

Fact sheet

VAT on international passenger transport services using buses or coaches that are not registered in the Federal Republic of Germany

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I. Introduction

- 1 (1) This fact sheet is published by the German Federal Ministry of Finance in consultation with the highest revenue authorities of the *Länder* (states). It contains information for businesses about VAT and associated obligations that arise when providing international passenger transport services using buses or coaches that are not registered in the Federal Republic of Germany.
- 2 (2) Like any other service that a business performs for consideration, passenger transport services using buses or coaches are subject to VAT (for exceptions to this rule, see paragraphs 28 to 31). This is the case regardless of whether the transport operation is performed by a domestic or foreign business, whether the passengers are domestic or foreign, and whether the passengers are youths or adults/seniors. This also applies to both regular and occasional passenger transport services (see paragraphs 3 and 4). In the case of passenger transport services that span both the territory of the Federal Republic of Germany as well as the territory of other countries, only that part of the service that takes place on German territory is taxable in the Federal Republic of Germany. Tax liability for taxable passenger transport services using buses or coaches always attaches to the business providing the service; taxation is generally carried out by a tax office using the general taxation procedure (see paragraphs 11 to 19). However, when journey-specific VAT assessments on transport services are conducted at Germany's borders to non-EU countries (third-country borders, see paragraph 5), such assessments are performed by a customs office at the time the vehicle crosses the border (see paragraphs 20 to 27).

II. Definitions

- 3 (1) **Regular transport services** are regularly scheduled passenger transport operations on approved transport routes between a specific departure point and a specific terminus; on these routes, passengers may board or exit the vehicles at specific stops. Authorisation from each country that forms part of the respective route must be carried on board the vehicle.
- 4 (2) **Occasional transport services** are those transport services that are not classified as regular transport services. These include **tourist excursions, holiday trips and journeys using hired buses or coaches**. **Tourist excursions** are journeys offered and carried out by a provider in accordance with a specific plan set up by the provider and for a purpose that is identical for all participants. **Holiday trips** are trips for stays at recreational destinations that are offered and carried out by a provider in accordance with a specific plan set up by the provider for a total consideration that includes transport and accommodation, including or excluding meals. **Journeys with hired buses or coaches** involve the transport of passengers in hired buses or coaches used by a provider to carry out journeys whose purpose, destination and schedule are determined by the hirer of the vehicle. For transport services requiring authorisation, such authorisation for each respective journey must be carried on board the vehicle. For transport services not requiring authorisation, a fully completed journey form must be carried on board. Transport services classified as **shuttle services** in bilateral agreements with third countries constitute **occasional transport services**.
- 5 (3) A **third-country border to the Federal Republic of Germany** is a border to a country that is not a member of the European Union (i.e. the borders between Switzerland and Germany and at seaports).

III. Passenger transport services that use buses or coaches not registered in the Federal Republic of Germany in accordance with road traffic law and that do not cross a third-country border upon entry to or exit from the Federal Republic of Germany

The following general rules apply to the taxation of these passenger transport services:

1. Notification requirement

6 (1) Non-resident businesses that perform cross-border passenger transport services using buses or coaches not registered in Germany are required to notify the tax office responsible for VAT under section 21 of the Fiscal Code (*Abgabenordnung*) (see also paragraph 11) prior to the first transaction for which VAT will apply in Germany.

7 (2) There is no required form for providing notification of the first transaction involving cross-border passenger transport services using buses or coaches not registered in Germany. However, the following form should be used whenever possible:

[USt 1 TU](#) – Notification regarding cross-border passenger transport services using buses or coaches (section 18 (12) sentence 1 of the VAT Act (*Umsatzsteuergesetz*))

This form (in German) is attached as [Annex 1](#) to this Fact Sheet and is also available at the competent tax office under section 21 of the Fiscal Code (see paragraph 11).

(3) Persons who do not use this form must nevertheless provide the same information required on the form when notifying the competent tax office.

