

Key Data German Taxation 2016



CORPORATION TAX

Tax rate: 15 %

Dividends and yields from the sale of holdings in German or foreign incorporated companies are only subject to 5 % of the tax at recipient business level.

TRADE TAX

Tax rate: 7 % to 17.15 %
(tax rate depends on the municipality)

Tax allowance for sole proprietorships and partnerships: EUR 24,500

VALUE-ADDED TAX

General tax rate: 19 %
Reduced tax rate: 7 %

INCOME TAX

Examples for effective tax burden:

- ▶ Tax rates for Single person

zvE to	EUR	8,652:	tax-free
zvE =	EUR	10,000:	2,1 %
zvE =	EUR	50,000:	25,3 %
zvE =	EUR	250,000:	38,6 %

- ▶ Tax rates for Spouses

zvE to	EUR	17,304:	tax-free
zvE =	EUR	20,000:	2,1 %
zvE =	EUR	100,000:	25,3 %
zvE =	EUR	500,000:	38,6 %

(zvE = taxable income)

Income from capital assets, if they exceed the tax allowance of EUR 801 (for single person) or EUR 1,602 (for spouses), are subject to a uniform tax rate of 25 %

Family tax relief, per child:

- ▶ Family benefit = tax refund paid in advance (EUR 2,280 to EUR 2,652) or
- ▶ Tax allowance EUR 7,248
- ▶ Tax deduction for child care (max. 4000 €/child)

SOLIDARITY SURCHARGE

5.5 % of the taxes from income
(income tax, corporation tax, withholding tax, PAYE tax)

NO WEALTH TAX

INHERITANCE TAX / GIFT TAX

Assets are taxed according to the current market value

Example: Filing status I (Spouses, civil partners, children, grandchildren et al.)

1. Personal allowance

- ▶ EUR 500,000 – Spouses, civil partners
- ▶ EUR 400,000 – Children
- ▶ EUR 200,000 – Grandchildren

2. Graduated tax rate

- ▶ 7 % Minimum tax rate
- ▶ 30 % Maximum tax rate
(taxable transfer more than EUR 26 million)