

By PwC Deutschland | 05 July 2016

VAT rate for providing parking space separate from hotel accommodation

Services in connection with hotel accommodation are subject to the reduced VAT rate, this also applies to ancillary services – inasmuch as they immediately contribute to the letting of rooms.

The Supreme Tax Court has applied the ECJ case law which allows for the application of the reduced VAT rate to concrete and specific aspects of the supply of services. In Germany, hotel accommodation services are subject to the reduced VAT rate, however, this does not apply to services which do not immediately contribute to the letting of rooms. In this respect, the court held (case *XI R 11/14*) that the provision of parking for hotel guests must be taxed at the standard VAT rate of (currently) 19%. This also applies if this is not charged separately by the hotel. In an earlier judgment of April 24, 2013 on a similar case (*XI R 3/11*, published on December 4, 2013) the Supreme Tax Court decided that breakfast services are subject to the standard VAT rate. Although the breakfast may be considered to be an ancillary supply to the accommodation, it would be necessary to split the VAT treatment with respect to the VAT rate.

Even though in both cases the claimants provided both the accommodation and the breakfast / the parking at a single price, this could not alter the court's decision.

Supreme Tax Court judgment *XI R 11/14* of March 1, 2016 published on June 29

Keywords

breakfast, hotel accomodation, parking space, reduced rate VAT