2. Certification procedure

8 (1) For each bus or coach not registered in Germany that is to be used for cross-border passenger transport services, the tax office responsible for assessing VAT under section 21 of the Fiscal Code (see paragraph 11) issues a separate certificate of the VAT registration of the non-resident business (section 18 (12) sentence 2 of the VAT Act).

9 (2) The certificate issued in accordance with section 18 (12) sentence 2 of the VAT Act must be carried on board during each journey in Germany and must be presented on demand to the customs offices responsible for tax supervision (section 18 (12) sentence 3 of the VAT Act). If the certificate cannot be presented, these customs offices may, in accordance with the relevant tax law provisions, require a security payment equivalent to the expected amount of tax payable on the respective individual transport operation (section 18 (12) sentence 4 of the VAT Act). Security payments made under such circumstances are to be deducted from taxes to be paid (section 18 (12) sentence 5 of the VAT Act) in connection with the VAT return for the respective calendar year (section 18 (3) sentence 1 of the VAT Act).

10 (3) An administrative offence is deemed to have been committed by anyone who violates section 18 (12) sentence 3 of the VAT Act by intentionally or recklessly failing to present the certificate issued in accordance with section 18 (12) sentence 2 of the VAT Act or by failing to do so on time (section 26a (1) no 4 of the VAT Act). This administrative offence may be punished by a fine of up to €5,000 (section 26a (2) of the VAT Act).

3. Competent tax office

11 If a transport service company's operations are based in the Federal Republic of Germany, the competent tax office is the one in whose jurisdiction the company's operations are based. Under section 21 (1) sentence 2 of the Fiscal Code in conjunction with the VAT Competency Ordinance (*Umsatzsteuerzuständigkeitsverordnung*), businesses whose domicile, registered office or management is located outside Germany fall within the jurisdiction of designated tax offices as listed in [Annex 2](#).

4. Tax base and tax rate

12 The basis for assessing VAT is that portion of the agreed fare (less VAT) which corresponds to the segment of the journey travelled in Germany. The total fare is to be divided up proportionally in accordance with the distance travelled in Germany and the distance travelled outside of Germany. In general, the standard rate of tax applies. The reduced VAT rate is to be used for authorised regular transport services if the distance travelled in Germany does not exceed 50 kilometres.

5. General taxation procedure

13 VAT on the part of the transport route travelled in Germany is imposed using the general taxation procedure. Carriers must submit provisional VAT returns and an annual VAT return to the competent tax office following the procedures described below.

a) Provisional VAT returns

14 (1) Carriers are required to file provisional VAT returns within 10 days after the end of the respective provisional VAT return period. Returns must generally be submitted electronically to the competent tax office, and the party submitting the return must be authenticated (section 18 (1) sentence 1 of the VAT Act). More detailed information is available from the competent tax office (see paragraph 11). Information on the electronic filing of returns is available (in German) at www.elster.de.

15 (2) The provisional VAT return period is normally the calendar quarter. However, if VAT in the previous calendar year exceeded €7,500, the provisional VAT return period is the calendar month. If VAT in the previous year did not exceed €1,000, the tax office may exempt the carrier from the requirement to submit provisional returns and make prepayments.

16 (3) The provisional return must include all transactions carried out in Germany. Input VAT connected to these transactions must be deducted from the calculated amount of VAT. Prepayments calculated accordingly are due on the 10th day after the end of the respective provisional VAT return period.

17 (4) On application, the deadlines for filing provisional VAT returns and making VAT prepayments can be extended by one month (section 46 of the VAT Implementing Ordinance (*Umsatzsteuerdurchführungsverordnung*)). Applications for permanent filing extensions must generally be submitted electronically (section 48 (1) sentence 2 of the VAT Implementing Ordinance) and, in the case of a monthly VAT return period (see (2) of this section), involve an annual special prepayment (section 47 of the VAT Implementing Ordinance). The filing extension may be utilised only if the tax office does not reject the application. The filing extension applies until the business no longer wishes to utilise it or until the tax office retracts it (section 46 of the VAT Implementing Ordinance).

