



Utilities Tax Avoidance Program (UTAP) in Germany



What is UTAP?

Generally utilities for personal use in economy housing (off-post) are taxed in Europe. The US Forces are able to assist in avoiding these taxes for eligible US Forces members in many (but not all) areas in Germany. The program that legally prevents this taxation is called Utilities Tax Avoidance Program (UTAP).

What types of utilities are included; what types of utilities are not included?

Included in UTAP can be Electricity, Natural Gas, and Water. Not included are (because it's not taxed or simply not possible to deduct taxes) sewage, garbage, cable/satellite TV, telephone, Internet, heating oil or propane gas deliveries. For heating oil and propane only ask the VAT office to find out if and how VAT forms can be used.

What are the taxes?

Electricity: 19% Value-Added Tax plus 11% Energy Tax (both can be waived)

Natural Gas: 19% Value-Added Tax and 7% Energy Tax (both can be waived)

Water: 7% Value-Added Tax

Is UTAP available everywhere?

Unfortunately the answer is No. Some smaller Garrisons do not offer UTAP on-site. In such cases the local VAT office will provide information on where the closest UTAP office is located. Generally we are able to provide for tax-free electricity in all of Germany through various companies. Other utilities depend on the willingness of the local supplier to sign a master-contract with the US Forces.

Is UTAP Mandatory?

No, UTAP is not mandatory BUT it is the fiscally responsible thing to do because it saves US taxpayer dollars in the case of US Forces LQA recipients. In the case of US Soldiers it provides for extra cash.

How does UTAP work?

You come to the VAT/UTAP office and register by providing a number of forms, copy of your rental agreement, utility meter numbers and readings, copy of orders (orders, SF50, NAF 3434), ID card, and your bank account information. The VAT/UTAP office will then determine which utility companies provide service for your house/apartment and sign you up. By going through UTAP you will not be required to pay a utilities deposit. Keep in mind that the UTAP office CANNOT process your packet unless ALL required documents and readings have been provided by you.

What are the Charges?

Joining the UTAP program costs \$77. This fee covers your entire tour at one apartment/house and the same utility companies. Should you move to a new apartment/house or want to change your utility providers the fee becomes due again. Keep in mind with the 19% VAT and 11% Energy Tax being waived you will have recovered the \$77 within 2-3 months. During a PCS move you should include the \$77 in the miscellaneous expense category when filing for reimbursement for your moving expenses.



Utilities Tax Avoidance Program (UTAP)



What else can the UTAP office assist with?

We stand ready to answer utility related questions and to explain utility bills or letters sent by utility companies. We also talk with the utility company for/with you in case of questions or problems.

What does the UTAP office not do?

We do not pay your bills for you and we also do not provide assistance for LQA reconciliations. If you fail to pay your utility bills, the VAT office will have to pay for you. In such a case, the VAT office will notify your commander, suspend VAT privileges, start collection proceedings and garnish your pay. You **MUST** stay current with utility bills.

What do I need to watch out for?

First, you need to understand that European utility companies work differently than US utility companies (see below). Second, you need to ensure that your bank account always has enough money in it so the utility companies can take out the monthly amounts. Finally, you also need to make sure that you do **NOT** sign any utility contracts with any utility company outside of the VAT office. If you do, you will lose the tax-free status with them.

What is different about European utility companies?

- a) The electricity market in Germany is similar to the long-distance telephone market in the US. There is always a local primary provider but you are able to sign-up for power with other companies as well.
- b) Checks are not used to pay utility bills – everything is done by automatic payment withdrawal from your account (to pay) and direct deposit (to get refunds).
- c) Many utility companies try to get you to sign one or multi-year contracts by offering rate guarantees and other marketing gimmicks (no rate hike for 12 months, a 100 Euro cash bonus, etc). If you sign one of these contracts you will be locked-in with that utility company for the length of the contract and they will have to tax your bills. There is nothing we can do to help. We recommend you do not sign any utility documents without talking to the VAT/UTAP office.
- d) Utility companies generally charge a deposit, if you sign-up with them directly. By going through UTAP you will not be required to pay a utilities deposit.
- e) You will have to do meter readings when asked to do so.
- f) European utility companies will **NOT** send monthly bills. They will look at the average past use of your dwelling and then estimate your monthly usage. Based on that estimate they calculate an estimated monthly amount to be paid. This monthly amount is then deducted automatically from your bank account every month. At the end of a billing year they will ask for the meter reading and then calculate your actual usage. If your monthly payments were higher than the total bill for the year, you get a refund. If you used more energy than what you already paid for the utility company will send you an additional year-end bill and withdraw the amount due from your bank account.
- g) Some companies use their own fiscal year for the billing year instead of the actual 12 months of providing service to you. That means it is for example possible that you get a year-end bill even though you have not been with that utility company for a full year yet.
- h) At the end of your tour you must provide the meter reading to the VAT/UTAP office and leave your bank account open with enough money in it so the utility company can do the final billing and withdraw money you might owe or provide for a refund in case you overpaid.

