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By PwC Deutschland | 19 April 2011

Item received in exchange can be prepayment for VAT

The finance ministry has decreed that payments in kind before the supply is complete lead to VAT on a payment on account or in advance.

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Under a finance ministry decree, exchanges, or payments in kind, rank as payments in advance if the item tendered in consideration for a taxable supply is delivered before the supply is complete. This brings the tax liability on the supply forward to the delivery of the consideration.

Keywords

exchange, payments in kind