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VAT treatment of call-off stocks

In 2016 the Supreme Tax Court rejected the tax administrations opinion on the VAT treatment of call-off stocks as opposed to consignment stock.

Many subcontractors supply their goods by means of so-called call-off stock. If the stock is supplied from another EU member state, the German tax authorities – in the past – treated the corresponding movement of the goods as intra-Community transfer followed by a domestic supply of goods. The Supreme Tax Court has now rejected this approach – however, only under certain conditions.

The appellant supplied his customer from Spain. The goods were put into consignment stock in Germany. The supplies were carried out based on supply contracts. The specific quantities of goods as well as the supply dates were determined by binding delivery schedule plans. The customer had the right of unrestricted access to the supplied goods. It was established that some 95 % of the goods were dispatched from Spain based on such delivery schedule plans.

The Supreme Tax Court held that the supplies were considered to be direct supplies of goods from Spain to Germany, since the customer was already fixed at the very start (beginning) of dispatch from Spain. The court went on to say that, under circumstances of the case at hand, a short break in a stock would not be harmful, i.e. if the goods are stored in the warehouse for a short time it would not be sufficient, though, if the dispatch of goods were to a person who is only likely to be the customer.

Supreme Tax Court judgment V R 31/15 of October 20, 2016 published on January 18, 2017

Schlagwörter

call-off stock, consignment stock