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By PwC Deutschland | 02 November 2026

European Commission: Infringement proceedings against Germany

The Commission calls on Germany to correctly transpose and apply the VAT exemption for credit management and credit guarantee management services

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In its regular package of infringement decisions, the European Commission takes legal action against Member States that fail to comply with their obligations under EU law. These decisions, covering various EU policy areas, aim to ensure the proper application of EU law for the benefit of citizens and businesses.

The European Commission decided to open an infringement procedure by sending **a letter of formal notice to Germany** (INFR(2026)4020) **for failing to correctly transpose and apply the VAT exemption** laid down in Article 135(1)(b) and (c) of Council Directive 2006/112/EC on the common system of value added tax, the VAT Directive.

These provisions require Member States to exempt from VAT, among other things, the management of credit by the person granting it and the management of credit guarantees by the person granting the credit. The Commission considers that the relevant provisions of German VAT law do not cover these services and that, as a result, certain services, notably those supplied by syndicate leaders in open syndicated loans, are being subjected to VAT contrary to EU law.

Germany has meanwhile received a letter of formal notice and may comment to the objections within two months. If the Commission considers the response to be unsatisfactory, it may, as a next step, issue a reasoned opinion to Germany. If this does not produce the desired result, it may refer the case to the European Court of Justice.

Source: EU Commission, press release of 1 October 2026.

Keywords

Credit, VAT Exemption, guarantee insurance