

By PwC Deutschland | 09. März 2016

Employee parking charges VAT-able

The Supreme Tax Court has held that charges for subsidised employee parking are subject to VAT, even if the facilities were provided in the employer's own interest.

A law firm located in an area with restricted street parking suffered constant interruptions from employees' having to leave their workplaces in order to move their cars or feed meters. However, client appointments and court appearances made it necessary for them to use their cars to get to the office. The firm therefore leased space in a nearby car park which it sublet to employees at approximately half-price. It claimed the charges – deducted from the employees' net salaries – were VAT-free, as the parking space was provided in the employer's interest of ensuring an undisturbed working environment.

The Supreme Tax Court has held, however, that the employer provided a service to the employees. This service was subject to VAT on the amount charged. That the employer may have seen the service provision as being in his own interests was irrelevant, given the fact of the charge itself. The court went on to add that it would only have been open to the employer to argue the provision of facilities in his own interest – and therefore VAT-free – if the employees had not been charged at all.

Supreme Tax Court judgment V R 63/14 of January 14, 2016 published on March 9

Schlagwörter

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