



## Effects of the so-called “Second Corona Tax Assistance Act” on value added tax

Dear client,

the German Bundestag passed the so-called “Second Corona Tax Assistance Act” on 29.6.2020, the Federal Council approved the same day. The law was announced on 30.6.2020 in the Federal Law Gazette, so that the tax rate reduction could enter into force on 1.7.2020.

With our newsletter of 15.6.2020 with legal status of 11.6.2020 we have given you the 1. Draft application letter presented by the financial administration. We would like to present you the essential changes, additions and facilitations of the final BMF letter from 30.6.2020 below.

### The most important information at a glance

#### No amended VAT forms for 2020

There will be no amended pre-registration forms for the pre-registration periods July to December 2020. Transactions exported at 16 % and 5 % respectively shall be given uniformly in row 28 of the prior declaration ‘other rates’ in those pre-notification periods. The turnover tax return 2020 will not be changed either, so that the turnover collected at 16 % and 5 % turnover tax is to be entered in the key figures for transactions at other tax rates.

Regardless of this, new accounts or tax codes have to be set up in financial accounting.

#### Advance payments in the B2B area for electricity, gas, water, heat etc.

In order to avoid transitional difficulties, there is no objection to the fact that invoices relating to advance payments due after 30.6.2020 and before 1.1.2021 are not corrected, provided that VAT of 19 % and 7 % respectively is deducted and only settled in the final statement in accordance with the above principles. There is no objection to a deduction of input tax on the basis of 19 % and 7 % of the deductions from the deduction invoices, and the deduction for the entire service is only corrected to the permissible value on the basis of the above final statement.

### Wrongly shown turnover tax

If an entrepreneur still has an invoice with the old tax rate in the period from 1.7.2020 to 31.12.2020, he has shown too much VAT separately (incorrectly shown sales tax, § 14c para. 1 UStG.). The value added tax which is too high is due by the trader and **cannot be** deducted as input tax from a beneficiary who is entitled to deduct in principle.

Simplification rule in the B2B area:

On the other hand, if the contractor has shown in the invoice the tax rate applicable before 1.7.2020 (19 % instead of 16 % and 7 % instead of 5 %) for a service rendered to another entrepreneur **from 1.7.2020 to 31.7.2020** and deducted this tax amount, **it will not be complained** for reasons of simplification if the trader does not correct the VAT **card in** the invoices. A **benefit entitled to deduct input tax shall be deducted** on the basis of the declared tax rate for reasons of simplification in this respect due to such incorrect invoices by an entrepreneur.

In fact, entrepreneurs have thus gained one month for the necessary changeover measures for services in the B2B sector.

### Gastronomy industry

The legislator first introduced the (first) Corona Tax Assistance Act to lower the VAT rate from 1.7.2020 to 30.6.2021 from the restaurant and catering services provided to date from 19 % to 7 %.

However, drinks are exempted from the tax cut.

As a result of the new regulation, the legislator now also provides for a general, temporary reduction in the reduced VAT rate from 7 % to 5 %. The reduction should also apply - fundamentally to the reduction period from 1.7.2020 to 31.12.2020. From 1.1.2021 onwards, the reduction from 7 % to 5 % will be resumed. It remains, but only for another half year, in the application of the reduced rate of 7 %. As from 1.7.2021, the special scheme in force by the (first) Corona Tax Assistance Act will also be abolished. From 1.7.2021, the standard tax rate of 19 % shall apply again. However, the reduced rate does not apply to the levies on beverages.

Period	Food	Beverages	Food "to go"	Drinks "to go"
until 30.06.2020	19 %	19 %	7 %	19 %
01.07.-31.12.2020	5 %	16 %	5 %	16 %
01.01.2021-30.06.2021	7 %	19 %	7 %	19 %
as from 01.07.2021	19 %	19 %	7 %	19 %

The scheme is applicable to all entrepreneurs who provide the benefits, including restaurants and restaurants, catering companies, bakeries, butchers, canteens and canteens of the public sector or non-profit organizations.

### Financial accounting in DATEV

If we prepare the financial accounting for you, we will implement the implementation of the tax rate changes in DATEV. DATEV has expressed its views on this matter. The changeover is currently being carried out by our DATEV Registry Officers.

Should you prepare the financial accounting yourself and book in DATEV, you will receive a separate information promptly by our DATEV Registry Officers.

If you have any questions about the implementation, we are at your disposal.

### Financial accounting using another financial accounting software

Meanwhile, your software provider should have contacted you and provided you with information regarding the changeover.

We are happy to support you in this. Just talk to us.

### Checklist

For the review of individual questions, we have supplemented the known 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 marketing 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