



## Impact on VAT of the stimulus package adopted by the Coalition Committee

Dear client,

surprisingly for all of us, the government coalition announced its economic and crisis management package with an impact on turnover tax on 3 June 2020. The impact is comprehensive and requires timely action.

With this client information you will get answers to the most important questions as well as a checklist with which you can check which adjustments to be made by you.

### Stimulus package

By decision of 3 June 2020, the government coalition announced a stimulus package. On 12 June 2020, the Federal Cabinet adopted the first comprehensive measures of the stimulus package. The draft government decisions are now entering the parliamentary legislative process.

At the moment, we expect the stimulus package to enter into force as it was decided last week. A part of the package is that VAT is limited from 1 July to 31 December. It will be reduced from 19 % to 16 % and from 7 % to 5 %.

### The most important information at a glance

#### Creation of turnover tax

For the creation of turnover tax and thus for the application of the correct tax rates, it is crucial **when the other service or supply is deemed to have been executed**. Whether the transactions are taxed after collected or agreed fees is not decisive.

In principle, the following applies:

- *deliveries*: If the recipient of the delivery receives the power to dispose of the item, the delivery shall be deemed to have been executed. In the case of transport or dispatch, the delivery shall be effected at the beginning of the transport or dispatch.

- *Other benefits*: The value added tax arises with the completion of the service.
- *Intra-Community acquisitions*: Upon issue of the invoice, at the latest at the end of the month following the acquisition, VAT shall be borne.

Please note: *Partial benefits*

Sales tax may also be incurred in the case of a completed partial service. For a partial power, the following conditions shall be met:

1. The performance must be economically meaningful,
2. an agreement must exist on the performance of the performance as a partial service;
3. the partial services must be separately accepted and accounted for.

### Permanent benefits, annual tickets, annual benefits, membership fees

In the case of *permanent benefits* which extend over a longer period of time, it must be defined whether you may perform partial benefits. Especially in the case of permanent services, which are provided within the framework of partial services (e.g. rental contracts, leasing contracts), an adjustment and correction of the bills (contracts, permanent invoices, etc.) must be taken into account. For *annual services* (e.g. licences) until 31. The reduced tax rate is applicable on December 2020, as this benefit must be considered to have been rendered at the end of the agreed period of service. The same applies to *membership fees* 2020.

For *annual tickets* (seasonal tickets, subscriptions, etc.) the end of the service period is decisive for the applicable VAT.

### Wrongly shown turnover tax

Create in the period from 1 July, 2020 to 31 December, 2020 for deliveries or other services which were provided during this period, an invoice with the old tax rate, then the VAT is shown too high separately (incorrectly shown sales tax, § 14c para. 1 UStG.). The value added tax that is too high is due by you. If you are the beneficiary of pre-tax deduction, you **may not** deduct the VAT.

### Financial accounting in DATEV

If we prepare the financial accounting for you, we will make the implementation of the consideration of the tax rate changes in DATEV. In this respect, we are currently in contact with DATEV.

If you create your own financial accounting and book in DATEV, please note the following information:

There is currently no statement by DATEV on the implementation of the stimulus package.

The SKR03 and SKR04 standard account frameworks so far allow:

### **16 % VAT/pre-tax**

Automatic accounts with 19 % VAT/pre-tax or tax key with 19 % VAT/pre-tax may be used for deliveries and other services, which take place from 1 July to 31 December, 2020 to be delivered, no longer used.

The following three **options** exist for accounting purposes (new with 16 % VAT/pre-tax):

1. Use of existing automatic accounts with 16 % VAT,
2. Creation of new automatic accounts with 16 % VAT; or
3. Use of tax keys 16 % VAT.

The DATEV account frameworks offer automatic accounts with 16 % VAT, e.g. sales revenue 16 % VAT (SKR03 8340-8349 and SKR04 4340-4319) or other income in business and regularly 16 % VAT (SKR03 4834/SKR04 8649), which could be reapplied.

Furthermore, the following control keys exist, which are identical for the SKR03 and SKR04:

- Tax key 5 for 16 % VAT
- Tax key 7 for 16 % pre-tax

For EU stocks:

- Tax key 15 for 16 % VAT
- Tax key 17 for turnover tax 16 % and pre-tax 16 %

For 13b facts (selection of percentage and eventuality is made in the window after completion of the booking rate):

- Tax key 94 for 16 % VAT and 16 % VAT
- Tax key 95 for excluding input tax and 16 % VAT

### **5 % VAT/pre-tax**

On the part of the DATEV software, there are no tax keys for the tax rate 5 % VAT/pre-tax. The following two options exist for accounting purposes:

1. Creation of new automatic accounts with 5 % VAT and
2. Investment of new individual tax keys 5 % VAT/pre-tax (similar to the cases of pre-tax allocation or catering costs). The facts of the EU and § 13b of the UStG are to be **observed**.

Should DATEV comment on this in the coming days, we will inform you promptly. If you have any questions about the implementation, we are at your disposal.

### **Financial accounting using another financial accounting software**

In the preparation of financial accounting by us, we will contact the software provider in coordination with you.

Should you prepare the monthly financial accounting yourself, we recommend that you contact your software provider promptly and ask yourself how the implementation takes place or could take place. We are happy to take care of this for you as well or to assist you with advice. Just talk to us.

### Checklist

For the review of individual questions, we have prepared a preliminary checklist, which is attached to this newsletter and which you can use from July 2020. There is also an impact on the preparation of the annual accounts and on the preparation of the VAT return for the 2020 financial year.

The checklist does not claim to be complete.

If you are affected by the above as well as other VAT changes or if you have separate requests, **please contact us at any time.**

Sincerely,

Your ATC team