

Item: Corona voucher a solution, but what are the VAT consequences?

March 19, 2020

In these times of the corona crisis, many entrepreneurs or organizations have to deal with cancellations or rebooking, for example, travel. For example, the travel industry has created a special corona voucher for canceling or rebooking a trip.

Such a voucher can certainly be a solution for entrepreneurs to keep their business healthy and secure the amount paid by customers. But what are the VAT consequences? In this article, we outline the relevant VAT consequences and make a distinction between different scenarios. These scenarios are only examples. Other situations may also arise.

Issuing new vouchers

A first scenario is that an entrepreneur who sees his business decline chooses to sell vouchers (possibly with a discount) to achieve (extra) turnover. New vouchers are then issued without a good or service having already been purchased. A voucher is an instrument that the consumer can exchange as (partial) consideration for goods or services. How the VAT consequences work out in this scenario depends on the situation. There are two types of vouchers for VAT: single-use and multi-use vouchers.

With a single-use voucher, the amount of VAT due on issue is known. For example, the applicable VAT rate and the country where VAT is due will have to be determined. If the VAT amount due is not clear in advance, this is a multiple-use voucher. VAT is payable directly on the issue and sale of single-use vouchers. When issuing multiple-use vouchers, VAT is only due upon redemption.

Issuing vouchers for cancellations

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A second scenario is that an entrepreneur or organization does not give a refund in case of cancellation or does not return the full amount, but provides a voucher. For the consequences of cancellations, we refer to our previous perspective . The voucher gives entitlement to the same good or service for which (partial) payment has already been made, but may also entitle to another good or service.

If there is no need to pay extra when exchanging this voucher, the VAT is a voucher. We refer to the explanation about vouchers above. It is possible that, although you are entitled to a VAT refund because of the cancellation, you are also immediately liable for VAT again when you issue the voucher.

If you always have to pay extra on exchange, this is a discount coupon. The issue of a discount coupon for a fee is subject to VAT. If the coupon can also be redeemed with you, you can reduce the reimbursement over which you owe VAT by the amount of the discount coupon.

Advice

The scenarios outlined above are just examples and many other situations can arise. Do you recognize your organization or company in the scenarios? Or are you considering changing your policy? We are happy to look with you. Also if you want to know more about which tax measures you can take to manage potential business risks. Feel free to contact one of our tax specialists, or look at the theme page especially for you as an entrepreneur and organization during the corona crisis.

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