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By PwC Deutschland | 05 January 2011

Laboratory regeneration of human cell tissue VAT-free as medical care

The ECJ has held laboratory regeneration of cell tissue to be used later for treatment of the same or another patient to be VAT-free as medical care.

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A German laboratory processed cell tissue that had been removed from patients by medical practitioners and establishments in other member states. After processing, the enhanced, or regenerated, tissue was returned to the supplier for use in the treatment of the same, or another, patient. The laboratory saw its activities as processing work on the movable property held by a business resident in another member state and thus as taxable in the country of the business customer. The tax office saw the service as laboratory work taxable in Germany, the country where it was actually done. The ECJ has now held the work to be exempt altogether as medical care, even though the laboratory staff were not medically qualified and never saw the patient. It took the view that the tissue regeneration was an essential, inherent and inseparable part of the medical treatment given, none of the elements of which had any purpose in isolation. (AM)

The ECJ case reference is C-156/09 Verigen judgment of November 18, 2010.

Keywords

Medical care, VAT-free medical service, human cell tissue, tissue regeneration