

**Question for written answer E-005747/2016
to the Commission**

Rule 130

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Subject: Double VAT charges for loan of vehicles to employees by Luxembourgish employers

It is Germany's view that loans of vehicles by Luxembourgish companies to employees based in Germany are conducted on an exchange basis and have therefore been taxable since 30 June 2013 in accordance with Section 3a(3), point 2, p. 3 of the Turnover Tax Act (UStG) and Article 56(2) of the VAT Directive.

However, the Luxembourg tax authorities assume that they have the right to impose a tax on the basis of this being a benefit in kind.

Therefore, if a Luxembourgish employer provides a company vehicle for their employee living in Germany, the German tax authorities consider that German VAT is payable by the Luxembourgish company on the monetary advantage gained through the loan of such a vehicle.

Yet the Luxembourgish employer must also determine the proportionate share of the vehicle's private use and subject this to VAT in Luxembourg.

In addition to the double VAT, this also puts a considerable administrative burden on Luxembourgish companies, who must pay for the VAT to be calculated and for the VAT declaration for submission of the German declarations. There is also the additional bureaucracy resulting from the Luxembourgish employers concerned having to register with the relevant tax office in Saarbrücken solely because of vehicle loans.

What action can and will the Commission take to ensure that this double taxation and the accompanying bureaucracy for Luxembourgish employers cease to exist in the future?