Doing Business in Germany

Edition 2020

Audit / Tax / Advisory / Legal

Smart decisions. Lasting value.

Welcome

to Doing Business in Germany

Doing Business in Germany has been prepared by Crowe Global member firms in Germany in order to provide general information for persons contemplating doing business with business partners in Germany setting up own operations and/or individuals intending to live and work in Germany temporarily or permanently.

In addition to background facts about Germany, it includes relevant information about business operations and taxation matters. This guide is intended to assist organisations that are considering establishing a business in Germany either as a separate entity or as a subsidiary of an existing foreign company. It will also be helpful to anyone planning to come to Germany to work and live here either on secondment or as a permanent life choice.

Unless noted otherwise, the information contained in this guide is believed to be accurate as of 1 January 2020. However, general publications of this nature cannot and are not intended to be used as a substitute for professional guidance specific to the reader's particular circumstances.

Crowe Global is ranked among the top 10 global accounting networks. It consists of more than 200 independent accounting and advisory services firms with more than 30,000 professionals and staff in more than 130 countries around the world. Crowe Global is represented with five offices in central locations in Germany offering innovative solutions and supporting their clients in the areas of audit, tax, advisory and risk.

All Crowe Global member firms are driven by a single purpose – to help their clients to succeed in whatever markets they operate in with smart decisions and lasting values.

Crowe Germany 2020

All lasting business is built on friendship.
Alfred A. Montapert

About Crowe Global

Crowe Global is ranked among the top 10 global accounting networks with more than 750 offices in about 150 countries around the world. Crowe Global's member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily.

Each firm is well-established as a leader in its national business community and is staffed by nationals, thereby providing the knowledge of local laws and customs which is important to clients undertaking new ventures or expanding into other countries. Crowe Global member firms are known for their personal service to privately and publicly held businesses in all sectors and have built an international reputation in the areas of audit, tax and advisory services.

Table of Contents

1. Germany as an investment location – an outline **6**
1.1 Government and country 6
1.2 Location and infrastructure 6
1.3 Economy and currency 7
1.4 Entry into Germany 7

2. Starting business **8**
2.1 Branches 8
2.2 Corporations 8
2.3 Partnerships 10

3. General bookkeeping and accounting requirements **11**
3.1 General bookkeeping and accounting requirements for all merchants 11
3.2 General bookkeeping and accounting requirements for corporations and equivalent commercial partnerships 11
3.3 Annual financial statements and management report 12
3.4 Possible exemptions from the obligation to prepare financial statements 14
3.5 Other obligations 15

4. Taxation of individuals and companies **16**
4.1 Tax liability 16
4.2 Determination of taxable income 19
4.3 Deduction of tax losses 23
4.4 Dividends 24
4.5 Capital gains 25
4.6 Tax group 26
4.7 Exit taxation 26
4.8 Anti-avoidance rules 27
4.9 Double taxation relief 30
4.10 Withholding taxes 30
4.11 Administration 32

5. Value added tax **33**
5.1 General principles 33
5.2 Reverse charge procedure 35
5.3 Tax group 35
5.4 Administration 36
5.5 Other indirect taxes 36

6. Labour law **37**
6.1 Employment relationships 37
6.2 Employment agreement 37
6.3 Terms of employment 38
6.4 Termination of an employment agreement 39
6.5 Social security 40

7. Important addresses **41**

8. Conclusion **42**

9. About CroweGermany **43**

1. Germany as an investment location – an outline

As the strongest economy in Europe and one of the largest markets worldwide, Germany offers foreign investors an attractive base for doing business and for investments in all industries.

An open and international outlook, a well-educated workforce and an advanced infrastructure are some of the factors contributing to the success of German companies.

The purpose of this manual is to guide you through the investment environment in Germany. It provides only general information about the country and setting up a business, adopting the ideal legal form and, to meet accounting and audit requirements, an overview of the tax system and labour law. For more detailed or case-specific information, please do not hesitate to contact Crowe Global.

1.1 Government and country

Germany is governed by a parliamentary democracy. The capital of Germany is Berlin. The president (Bundespräsident) is the head of state and is vested primarily with representative responsibilities and powers. The chancellor (Bundeskanzler) is the head of government and exercises executive power, similar to the role of a prime minister in other parliamentary democracies. Federal legislative power is vested in the parliament consisting of the Lower and Upper Houses (Bundestag and Bundesrat), which together form the legislative body. Berlin has been the capital of Germany since August 1990.

