

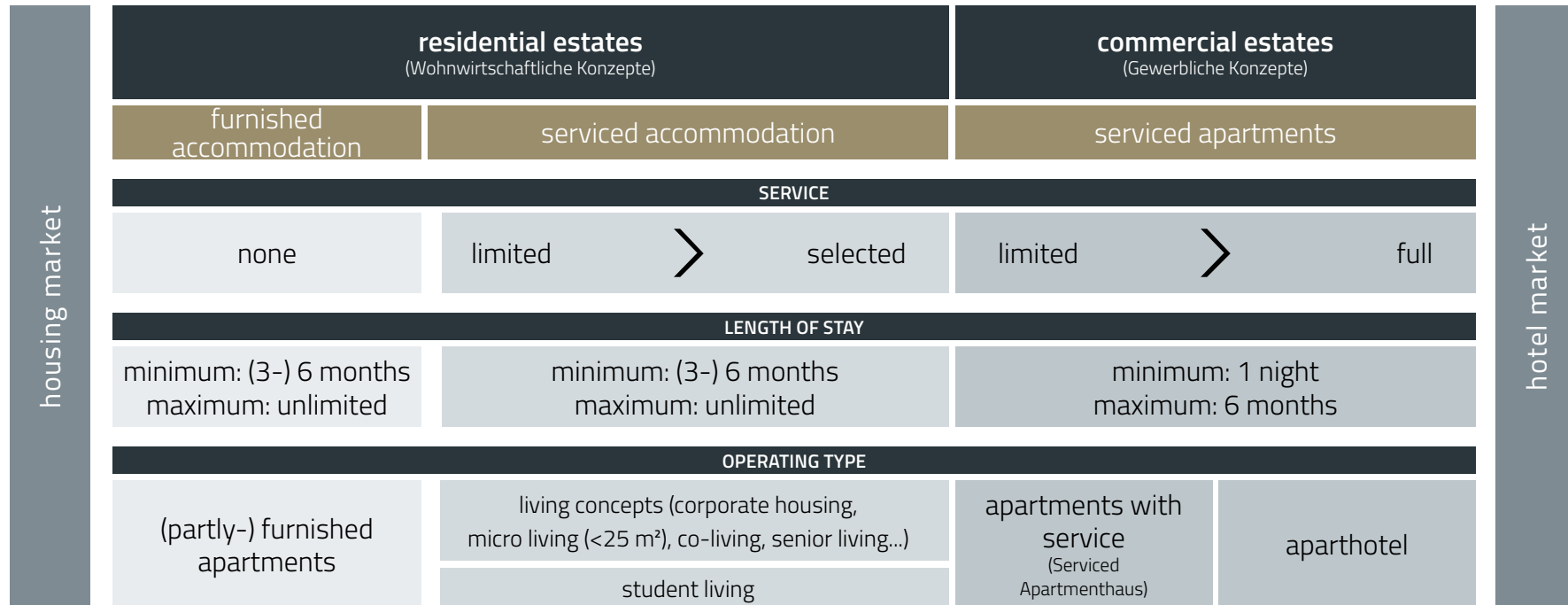
Charta Temporary Living

(German Market)

Charta Temporary Living

Overview of Terminology

(German Market)



Note: Since the distinction between commercial use and residential use is made by the courts on a case-by-case basis in the context of an overall consideration of numerous factors such as size, facilities, presence of shared facilities, average length of stay, type and scope of services, etc., the diagram eludes it a schematic representation. The diagram is therefore limited to show the general direction of action and significance of individual demarcation functions.

The Temporary Housing Charter was developed in cooperation with various brands in Germany and members of the Serviced Apartments Industry within the "Arbeitskreis Hotelimmobilien" under the direction of Apartmentservice. © Apartment Service, Printing date: 29.01.2019

Definitions of the Concepts of Temporary Living

(German Market)

Serviced apartments is the umbrella term for commercial units in the form of **apartments with service (Serviced Apartmenthaus)** or **aparthotel**. Serviced apartments are furnished units that always have cooking facilities. The furnishing of the units is designed for longer stays. Typical hotel services are associated with this, whereby the service level varies according to the concept.

- **Aparthotels** usually offer a 24/7 reception service as well as other typical hotel services and for example gastronomy, conference, fitness and wellness areas.
- **Apartments with service (Serviced Apartmenthaus)** offer a limited range of services compared to Aparthotels. The focus is on the self-sufficiency of the guests.

Serviced accommodation is the umbrella term for residential units in the form of furnished units that always have a cooking facility. This is associated with typical hotel services, whereby the service level varies according to the concept.

Furnished Accommodation is the umbrella term for residential units that are only partially furnished and do not offer any services.

