

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, it may also lead to a cash impact; as the receiving party could deny payment of an invoice that shows the wrong tax amount, asking for a correction before paying.



For more information on this developing topic, please contact:



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