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VAT grouping and input VAT deduction for holding companies

Following decisions of the European Court of Justice and the German Supreme Tax Court the Federal Finance Ministry has issued guidelines on the VAT grouping and the input VAT deduction for holding companies. In a special VAT Newsflash our tax experts take a closer look on the situation as a whole.

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In 2015 the European Court of Justice (ECJ) handed down its judgment in the case *Larentia + Minerva and Marenave* dealing with certain aspects of VAT grouping and the deduction of input VAT paid by holding companies for the acquisition of capital invested in their subsidiaries. The German Supreme Tax Court, in a number of decisions, dealt with various aspects of the ECJ decision. One major outcome of the Supreme Tax Court's interpretation of the parameters set by the ECJ was to allow partnerships as affiliates to be part of a VAT group. The Federal Finance Ministry has now summarized its view in a special decree.

The VAT Newsflash provides more detailed information on the issues and outlines possible consequences.

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Keywords

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