



# E-Balance and Overview VAT in Germany

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# Agenda

## E-Balance

Definition and First Adoption

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Features by the Preparation of the E-Balance

Strategies for the Implementation of the E-Balance



## Definition and First Adoption

**E-Balance or Electronical Balance will be in the future the only instrument for the data transmission of the Balance Sheet as well as the Profit- and Loss Account to the tax authorities (Finanzamt) in Germany.**

**The E-Balance will become the central basis for the communication between taxpayer and tax authorities.**

**All contents of the Balance Sheet as well as the Profit- and Loss Account for financial years which will start after December 31<sup>st</sup>, 2012 have to be sent to the tax authorities by data transmission.**

**Following exceptional constellations will start to sent an E-Balance for financial years which will start after December 31<sup>st</sup>, 2014 to the tax authorities:**

- Foreign permanent establishments of domestic companies,**
- Domestic permanent establishments of foreign companies,**
- Taxable economic business operations owned by tax exempt corporations, which are required to prepare financial statements,**
- Public owned commercial operations of legal entities under public law, which are required to prepare financial statements.**

## Contents

**The Annual Financial Statements will become standardized and must be sent electronically.**

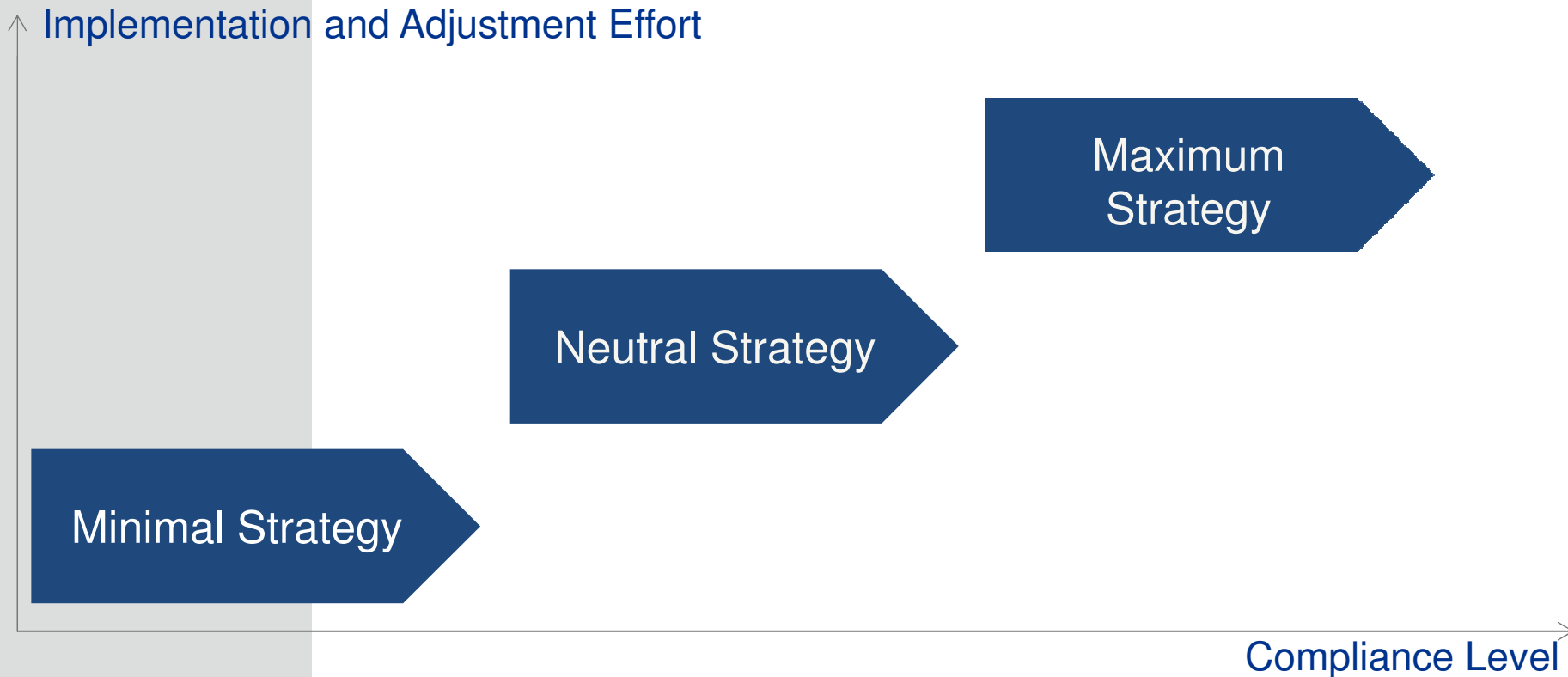
**From 2013 the following documents have to be send as XBRL-File to the tax authorities and prepared in accordance to the Taxonomy compiled from the tax authorities:**

- Tax Balance Sheet or Balance Sheet with Reconciliation Statement**
- Fiscal Profit- and Loss Account**
- Statement of Comprehensive Income**
- Statement of Capital Account Movements for Partnerships**

## Features by the Preparation of the E-Balance

- Analysis of the Chart of Accounts and Mapping of Accounts
- Differences between Balance Sheet and Tax Balance Sheet must be explained in a Reconciliation Statement
- Need of Tax Accounting and Audit of Financial Statements
- Need of Amendments (e.g. Inventories and Sales Revenues)

## Strategies for the Implementation of the E-Balance



## Maximum Strategy

- Complete Implementation of the Taxonomy
- Voluntary transmission of all supporting documents to the Tax Authorities
- No use of fallback positions

