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By PwC Deutschland | 29. April 2022

VAT treatment of granting access to airport lounges

In a most current circular, the Federal Finance Ministry has commented on the VAT situation for the provision of access to airport lounges as in contrast to normal travel services.

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The provision of access to waiting rooms in airports (so-called airport lounges) is generally a service that is closely related to real property (real estate) as falling under Sec. 3a No. 1 sentence 1 VAT Act. The provision of such service is therefore taking place where the real estate is located. If the service is thus taxable in Germany, the service would not fall under the VAT exemption rule granted to the sales for maritime shipping and for aviation and air travel pursuant to Sec. 4 no. 2 VAT Act. This latter provision does not apply to the authorization for access, because the service in question does not directly serve the needs of aircraft.

This is different, if the passenger acquires the right to enter the airport lounges together with his flight. In this case, the lounge can only be entered and used in connection with the flight and thus serves the purpose of taking advantage of the flight transportation under the best possible conditions. In these cases, granting access to airport lounges is an ancillary service to the flight (air transportation) and the place of performance of such service is determined in accordance with the specific rules in Sec. 3b VAT Act. Both would therefore also qualify for a lower VAT assessment or the waiver of VAT in whole or in part, but only under the specific conditions laid down in Sec. 26(3) VAT Act.

Finally, and while considering the above, the Federal Finance Ministry points out that the sole combination of the main service of air transportation together with the ancillary service of granting access to airport lounges is not viewed, from a VAT point of view, as a travel service within the meaning of Sec. 25 VAT. According to Sec. 25 travel services are deemed to be rendered where the supplier is established, the margin scheme is applicable and the input VAT deduction from purchases is excluded.

Source:

M0F circular dated 26 April 2022, III C 3 - S 7117-a/20/10002 :003.

Schlagwörter

air travel, airport lounge, travel services