

Germany

Effective since 1 of January 2015. According to the German VAT Act («VATA»), digital services provided B2C by foreign companies are subject to German VAT if the location of the customer is Germany.

VAT Standard rate

19%

VAT Reduced rate

There is no reduced rate established for digital e-commerce.

VAT calculation peculiarity

VAT= Total revenue * 19/119

Threshold

Revenue threshold is €0 for digital services.

Pieces of evidence

To identify customer location merchant has to collect at least two items on non-contradictory evidence. And if two of them are in Germany, the customer may be determined as German:

- Customer's permanent address
- Billing address (bank or electronic payment operator)
- IP address
- Telephone number
- The location of the customer's fixed land line through which the service is supplied to him
- Other commercially relevant information

E-services list

A digital product is any product that's stored, delivered, and used in an electronic format. These are goods or services that the customer receives via email, by downloading them from the Internet, or through logging into a website, in particular:

- E-books, images, movies, and videos, whether buying a copy from Shopify or using a service like Netflix. In tax language, these products are in a category usually called, «Audio, visual, or audio-visual products»
- Downloadable and streaming music, whether buying an MP3 or using a service like SoundCloud or Spotify. Of course, these products also fall into the audio category
- Cloud-based software and as-a-Service products, such as Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS), and Infrastructure-as-a-Service (IaaS)

- Websites, site hosting services, and internet service providers
- The provision of a database
- Online ads and affiliate marketing
- Dating
- Other services which are delivered over the internet or an electronic network due to their nature – is essentially automated and involves only minimal human participation

Registration procedure

Pursuant to Section 18 (4c) German VAT Act (UStG), entrepreneurs must register before performing transactions covered by the special arrangement in the EU. Firstly e-merchant need to apply for a BZSt number in order to use the BZStOnline Portal for the VAT on e-services scheme. For VAT registration the company will be required to complete and submit a VAT registration form, along with supporting documentation:

- Proof of VAT or tax registration in its country of domiciliation
- A copy of the certificate of incorporation of the company
- A copy of the company's Articles of Association
- If the company is appointing a local tax agent or Fiscal Representative, then a Letter of Authority or power of Attorney

Keeping records

Records about performed transactions must be kept in order to check the correctness of tax returns and payments. These records must be made available to the Federal Central Tax Office or the responsible central authority of the other EU Member States by electronic means on request. The retention period for the records is ten years.

VAT payment date

The dates for VAT payment are as follows:

- Calendar quarter I by 20 April
- Calendar quarter II by 20 July
- Calendar quarter III by 20 October
- Calendar quarter IV by 20 January

Filing VAT returns

E-service supplier must transmit this tax return to the Federal Central Tax Office (BZSt) by electronic means. Tax period is the calendar quarter. A tax return must be filed even if no transactions have been performed during the relevant calendar quarter.

The dates for filing the tax return are as follows:

- Calendar quarter I by 20 April
- Calendar quarter II by 20 July
- Calendar quarter III by 20 October
- Calendar quarter IV by 20 January