

## VAT introduction

The basic *MAIL* products (*Standardbrief / Kompaktbrief / Großbrief / Maxibrief* items and *postcard*) posted by you – the customer or consolidator – as part of “*Briefzentrum-Abgang* (BZA)” (outbound mail center) or “*Briefzentrum-Eingang* (BZE)” (inbound mail center) downstream access will become liable to VAT from July 1, 2010.

## Charges from July 1, 2010 – discount for downstream access significantly increased

We will be offering you improved conditions with the introduction of statutory VAT. The discount agreed in Section 2 of the Agreement will be increased by 12 percentage points across all levels. Statutory VAT (currently 19%) will be charged on the effective shipment charge (net charge less discounts).

Teilleistungen BZA (Briefzentrum-Abgang)						
Menge je Einlieferung		Nachlass auf das Nettoentgelt		Effektives Sendungsentgelt am Beispiel Standardbrief		
Standardbrief, Kompaktbrief oder Postkarte	Groß- oder Maxibrief	bis 30.06.2010	ab 01.07.2010	bis 30.06.2010	ab 01.07.2010	
					ohne USt	inkl. USt
5.000 bis 10.000	500 bis 1.000	8%	<b>20%</b>	0,506 €	<b>0,440 €</b>	<b>0,524 €</b>
10.001 bis 15.000	1.001 bis 2.000	11%	<b>23%</b>	0,490 €	<b>0,424 €</b>	<b>0,504 €</b>
15.001 bis 20.000	2.001 bis 3.000	15%	<b>27%</b>	0,468 €	<b>0,402 €</b>	<b>0,478 €</b>
20.001 bis 25.000	3.001 bis 4.000	19%	<b>31%</b>	0,446 €	<b>0,380 €</b>	<b>0,452 €</b>
ab 25.001	ab 4.001	23%	<b>35%</b>	0,424 €	<b>0,358 €</b>	<b>0,425 €</b>
Teilleistungen BZE (Briefzentrum-Eingang)						
ab 250	ab 100	26%	<b>38%</b>	0,407 €	<b>0,341 €</b>	<b>0,406 €</b>

### Legend

Teilleistungen BZA (Briefzentrum-Abgang)	– BZA (outbound mail center) downstream access
Menge je Einlieferung	– Volume per posting
Nachlass auf das Nettoentgelt	– Discount on the net charge
Effektives Sendungsentgelt am Beispiel Standardbrief	– Effective shipment charge using <i>Standardbrief</i> items as an example
Standardbrief, Kompaktbrief oder Postkarte	– <i>Standardbrief</i> , <i>Kompaktbrief</i> or postcard
Groß- oder Maxibrief	– <i>Großbrief</i> or <i>Maxibrief</i> items
bis	– to
ab	– from
ohne USt	– excluding VAT
mit USt	– including VAT
Teilleistungen BZE (Briefzentrum-Eingang)	– BZE (inbound mail center) partial services

## Reverse Charge Procedure

For most of our customers outside Germany the ‘reverse charge’ procedure applies. Article 44 of the Council Directive on the common system of value added tax states that services provided by one company for another company are taxed where the recipient of the service is based and not where the service provider is based. As service recipients, customers of Deutsche Post AG are therefore liable for payment of VAT (‘reverse charge’ procedure). That means that our customers are required to pay VAT to their tax authorities. If necessary please discuss the impact of the reverse charge procedure on your company with your tax advisor.

## Process changes

There will be no change for you with regard to franking, preparing, and posting downstream access VAT will only be settled as part of the monthly reimbursement of downstream access.

## Billing

VAT will be invoiced for the first time with the settlement of the July 2010 downstream access postings, i.e., at the start of August 2010. You will receive

- the monthly settlement of downstream access discounts (reimbursement of downstream access) as normal but inclusive of statutory VAT, i.e., the settlement will include the downstream access discounts and the statutory VAT. The discount will also be granted on the relevant net charge as per the “Services and Prices” brochure, i.e., on EUR 0.55 for standard letters.
- You will also receive an invoice showing the additional VAT charge. Deutsche Post AG will charge you for the statutory VAT on the net letter charges (i.e., postage) that you have already paid.

## Settlement example: 100,000 standard letters BZA downstream access mail

### IT franking or franking impressions applied by the sender

#### 1) Calculation of postage charges

The calculation of postal charges will not change.

Calculation of postal charges	
100,000 standard letters	55.000.00 €
1% franking discount	550.00 €
Service charge	54.450.00 €
VAT	0.00 €
Invoice amount	54.450.00 €

#### 2) Reimbursement of downstream access mail

The monthly reimbursement of downstream access will be changing in one respect: VAT will be added to the amount to be reimbursed.

Reimbursement of downstr. acc. mail & VAT	
34% reimbursement of downstr. acc. mail <sup>1</sup>	18.700.00 €
VAT	3.553.00 €
Reimbursement amount	22.253.00 €

<sup>1</sup> incl. 1% discount on franking (35% - 1% = 34%)

This is required to be able to charge VAT on the overall charge in the next step.

#### 3) Levying of VAT

What is new is that an additional invoice is created for each billing period (i.e., each calendar month), showing the subsequent tax levy of the net charge. For most customers outside Germany the reversed charge procedure applies.

Invoice (VAT correction)	
Standard letter already paid (VAT exempt)	-55.000.00 €
1% franking discount (VAT exempt)	550.00 €
Standard letter (liable to VAT)	55.000.00 €
1% franking discount (liable to VAT)	-550.00 €
Total items	0.00 €
VAT on €54.450	10.345.50 €
Invoice amount	10.345.50 €

Example calculation

Postage calculation	54.450,00 €
<u>Reimbursement of downstream access</u>	<u>-18.700,00 €</u>
Effective shipment charge	35.750,00 €
VAT (10.345,50 € - 3.553 €)	6.792,50 €
Gross charge	42.542,50 €

Franking service

With the franking service, an invoice is created in which postage, franking service, reimbursement of downstream access and VAT are billed in full.

**General Terms and Conditions (GT&C)**

The General Terms and Conditions will change on July 1, 2010. Apart from editorial changes, they have been reduced and summarized for the BZA and BZE downstream access. Content changes applicable to you are mainly to be found in Section 4 Charges, which takes account of VAT levying and billing.