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By PwC Deutschland | 03. März 2015

No VAT adjustment for agent’s discount

The finance ministry has issued a decree instructing tax offices to follow the Ibero Tours ECJ judgment to the effect that a discount offered by an agent at his own expense does not affect the VAT on the amount paid for the supply.

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On January 16, 2014, the ECJ held that a discount offered by a travel agent at his own expense on a supply by a tour operator did not affect the consideration for that supply or the VAT thereon (case C-300/12 *Ibero Tours*). The Supreme Tax Court decided its own case on that basis and then followed shortly afterwards with a similar judgment on an agent broking supplies to retailers. The finance ministry has now issued a decree adopting the new position as its own, so that henceforth a payment by an agent to the customer at his own expense (as an inducement to purchase through that agent) will not affect the VAT on the main supply. This also applies to any input tax deduction for the customer. The position contrasts with discounts offered by agents (or others) at the expense of the main supplier – these adjust the VAT down the chain. The main businesses affected are travel agents and retailers buying their stock through agents, rather than from wholesalers.

Schlagwörter

agents, discounts