The POC for this information is Rafael Wunsch, DSN: 370-7503, Civ: 06221-57-7503, Email: Rafael.wunsch@eur.army.mil



Utilities Tax Avoidance Program (UTAP) Meter Reading



If you are living in economy housing you will have to provide electricity meter readings to your electricity supplier whenever they ask for it. Generally that happens once a year. These readings must be done regardless of whether or not you are a UTAP customer (tax-free) or a regular direct customer (taxed) with the electricity company.

The actual reading can be provided to your electricity supplier via Internet (in some cases), telephone, returning the filled out meter reading post card, or by giving the meter reading to your UTAP office for forwarding.

Each electricity meter has its own unique serial number. Make sure you are reading your meter and not your neighbor's, in case you live in a multi-family home. Electricity meters are generally located in the basement or hallways, sometimes inside of grey metal cabinets. Some meters only have one row of numbers to be read (single meter), other meters have two rows of numbers to be read (dual meter). The difference is that the single meter simply reads the power you consume. The dual meter reads the power consumed during the day (HT) on one line and the power consumed during the night (NT) on the second line. Power at night time is generally cheaper. For a single meter you provide only one read number to the supplier, for a dual meter you provide both readings to the supplier.

A meter generally looks like this:



1 Serial Number of Meter

Meter Readings in case of a dual meter (HT/NT) 2

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ORGANIZATIONAL LETTERHEAD

OFFICE SYMBOL

date

MEMORANDUM FOR Tax-Relief Office _____ (name and address) _____

SUBJECT: Request for Utility-Tax Relief

1. I request that the Community Morale, Welfare, and Recreation Fund (CMWRF) or USAFE Services Fund enroll me in the Utility-Tax Avoidance Program (UTAP).

a. I agree to pay a fee of \$77 to the CMWRF or USAFE Services Fund to cover administrative costs for enrolling in the UTAP.

b. I understand that the CMWRF or USAFE Services Fund will arrange with the servicing utility company to bill me without taxes.

c. I understand that the CMWRF or USAFE Services Fund is acting as my agent and is not responsible for paying my bills. I further understand that I am responsible for such bills and agree to make timely payments to the utility company in accordance with its invoicing policy and FMWR SOP 13-98.

d. I understand that I will be held liable for payment of penalty charges or administrative costs to the utility company caused by late payments. In the event of my indebtedness, I voluntarily consent to collection from my basic pay and entitlements any amount owed to the utility company or the CMWRF or USAFE Services Fund for enrolling in this program.

e. I certify that I am not currently indebted to any utility company or any other agency providing the services for which I seek tax relief. I also certify the tax-free delivery of services is for my or my Family's use and that such delivery will not benefit any other individual or business. Tax relief on utilities is subject to inspection by U.S. and host-nation tax and customs officials.

f. I understand that it is my responsibility to notify the CMWRF or USAFE Services Fund (in other words, the tax-relief office) at least 4 weeks before vacating my privately rented quarters.

2. Data required by the Privacy Act of 1974 (5 USC 5522):

a. **Authority:** 10 USC 3012; Supplementary Agreement to the NATO SOFA, Article 67, paragraph 3a(a)(I); and AE Regulation 215-6/USAFE Instruction 34-102.

b. **Principal Purposes:** For the fund manager to verify eligibility of the applicant, obtain requested tax relief, and to provide utility company with necessary information about a new customer.

c. **Routine Uses:** To provide information needed to process documents for tax relief on utility bills.

d. **Mandatory or Voluntary Disclosure and Effect of Not Providing Information:** Disclosure of information is voluntary. Tax relief, however, cannot be provided without the requested information.

