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By PwC Deutschland | 31. Dezember 2025

Restoring the reduced tax rate on restaurant and catering services

In the course of the Tax Amendment Act 2025 a reduction of VAT for restaurant and catering services, with the exception of the sale of beverages, to seven per cent was introduced from 1 January 2026 (Section 12 (2) No. 15 of the Value Added Tax Act). The Federal Ministry of Finance (MoF) has recently issued a brief decree as to specific aspects of the new rule.

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Background

As a temporary crisis measure, restaurant and catering services, except for the sale of beverages, were already subject to the reduced tax rate from 1 July 2020 to 31 December 2023. The legislator is now permanently restoring this situation with the provision in Section 12 (2) No. 15 of the German Value Added Tax Act. Food for consumption outside the home was already subject to the reduced tax rate as food deliveries.

MoF adjusts to the new situation

In connection with the new regulation, questions arise regarding the application of the reduced tax rate for so-called combination offers. In this regard, the MoF made the following comments in its current administrative decree:

(1) When applying the reduced VAT rate for restaurant and catering services, with the exception of the sale of beverages, it will not be objected if, for the purpose of allocating the total purchase price of so-called combo deals (value meals) for food including beverages (e.g., buffet, all-inclusive offers), the portion of the price attributable to beverages is set at 30% of the flat rate price (formerly at 20%).

This opinion is now included in Section 10.1 in (a new) para. 11 of the VAT Implementation Regulation.

(**Note:** Section 10 of the VAT Implementation Regulation explains in more detail the concept of remuneration, i.e. the consideration for supplies of goods and services in Section 10 (1) of the German Value Added Tax Act).

(2) It will further not be objected if the portion of the remuneration attributable to the services listed in Section 12.16 (12) of the VAT Implementation Regulation is set at 15% of the flat-rate price.

(**Note:** The services mentioned there are the provision of breakfast; the use of communication networks; cleaning and ironing of clothing, shoeshine service; transport between the train station/airport and accommodation; transport of luggage outside the accommodation facility; use of sauna facilities; use of fitness equipment; availability and use of parking spaces for vehicles).

The principles set out in this circular apply to all transactions from 1 January 2026.

Source:

MoF, circular dated 22 December 2025 (III C 2 - S 7220/00023/014/027).

Schlagwörter

catering, reduced rate VAT