Definitions of Length of Stay for Serviced Apartments

(German Market)



Apartments with service (Serviced Apartmenthaus)

- Short-stay 1 - 6 nights
- Medium-stay 7 - 27 nights
- Long-stay 28+ nights



Aparthotel

- Short-stay 1 - 3 nights
- Medium-stay 4 - 14 nights
- Long-stay 15+ nights

Charta Temporary Living

Classification under Construction Law

(German Market)

housing (Wohnung)	serviced apartments		hotel
	apartments with service (Serviced Apartmenthaus)	aparthotels	
	kitchen / kitchenette / cooking facilities	cooking facility	
cleaning materials provided	cleaning every 14 days		daily room cleaning / laundry service
		weekly room cleaning	
	washing machine / dryer		laundry / service areas
self-determined use			room size < 25 m ²
	temporary reception		24 hours reception
			breakfast buffet
			wellness area
			fitness area
	per month billing		per diem billing
unlimited	3 months	1 month	1 week
			daily

The legal classification of a project into the categories housing (Wohnung), serviced apartment or hotel is carried out on a case-by-case basis. The graphic shows schematically which factors are usually used for the assessment and for which category they speak. In this respect, it serves as a reference point for categorization.

Explanation of Terms for Land-Use Areas (Baugebiete)

(German Market)

Permitted uses *	housing (Wohnen)	accommodation (Beherbergung)	serviced apartments
WS Kleinsiedlungsgebiet (small residential estate)	small housing developments		
WR reines Wohngebiet (residential-only area)		small businesses	small businesses
WA Allgemeines Wohngebiet (general residential area)			
WB Besonderes Wohngebiet (special residential area)			
MD Dorfgebiet (village area)			
MI Mischgebiet (mixed use area)			
MU Urbane Gebiete (urban areas)			
MK Kerngebiet (core area)	only flats		
GE Gewerbegebiet (commercial area)		depending on hotel type	
GI Industriegebiet (industrial area)			

■ generally imposed

■ exceptionally imposed

■ generally permitted

The illustration serves as orientation. The admissibility under planning law depends on the stipulations of the land-use plan and the surrounding buildings.

* The basis is the German Baunutzungsverordnung (BauNVO). The area types designated in the illustration are therefore typified in the German terminology.

Charta Temporary Living

Serviced Apartments and VAT

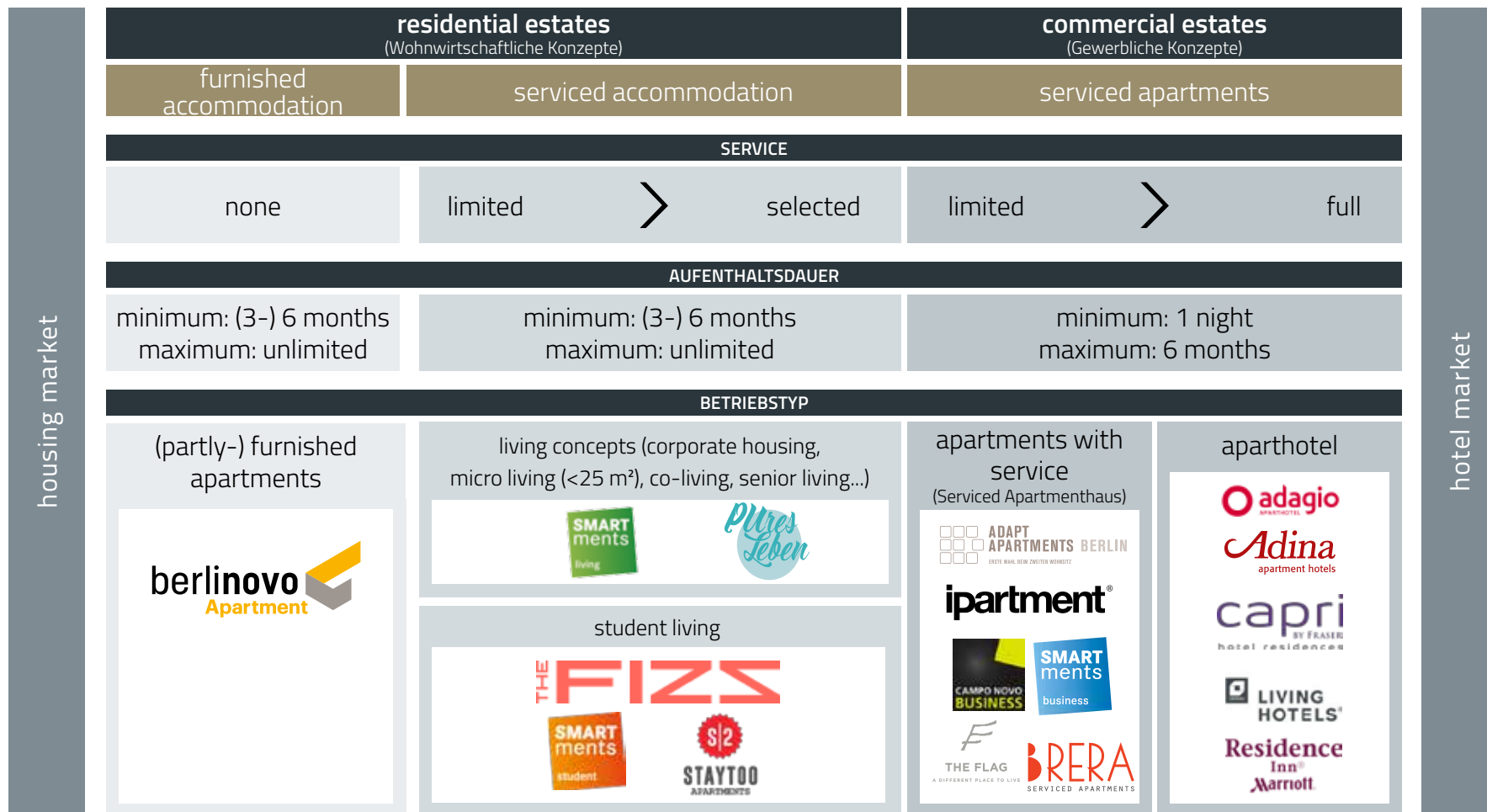
Tax Classification (German Market)

