



C-68/23: VAT treatment of ‘single-purpose vouchers’ and ‘multi-purpose vouchers’

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In brief

The Court of Justice of the European Union (CJEU) has ruled on the interpretation and application of the EU VAT rules for vouchers. The CJEU clarified that the classification of a voucher as a **single-purpose voucher** depends solely on the conditions laid down in Article 30a(2) of the VAT Directive which are:

- (a) the **place of supply**, and
- (b) the **VAT payable** on the underlying goods or services **at the time of issue of the voucher**,

irrespective of the subsequent **transfers** of the voucher between taxable persons in different Member States.

The CJEU also confirmed that the **resale of a multi-purpose voucher** may be **subject to VAT** if it constitutes a **supply of services, such as a supply of distribution or promotion services**, to the taxable person who provides the underlying goods or services to the end consumer.

The case concerned M-GbR, a company incorporated in Germany. M-GbR marketed prepaid cards or voucher codes (X cards) issued by a UK company (Y) for the purchase of digital content in an online shop (shop X) managed by Y. The X **cards** had **different country codes**, and were marketed in the European Union.

M-GbR purchased X cards, issued by Y, and considered them to be **multi-purpose vouchers**, as the **domicile or habitual residence of the end customers was not known** with certainty at the **time of supply**, and **did not charge VAT** on the transfers of the X cards. The **German tax authorities**, however, regarded the X cards as **single-purpose vouchers**, as they could be **used only** by customers domiciled in **Germany** who had a German X user account, and assessed VAT on each transfer of the X cards, including the issue by Y.

The CJEU was asked to interpret Articles 30a and 30b of the VAT Directive, which define and regulate the **VAT treatment of vouchers**, in particular the **distinction between single-purpose and multi-purpose vouchers**. The CJEU held that:

(1) 'Single-purpose vouchers'

The classification of a voucher as a **single-purpose voucher depends solely** on the conditions laid down in Article 30a(2) of the VAT Directive, which include the requirement that the **place of supply** and the **VAT due** on the underlying goods or services are **known at the time of issue of the voucher**.

The CJEU stated that the application of Article 30b(1) of the VAT Directive, which provides that each transfer of a single-purpose voucher is regarded as a supply of the underlying goods or services, does not affect those conditions. Further the classification of a voucher as a single-purpose voucher does not depend on whether the voucher is the subject of transfers between taxable persons acting in their own name and established in the territory of Member States other than that in which the end consumers are located.

(2) 'Multi-purpose vouchers'

The CJEU also confirmed that, in accordance with Article 30b(2) of the VAT Directive, the **resale of a multi-purpose voucher** may be **subject to VAT**, provided that it is classified as a **supply of services to the taxable person** who, in consideration for those vouchers, carries out the actual handing over of the goods or the actual provision of the services to the end consumer.

The CJEU left it to the **referring court to determine**, on the basis of the facts of the case, **whether the X cards** met the conditions for being classified as **single-purpose vouchers**, in particular **whether** the **VAT payable** on the various items of digital content that could be obtained in return for the X cards was known at the time of issue of the X cards.

The CJEU also noted that, for the purposes of examining the single-purpose voucher conditions, account could not be taken of the fact that some end consumers may have circumvented the conditions of use of the X cards by providing false or misleading information or by concealing their IP address.



Cyprus VAT Framework

Cyprus has transposed the EU VAT rules for vouchers into its national legislation. On 9th of July 2019, the Cyprus Tax Department released Circular 235 in order to shed light on the VAT treatment to be followed for single and multi-purpose vouchers.

A single-purpose voucher is a voucher where the place of supply and the VAT due on the goods or services are known at the time of issue of the voucher, whereas a multi-purpose voucher is any other voucher. The **VAT treatment of vouchers follows the same rules as those laid down in the VAT Directive**, as interpreted by the CJEU.

How can we help?

Our designated team of Indirect Tax Specialists is at your disposal to critically examine the impact this latest decision of the CJEU may have on your business, quantify the impact and recommend, where applicable, corrective actions.

Let's Talk!

For a deeper discussion of how this issue might affect your business, please contact:

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