



VAT NEWSLETTER

Triangular transactions – round two: Subsequent invoice correction with no effect

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1 Background

The intra-community triangulation is a great thing – but only if it is done correctly. Without this simplification pursuant to sec. 25b of the German VAT Act (Article 141 of the EU VAT Directive) the intermediary was required to be registered in the Member State of destination. The simplification means that his intra-Community acquisition is deemed to have been taxed. And the VAT liability for the supply of the intermediary in the Member State of destination is transferred to the customer. At first glance, this appears to be a genuine simplification. However, as is so often the case, the devil is in detail, and in practice, triangular transactions regularly fail. This was also the case in the latest decision of the General Court (decision of 7 October 2026 – case T-773/25).

2 Facts

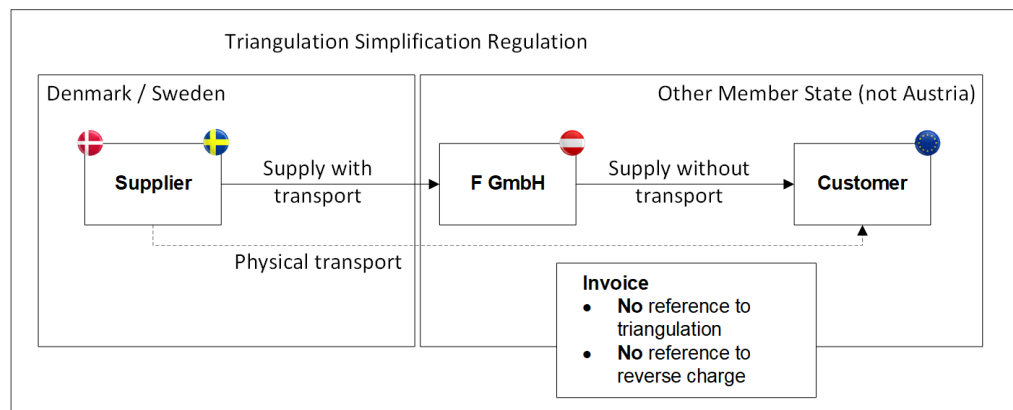
The Austrian *F GmbH* (limited liability company) is a wholesaler of workwear. *F GmbH* purchased goods from Danish and Swedish suppliers using its Austrian VAT-ID. These goods are dispatched directly by the supplier to *F GmbH*'s customers in other Member States (excluding Austria). *F GmbH* invoiced its transactions as intra-Community supplies of goods and declared them as such in Austria. The invoices were issued without stated VAT. Nor did they indicate triangular transactions or the transfer of the VAT liability to the recipient of the supply. The tax authorities refused *F GmbH*'s application of the simplification rule for intra-community triangular transactions and assessed "penalty acquisition tax" in Austria pursuant to Article 41 para. 2 of the VAT Directive without a corresponding deduction of input VAT. *F GmbH* corrected the invoices issued and made an amendment to include a reference to the triangular transactions together with the transfer of the VAT



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liability. The question before the General Court was whether the invoice correction, which took place years later, could impact the present taxation (*ex nunc*) in the context of intra-community triangular transactions.



3 Decision

The General Court's decision of 7 October 2026 (T-773/25) comes as no surprise. Rather, it confirms the principles set out in the case of *Luxury Trust Automobile* (C-247/21, [KMLZ VAT Newsletter 56 | 2022](#)). In that case, the ECJ had already ruled out any retroactive effect (*ex tunc*) in terms of the invoice correction. The General Court now follows this line of reasoning and also rejects the idea of the invoice correction having effect from the present (*ex nunc*), as the objectives of the simplification rule can no longer be achieved. On the one hand, the aim is to avoid the obligation to register in the Member State of destination. However, in the absence of retroactive effect of the invoice correction, this objective cannot be achieved – particularly not if the correction has effect for the presence. On the other hand, a possible "present" effect would jeopardize the assurance of correct taxation in the Member State of destination, for example due to factual changes such as the disappearance of the customer. It is also reaffirmed that triangular transactions constitute a simplification rule. This does not, however, mean that, by virtue of the principle of neutrality, subsequent application of the simplification rule must be possible despite an invoice correction.

4 Consequences for the practice

The General Court thus makes it clear once again: Without a proper invoice, there can be no triangular transaction! Correct invoicing is an essential requirement for triangular transactions. The proper handling therefore remains crucial in practice. Anyone wishing to benefit from the simplification rule must pay meticulous attention to its conditions in order to avoid the legal consequences that would otherwise arise. The first consequence is the obligation to register in the Member State of destination due to performing an intra-Community acquisition. Where applicable, local VAT may also be payable if the local reverse charge mechanism no longer applies because of the VAT registration. Finally, one must also bear in mind the "safety-net acquisition VAT" without a corresponding deduction of input VAT under Art. 41 para. 2 of the EU VAT Directive (in Germany: sec. 3d sentence 2 of the German VAT Act).

This decision makes it definitively clear: A "failed triangular transaction" cannot be healed. There is no need to issue an invoice correction. Instead, the standard legal consequences for chain transactions apply. The mantra remains: Intra-Community triangular transactions must be identified and clearly invoiced.