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Indirect Tax Alert

Germany announces draft law on VAT liability for internet transactions

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On 25 May 2018, the finance ministers of the German *Bundesländer* (Federal States of Germany) announced that they have agreed on a draft law intended to counter value added tax (VAT) evasion involving online commerce. It is expected that the draft legislation will now enter into the necessary parliamentary procedures and that the implementation date will be 1 January 2019.

While the draft law is not yet publicly available, some information about the likely measure has been communicated. In particular, it is understood that the draft will introduce a secondary liability for online marketplace operators for the VAT liabilities of businesses who use these platforms. This liability will apply regardless of residence and establishment of the businesses for all sales subject to German VAT. Internet operators will be able to avoid secondary liability if they are in possession of official tax registration certificates for the businesses or if they obtain the relevant tax registration confirmations from the federal central tax office in digital form.

For additional information with respect to this Alert, please contact the following:

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