(b) Annual VAT return

18 Carriers are required to file an annual VAT return with the competent tax office (see paragraph 11) by 31 July of the following calendar year. Returns must

generally be submitted electronically, and the party submitting the return must be authenticated (section 18 (1) sentence 1 of the VAT Act). Further information is available (in German) at www.elster.de.

6. Consequences of failure to comply with tax obligations

- 19 If a business fails to file a provisional VAT return or annual VAT return, the tax office estimates the tax base to determine VAT. If a business calculates its VAT prepayment or annual VAT incorrectly, the tax office determines the correct amount. Late filing or non-filing of provisional returns may be subject to a late-filing penalty (section 152 (1) of the Fiscal Code). Under the provisional return procedure, the amount of the late-filing penalty is based on the length of time by which and the frequency with which deadlines were missed, as well as the amount of tax due (section 152 (8) of the Fiscal Code).
Late filing or non-filing of annual returns may also be subject to a late-filing penalty (section 152 (1) of the Fiscal Code). However, a late-filing penalty is always charged if a tax return is not filed within 14 months after the end of the relevant calendar year and none of the exceptions set out in section 152 (3) of the Fiscal Code apply (section 152 (2) of the Fiscal Code). The late-filing penalty is 0.25% of the assessed tax, less the sum of prepayments and withheld taxes to be credited, for each month or part of a month that a return is late, and no less than 25 euros for each month or part of a month that a return is late (section 152 (5) sentence 2 of the Fiscal Code). Late-filing penalties must not exceed €25,000 (section 152 (10) of the Fiscal Code). Late payments are penalised with a late-payment charge of 1% for each month or part of a month. Wrongful conduct by a carrier may be punished as tax evasion or subject to a fine for reckless underpayment of taxes. If a carrier fails to meet the tax obligations arising from its business, its authorisation may be reviewed and subsequently revoked (see paragraphs 3 and 4).

IV. Passenger transport services that use buses or coaches not registered in the Federal Republic of Germany in accordance with road traffic law and that cross a third-country border upon entry to or exit from the Federal Republic of Germany (i.e. the borders between Switzerland and Germany and at seaports)

1. Regular transport services

- 20 For the taxation of regular transport services, the explanations provided in paragraphs 6 to 19 apply accordingly as regards the tax base, tax rate, competent tax office and taxation procedure.

2. Occasional transport services

- 21 The following rules apply to the taxation of occasional transport services that use buses or coaches not registered in Germany in accordance with road traffic law and that cross a third-country border upon entry to or exit from the Federal Republic of Germany:

a) Competent authority

- 22 Taxation upon entry to or exit from the Federal Republic of Germany across a third-country border is carried out at the border by the competent customs office, which acts on behalf of the tax office in whose jurisdiction it lies.

b) Tax base and tax rate

- 23 For purposes of simplification, VAT is calculated on the basis of an average transport price using the journey-specific VAT assessment procedure. The

average transport price is **4.43 cents** per passenger-kilometre. Thus, at a rate of 19%, VAT amounts to **0.84 cents** per passenger-kilometre travelled in the Federal Republic of Germany. The applicable number of passenger-kilometres is determined by multiplying the number of passengers with the number of kilometres travelled in Germany (the route actually driven in Germany).

