

By PwC Deutschland | 05. November 2015

Full input tax deduction on VAT-free sales to NATO forces

The finance ministry has decreed that the input tax related to VAT-free sales to NATO forces stationed in Germany remains deductible even if the sale in question would have been VAT-free under other rules.

The finance ministry has followed a Supreme Tax Court judgment of August 2013 holding that a VAT exemption under a special-case rule takes precedence over the exemption available under a generally applicable provision. Sales to NATO forces stationed in Germany (including sales for the benefit of their members) are exempt under the various NATO and SOF (status of forces) agreements, which rank as special-case rules. Accordingly such sales do not restrict the right of the supplier to deduct input tax, even if, under the generally applicable rules, the sale would have been exempt in any case, but with a curtailment of the supplier's input tax deduction as a consequence.

Schlagwörter

NATO, SOFA, VAT Exemption