FOR OFFICIAL USE ONLY

Figure C-1. Sample UTAP Request

3. The following personal data is provided in accordance with paragraph 2:

PLEASE PRINT ALL INFORMATION CLEARLY

Sponsor's Name _____
Last, First, MI

SSN ____ - ____ - ____ Grade _____

Spouse's Name _____
Last, First, MI

SSN ____ - ____ - ____ Grade _____

SPONSOR'S INFORMATION

Branch of Service _____ DEROS _____

Retired military Y N (circle one) If yes, branch of Service _____

Unit/organization _____

Mailing address _____

Duty telephone _____ Alternate _____

Home telephone _____ Cell phone _____

Home address _____
Name

Street and house number

Postal code and town

BANK INFORMATION TO ESTABLISH AUTOMATIC BILL PAYMENT

_____ Bank _____ BLZ/routing no. _____ Konto/account no. _____

_____ Effective date _____ Signature _____ Today's date _____

Signature of applicant

Date

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Figure C-1. Sample UTAP Request—Continued

FOR CMWRF OR USAFE SERVICES FUND USE ONLY

<i>Strom/Electric Co</i>	Customer No.
<i>Zähler/Meter No.</i>	<i>Stand/Reading</i>
<i>Gas/Gas Co</i>	Customer No.
<i>Zähler/Meter No.</i>	<i>Stand/Reading</i>
<i>Wasser/Water Co</i>	Customer No.
<i>Zähler/Meter No.</i>	<i>Stand/Reading</i>
Other Co	Customer No.
<i>Zähler/Meter No.</i>	<i>Stand/Reading</i>

NOTE: For additional information or assistance, call your UTAP coordinator at

DSN _____, civilian _____; or

fax _____, civilian _____.

Signature of TRO representative

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Figure C-1. Sample UTAP Request—Continued

STANDARD CONTRACT FOR TAX-FREE DELIVERY OF UTILITIES TO MEMBERS OF THE U.S. FORCES

1. Reference. Letter, Federal Minister of Finance, of 22 December 2004, subject: Turnover Tax Relief Pursuant to Article 67, Paragraph 3, Supplementary Agreement to the NATO Status of Forces Agreement (NATO SOFA SA).

2. General.

a. This agreement is concluded in accordance with the authorization referenced above between the IMCOM-Europe CMWRF Tax-Relief Office/USAG _____ Tax-Relief Office and _____ (*name of the utilities company*) (hereafter referred to as the “Contractor”) for the tax-free delivery of utilities and water to members of the U.S. Forces. The IMCOM-Europe CMWRF Tax-Relief Office/USAG _____ Tax-Relief Office (hereafter referred to as the “Customer”), which is registered on the List of Official Procurement Agencies and Organizations of the Foreign Armed Forces Entitled to Effect Purchases Subject to Tax Relief (Status: February 2008), will be the exclusive contracting party to the Contractor.

b. In acknowledgement of the following:

- The *Stromgrundversorgungsverordnung (StromGVV)* (Ordinance Concerning the Basic Power Supply) and the *Niederspannungsanschlussverordnung (NAV)* (Ordinance Concerning the Supply of Low-Voltage Electrical Energy) for the supply of electrical energy from the low-voltage network of the Contractor.
- The *Gasgrundversorgungsverordnung (GasGVV)* (Ordinance Concerning the Basic Gas Supply) and the *Niederdruckanschlussverordnung (NDAV)* (Ordinance Concerning Low Pressure Supply) for the supply of gas by the Contractor.
- The *Verordnung über Allgemeine Bedingungen für die Versorgung mit Wasser (AVBWasserV)* (General Conditions for Water Supply) for the supply of water by the Contractor, and the *Verordnung über Allgemeine Bedingungen für die Versorgung mit Fernwärme (AVBFernwärmeV)* (General Conditions for the Supply of District Heat).
- The special conditions of the Contractor with respect to the above-mentioned regulations, which were brought to the attention of the Customer.
- The *Ökosteuer* (so-called Environmental Tax).
- The applicable general tariffs and prices of the Contractor.

The Customer (being the party to this agreement) will—

(1) Procure utilities exempt from turnover tax, energy tax, and gas tax for military and civilian members of the U.S. Forces and their dependents (hereafter referred to as “Users”). Users must be registered with and administrated by the Customer pursuant to the *IMCOM-Europe Utility-Tax Avoidance Program* and this agreement. Delivery of the utilities will be made directly to the User residences to be specified.

Figure C-2. Sample Utility Contract (English)