

STIMULUS PACKAGE

Value added tax and sales tax: when will it be reduced?

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06/09/2020 - 12:20 p.m.

BERLIN. VAT is to be reduced - and soon. What does this mean for you as a consumer and how do you benefit from it?

- VAT is to be reduced - to 16 and 5 percent respectively
- In particular, people who buy expensive goods will probably benefit from the VAT reduction
- When will VAT be reduced and is there a difference to VAT? We clarify all important questions

Companies in Germany have to pay less VAT for half a year . This was decided by the coalition as part of the **economic stimulus package** . The hope that goes with it: Businesses pass the tax reduction on to consumers and consumption is boosted. However, whether this works that way is controversial.

How is VAT reduced?

Mehrwertsteuer zahlt man in Deutschland jedes Mal, wenn man etwas kauft. Im Supermarkt steht sie in der Regel nicht auf dem Preisschild, sondern erst auf dem Kassenzettel. Auch bei größeren Anschaffungen etwa im Möbel- oder Autohaus sieht man sie auf der Rechnung. Es gibt zwei unterschiedliche Sätze: den **regulären von 19 Prozent** und den **ermäßigten von 7 Prozent** für Güter des Grundbedarfs, die besonders erschwinglich sein sollen. Beide Steuersätze sollen nun gesenkt werden – **auf 16 beziehungsweise 5 Prozent**.

Unterschied zwischen Umsatzsteuer und Mehrwertsteuer?

There is no relevant difference between VAT and VAT for entrepreneurs. At least in Germany, sales tax and VAT always mean the same type of tax. From a German perspective, the term "sales tax" is correct, because there is a "sales tax law" (UStG), but no "sales tax law". Colloquially, however, the term VAT is used more often.

How long is the tax cut?

The new tax rates are to apply **from July 1 to December 31**. The party leaders of the CDU and SPD rule out extending the planned VAT cut beyond the end of the year. "The impulse that the buying mood is stimulated by this comes primarily from the fact that the reduction is limited in time," said CDU boss Annegret Kramp-Karrenbauer. SPD leader Norbert Walter-Borjans also emphasized: "It is now definitely set: it will go down for half a year."

Does this save me money as a consumer?

That is the goal - but it is still not entirely certain. Vice Chancellor Olaf Scholz (SPD) has asked retailers to **pass on the tax cut to consumers** - but he cannot force business.

The head of the economic policies, Lars Feld, has expressed doubts about the meaning of the lowering of VAT agreed by the grand coalition. "Consumption will only stimulate the reduction in VAT if it is passed on in the prices," said Feld our editorial team, referring to negative experiences with the tax privilege for hoteliers. The "famous Mövenpick tax" was "hardly ever passed on to customers".

Annegret Kramp-Karrenbauer said: "We rely on the reason and the wisdom of the companies themselves and of course also on the responsible consumers." The reduction is particularly important for goods with the full VAT rate and for high-priced products. "No smart company" wants to risk debates with disgruntled customers here, Kramp-Karrenbauer was convinced. They rely on "swarm intelligence" of consumers and also the watchful eye of consumer protection organizations. **VAT cut causes trouble: Why bankruptcy threatens**

Walter-Borjans also told the RTL and n-tv channels that it was "up to consumers to make sure that if prices don't go down, you can switch to other things or just tell your dealer."

"The nice thing about the VAT reduction is that it not only refers to the large purchases, but also to the costs of everyday life," said Walter-Borjans. That is why it was important to the SPD that the reduced tax rate should also drop, "which is placed on things of daily use".

The example of Great Britain shows how it could work. Here, the value added tax was temporarily reduced in the 2009 financial crisis. According to a study, retailers passed 75 percent of it on to consumers.

Who benefits most?

In absolute numbers, those who shop expensive will save a lot of money - presumably good earners. At the same time, VAT is often the only tax for low earners that they pay in any significant amount. According to a DIW study, value added tax disproportionately burdens households with low incomes - the reduction would also be disproportionate to them.

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Does the tax cut really bring more demand?

That is controversial. Economists like Thiess Büttner from the University of Erlangen-Nuremberg assume that, although a lot is bought at first, consumers only prefer many purchases. For the first quarter of 2021 - when VAT is back to normal - a drop in consumption is expected again.

What does the tax cut cost the state?

The Ministry of Finance assumes that this year around 20 billion euros less taxes will come in. But that would be a pain if the economy got back on its feet and the citizens were helped at the same time, said Finance Minister Scholz. Because rescue packages for large companies can cost far more. Read here: [How families get the children's bonus of 300 euros.](#)

Is the VAT cut a hidden car purchase premium?

That was suggested by CSU boss Markus Söder at night: Given the reduction in VAT, it was bearable that there would be no car purchase premium for combustion engines. The car manufacturers immediately assured that they wanted to pass on the full price advantage to their customers. But the impact will be far from what most manufacturers hoped for in a premium for most cars. Even a car for 30,000 euros would only be around 650 euros cheaper. It is uncertain whether this will motivate consumers to buy, who do not actually need a new car.

Can the reduction be decided by July 1st?

At least it will be sporty. The Bundestag meets again beforehand, then a law could be passed in an urgent procedure. The Federal Council, on the other hand, would have to meet in a special session to wave the tax cut in time.

What does the tax cut mean for gastronomy?

Thanks to the new economic stimulus package, overnight stays and deliveries outside the home should now be taxed at 5 instead of 7 percent. As a corona compensation, the sales tax rate for food in the restaurant drops from 19 to 7 percent, but not for drinks. They are taxed at 16 percent.

