



Federal Ministry of Finance extends transitional phase for supplies via stocks until the end of 2019

1 History: Amendments resulting from the Court and Ministry

In 2017 the Federal Fiscal Court decided two cases concerning supplies via stocks (KMLZ-Newsletter 03/2017 and 10/2017). In particular, the Court rejected the tax administration's view as regards the VAT treatment of consignment stocks. The Federal Ministry of Finance subsequently accepted the results of the decisions and, by means of its letter of 10.10.2017, amended the Administrative VAT Circular accordingly (KMLZ-Newsletter 33/2017).

2 Transitional phase

The Federal Ministry of Finance granted a transitional phase to allow for the rather lengthy time it was expected that the implementation of the necessary practical changes would take. Hence, the old regulations continued to be applicable until 31.12.2017. However, at the instigation of leading industrial associations, the Ministry subsequently extended the transitional phase, by letter of 14.12.2017, until 31.12.2018. The transitional phase was extended yet again by the Ministry's letter of 31.10.2018, this time until 31.12.2019.

3 Quick Fixes make further extension possible

It would appear that the first extension, until the end of 2018, was only possible because the EU Commission intended, in its bid to arrive at a final VAT system, to implement an EU-wide simplification rule for consignment stocks with effect from 01.01.2019 (KMLZ-Newsletter 32/2017). This may have resulted in a change to the VAT treatment being made twice in one year. After the ECOFIN agreed to implement the Quick Fixes with effect from 01.01.2020 (KMLZ-Newsletter 39/2018), the businesses campaigned for another extension of the transitional phase until 31.12.2019 and ultimately achieved it.



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