



Global VAT Specialist Group Newsletter

For members with clients or businesses trading goods and services globally

Issue 3, June 2020

German VAT rate reduction

As part of an extensive legal package to support its economy in the wake of the COVID-19 pandemic, the governing parties in Germany have announced that the Government will reduce German VAT rates as of 1 July 2020. The reduction is scheduled to be applicable until 31 December 2020.

The standard rate in this period will be reduced from 19% to 16%, the special rate applicable e.g. on various food and medical products will go down from 7% to 5%.

For foreign companies conducting business in Germany the reduction is critical with regard to the actual fulfilment date of a project or an order in Germany, which will define the applicable VAT rate.

Using the wrong rate may not only lead to a liability for the performing company. That may come along as well with a cash impact, as the receiving party could also deny payment of an invoice that shows the wrong tax amount, asking for a correction before paying.

That may come along as well with a cash impact, as the receiving party could also deny payment of an invoice that shows the wrong tax amount, asking for a correction before paying.



For more information in this developing topic, please contact:



Andreas Klier Pape & Co Munich, Germany andreas.klier@pape-co.de



Thomas Althoff **RLT Ruhrmann Tieben & Partner** Essen, Germany thomas.althoff@rlt.de

For the latest COVID-19 VAT news visit:

https://www.mgiworld.com/services/ global-vat-specialist-group/

Visit our websites

Find more information about our global accounting network and association MGI Worldwide and CPAAI at mgiworld.com and cpaai.mgiworld.com





For more information please contact a member of the Global VAT Services Operational Group:



Florian Hanslik PrimeTax AG Zurich, Switzerland E: florian.hanslik@primetax.ch T: +41 58 252 22 15



Francesco Bartolucci **MGI Studio Pragma** Fano (PU), Italy E: bartolucci@studiopragma.it T: +39 0721 829549





Ian Marrow **Rickard Luckin** Chelmsford, UK E: ian.marrow@rickardluckin.co.uk T: +44 1245 254219

Koen Dewilde Vatsquare CVBA Brussels, Belgium E: koen@vatsquare.com T: +32 2 899 02 12

About MGI Worldwide with CPAAI

MGI Worldwide with CPAAI is a leading top-20 international network and association of over 10,000 audit, accounting, tax and consulting professionals in some 406 locations around the world.



cpaai.mgiworld.com

Follow us

- in LinkedIn: linkedin.com/company/mgiworld.com
- Twitter: twitter.com/mgiworldwide
- Facebook: facebook.com/mgiworldwide

YouTube: Subscribe to MGI Worldwide

Vimeo: vimeo.com/mgiworldwide

MGI Worldwide is an international network of independent accounting, legal and consulting firms that are licensed to use "MGI" or "member of MGI Worldwide" in connection with the provision of professional services to their clients. Members firms of MGI Worldwide are a network as defined in the IESBA Manual and EU Audit Directives. CPAAI, also knowns as CPA Associates International, is an association of independent accounting and consulting firms that are licensed to use "Mell" in connection with the provision of professional services to their clients. The member firms of CPAAI do not form a network under the terms of the IESBA Manual or EU Audit Directives and its members are not members of MGI Worldwide and may not tue the names MGI or MGI Worldwide in connection with the provision of professional services to their clients. MGI Worldwide and CPAAI are the Terms of CPAAI do rot of CPAAI econamy of UPAAI accounting initiated by guarantee and registered in the IsBe Manual or EU Audit Directives and its members of MGI Worldwide and may not tue are formed on the provision of professional services to their clients. MGI Worldwide and on tor provide professional services to their clients. MGI Worldwide and on the provide professional services to their clients. MGI Worldwide and on the provide professional services to clients. Services are provided by the member firms of MGI Worldwide and and the services to clients. Services are provided by the member firms of MGI Worldwide and may not tue and the services to clients. Services to clients the provide professional services to clients. Services are provided by the member firms of MGI Worldwide and and the services to clients. Services are provided by the member firms of MGI Worldwide and and the services to clients. Services to clients the services to clients are services to clients and to not provide professional services to clients. Services are provided by the member firms of MGI Worldwide and the services to clients are to clients and the services to clients are serv CPAAI. MGI Worldwide, CPAAI and their member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.