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VAT on machine repairs

The finance ministry has decreed that in cases of doubt repair and maintenance work on moveable assets (machinery and equipment) shall be taxable as a delivery of goods if the amount charged for materials is more than 50% of the total. Otherwise the invoice is for a service.

Repair and maintenance work on plant, machinery, equipment and other moveable assets may be subject to VAT as a delivery of goods, or as a service. The distinction is important, as it determines the country with the right to tax as well as the invoicing and documentation formalities to be observed for work done for a foreign customer. It is to be based on a careful review of the circumstances, taking all relevant factors into account. If, however, any doubt remains, the invoice may be issued on the basis of a delivery of goods where the amount charged for materials and spare parts exceeds 50% of the total. Where the amount billed for materials is less, the work may be seen as a service.

Schlagwörter

machine repair, maintenance, repair