By PwC Deutschland | 15. September 2026

ECJ: Margin taxation for travel services combined with sale of goods

In a recent judgment, the European Court of Justice held, among others, that the margin taxation for travel services applies even when a taxpayer purchases tourist services - in particular transportation services - from third parties to sell them to consumers during excursions and thereby realizes a negative margin. However, no VAT refund is possible in case of an overall negative margin.

Background (in brief):

The Supreme Tax Court asked the ECJ for a preliminary ruling as to whether the margin taxation for tour operators and travel agents must also be applied in a case of „bus excursions“ organized by a company with the intention of promoting the sale of its goods. According to the view of the **Advocate General**, the operations of travel agents within the meaning of Article 26 of the VAT Directive do not include combined services and the supply of goods as in the case in the main proceedings (more details of the case to be found in our**blog post of 28 November 2025**).

ECJ decision:

Contrary to the view of **the Advocate General**, **the ECJ held** that the margin taxation under Article 26 of the VAT Directive is applicable (as in the situation of the case referred) where a taxable person purchases tourist services from third parties, in particular transport services, in order to sell them in his or her own name to consumers in the form of excursions, where the fee received in that respect does not cover all the costs of those services and the remainder of those costs is financed by the revenue from the sale of goods that that taxable person offers to those consumers during excursions.

However, the taxpayer is **not entitled to an input VAT refund** if the margin generated from the provision of a uniform service is negative.

The objective of the special scheme provided for in Article 26 is to simplify the rules relating to VAT applicable to travel agents. It also seeks a fair distribution of the revenue from the charging of that tax among the Member States, by ensuring, first, the attribution of the VAT revenue relating to each individual service to the Member State in which the final consumption of the service took place and, secondly, the attribution of that relating to the travel agent’s margin to the Member State in which the agent is established

In the present case, it is apparent from the available documents that the travel services were offered systematically at a loss with the result of negative margins. It is common ground that that margin did not enable the tour organizer (P) to cover in full the input costs incurred on the purchase of transport services from third-party taxable persons.

However, it follows from the combined provisions of Article 26 (2) and (4) of the VAT Directive that it does not provide for any right to a refund of input VAT on which P could rely in respect of the input VAT that was paid when purchasing the transport services from third-party taxable persons.

If it were necessary to grant, in the event of a negative margin, a right to a refund of VAT by the Member State in which the travel agent is established, that Member State could be required, in the event of travel services provided within the territory of several Member States, to refund an amount corresponding to the VAT paid in another Member State. That would deprive of its substance the objective of the fair distribution of VAT revenues among the Member States by imposing on the Member State where the travel agent isestablished a budgetary burden corresponding to a tax imposed by another Member State. Such a result would be incompatible with the very purpose of the special margin scheme set out in Article 26 of the VAT Directive.

Such a result would also be against the prohibition on calculating the margin as a whole because that would allow a set-off between the losses and the profits generated by the activity of a trader such as the one in the main proceedings. Moreover, it must be recalled that P freely chose its business model, with full knowledge of the structurally loss-making nature of the travel services offered.

Source: ECJ judgment of 10 September 2026 **C?565/24** *P-GmbH & Co. KG (Voyages-café)*.

Schlagwörter

Margin-scheme taxation, travel services