VAT Insights](#) | [Aktuelles aus der Umsatzsteuer](#) | [Deloitte Deutschland](#) | [Tax & Legal](#) | [Webcast](#)

In-app purchases

Article 28 of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT, as amended by Council Directive 2008/8/EC of 12 February 2008, must be interpreted as meaning that where a taxable person established in a Member State has, before 1 January 2015, supplied services electronically to non-taxable persons established in the territory of the European Union by means of a marketplace for applications made available by a taxable person established in another Member State, the application of that Article 28 cannot be precluded solely on the ground that the order confirmations provided, by the latter taxable person, to end customers specify the first taxable person as the supplier and state the rate of VAT applicable in the Member State of establishment of that supplier.

Directive 2006/112, as amended by Directive 2008/8, must be interpreted as meaning that where a taxable person established in one Member State is deemed to have received and supplied services himself or herself under Article 28 of Directive 2006/112, as amended, the place of supply of services fictitiously provided to that taxable person by a taxable person established in another Member State must be determined in accordance with Article 44 of that directive, as amended.

Article 203 of Directive 2006/112, as amended by Directive 2008/8, must be interpreted as meaning that where a taxable person established in a Member State has provided electronically supplied services to non-taxable persons established in the territory of the European Union by means of a marketplace for applications made available by a taxable person established in another Member State, with the result that the latter taxable person is deemed to have received those services and to have supplied them to the end customers, the first taxable person cannot be considered liable for the VAT in his or her Member State of establishment under that Article 203 on the ground that, in the order confirmations sent to the end customers, that first taxable person was designated, with his or her consent, as the supplier and that the rate of VAT applicable in his or her Member State of establishment was stated.

CJEU, judgment of 9 October 2025 – C-101/24, Xyrality

Link for further information

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

Debt recovery in favour of a third party

Article 2(1)(c) and Article 26(1)(b) of Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT must be interpreted as meaning that actions taken by a creditor to recover a debt where those actions were taken without authority or mandate from the debtor may not be classified as a 'supply of services for consideration' and are not to be treated in the same way as that concept for the purposes of those provisions.

CJEU, judgment of 2 October 2025 – C-535/24, Svilosa

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