

Restrictions on deduction of input VAT

Input VAT on goods or services relating to the reception of guests or the provision of meals or accommodation for employees shall not be deducted from calculated value added tax, except for the accommodation of employees on business trips (subsections 1 and 2 of § 30 of the VAT Act).

The restriction on the deduction of input VAT is applied if it is clear at the time the costs are incurred that the costs are incurred for the purpose mentioned above. For example, VAT on restaurant or hotel invoices is not deductible. However, if the costs are incurred for business purposes, but later some of the goods are used for catering, for example, guests or employees, input VAT is initially deducted and the cost is then taxed as self-supply. For example, if a catering company caters its staff and it is not possible to foresee the extent to which the costs will be incurred for the needs of its staff.

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