

Dear Ladies and Gentlemen,

Please be informed that despite recent changes of the VAT law across the EU and in Germany, we are still liable to pay 19 % German VAT to the tax authorities for the letting of areas for trade fair stands at the IAA. This assessment is based on the particular Situation of the IAA. Therefore, it cannot in general be compared to the services of other trade fair companies in Germany which might not be subject to German VAT. Unlike other trade fair companies, VDA in essence only provides trade fair stand areas without extensive inclusive services.

For details of the German VAT situation please find our additional comments below.

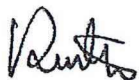
A supply of service is subject to German VAT if the place of supply is situated in Germany. Section 3a paragraph 3 no. 1 of the German Value Added Tax Act (Umsatzsteuergesetz, UStG) states that services in connection with immovable property shall be rendered where the property is located. It is the opinion of the German tax authorities that the letting of trade fair stand area is in general a service in connection with immovable property (Section 3a.4. paragraph 1 of the VAT-Guidelines by the German Ministry of Finance). However, if a trade fair company renders inclusive services (e.g. setting up stands and means of communication and making them available to use, providing staff to welcome visitors, translation services, marketing services) to an exhibitor, the place of supply shall be where the recipient has his place of business (Section 3a paragraph 2 of the German VAT Act). Thus, no German VAT would arise if the receiving taxable person has his place of business outside Germany.

Given the circumstances of the IAA, Section 3a paragraph 2 of the German VAT Act does not apply, since VDA does not render extensive inclusive services. The services by VDA in essence comprise only the letting of an area for the fair stand of the exhibitor, which qualifies as a service connected to immovable property in Germany. As a consequence, for the IAA the place of supply is in Germany resulting in a German VAT liability. For this reason the invoices must show German VAT.

If your company does not have a fixed establishment in Germany but is eligible for a refund of German VAT you can apply for a refund to the German Federal Central Tax Office (Bundeszentralamt für Steuern).

Kind regards,

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