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By PwC Deutschland | 24 February 2025

Flight training is generally not exempt from VAT

In a recent judgment the Supreme Tax Court decided that flying lessons to obtain a permit for hobby pilots (private pilot license) are not exempt from VAT.

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The plaintiff, an aviation sports club, was active in the training of flight students. It had paid VAT to the seller when purchasing the aircraft used for these purposes. It requested a corresponding deduction of input VAT from the tax office - which was initially not granted: The **tax office** stated that the instruction was exempt from VAT and therefore, the input VAT attributable to the instruction and training costs could not be reclaimed. The **tax court of first instance** confirmed the opinion of the tax office and dismissed the claim.

The **Supreme Tax Court** overturned the previous decision and stated that the aviation sports club was in principle entitled to deduct input VAT. Due to European legal requirements, an exemption from VAT as “school and university teaching” or as “training and further education” is only possible under certain strict conditions. In principle, flying lessons do not meet these requirements because it does not involve the teaching of a “broad and varied range of subjects” which would be necessary for tax exemption as “school and university instruction”.

Flight training is a specialized and selective kind of instruction. The training to obtain a so-called private pilot's license for hobby pilots is also not exempt as “basic and advanced training”. Even if the knowledge conveyed may be useful for professional purposes, the private pilot license is not a prerequisite for corresponding professional training, for example as a pilot for an airline. In this respect, tax-exempt instruction is at best conceivableas far asas it involves instruction that provides the knowledge required to obtain an airline transport pilot license.

Supreme Tax Court judgment of 13 November 2024 (XI R 31/22) – published on 20 February 2025.

Keywords

VAT Exemption, international flight