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By PwC Deutschland | 17 October 2012

Prepaid telephone cards are telecommunications services

The finance ministry has revised its previous view of the sale of a prepaid telephone card as a prepayment to that of a straight sale of telecommunications services.

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Originally, the finance ministry saw the sale of a prepaid telephone card as a prepayment, the actual service being rendered as and when the cardholder made his or her calls. However, it has now revised this view in the wake of an ECJ judgment and has issued a decree to the effect that the sale of a prepaid telephone card is to be charged to VAT as the sale of telecommunications services. The actual usage of the card, i.e. the event of telephoning, is irrelevant, provided the card cannot be used for any other purpose. The treatment of a card sale as the supply of telecommunications services applies throughout the supply chain; thus a card wholesaler will supply telecommunications services to his retailer, regardless of the fact that neither of them has any intention of using the card under discussion to make telephone calls.

Keywords

telecommunications, telephone card