- Serviced apartments in their commercial form generate accommodation turnover (Beherbergungsumsatz) and are therefore subject to VAT (no option of choice).
- **Beherbergungsumsätze** is a term from VAT law. The following are regarded as such
 - the renting of **living and sleeping rooms** provided by an **entrepreneur** for the **short-term accommodation** of **strangers**
 - **short-term** means a stay of **less than six months**; the duration of the accommodation contracts must be less than six months
 - the entrepreneur's **intention not** to offer the rooms **on a permanent basis** and thus **not for a permanent stay** is decisive
- The VAT risk lies in the endangerment of the input tax deduction (Vorsteuerabzug); if there are no accommodation turnovers, VAT may not be levied and at the same time prepaid tax deduction is excluded; this applies to all advance performances (purchase of goods, services, rental and lease expenses); the risk is passed on to the owner/lessor of the property, who is then also excluded from the input tax deduction.

Charta Temporary Living

Exemplary Assignment of Trademarks

(German Market)



Note: Since the distinction between commercial use and residential use is made by the courts on a case-by-case basis in the context of an overall consideration of numerous factors such as size, facilities, presence of shared facilities, average length of stay, type and scope of services, etc., the diagram eludes it a schematic representation. The diagram is therefore limited to show the general direction of action and significance of individual demarcation functions.

The Temporary Housing Charter was developed in cooperation with various brands in Germany and members of the Serviced Apartments Industry within the "Arbeitskreis Hotelimmobilien" under the direction of Apartmentservice. © Apartment Service, Printing date: 29.01.2019



Charta Temporary Living

Serviced Apartments and VAT

Tax Classification (German Market)

- Serviced apartments in their commercial form generate accommodation turnover (Beherbergungsumsatz) and are therefore subject to VAT (no option of choice).
- **Beherbergungsumsätze** is a term from VAT law. The following are regarded as such
 - the renting of **living and sleeping rooms** provided by an **entrepreneur** for the **short-term accommodation** of **strangers**
 - **short-term** means a stay of **less than six months**; the duration of the accommodation contracts must be less than six months
 - the entrepreneur's **intention not** to offer the rooms **on a permanent basis** and thus **not for a permanent stay** is decisive
- The VAT risk lies in the endangerment of the input tax deduction (Vorsteuerabzug); if there are no accommodation turnovers, VAT may not be levied and at the same time prepaid tax deduction is excluded; this applies to all advance performances (purchase of goods, services, rental and lease expenses); the risk is passed on to the owner/lessor of the property, who is then also excluded from the input tax deduction.

Charta Temporary Living

(German Market)

The Charta Temporary Living for the German market was developed in cooperation with various brands in Germany as well as members of the Serviced Apartments Industry within the "Arbeitskreis Hotelimmobilien" under the direction of Apartmentservice.

■ **The members are:**

Anastasia Osipov, Adina Apartment Hotels
Anett Gregorius, Apartmentservice
Benjamin Djebali, Brera Serviced Apartments
Dr. Goetz Martius, Wirtschaftsprüfer und Steuerberater
Falk Haase, i Live Hospitality Services GmbH
Harald Ultsch, Harry's Home Hotels
Julie Lenz, ZL Consulting GmbH
Karl-Heinz Daurer, GBI-Projektentwicklung Ges.m.b.H
Lisa Neubueser, Cycas Hospitality
Markus Wenske, wenske real estate legal
Michael Blind, Apartmentservice
Peter Durinke, Wolter Hoppenberg Rechtsanwälte Partnerschaft mbB
Uwe Niemann, Deutsche Hypothekbank AG
Volker Thamm, SV (Schweiz) Group

■ **External experts involved in the development were:**

Markus Beike, Staycity Group
Matthias Niemeyer, Adina Apartment Hotels
Ralf Krause, Adapt Apartments

Charta Temporary Living

(German Market)

If you have any questions, please contact

Apartmentservice

Anett Gregorius

head of the Fachgruppe Serviced Apartments of the Arbeitskreises Hotelimmobilien

Berliner Allee 36 ▪ 13088 Berlin (Germany)

phone +49 (0)30 96 06 09 49-0 ▪ fax +49 (0)30 96 06 09 49-19

info@apartmentservice.de ▪ www.apartmentservice.de