The total population of Germany is around 83 million (December 2019). The size of its population makes Germany the largest consumer market within the European Union (EU). Furthermore, Germany has 16 states, each with its own regional authorities.

1.2 Location and infrastructure

Germany is one of the largest countries in Europe, covering an area of approximately 358,000 square kilometres. It is located in the centre of Europe. Germany's neighbour countries are Austria, France, Switzerland, Luxembourg, Belgium, Poland, the Czech Republic, Denmark and the Netherlands. Germany's ideal location in the heart of Europe creates a multitude of opportunities for European and international business.

Most of the major German industries are located in the country's western and southern regions. The major international airports are Frankfurt/Main, Munich, Düsseldorf, Cologne, Hamburg and Berlin. The port of Hamburg is one of the biggest in the world. Germany's road network is amongst the densest in the world. Furthermore, Germany has established a fast and efficient network of high-speed trains.

1.3 Economy and currency

Germany is one of the world's major industrialised nations and the largest national economy in Europe, characterised by a highly qualified labour force, a well-developed infrastructure and a high level of innovation. The economic policy is based on the concept of the social market economy. One of the most important industries is the export sector. Currently, Germany is the third largest exporter in the world. Most of Germany's production takes place in engineering, particularly in machinery, automobiles, metals, chemical and electronic products.

In Germany, there are a large number of banks (around 1,500) which are engaged in an extensive range of banking activities. Hence, some banks are specialised (e.g. mortgage banks), while the majority of German banks typically offer an extremely wide range of financial services (e.g. commercial banks, savings and loan banks). Furthermore, a large part of the banking sector is publicly owned. Banks are controlled by a state regulator, the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin).

Germany is a founding member of the EU and the eurozone. The euro is therefore the official currency in Germany. Monetary policy is managed by the European System of Central Banks, which consists of the European Central Bank (ECB) and the national central banks of the EU member states. The duties of the German Central Bank, located in Frankfurt/Main, particularly include country-specific tasks within the framework of European monetary policy. Additionally, the German Central Bank is also involved in monitoring banks and financial services institutions.

1.4 Entry into Germany

Foreign companies intending to set up a business in Germany can operate through an existing foreign legal entity without the need to set up a German legal entity. However, a German independent branch of a foreign entity has to register with the Chamber of Commerce. Besides this, a foreign investor or company can also operate in Germany through a German partnership or corporation (see chapter 2.).

Due to the European right to freedom of movement, nationals from EU member states who would like to work in Germany do not generally require a work permit before entering Germany. Nevertheless, special rules apply for nationals from the new EU member states (currently only for Croatia) during a transitional period. Nationals from states outside the EU require a work permit, which is included in the residence permit. Before granting the residence permit for work purposes, the immigration office must obtain the approval of the employment office.

2. Starting business

German law offers various legal forms for conducting business activities in Germany. A foreign individual or company can therefore select between several legal forms, which are typically divided into partnerships and corporations. Alternatively, a foreign individual or company may operate in Germany through a branch. German corporate law provides a flexible and liberal framework for the organisation of companies or branches. There are no special restrictions for a foreign investor doing business in Germany.

2.1 Branches

Typically, a branch is a permanent establishment of a company from which business operations are carried out. Further, a branch has no legal personality. Under German corporate law, there are no specific conditions that branches have to meet. However, independent branches have to register in the commercial register (Handelsregister), and the local municipality has to be informed where the branch is opened to share this information with the local tax office. One major advantage of setting up a branch is that establishing and liquidating it is considerably easier than setting up and liquidating a corporation or partnership.

2.2 Corporations

German corporate law distinguishes between several types of corporations, all of which possess legal personality. Hence, a typical characteristic of a corporation is that the owner of the corporation is not personally liable for the corporation's debts. Rather, the liability of a corporation is restricted to the value of the corporation's assets. The two major types of corporations are the stock corporation (Aktiengesellschaft – AG) and the limited liability company (Gesellschaft mit beschränkter Haftung – GmbH).

