

Checklist to review VAT adjustment due to the stimulus package

(The list does not claim to be complete, it is based on the level of knowledge of 12 June 2020.)

No.	Facts		Tax treatment	Yes	No	Comment
Basic VAT practices						
1.	Are output invoices drawn up?		For deliveries and other services delivered from 1.7.2020 onwards, the new tax rate must be shown.			
2.	Are taxable reverse charge incoming services received?		The new tax keys are to be used.			
3.	Are intra-Community acquisitions received?		The new tax keys are to be used.			
4.	Are deposits paid?					
	Service or partial service provided by 30.6.2020	Whether advance payments have been made is irrelevant	The benefit is subject to the standard tax rate of 19 % or the reduced rate of 7 %.			
	Service or partial service provided after 30.6.2020 and before 1.1.2021	Deposits have not been paid before 1.7.2020	The benefit is subject to the standard tax rate of 16 % or the reduced rate of 5 %.			
	Service or partial service provided after 30.6.2020 and before 1.1.2021	Deposits were paid in whole or in part before 1.7.2020	The advance payments before 1.7.2020 had been taxed at 19 % and 7 % respectively (but the contractor could already indicate the standard tax rate at 16 % and 5 % in the down payment invoice for benefits carried out in the period from 1.7 to 31.12.2020, as far as is certain); in this case, the value added tax is already incurred at the inflow of payment with the corresponding tax rate), when the performance is carried out in the period from 1.7. to 31.12.2020, the benefits have to be relieved of 3 %.			
	Service or partial service provided according to 31.12.2020	Deposits have not been paid before 1.1.2021	The benefit is subject to the standard tax rate of 19 % or the reduced rate of 7 %.			

	Service or partial service provided according to 31.12.2020	Deposits have been paid in whole or in part in the period between 1.7. and 31.12.2020	The advance payments can be taxed at 16 % and 5 % respectively (but the payer can also indicate the standard tax rate of 19 % and 7 % respectively in the down payment invoice for benefits carried out in 2021; in this case, sales tax is already incurred at 19 % and 7 % respectively in the case of inflows of payments in 2020; when the service is carried out from 2021 onwards, the benefits have to be taxed at 3 % and 2 % respectively.			
5.	Are permanent services agreed?		In the case of permanent services under partial services (e.g. rental contracts, permanent accounts) an adjustment must be made for the period of change.			
6.	Are sales contracts planned for the period 1.7.2020 to 31.12.2020?		Please pay attention to the application of the applicable tax rate in the contracts.			
7.	Are annual performances (e.g. possibly in the case of licensing agreements) agreed?		Until 31.12.2020, the reduced tax rate applies, as this service must be considered to have been rendered at the end of the agreed period of service.			
8.	Are the changes taken into account during the check of incoming invoices?		The supplier's invoices for services in the period from 1.7.2020-31.12.2020 may only show reduced VAT.			
Software adaptations						
9.	Are cash register systems used?		The software provider must be contacted so that the new tax rates can be used.			
10.	Are pre-systems with deposited customer contracts maintained?		The new tax keys are to be used. It may be necessary to contact the relevant system consultants.			
11.	Is it working with OCR detection?		The software provider must contact whether OCR detection is ensured.			
12.	Does the sale or the offer (e.g. online shop, platform for public tenders) take place online?		The respective platforms/online shops should be checked by the providers for programming.			
13.	Do apps exist for the sales or quotation process?		Please check if the apps need to be reprogrammed.			

