ICISA Spring Meeting 2014

- German Commercial Tax Reform and Tour Operators
  (Gewerbesteuerrform und Reiseveranstalter)
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Tax Reform 2008

- Lease, Rent, Tenancy: (Miet-, Pachtzinsen, Leasingraten)
  If the good in question in case of property would belong to the fix assets than the loss (Aufwand) in the P&L account is imputed income (partially).

- Finanzverwaltung Münster (local Tax Office) New Interpretation 2013: Tour Operators rent Hotel beds and resell them; so 50% of this is imputed income.

- Retroactively back from 2008 for the whole Tour Operator industry.

- This could drive the small and medium ones into insolvency, the large ones abroad.

- Several Trade Associations have filed a case in court (Amtsgericht), some announce they will go up to the European Court (Deutscher Reiseverband).
Issues

- Retroactivity, asking taxes back since 2008 could be problematic, the business model of a Tour Operator hasn’t changed in decades, all of a sudden the metrics change dramatically

- Clear deterioration of the business environment of German Tour Operators compared to European competitors, potentially against EU law

- For a Tour Operator a Hotel bed, which he plans to resell within max. 12 months is a Current Asset, Not a Fix Asset. The interpretation of Münster goes against the phrasing of the tax law
Issues

- Finanzverwaltung Münster has stopped the enforcement of its own interpretation. They could have imposed immediate enforcement, they did not.

- Case is still pending in court, can take years.