

## Refund of German VAT



Contact:  
Hans Ulrich Krug  
([h.krug@frankus.com](mailto:h.krug@frankus.com))

Hsi-Hsiang Chen  
([h.chen@frankus.com](mailto:h.chen@frankus.com))

Foreign companies that are not registered in Germany and have paid expenses in Germany (including German VAT) are eligible to apply for a VAT refund. A frequent situation for foreign companies to incur expenses is the attendance of trade fairs in Germany as visitors or as exhibitors of their products and services.

Without limitation companies from other EU-Member states can file their applications for a refund of VAT. Companies from non-EU states are entitled to a VAT refund if their country of origin raises no VAT or similar tax or if the foreign government has signed a reciprocity agreement with Germany (saying that German companies can apply for a VAT refund in this country as well).

In general, VAT on the following expenses can be refunded:

- Trade fair expenses (entry fees, exhibition booth rental, assembly, construction, etc.)
- Accommodation and travel expenses (hotel, taxi, food, parking fees, etc.)
- Expenses incurred while visiting customers in Germany (travel expenses)
- Other service expenses (interpreters, advertising, catering, etc.)

All invoices must be collected and submitted (originals) to the Federal Central Tax Office with a formal request for a VAT refund. The procedure is called "input tax refund procedure" (in German: Vorsteuer-Vergütungsverfahren). Be aware that the VAT refund application generally must be received by the Federal Central Tax Office by September 30th of the year following the calendar year of the purchase.

German trade fair companies might offer this service. But normally accountants and tax consultants (Steuerberater), due to their professional background, can assist the enterprise completing and filing the application form and answer the questions raised by the German tax office.

Since January 1, 2011, the B2B and the B2C trade modes with respect to the trade services will be dealt with differently in accordance with the latest German VAT regulations. For the B2B trade mode, the place of supply of trade services will be determined by where the service receiver operates his company according to Art. 3a (2) of German VAT law. That means, services to foreign companies without a

permanent establishment in Germany are not subject to German VAT anymore. There is one exception to this rule: Trade fair services related to the admission of trade fairs (e.g. the sale of trade fair tickets), are subject to German VAT for all fairs in Germany irrespective of the receiver of the services (foreign company and private visitor of the fair).

For the B2C trade mode (i.e. the trade fair company provide telecommunication services to an individual), the place of supply of trade services depends on where the trade fair is being held, which means that all services provided at a German trade fair are subject to German VAT.

For foreign trade fair exhibitors:

Certain trade fair services especially rental of an area for a trade fair stand are considered in Germany as services related to real estate. For such services in connection with real estate the place of supply of the service is the location of the trade fair (Germany). These services are therefore subject to German VAT.

If the real estate related service is part of a package of various other services, the package will be considered as a coordinated, comprehensive service for which the general rule applies: Place of supply of the service package is the place where the service receiver (foreign company) operates his company. The service package is not subject to German VAT. This issue should be discussed with the service provider at an early stage while planning the participation of the fair.

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Frankus  
Wirtschaftsprüfer und Steuerberater  
Steinstrasse 27  
40210 Düsseldorf  
Tel: +49 - (0)211 – 86 29 00 0  
Fax: +49 - (0)211 - 86 29 00 99  
Website: [www.frankus.com](http://www.frankus.com)



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