

By PwC Deutschland | 12 March 2015

Nursing staff employment agency charges VAT-able

The ECJ has held that a German VAT exemption for nursing and similar services provided by medical or nursing organisations does not extend to the charges by an employment agency supplying the necessary staff.

A German temporary employment agency for nursing staff hired personnel to associations providing nursing and care services to the infirm. The associations generally invoice their services free of VAT, provided that at least 40% of their cases are covered – at least partially – by the social security system. However, the tax office refused to extend this exemption to the employment agency as the agency did not provide exempt services in its own right. The ECJ has now taken the same view on a strict interpretation of the VAT Directive. The staff are not themselves VAT-payers and cannot therefore be exempted and the agency does not provide health care or other medical services. Accordingly, its charges are subject to standard-rate VAT.

The ECJ case reference is C-594/13 “*go fair*” *Zeitarbeit* judgment of March 12, 2015.

Keywords

care, employment agency, nursing