14.	Are interfaces used for e-balance or disclosure?	The assignments of newly created accounts must be checked.			
15.	Do other interfaces/file programming (macros or similar) exist?	The assignments and programming shall be checked and adapted accordingly.			
16.	Has the balance sheet structure been reviewed for adjustments?	The assignment of newly created accounts must be checked.			
17.	Is a manual VAT sampling created?	The new tax keys and new accounts are to be used.			
Separate VAT topics					
18.	Are there any company agreements with agreements for the shareholders or liability allowances?	The contracts must be adapted accordingly.			
19.	Are there annual tickets (seasonal tickets, subscriptions, etc.)?	The applicable turnover tax arises on the basis of the legal bases to be applied at the end of the respective period of service.			
20.	Are membership fees received or paid?	For membership fees 2020 the reduced tax rate applies, since this service is to be regarded as rendered at the end of the agreed period of service.			
21.	Are special leasing payments made?	These may have to be divided into corresponding partial services.			
22.	Are construction works carried out?	Examination of the requirements for partial services and where applicable. Settlement of partial services until 31.12.2020. In the case of works, the conditions for partial services are often not available in practice. Although economically delimitable services are often carried out, the majority of them lack an agreement on partial benefits and the corresponding tax-effective acceptance. As a rule, acceptance by the client is decisive. This can lead to advantages or disadvantages for the recipient due to the stimulus package. Where no agreements on partial services have been made in a contract, agreements on partial services should be made in the case of services not yet fully performed for the economically delimitable services performed until 31 December 2020. The uniform construction work would thus be taxed at the standard rate of 16 %. The tax authority has not complained of making up for such agreements in the past in the event of tax rate changes. The statutory provisions on abusive tax arrangements must be observed.			

23.	Refunds of deposits are available?	The withdrawal of empty goods constitutes a reduction in remuneration. In principle, the refund would have to be attributed to the original turnover (practically impossible). For reasons of simplification, the financial administration had previously allowed it to correct sales tax at the "old" rate when reimbursing amounts of pledges within a period of 3 months following the entry into force of the tax rate change.			
24.	Do changes in fees need to be carried out by annual bonuses or the like?	Annual rebates, annual bonuses, etc. are to be attributed to the period and thus to the tax rate that was decisive for the underlying turnover. In the case of annual remuneration, the tax authority did not object in the past to the fact that the reduction in remuneration was divided in proportion to the taxable transactions of each season.			
25.	Are telecommunication services charged?	These are permanent benefits. If the agreed settlement period exceeds the respective reporting date (1.7.2020/31.12.2020), it will not be objectionable if a one-off additional settlement period is set up which ends on the respective reporting date.			
26.	Are there electricity, gas and heat supplies?	To the extent that the reading period ends after the respective reference date, the tax authority has so far not objected to the fact that the performance is divided into a performance carried out before and after the respective reference date, insofar as the terms and conditions of delivery and contract do not conflict with this. The distribution shall be made on a pro rata basis thereafter. If necessary, a weighting must be carried out (e.g. thermal weighting in case of heat delivery).			
27.	Are passenger transports carried out with taxis and car hire?	Taxi and car rental companies, which realise night shift sales at the change dates, were able to calculate sales tax at the previous day's tax rate under the simplification scheme previously represented by the tax authority, provided that no invoices are issued at a different rate.			
28.	Is the beneficiary not entitled to deduct input tax in the case of long-term contracts?	Special features arise in the case of long-term contracts (conclusion more than 4 months before the change in law occurs). In this case, there may be compensation for an additional or mitigation burden by the contracting parties.			

29.	Will an exchange be carried out?	When an item is exchanged, the original delivery will be reversed. It is replaced by a new delivery. If an item delivered before the date of amendment is exchanged after that date, the tax rate applicable at that time shall apply to the supply of the substitute item.			
30.	Are vouchers sold or bought?				
	Purpose voucher (§ 3 para. 14 UStG):	VAT already arises with the sale of the voucher and any further resale. The actual execution of the service – i.e. if the voucher is redeemed – is then no longer subject to VAT.			
	Multipurpose voucher (§ 3 para. 15 UStG):	Only when the voucher is redeemed, the actual performance is subject to VAT.			
	Practical tip: At present, attempts should be made to agree vouchers as multi-purpose vouchers.				
31.	Payment under discount deduction?	To the extent that an account for a services executed before the start of the transitional period is taken into account during the transitional period, the current tax rate applicable to the deduction shall apply. The same applies to the reverse case at the end of the period from 1.7.2020-31.12.2020.			
32.	Are travel expenses charged?	For bookings of overnight stays or train journeys for periods starting from 1.7.2020, the reduced tax rates apply even in case of advance payment.			
33.	Will a passenger car be handed over to employees or a value levy free of charge?	Triggers only taxation at the reduced rate of 16 % for the period from 1.7.2020-31.12.2020.			