

## **CUSTOMER INFORMATION**

VAT CONSEQUENCES (FROM THE GERMAN VAT POINT OF VIEW) FROM 2011 REGARDING THE SUPPLY OF SERVICES BY AXICA KONGRESS- UND TAGUNGSZENTRUM PARISER PLATZ 3 GMBH (IN THE FOLLOWING REFERRED TO AS: AXICA) TO CUSTOMERS BASED ABROAD

We would like to inform you about the following issues regarding the VAT consequences of our services we will be carrying out to you from 2011.

### **Kind of services**

The VAT consequences depend inter alia on the kind of services carried out. As an entrepreneur based and VAT-registered in Germany, our services cover various activities with regard to the organization of events such as the following:

- Renting of rooms
- Leasing of technical equipment
- Catering
- Provision of personnel
- Cloakroom services
- Toilette services
- Decoration
- Cleaning

The before-mentioned services are to be regarded as a unitary service supply (event organization).

### **Applicable VAT law and VAT consequences**

The event organization is taxable in the country where you as the service recipient have established your business<sup>1</sup> and provided that you use the before-mentioned service for your business. Thus, also the VAT law of this country is applicable.

In the case that the VAT law of an EU Member State is applicable to the beforementioned service, the consequences are similar to the German VAT law in these cases as the above-mentioned provision is implementing EU VAT law<sup>2</sup>. Therefore, it is you as the service recipient who owes the applicable (EU) VAT towards the

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<sup>1</sup> See section 3a paragraph 2 sentence 1 of the German VAT Act (Umsatzsteuergesetz [UStG]). In case the event organization is carried out to your permanent establishment, it is taxable in the country where the permanent establishment is run, section 3a paragraph 2 sentence 2 of the German VAT Act (Umsatzsteuergesetz [UStG]).

<sup>2</sup> See Article 44 of the Council Directive 2008/8/EC.

respective tax authorities (application of the so called “reverse charge mechanism”).<sup>3</sup>

In this case we will issue a net invoice to you without showing any VAT separately. Furthermore, we will refer to the reverse charge mechanism in our invoice.<sup>4</sup>

### **Proof of the status of a taxable person**

Furthermore, we must be able to prove that you are acting as a taxable person in the moment you receive the above-mentioned service. Therefore, we kindly ask you to provide us with your VAT-Identification Number (VAT-IDN.). In this case it can be assumed that you are a taxable person (VAT registered within the territory of an EU Member State other than Germany) acting as such (i.e. using the service for your business). In case you are not established within the territory of an EU Member State, please provide us with a written confirmation of the fiscal authorities of the state where you have established your business that you qualify as a taxable person/tax payer and are registered for tax purposes in this state. Hence, we kindly require from you a confirmation of the before-mentioned facts by completing the “Agreement with respect to the use of the VAT-Identification Number” which we have attached to this information. Alternatively, the use of the VAT-IDN/the above-mentioned confirmation with regard to customers from countries other than EU Member States can also be agreed within the contract itself on the event organization service.

### **Additional remark: Applicable German VAT law and VAT consequences**

If you as the service recipient are not a taxable person acting as such (respectively in case you do not prove the status of a taxable person), the event organization is taxable in Germany, where we have established our business.<sup>5</sup>

In this case we have to issue a VAT invoice showing German VAT separately and have to pay this VAT to the responsible German tax authorities.

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<sup>3</sup> According to EU VAT law VAT shall be liable by any taxable person, to whom the above-mentioned services are supplied, if the services are supplied by a taxable person not established within the territory of the Member State where the place of supply in the before-mentioned sense is situated, see Article 196 of the Council Directive 2008/8/EC.

<sup>4</sup> The following sentence is sufficient in this case: *“The recipient of this service is liable for VAT according to article 196 of the Council Directive 2006/112/EC.”*

<sup>5</sup> See section 3a paragraph 1 sentence 1 of the German VAT Act (Umsatzsteuergesetz [UStG]). In case the event organization is carried out by a permanent establishment of AXICA, it is taxable in the country where the permanent establishment is run, section 3a paragraph 2 sentence 2 of the German VAT Act (Umsatzsteuergesetz [UStG]).