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By PwC Deutschland | 17 October 2012

VAT on waste disposal

The finance ministry has issue a decree on waste disposal, which it sees primarily as a service to the owner or as a sale of goods by the owner. An exchange of both elements will only be assumed, where both clearly influenced the price.

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Up to now, the finance ministry has tended to see waste removal as an exchange of supplies, sale of goods against the service of disposal. It has, however, now issued a new decree on the subject, calling for treatment of each transaction as a single supply, unless both elements clearly played a major role for both parties when coming to the agreement.

Waste removal, which includes the removal of rubble and scrap from demolition of buildings or dismantling of plant, is a service where disposal is the main point of the transaction. Waste sale, on the other hand, is to be assumed where the waste had value in its own right, or where it was more or less directly fed onto the production line as raw material. An exchange of both elements is only to be assumed where both parties saw each element as significant. This, for example, is the case with price adjustment clauses to take account of future sales of the waste for the benefit of the original owner. On the other hand, there will be no exchange, where the disposal business afterwards sells the waste, but without crediting the supplier with any of the proceeds.

Keywords

disposal, waste