

Also compensation for early termination of contracts with a minimum duration is taxed with VAT

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The EU Court of Justice has ruled that the amounts received by Vodafone in connection with the premature termination of a minimum contract should be regarded as remuneration for a service provided for consideration.

Vodafone Portugal - Comunicações Pessoais, SA provides electronic communications, landline and wireless Internet access services. Vodafone concludes contracts with its clients for which a minimum contract duration applies, in exchange for favorable commercial conditions. If clients fail to meet the minimum contract duration, Vodafone charges an amount. Vodafone does not agree that VAT must be paid on these amounts. The Portuguese court has referred questions for a preliminary ruling in this case.

The EU Court of Justice has ruled that the amounts received by Vodafone in connection with the premature termination of a minimum contract should be regarded as remuneration for a service provided for consideration. It is important that the client receives favorable commercial conditions with a minimum contract duration and that it is the client's fault that the contract is terminated prematurely.

[\[News source\]](#)

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