

By PwC Deutschland | 07. November 2013

# VAT on returnable containers

**The finance ministry has updated its VAT Implementation Decree with a passage on returnable containers.**

The finance ministry distinguishes between transport accessories, such as palletes, to be used within the trade and containers which necessarily (or typically) pass to the final consumer on retail sale of the goods (e.g. bottles). Transport accessories are to be treated as independent of the sale of the goods they accompany. The deposit paid on sale or return is subject to standard rate VAT. Containers, on the other hand are seen as inseparable from the goods they contain. VAT is charged on the deposit at the rate applicable to the main supply. The return of the deposit is a subsequent reduction of the same turnover.

The finance ministry also deals with exchange systems involving the delivery of transport accessories against return of similar items, e.g. delivery of goods on palletes in exchange for empty palletes after the previous delivery has been sold on. These deliveries are treated as non-monetary loans. Payments for handling fees or similar are subject to standard rate VAT. However, payments to the original owner to compensate for items that cannot now be returned (theft or destruction) are untaxable compensation for damages. This contrasts with a payment made by a customer who wishes to keep the palette or other accessory (sale of goods at standard rate VAT). Exchange/repair programmes (e.g. delivery of six broken palletes in exchange for two refurbished ones) are to be treated as an exchange of goods of the same value (in the absence of any compensating payment). The first delivery is to be regarded as a payment on account of the second, so both parties tax their own sale in the period of the first delivery.

### **Schlagwörter**

containers, palette, transport accessories