c) Taxation procedure

- 24 (1) For each separate journey, the carrier must submit a tax return in duplicate to the customs office at the third-country border upon entry to or exit from Germany. The customs office, which also provides the tax return forms, determines the tax and notes the amount on both copies. After paying the tax, the carrier receives a copy of the tax return together with a receipt of payment. This copy, together with the receipt, must be carried on board during the journey. When exiting the Federal Republic of Germany **via a third-country border**, the carrier must submit an additional tax return at the customs office if the number of passenger-kilometres has changed.
- 25 (2) Carriers may lodge an objection to the tax determined by the customs office but must do so within one month. If the customs office does not fully remedy the objection, the case undergoes further processing by the tax office in whose jurisdiction the customs office lies.
- 26 (3) The journey-specific VAT assessment procedure does not take input taxes into account. However, the carrier may use the input tax refund procedure to apply for the reimbursement of input tax if the input tax was connected to a transport operation that was subject to journey-specific VAT assessment. Information on the input tax refund procedure may be obtained from the Schwedt/Oder branch of the Federal Central Tax Office (address: Passower Chaussee 3b, 16303 Schwedt/Oder; tel.: +49 228 406 1200; fax: +49 228 406 3200; website: <http://www.bzst.de>).
- 27 (4) In lieu of using only the journey-specific VAT assessment procedure, carriers may, after the end of the calendar year, re-declare their passenger transport services to the competent tax office (see paragraph 11) using the general taxation procedure (VAT return, see paragraph 18). In this case, carriers calculate the VAT payable on that portion of the fare price that corresponds to the route travelled in Germany (see paragraph 12), deducting the input VAT connected to the transport services (this does not apply to input VAT that has already been reimbursed under the input tax refund procedure). VAT paid at third-country borders under the journey-specific VAT assessment procedure is then credited against the resulting amount, and the surplus VAT paid, if any, is refunded. The amount to be credited must be documented through the submission of all tax assessment notices received as part of the journey-specific procedure.

V. Exemptions from the taxation of passenger transport services

- 28 (1) Passenger transport services are not subject to tax if they are performed **free of charge** or if they involve the use of own buses or coaches by a **non-commercial entity**. For example, if cultural organisations (e.g. theatre or music ensembles, choirs, etc.), school or youth groups, or members of foreign associations travel in buses or coaches that belong to the organisation, school or association, it can generally be assumed that the passenger transport services are not being carried out as part of a commercial undertaking. This is to be evidenced on the basis of the vehicle's registration documents.
- 29 (2) If the organisation, school or association rents a bus or coach and subsequently carries out a journey using its own driver, in its own name, and on its own responsibility and account, this is not deemed a taxable passenger transport service. Such cases must be evidenced on the basis of receipts and documents that, in particular, provide unambiguous evidence of the legal relations between the parties. One issue of significance in this connection is whether the driver of the bus or coach is employed and paid by the business that rents out the vehicle or the rental contract involves provision of a driver. If this is the case, it can generally be assumed that the transport operation

is being carried out by the bus company and that the transaction fulfils the criteria for a taxable passenger transport service.

- 30 (3) The question of whether the documentation presented at the third-country border is sufficient to prove the VAT-exempt status of the transport operation is decided on-site by the processing customs officer. Therefore, in order to ensure that such cases are processed quickly and correctly, rental contracts – including, where appropriate, a German translation – must be carried on board the vehicle. Contracts must clearly state which services are being provided by the rental company. Failure to present this documentation to the customs office will result in the drawing up of a tax assessment notice stating payable VAT. Therefore, to simplify clearance, parties renting buses or coaches are advised to have their case reviewed by the competent tax office before the passenger transport takes place. If the transport operation is indeed VAT-exempt, the tax office can issue a verification document that the renting party can then present to the customs office.
- 31 (4) However, even if the passenger transport operation is VAT-exempt, the rental service provided by a business operated in a third-country location remains subject to VAT to the extent that the rented vehicle was used in Germany. This taxation is carried out using the general taxation procedure (see paragraphs 13 to 18).

VI. Further information

- 32 If you have any questions that are not answered by this fact sheet, you can obtain further information from the relevant taxes offices or from the customs administration's central information unit (Informations- und Wissensmanagement Zoll, address: Carusufer 3-5, 01099 Dresden; tel.: +49 351 44834 520; fax: +49 351 44834 590; e-mail: info.gewerblich@zoll.de). Professional tax advisors may also be able to provide assistance.

