



## Tax-Relief for Landline Telephone and Internet Service from TKS in Germany



Beginning with 01 August 2011 eligible US Forces members are authorized to use regular VAT forms (NF1) for landline telephone and Internet service in Germany from TKS (cellular was added by TKS in 2014). This applies to existing and new TKS services that run on a month-to-month basis that have no minimum contract duration, certain TKS services may not qualify for a VAT exemption.

Use of VAT forms for landline service from other telecommunication providers or cellular phone service from any carrier is not authorized at this time because they are generally operating with 2 year contracts.

Individuals that want to receive tax-free landline telephone bills must provide TKS with a new VAT form for every billing cycle (monthly). But it is important that the VAT form is provided to TKS on the 1<sup>st</sup> of the month or before. In other words, if a VAT form is provided to TKS on the 5<sup>th</sup> of a month (it is late), that VAT form will then be used for tax-free billing of the following month. In case a US Forces member does not provide a VAT form for a particular month, the bill will automatically be calculated to include the VAT. Once a VAT form is provided again, the tax will automatically be deducted again from the bill.

US Forces members may provide TKS with multiple VAT forms to cover a number of months. However, we recommend not to issue more than 3 forms at a time to ensure you have sufficient forms for your other purchases you might want to make.

After a VAT form has been used to generate a tax-free bill, TKS will mail the white and pink copies of the Order Form (AE Form 215-6B) back to the US Forces member. As mentioned in the Army in Europe Regulation 215-6, it is the US Forces members' responsibility to ensure turn-in of the white copy of the Order Form to the VAT Office.

Please note that for every month that a VAT form is used TKS is required to impose a 500 Euro cut-off point on the phone line. That means when your bill reaches 500 Euros for that month, you will be notified (before hand) so you can arrange for payment of the bill. In case you are not able to pay off that amount at that time, TKS will block outgoing phone calls. Emergency numbers and incoming phone calls will continue to work. This should not become an issue, since today most customers will have flat-rate calling plans and calls to the US have become very affordable.

Exception: charges on your phone bill resulting from calls to special services (directory assistance, voting, surveys, donation calls, some customer service numbers, etc) will always be billed with VAT. The reason is that the service is offered by another company that bills TKS (including VAT) and TKS will simply pass on what was billed to them. VAT-free billing applies to the basic monthly fee from TKS and the charges resulting from regular phone calls to friends, family, etc.

**If there are any questions with any of this information, please check with the nearest US Army Garrison or USAFE Services Tax Relief Office before using VAT forms.**

Further details are available from your local Tax Relief Office, TKS, or the Tax Relief Program Manager.

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### Frequently Asked Questions

**1. What is VAT?**

VAT stands for Value-Added-Tax. It is a mandatory tax in Germany that is similar to a sales-tax in the US. Generally prices displayed to consumers in Germany include this tax already. The tax rate for most items is 19%, with the exceptions being books, newspapers, and certain food-staple items that are being taxed at 7%.

**2. Who can get this Landline Telephone VAT Relief?**

Everybody that is eligible to get VAT forms according to AER 215-6 Section 10.

**3. Why only with TKS – this sounds like an endorsement of one particular vendor?**

This is not an endorsement of one vendor. All US Forces members are free to choose the telecommunication carriers they want to use. The issue we are faced with is that VAT forms are not permitted to be used with long-term contracts and all companies offering landline phone service want their customers to sign a 1 or 2 year contract. TKS is currently the only company that is able and willing to structure their contracts to be on a month-to-month basis.

**4. Why only landline service – what about tax-relief for cellular service?**

Currently all companies offering cellular service either offer pre-paid solutions or they require a 1 to 2 year contract. For the pre-paid solution, tax-relief can be used to buy the initial package (phone with a card) but re-charging the Minutes on the phone cannot be done using tax-relief. For the 1 or 2 year contracts use of VAT forms is not authorized because these are long-term contracts. In 2014 TKS started to offer true month-to-month contracts on cellular service.

**5. Are there some TKS landlines or services that don't qualify?**

Generally, you can use a VAT form with new first-time signups at TKS and also as an existing customer. VAT exemption is only possible with services that have no minimum duration, therefore if you have signed a 1 or 2 year landline contract in the past, these services will not qualify for VAT relief. Another exception would be if TKS's standard "month-to-month services" are technically not feasible at your address. In most cases TKS will be able to provide an alternative, however if these services have a minimum contract duration - it will not qualify for VAT relief.

**6. Besides Germany, is this also available in other European countries?**

If you are requiring landline phone service in another European country because you are or will be stationed there, you must check with your installations/bases in those countries. The Status of Forces Agreements differ for each country. Some countries permit US Forces members to have tax-relief other countries do not offer tax-relief at all. Even in the countries where we are afforded tax-relief the programs and what we can buy without paying the VAT differ.

**7. The VAT Office suspended my VAT privileges because I broke the rules – can I get forms to at least get the tax off my phone line?**

Unfortunately the answer is No, not while you are suspended or barred.