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By PwC Deutschland | 12 May 2011

No reduced-rate VAT on horses other than for food

The ECJ has ruled in two cases that the reduced-rate VAT on the sale of horses must be restricted to animals intended for slaughter for food or fodder.

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Because of differences between the various language versions of the VAT (and previously the Sixth) Directive, some member states have included horses without further qualification in their list of goods subject to reduced rate VAT, whilst others have restricted the reduced rate to the sale of horses intended for food or for the production of food or animal foodstuffs (fodder). Horses intended for breeding, riding, racing, or as beasts of burden or as pets are thus subject to full-rate VAT in some member states, but not in others. The Commission finds this situation unsatisfactory, and has already obtained an ECJ ruling against the Netherlands, for not applying the reduced-rate restrictively (Case C-41/09 *Commission v. the Netherlands* judgment of March 3, 2011). The ECJ has now passed similar judgments on Austria and Germany in cases brought by the Commission on the same grounds. Thus, henceforth, only horses sold for slaughter and then to be used as food or fodder or in the manufacture of foodstuffs for humans or animals will rank for the reduced rate.

The ECJ case references are C-441/09 *Commission v Austria* and C-453/09 *Commission v Germany* judgments of May 12, 2011.

Keywords

horses, reduced rate