## Neutral Strategy

- Solution between Maximum Strategy and Minimum Strategy
- Transmission of all essential Information and the use of fallback positions

## Minimal Strategy

- No change in booking behaviour
- Use of fallback positions if necessary
- No voluntary transmission of all supporting documents to the Tax Authorities



# Overview VAT in Germany



## Overview on Legal Regulations

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- A. Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax  
Article 1 to 65 EG-VO 282/2011
- B. Corrigendum to Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax  
Article 1 to 414 MwStSystRL
- C. VAT Law as amended of 21.02.2005  
Paragraphs 1 to 29 UStG
- D. VAT Implementation Ordinance as amended of 21.02.2005  
Paragraphs 1 to 76 UStDV
- E. VAT Jurisdiction Policy of 20.12.2001  
Paragraphs 1 and 2 UStZustV
- F. RL 2008/9/EG VAT-Return EU- and Third Parties of 12.02.2008  
Article 1 to 31 RL 2008/9/EG
- G. VAT Application Decree of 01.10.2010  
Guidelines for §§ 1 to 29 UStG
- H. Tax Abatement of BMF for VAT
- I. Court Decisions of Bundesfinanzhof (BFH) and the European Court (EUGH)

## VAT Law (UStG) Overview

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- I. Tax Subject §§ 1 to 3 UStG
- II. Tax Exemption §§ 4 to 9 UStG
- III. Tax Base §§ 10 and 11 UStG
- IV. Tax and Input VAT §§ 12 to 15 UStG
- V. Taxation §§ 16 to 22 UStG
- VI. Special Tax Rules §§ 23 to 25 UStG
- VII. Final Provisions §§ 26 to 29 UStG

## Principal Rules

• Revenue Type	§ 1 UStG
• Place of the Taxable Transaction	§§ 3 and 3a UStG
• Taxability of the Revenue	
• Tax Exemption	§§ 4 to 9 UStG
• Tax Base of the Revenue	§§ 10 and 11 UStG
• Tax Rate of the Revenue	§ 12 UStG
• Who is the Taxpayer	§§ 13a and 13b UStG
• Details required in the Invoice	§§ 14 and 14a UStG
• Input VAT Relief	§§ 15 and 15a UStG
• Taxation Period	§ 16 UStG
• Tax Procedure	§ 18 UStG
• Recapitulative Statement	§ 18a UStG
• Intra-Community Triangular Transactions	§ 25b UStG

## Steuerbare Umsätze

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### § 1 Para. 1 No. 1 UStG Supply of Goods and Services

- Entrepreneur
- In the Interest of the Business
- Within the Domestic Territory
- For Remuneration

### § 1 Para. 1 No. 4 UStG Import

- Subject
- Import
- The Way the Goods take:  
From Non-EU State to Domestic Territory

### § 1 Para. 1 No. 5 UStG Intra-Community Purchase

- Incoming Deliveries
- The Way the Goods take:  
Intra-Community to Domestic Territory
- Purchase from Entrepreneur in the Interest of the Business
- Purchase within the Domestic Territory
- For Remuneration

## Tax Rates/Tax Chargeability

### Tax Rates

- a) 19% according to § 12 Para. 1 UStG
- b) 7% according to § 12 Para. 2 UStG

### •Tax Chargeability

- a) Tax on Issue = After Execution of Delivery
- b) Tax on Payment = After Receiving the Payment

## Taxpayer

### I. § 13a UStG

- a) Supply of Goods and Services = Entrepreneur
- b) Intra-Community Purchase = Purchaser
- c) Failure of IC-Delivery = Recipient
- d) Incorrect/unjustified Stating of VAT = Invoice Issuer
- e) Intra-Community Triangular Transaction = Last Recipient

### § 13b UStG

The Recipient of Benefit, owes the VAT (Reverse-Charge).

## Details required in the Invoice

<sup>1</sup>A Invoice requires the following Details:

1. the complete Name and Address of the supplying Entrepreneur and the complete Address of Recipient of Benefit,
2. the Tax Number of the supplying Entrepreneur or the VAT-Identification number
3. Invoice Date,
4. a consecutive Number which is existing one time has one or more Columns of Numbers, so that the Invoice Issuer can identify the Invoice (Invoice Number),
5. Quantity and Type (Commercial Description) of the delivered Subjects or Scope and Type of Service,
6. Date of the Supply of Goods or Services

## Details required in the Invoice

7. the Remuneration for the supply of Goods and Services (§ 10 UStG) as well as advance agreements to reduce the Remuneration is assigned to Tax Rates and single Tax Exemptions,
8. the applicable Tax Rate as well as the Tax or a Remark in the Case of Tax Exemption, that the Supply or Service is exempt,
9. in the Case of § 14b Para. 1 Clause 5 a Remark to the obligation of Safekeeping Responsibility of the Recipient and
10. in Cases that the Invoice is issued by the Recipient or by an assigned Third Party the Information „Credit Note“ has to put on according to Paragraph 2 Clause 2.



## Input VAT § 15 UStG

### Input VAT Relief

Input VAT Relief

Paid Turnover Tax on Imports

Input VAT on IC-Purchases

Input VAT according to § 13b UStG

Blocked Input VAT Relief

Apportionment of Input VAT

### § 15 UStG

§ 15 Para.1 Cl.1 No.1 UStG

§ 15 Para.1 Cl. 1 No.2 UStG

§ 15 Para.1 Cl. 1 No.3 UStG

§ 15 Para.1 Cl. 1 No.4 UStG

§ 15 Para.2 Cl.1 No.1+2  
UStG

§ 15 Para. 4 UStG