Customer News No. 7 2020

June 12th , 2020

Transportation services to third countries now only partially tax-free
Period of non-objection extended until 31 December 2020

The Bremen Freight Forwarders Association informs that the demand of the Federal Association of Freight Forwarders and Logistics for an extension of the non-objection period has been met.

According to a decision of the Federal Ministry of Finance, a cross-border transport service is only tax-exempt pursuant to § 4 No. 3 Sentence 1a) UStG if the carrier provides it directly to the sender or the recipient of the goods. However, there is a grace period for non-objection for sales made before 1 July 2020 (BMF letter of 6 February 2020 - III C 3 - S 7156/19/10002 :001). The Federal Ministry of Finance has now extended the period of non-objection until 31 December 2020 (i.e. for revenues generated before 1 January 2021).

In a letter dated February 6, 2020, the Federal Ministry of Finance implemented a ruling of the European Court of Justice on VAT-exempt transport services to third countries. In future, cross-border transports will only be tax-free if they are provided by the forwarding agent directly to the sender or recipient of the goods. If a sub-carrier is commissioned, his transportation services will be taxable under the new legal situation, since they are not provided directly to the consignor or consignee, but to the freight forwarder.

The cause for this are various open questions regarding the legal situation, as well as time-consuming IT changes for affected companies. A publication of the letter can be found in the Federal Tax Gazette Part I and on the website of the Federal Ministry of Finance (http://www.bundesfinanzministerium.de) under the headline “Taxes - Tax types - VAT - VAT” there is an application decree to download.

Your contact persons/customer advisors will be happy to answer any further questions you may have.

Kind regards

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We operate exclusively in accordance with the Allgemeine Deutsche Spediteurbedingungen 2017 – ADSp 2017 (German Freight Forwarders' General Terms and Conditions 2017).

Note: In clause 23 the ADSp 2017 deviates from the statutory liability limitation in section 431 German Commercial Code (HGB) by limiting the liability for multimodal transportation with the involvement of sea carriage and an unknown damage location to 2 SDR/kg and, for the rest, the customary liability limitation of 8.33 SDR/kg additionally to Euro 1.25 million per damage claim and Euro 2.5 million per damage event, but not less than 2 SDR/kg.

Outside the scope of the ADSp our "Terms and Conditions regarding the limitation of our liability outside the scope of application of the ADSp" apply.

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