Datenschutzhinweis:

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Annex 2

Country	Competent tax office	Country	Competent tax office
Belgium	Trier Tax Office Hubert-Neuerburgstr. 1 54290 Trier Tel.: +49 651 / 9360-0 Fax: +49 651 / 9360-34900	Italy	Munich Tax Office Abt. II - Bearbeitungsstelle Straubing Postfach 0211 94302 Straubing Tel.: +49 89 / 1252-0 Fax: +49 89 / 1252-2222
Bulgaria	Neuwied Tax Office Augustastr. 70 56564 Neuwied Tel.: +49 2631 / 910-0 Fax: +49 2631 / 910-29906	Croatia	Kassel – Hofgeimar Tax Office Altmarkt 1 34125 Kassel Tel.: +49 561 / 7208-0 Fax: +49 561 / 7208-2152
Denmark	Flensburg Tax Office Duburger Str. 58 - 64 24939 Flensburg Tel.: +49 461 / 813-0 Fax: +49 461 / 813-254	Latvia	Bremen Tax Office Rudolf-Hilferding-Platz 1 28195 Bremen Tel.: +49 421 / 361-94027 Fax: +49 421 / 361-96205
Estonia	Rostock Tax Office Möllner Str. 13 18109 Rostock Tel.: +49 381 / 12845-0 Fax: +49 381 / 12845-4300	Liechtenstein	Konstanz Tax Office Byk-Gulden-Str. 2a 78467 Konstanz Tel.: +49 7531 / 289-0 Fax: +49 7531 / 289-312
Finland	Bremen Tax Office Rudolf-Hilferding-Platz 1 28195 Bremen Tel.: +49 421 / 361-94027 Fax: +49 421 / 361-96205	Lithuania	Mühlhausen Tax Office Martinistrasse 22 99974 Mühlhausen <u>To 30. 11. 2020</u> Tel.: +49 3601 / 456-0 Fax: +49 3601 / 456-100 <u>From 1. 12. 2020</u> Tel. +49 36 01 / 57 3613 - 000 Fax: +49 36 01 / 57 3613 - 100
France	Offenburg Tax Office Zeller Str. 1-3 77654 Offenburg Tel.: +49 781 / 12026-0 Fax: +49 781 / 12026-1999	Luxembourg	Saarbrücken Tax Office Am Stadtgraben Am Stadtgraben 2-4 66111 Saarbrücken Tel.: +49 681 / 3000-0 Fax: +49 681 / 3000-329
Greece	Neukölln Tax Office Thiemannstr. 1 12059 Berlin Tel.: +49 30 / 9024 16-0 Fax: +49 30 / 9024 16-900	Macedonia	Neukölln Tax Office Thiemannstr. 1 12059 Berlin Tel.: +49 30 / 902416-0 Fax: +49 30 / 902416-900
United Kingdom and Northern Ireland	Hannover-Nord Tax Office Vahrenwalder Str. 206 30165 Hannover Tel.: +49 511 / 6790-0 Fax: +49 511 / 6790-6090	Monaco	Offenburg Tax Office Zeller Str. 1 - 3 77654 Offenburg Tel.: +49 781 / 12026-0 Fax: +49 781 / 12026-1999

Ireland	Hamburg-Nord Tax Office Borsteler Chaussee 45 22453 Hamburg Tel.: +49 40 / 427310239 Fax: +49 40 / 42806-220	Netherlands	Kleve Tax Office Emmericher Strasse 182 47533 Kleve Tel.: +49 2821 / 803-1020 Fax: +49 2821 / 803-1201
		Norway	Bremen Tax Office Rudolf-Hilferding-Platz 1 28195 Bremen Tel.: +49 421 / 361-94027 Fax: +49 421 / 361-96205

