

Fact sheet on VAT obligations for foreign operators not established in the European Union

The following information provides a brief overview of German VAT law. Due to the complexity of the law, this information is not exhaustive.

In cases of doubt, we recommend that you contact a tax adviser (to do this, you can consult the official tax adviser directory [*amtliches Steuerberaterverzeichnis*] or the nationwide tax adviser search engine, which are both available on the website of the federal association of tax advisers in Germany [*Bundesteuerberaterkammer*], www.bstbk.de).

What is VAT?

VAT (value added tax) is a tax that, among other things, is incurred when goods are sold. VAT is part of the sales price and is paid by the purchaser. However, the vendor must remit the tax to the tax office. The legal basis for this is laid down in Germany's VAT Act (*Umsatzsteuergesetz*)¹.

How much VAT is charged?

The VAT rate in Germany is generally 19%.

Example: A trader sells a portable music player in Germany for €40. This price includes VAT in the amount of €6.38 (that is, 19% of €33.62: €33.62 + €6.38 = €40).

What types of sales are subject to German VAT?

The following business transactions in particular are subject to German VAT:

1. Sales of goods from a warehouse in Germany to a purchaser/customer in Germany
2. Sales of goods from a warehouse in another EU member state to a purchaser/customer in Germany (in cases where the distance-selling threshold is exceeded, section 3c of the VAT Act)
3. Sales of goods from a non-EU country to a purchaser/customer in Germany, if the vendor or his/her agent submits the import clearance declaration

Vendors who are not established in the European Union and who make sales that are subject to German VAT must register for tax purposes in Germany.

Where and how does a person register for tax purposes in Germany?

Germany's tax offices are responsible for assessing and collecting VAT. Certain designated tax offices have central jurisdiction for vendors who are not established in Germany. These include, for example:

| Vendor's country of residence | Tax office with jurisdiction (+ e-mail address) |
|-------------------------------|--|
| China, Japan, India | Berlin-Neukölln office (poststelle@fa-neukoelln.verwalt-berlin.de) |
| United States | Bonn-Innenstadt (Service@FA-5205.fin-nrw.de) |

¹ https://www.gesetze-im-internet.de/ustg_1980/

Belarus, Russian Federation

Magdeburg office
(poststelle@fa-md.ofd.mf.sachsen-anhalt.de)

Switzerland

Konstanz office
(poststelle-09@finanzamt.bwl.de)

Turkey

Dortmund-Unna office
(Service@FA-5316.fin-nrw.de)

The list of German tax offices that have jurisdiction for foreign traders (including the countries for which they have jurisdiction) is provided in section 1 of the “Ordinance on local VAT jurisdiction for traders established abroad” (VAT Jurisdiction Ordinance, or *Umsatzsteuerzuständigkeitsverordnung*)². The Berlin-Neukölln tax office (see above) has central jurisdiction for vendors from countries that are not listed in this ordinance.

Vendors who are required to register for tax purposes must contact the relevant tax office (an e-mail is sufficient, no specific form is necessary). That tax office will then send the applicant/vendor a questionnaire asking for the information that is required to register for VAT purposes.

After the applicant/vendor completes and submits this registration, a tax number will be sent to them in written form.

What additional tax obligations apply?

On a monthly or quarterly basis, vendors must (a) file a provisional VAT return (*Umsatzsteuer-Voranmeldung*) declaring their sales transactions and (b) calculate and pay the VAT due. They must also file an annual VAT return (*Umsatzsteuer-Jahreserklärung*, see section 18 of the VAT Act). Provisional VAT returns and annual VAT returns must be sent to the relevant tax office using an officially prescribed data set and should generally be sent electronically.

Vendors must retain records and documents that are relevant for tax purposes and must submit them to the tax office upon request.

Please note:

Information on questions relating to customs and import VAT is available via the following link (in German only): http://www.zoll.de/SharedDocs/Downloads/DE/Publikation/Broschuere/Reise-Post/faltblatt_zoll_post_internethandel.pdf?__blob=publicationFile&v=15

Violations of or non-compliance with the above obligations are subject to fine or criminal punishment in Germany.

² <https://www.gesetze-im-internet.de/ustzustv/BJNR381400001.html>