

# Germany

This guide is for e-commerce companies that sell online via web-stores or at marketplaces.

German VAT (UStG).

## **VAT Standard rate**

19%

## **VAT Reduced rate**

7 %

Certain products and services are eligible for the special reduced rate, including books, food, medical equipment for disabled people, newspapers.

## **Thresholds**

€100,000 – distance sales threshold

When a company's distant sales hit the threshold, the company must register for the VAT. A merchant may apply to be registered for VAT in Germany before they reach the threshold €0:

- If a seller uses a local warehouse (for example Amazon FBA)
- If a seller sells excise goods, such as tobacco or alcohol

## **Deductible VAT**

If goods or services were used to make taxable supplies in Germany, VAT in input invoices might be credited. Examples include:

- VAT paid at custom clearance with your EORI number
- VAT paid to German suppliers

If the company paid invoices before VAT registration it may deduct them after registration.

## **Registration procedure**

The first step in registration involves getting a "Steuernummer," or German tax identification number.

Those who sell in a German marketplace will also need an F22 Certificate.

When a company has the obligation to register, the owners will be required to complete and submit a VAT registration form, along with supporting documentation:

- Certificate of incorporation
- Trade register extract
- VAT certificate
- Articles of Associations
- If the company is appointing a local tax agent or Fiscal Representative, then a Letter of Authority or Power of Attorney

### Tax representative

There is no liability to appoint a tax representative in Germany.

### Liability for Marketplace Operators

Rules have been implemented for electronic Marketplace operators in Germany as of April 2019.

This means that global as well as German marketplace operators have to keep specific information and documents about traders who conduct business in Germany via their marketplace. Moreover, the marketplace operators are required to record data about the deliveries carried out.

If the trader fails to fulfill their German VAT obligations and if the marketplace operator does not meet the aforementioned archiving obligations, the marketplace operator will be liable for the outstanding VAT payments of the trader.

Therefore, marketplace operators need to take action to avoid exposure to any risks. Among other things the following actions urgently need to be considered:

- Recording specific data from traders even if they are not professional dealers
- Collecting and archiving a German VAT registration certificate from the trader
- Documenting a date of supply/remuneration/location of departure and destination of sold goods.

### 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 by electronic means on request. The retention period for the records is ten years.

## VAT payment date

The VAT payment must be submitted by the 10th of the following month. For example, January's payment must be submitted by February 10, and so on.

## Filing VAT returns

A taxpayer must transmit tax returns to the Federal Central Tax Office (BZSt) by electronic means. Lovat platform supports digital submission.

For the first year period for submitting preliminary VAT returns is the calendar month.

If the amount of VAT for the previous calendar year exceeds €7,500, the business owner must submit monthly preliminary returns.

A tax return must be filed even if no transactions have been performed during the relevant calendar month.

The dates for filing tax returns are as follows:

- January – by 10 of February
- February – by 10 of March
- Yearly VAT return – 31 of May

Companies can also keep track of deadlines at the Lovat portal.