The Federal Government's website says: "The value added tax rate for food in restaurants is reduced from 19 to 7 percent. This is intended to support the catering industry during the reopening period and to alleviate the economic effects of the corona restrictions. The regulation applies from July 1, 2020 and is limited to June 30, 2021. "

(jb / dpa / afp)

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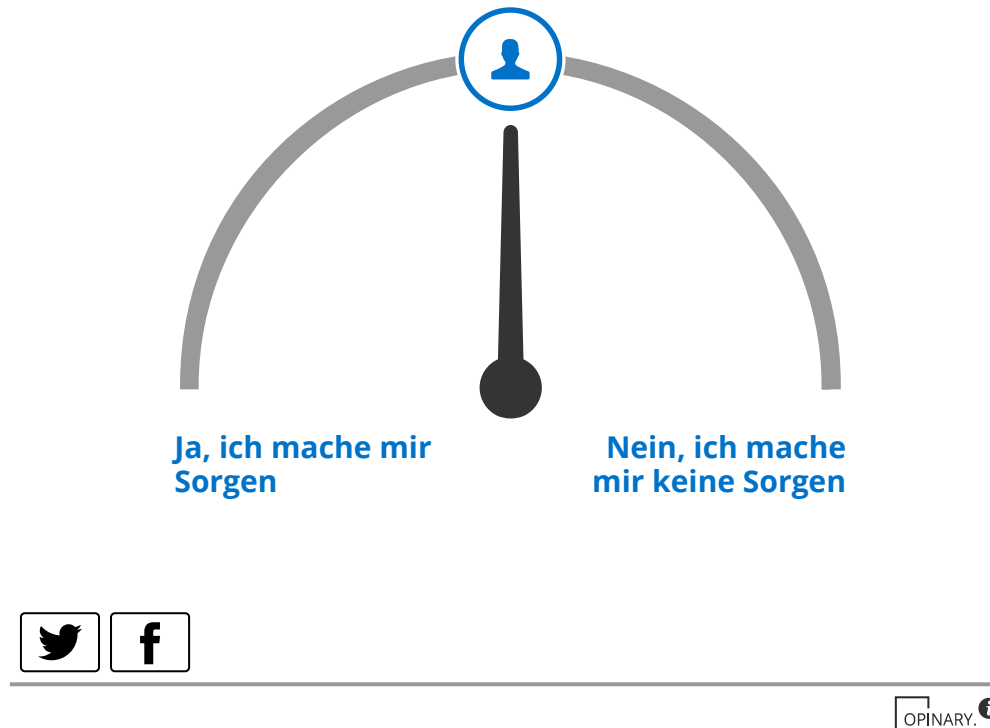


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- Background: **Who benefits most from the corona stimulus package**

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How much could the savings be?

The more expensive you shop, the more you can theoretically save. With a bottle of juice for now 99 cents, the tax cut is two cents, with a washing machine for 700 euros it is already 15 euros. If the retailer leaves the sales price the same, he makes more profit accordingly - if he changes it, consumers save. It is still unclear whether a supermarket will move away from advertising-relevant prices such as 1.99 euros.

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Thoughtful24

06.06.2020 21:51

Typical politician

They decide something that is not feasible and naively hope that it will work anyway: the value-added tax rate will be reduced within a month and nobody will worry about the consequences for ... **Show more**

1 ANSWERS ▾**REPORT >** **REPLY >**

GSt

23 hours ago

Consequences for the economy?

What doesn't work again? The German reader will find a problem for every solution, or the other way around, whoever does nothing wrong does not belong to us! Anyone who criticizes should also **view** the systems in the company

REPORT >

fioravanti

06.06.2020 09:42

value added tax

das mir der MWST ist ja ok, nur es wird kaum jemand merken. Warum fängt man nicht an, über die Einkommensteuer nachzudenken. Warum muß ich als Rentner, der keine anderen Einkünfte hat, jedes Jahr zum Steuerberater laufe, z... **Mehr anzeigen**

MELDEN > **ANTWORTEN >**

FORUM EXPERTEN UNTER SICH

06.06.2020 02:51

Die meisten Händler werden die Preise erhöhen. Sorry!

Die Umstellungskosten der Kassensysteme und die bereits in den Vormonaten eingefahrene Verluste werden Händler dazu bewegen, die Preise zu erhöhen. Am Ende sparst du nur marginal oder gar nichts. Wir kennen das aus der Ver... **Mehr anzeigen**

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GSt

vor 22 Stunden

@FEUS

Übrigens, bei der Korruptionsquote sind uns die Norweger auf den Fersen, ich lebe sehr gerne in diesem ach so schlechten Land, welches gerade dabei ist, zur Normalität zurückzukehren. Was bleibt sind die Zeilen der Ahnun... **Mehr anzeigen**

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juisti

06.06.2020 09:36

"..wir leben halt im korruptesten Land Nordeuropas."

Wir?

Sie als Hetzer gehören nicht zu uns.
Bleiben Sie im Norwegen.

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DerOekonom

05.06.2020 21:58

Für eine Physikerin sicher ein interessanter Ansatz, für eine brave Katholikin auch. Für einen Wirtschaftsweisen eher eine erwartbare Nullnummer aus Sicht der Bürger. Geld für Kinder zu geben, kann man machen. Kommt imme... **Mehr anzeigen**

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Spongebob

05.06.2020 13:21

Die Preise werden deswegen nicht sinken, aber wenn die Mehrwertsteuer wieder angehoben wird, werden die Preise steigen. Man kennt das doch.

[1 ANTWORTEN ∨](#)[MELDEN >](#) [ANTWORTEN >](#)

juisti

05.06.2020 14:29

So wird es sein!

[MELDEN >](#)