Country	Competent tax office	Country	Competent tax office
Austria	Munich Tax Office Abt. II - Bearbeitungsstelle Straubing Postfach 0211 94302 Straubing Tel.: +49 89 / 1252-0 Fax: +49 89 / 1252-2222	Slovenia	Oranienburg Tax Office Heinrich-Grüber-Platz 3 16515 Oranienburg Tel.: +49 3301 / 857-0 Fax: +49 3301 / 857-334
Poland	<u>Letters A to G:</u> Hameln Tax Office Süntelstraße 2 31785 Hameln Tel.: +49 5151 / 204-0 Fax: +49 5151 / 204 - 200	Spain	Kassel – Hofgeimar Tax Office Altmarkt 1 34125 Kassel Tel.: +49 561 / 7208-0 Fax: +49 561 / 7208-2152
	<u>Letters H to L:</u> Oranienburg Tax Office Heinrich-Grüber-Platz 3 16515 Oranienburg Tel.: +49 3301 / 857-0 Fax: +49 3301 / 857-334	Czech Republic	Chemnitz-Süd Tax Office Paul-Bertz-Strasse 1 09120 Chemnitz Tel.: +49 371 / 279-0 Fax: +49 371 / 279-2049
	<u>Letters M to R:</u> Cottbus Tax Office Vom-Stein-Str. 29 03050 Cottbus Tel.: +49 355 / 4991-4100 Fax: +49 355 / 4991-4150		
	<u>Letters S to Z</u> Nördlingen Tax Office Tändelmarkt 1 86720 Nördlingen Tel.: +49 9081 / 215-0 Fax: +49 9081 / 215-4010		
Portugal	Kassel – Hofgeimar Tax Office Altmarkt 1 34125 Kassel Tel.: +49 561 / 7208-0 Fax: +49 561 / 7208-2152	Turkey	Dortmund-Unna Tax Office Rennweg 1 44143 Dortmund Tel.: +49 231 / 5188-1 Fax: +49 231 / 5188-2796
Romania	Chemnitz-Süd Tax Office Paul-Bertz-Strasse 1 09120 Chemnitz Tel.: +49 371 / 279-0 Fax: +49 371 / 229-2049	Ukraine	Magdeburg Tax Office Tessenowstrasse 10 39114 Magdeburg Tel.: +49 391 / 885-12 Fax: +49 391 / 885-1000
Russian Federation	Magdeburg Tax Office Tessenowstrasse 10 39114 Magdeburg Tel.: +49 391 / 885-12 Fax: +49 391 / 885-1000	Hungary	Nürnberg Central Tax Office Thomas-Mann-Strasse 50 90471 Nürnberg Tel.: +49 911 / 5393-0 Fax: +49 911 / 5393-2000
Sweden	Hamburg-Nord Tax Office Borsteler Chaussee 45 22453 Hamburg Tel.: +49 40 / 4 27310239 Fax: +49 40 / 42806-220	United States	Bonn-Innenstadt Tax Office Welschnonnenstr. 15 53111 Bonn Tel.: +49 228 / 718-0 Fax: +49 228 / 718-2990
Switzerland	Konstanz Tax Office	Belarus	Magdeburg Tax Office

	Byk-Gulden-Str. 2a 78467 Konstanz Tel.: +49 7531 / 289-0 Fax: +49 7531 / 289-312		Tessenowstrasse 10 39114 Magdeburg Tel.: +49 391 / 885-12 Fax: +49 391 / 885-1000
Slovakia	Chemnitz-Süd Tax Office Paul-Bertz-Strasse 1 09120 Chemnitz Tel.: +49 371 / 279-0 Fax: +49 371 / 279-2049	Other countries	Neukölln Tax Office Thiemannstr. 1 12059 Berlin Tel.: +49 30 / 902416-0 Fax: +49 30 / 902416-900