



2024 European Football Championship: summer fairy tale instead of a VAT nightmare

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1 Background

The euphoria surrounding the 2024 European Football Championship is steadily growing in Germany and with it, the attention of the tax authorities. Many business transactions relating to the 2024 European Football Championships will carry German VAT implications. To ensure that the hoped-for summer fairy tale experience does not turn into a VAT nightmare, we now present the classics of the 2024 European Football Championship from a VAT perspective.

2 Sale and purchase of tickets

The sale of tickets for the 2024 European Football Championship is subject to VAT in Germany (at the stadium venue). In B2C cases, this results from sec. 3a para. 3 no. 3 lit. a of the German VAT Act, and in B2B cases from sec. 3a para. 3 no. 5 of the German VAT Act.

If a taxable person purchases tickets from a vendor based abroad (eg a foreign football association), the reverse charge mechanism applies. In this case, the ticket purchaser is liable for German VAT in accordance with sec. 13b para. 2 no. 1 in conjunction with para. 5 sentence 1 of the German VAT Act, even if he is not established in Germany. Therefore, the ticket purchaser must register for VAT purposes in Germany.

3 VIP boxes and supplies of hospitality services

In addition, so-called supplies of hospitality services will also be offered during the 2024 European Football Championship. Such services include, in addition to stadium admission, commemorative gifts, preferential parking and seating,



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entertainment and catering services. In this case, the share for catering services is to be assumed at 30% and limited to EUR 1,000 per participant, per event. The remaining amount is attributable to gifts. Under the general VAT law conditions, VAT is deductible, in full, for supplies of catering services. An exception applies to unreasonable expenses, which are not deductible for income tax purposes. If the sponsoring taxable person passes on the admission tickets to his business associates, free of charge, input VAT deduction from the relevant expenses is only permitted in accordance with sec. 15 para. 1a no. 1 of the German VAT Act, if there is no gift within the meaning of sec. 4 para. 5 sentence 1 no. 1 of the German Income Tax Act. Taxation as a supply carried out free of charge, in accordance with sec. 3 para. 9a of the German VAT Act is ruled out, as the gift is made for business reasons.

On the other hand, the supplies of tickets carried out free of charge, including any additional benefits, to employees are taxable in accordance with sec. 3 para. 9a no. 2 German VAT Act, provided that these are not gifts or benefits that are in the predominant interest of the business. However, the prices for the tickets are, as a rule, likely to exceed the limit for non-taxable gifts (EUR 60). It is also unlikely that any predominant interest of the business can be easily proven. If the taxable person already intends to use the tickets for a supply carried out free of charge at the time of the purchase of the tickets, input VAT deduction is ruled out at the time the ticket is purchased.

4 Ticket and hotel accommodation package

The sale of a package, consisting of a ticket and hotel accommodation, can constitute a supply of travel services that is subject to the Tour Operator Margin Scheme (TOMS) in sec. 25 of the German VAT Act. In this case, the supply of travel services is deemed to have been carried out where the seller is established. The margin taxation must be applied and the seller's right to deduct input VAT from purchased goods and services is excluded. The only way out is to switch to an intermediary model. Insofar as the taxable persons concerned merely purchase the hotel contingents on behalf of and for the account of their customers, the Tour Operator Margin Scheme does not apply. If the intermediary of hotel contingents is a digital platform, the Platform Tax Transparency Act's (PStTG / DAC7) scope of application is opened.

5 Short-term accommodation

During 2024 European Football Championship, a lot of short-term accommodation will be offered in the host cities. The letting of living space and bedrooms provided by taxable persons for the short-term accommodation of third parties is subject to the reduced VAT rate. In contrast, the provision of short-term accommodation by private individuals is not taxable. However, if a private individual regularly offers accommodation and thus exceeds the threshold of a taxable person, VAT will be due.

If the accommodation is offered via a digital platform, accommodation providers may be in for a nasty surprise if they fail to report VAT. The reason for this is that digital platforms are obliged to provide the German Federal Central Tax Office with information about accommodation providers for periods as from 1 January 2023, as part of the DAC7 report (KMLZ VAT Newsletter 31 | 2022, 08 | 2023 and 01 | 2024).

6 Conclusion

From a VAT perspective, you are now well prepared for the 2024 European Football Championship. It is now up to Julian Nagelsmann to prepare the German national team in sporting terms so that we can all look forward to Germany's summer fairy tale.