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By PwC Deutschland | 11 December 2013

VAT on waste disposal

The finance ministry has added a section to its VAT Implementation Decree on the VAT treatment of waste disposal, in particular where the waste is of value or at least contains substances of value.

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Industrial and commercial waste often has value, particularly if valuable substances can be recovered from it. The finance ministry has added a section to its VAT Implementation Decree distinguishing between the sale of materials – the seller receives payment – and the service of waste disposal – the owner of the waste pays for it to be taken away. Most of the new section, however, deals with the more complicated mixed form of agreement, where both sides are aware of the mixed commercial interests of the waste disposal business in earning a fee for the service and in acquiring or recovering valuable substances that can be used or sold. In this case, there are effectively two transactions as in an exchange of goods for a service.

The amended decree assumes an exchange where the one transaction influences the price of the other. This is the case where specific prices for both parts of the transaction are agreed, or where the price for the disposal service varies with the type and quality of the waste delivered, or where the supplier of the waste shares in the resale proceeds of the disposal service. However, there is no exchange where the collection is unspecific – such as general rubbish removal – or where the value of the waste can only be established subsequently.

Keywords

exchange, waste, waste disposal