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The Essential Guide to VAT for Online Retailers Selling in Germany



Foreign companies can register for VAT in Germany without the need to form a local company.

There is no VAT threshold in Germany for registration of non-resident businesses - a VAT number must be in place before the commencement of taxable supplies.

Voluntary registration is possible in Germany. You may want to voluntarily register to take advantage of the lower 19% VAT rate in order to increase your profit margins.

There is no need to have a fiscal representative if you are a company based outside the EU.

VAT registration usually takes 4 – 6 weeks.

The Distance Selling VAT Rules in Germany

If you selling online from within the EU via your website or through the marketplaces directly to German private customers, you can sell up to Euros 100,000 before you have to register in Germany. At this point, you will need to VAT register and start accounting for the VAT in Germany at their 19% standard rate (or reduced rate of 7% if these apply to the goods you are selling – see summary table below).

Using Fulfilment Centres in Germany

If you use a fulfilment centre in Germany to house your stock to supply your private customers, this triggers an immediate need to VAT register in Germany – there is no threshold to exceed. Once registered you will be obligated to file the periodic VAT returns.

Reporting

VAT returns in Germany are required monthly. The deadline for monthly returns is the 10th of the month following the reporting period. VAT returns can also be quarterly if turnover is below Euros 47,000 per annum. An annual return is required which summarises details of the periodic returns.

Intrastat Declarations

In addition to VAT returns, if your turnover exceeds the Intrastat Declaration threshold (in Germany it is Euros 500,000) you will be obligated to file monthly Intrastat declarations as well as your monthly VAT returns.

Intrastat Declarations are statistical returns required by the EU to monitor trade between the EU member states.

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Invoice Requirements

Once VAT registered in Germany, online retailers must provide an invoice to consumers.

Penalties

Failure to comply with local VAT regulations can result in penalties and interest being applied by the Germany Tax Authority. Please be aware the European tax authorities are becoming more proactive in searching for non-compliant online retailers. They have set up mutual co-operation with each other and they share data.

In Germany, there are no penalties for failing to register for VAT in time. However, a company may incur late payment penalties, late filing penalties and interest on any outstanding VAT.

| Summary | |
|---|--|
| Standard Rate of VAT | 19% |
| Reduced Rate of VAT | 7% Food, books, newspapers, cultural services and others |
| VAT registration threshold for non-established businesses | Nil |
| VAT registration threshold for distance sellers | Euros 100,000 |
| Intrastat Threshold – Dispatches and Arrivals | Euros 500,000 |

Please note -The information is correct at time of publishing – June 1st 2015

What to Do Now

If you want to know more, or think you need to register in Germany, please don't hesitate to contact us on **01273 634594** or email info@simplyvat.com

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