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Integration of import VAT in the periodical VAT return: Finally?

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On 10 September 2026, the Conference of Finance Ministers passed a resolution in favour of integrating import VAT into the VAT offsetting model (i.e. into periodical VAT returns). The resolution was based on proposals from a federal-state working group. Thus, the business sector’s long-demanded step now seems to be within reach. The actual implementation of this initiative would bring benefits for businesses, the administration, and Germany in its capacity as a business location.

1 Background

The debate surrounding the integration of import VAT into an offsetting model is an ongoing business and political topic. From a business perspective, the integration primarily represents a liquidity advantage. Taxable persons would no longer have to pay import VAT to the customs authorities and subsequently claim it back via input VAT deduction in their periodical VAT returns. Instead, they could declare the import VAT liability in their periodical VAT returns, while at the same time offsetting it against the input VAT deduction. Such a model would also make Germany (particularly Hamburg) a more attractive (logistics) location. Our EU neighbours have been demonstrating for many years, and even decades, that an offsetting model brings considerable benefits for all parties involved. The Netherlands was the first Member State to introduce an offsetting model for VAT incurred on the importation of goods as early as 1969. Not least because of this regulation, which is attractive to taxable persons, the Port of Rotterdam became the most popular port of call for the importation of goods into the EU. Belgium followed suit in 1979, which benefited the Port of Antwerp, the second-largest port in the EU.

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In Germany – home to Hamburg, Europe's third-largest port – the implementation of the offsetting model has been a long time coming. There has, however, been no shortage of political announcements. As early as 2018, the then CDU/CSU/SPD federal government announced in its coalition agreement its intention to introduce an offsetting model. The Conference of Finance Ministers on 29 November 2018 also agreed that the integration into an offsetting model made sense. A federal-state working group was already tasked with drafting the proposals at that time. However, simply announcing that legislative initiative without having implementation following is not enough.

2 Changes following the integration

To date, the customs authorities have assessed and collected the import VAT. Payment of the import VAT is due within ten days without any postponement of payment (Article 108 para. 1, sentences 1 and 2, of the UCC). A taxable person entitled to deduct input VAT may deduct it as input VAT in the VAT return for the period in which the import VAT arose (sec. 15 para. 1, first sentence, no. 2 of the German VAT Act). If a permanent extension of the payment deadline is used, the taxable person may sometimes have to pre-finance liquidity for two and a half months. They can, however, counteract this by obtaining authorisation for a postponement of payment. With this authorisation, they can postpone the due date to a date which is closer to the date of refund or even beyond it. Applying for such authorisation, however, involves a considerable administrative burden. Furthermore, the hurdles are high. Not every taxable person possesses, amongst other things, the necessary expertise in customs matters required by the customs authorities for this authorisation to be granted.

An offsetting model could eliminate many of these complications. The customs authorities would no longer be responsible for assessing and collecting the import VAT. The economic operators would not be required to pay import VAT directly upon the importation of goods or maintain an ongoing postponement of payment. Instead, they could declare the import VAT in the same periodical VAT return in which they also claim input VAT deduction. On balance, the import VAT would result in neither a VAT liability for the taxable person nor an excess refund for the tax authorities. This significantly simpler approach could also be available to taxable persons who are unable to cope with the bureaucratic burden of obtaining a customs authorisation.

3 Outlook and consequences for the practice

The implementation of the resolution passed by the Conference of Finance Ministers is just as desirable in 2026 as it was back in 2018. For years, there has been a broad consensus between businesses and policymakers that action is needed. However, questions regarding the specific implementation remain unresolved. In particular, issues relating to the exchange of information between the federal government (customs administration) and the federal states (tax authorities) have not yet been addressed. A functioning offsetting model relies on efficient, IT-supported communication in this regard.

Furthermore, the question of how attractively an offsetting model is designed will be relevant. German VAT law currently makes extensive reference to the provisions governing customs duties for the purposes of import VAT (sec. 21 para. 2 of the German VAT Act). In accordance with Art. 195 para. 1 of the UCC, goods are only released for free circulation if the import duties have been paid or the debtor has provided appropriate security. Although a security is not required for import VAT (sec. 21 para. 3 of the German VAT Act), this does not currently exempt the taxable person from having to apply for a "comprehensive guarantee" authorisation under customs law. The guarantee amount to be provided is then EUR 0.00. This authorisation accounts for the bulk of the effort involved in applying for an ongoing postponement of payment. If this administrative requirement remains necessary, the offsetting model would, for many economic operators, be of limited practical value due to the stringent requirements – similar to the current postponement of payment.

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