Gesellschaft mit beschränkter Haftung (GmbH)

The GmbH is the most common form of corporation in Germany. A GmbH can be formed by one or more founding members (individuals or companies). The founding act and the articles of association (Gesellschaftsvertrag) setting out the rules for the running of the GmbH's internal affairs have to be notarised. Further, a GmbH has to register its business in the commercial register. Only the registration in the commercial register provides the GmbH with its full legal status. Under German corporate law, the GmbH must have a minimum share capital (Stammkapital) of EUR 25,000, EUR 12,500 of which has to be raised before registering in the commercial register. For a GmbH, one or more managing directors (Geschäftsführer) must be appointed to manage and represent the GmbH in and out of court. Managing directors do not need to be shareholders. If the GmbH has more than 500 employees, a supervisory board (Aufsichtsrat) is required. The supervisory board consists of at least three members and controls the management.

A special form of the GmbH called the entrepreneurial company (Unternehmergesellschaft (haftungsbeschränkt) – UG) can be founded. A UG can be formed with fewer legal requirements than is the case with the usual GmbH. Furthermore, a UG requires only a minimum registered share capital of EUR 1. However, the UG must accumulate 25% of its yearly profits until the share capital reaches EUR 25,000.

Aktiengesellschaft (AG)

An AG can be either an unlisted or a listed company on the stock exchanges. The procedure for forming an AG is connected with many formal and legal requirements. The founding act and the articles of incorporation (Satzung) of the AG have to be notarised. The articles of incorporation, for example, must state the following:

- Name of the company;
- Objectives;
- Amount of share capital;
- Type of shares;
- Location of the registered office;
- Number of management board members.

For an AG, a minimum registered share capital (Grundkapital) of EUR 50,000 is required. At least 25% of the minimum share capital must be paid in by the date of the application for registration in the commercial register. The AG may issue share certificates either with a minimum par value (Nennbetrag) of EUR 1 per share or without par value (Stückaktien). Moreover, the AG is managed and represented in and out of court by a board of managing directors (Vorstand). The managers do not need to be shareholders. For an AG, the supervisory board (Aufsichtsrat) is mandatory. The supervisory board must have at least three members up to a maximum of 21. The main function of the supervisory board is to control and supervise the board of managing directors. Furthermore, a general meeting (Hauptversammlung) must be held within eight months of the end of each financial year to elect the members of the board of management and inform the shareholders of previous and future activities.

Many foreign investors who want to limit the risk of their activities to the amount of capital they invest in Germany regularly make use of a GmbH rather than an AG. The main reason to set up a GmbH instead of an AG is that the GmbH has fewer detailed requirements for stating the rules for the running of the GmbH's internal affairs in the articles of association, simpler formalities and more flexibility in legal and business transactions. Another advantage is the lower minimum capital requirement.

KGaA

Another form of corporation is the limited partnership with share capital (Kommanditgesellschaft auf Aktien – KGaA), which is similar to the AG. By contrast, one or more general partners are personally liable for the KGaA's debts. However, this form of corporation is not frequently used in Germany.

2.3 Partnerships

In Germany, partnerships play an important role alongside GmbHs and AGs. A typical characteristic of a partnership is that one or more of the partners are general partners with unlimited personal liability. Partnerships do not constitute an entirely separate entity from their partners, but they may conclude contracts, hold property and can sue and be sued in their own name. In general, partnerships have to register their business in the commercial register. Furthermore, to create a partnership, a partnership agreement between the partners is required. One major advantage of setting up a partnership, compared to a corporation, is the great flexibility in tailoring the partnership's internal affairs to the individual needs of the partners. Another reason why a partnership might be preferred to a corporation is the less extensive publication requirements. Common business forms of partnerships are the general partnership (Offene Handelsgesellschaft – OHG) and the limited partnership (Kommanditgesellschaft – KG).

OHG and KG

An OHG or KG is formed by at least two partners. In an OHG, all partners are jointly and severally liable for all business debts, whereas in a KG, at least one general partner is personally liable. The liability of the limited partners is limited to their contribution to the partnership. However, the liable contribution must be registered in the commercial register; otherwise, the limited liability is not legally effective. An OHG or KG is managed and represented in and out of court by the general partners. The limited partners may in general not participate in the management, unless the partnership agreement confers power of representation on them. German corporate law also allows forms of corporation to be mixed. As a result, a very common form of a partnership is the GmbH & Co. KG. The GmbH & Co. KG is a limited partnership with a GmbH acting as general partner. The major reason for setting up a GmbH & Co. KG is that this partnership form combines the advantages of partnerships with the corporation's advantage of limited liability. Foreign investors should take into account that the tax aspects to be considered for the GmbH & Co. KG can be more complex and costly.

Other common forms of partnerships

Other common forms of partnerships are the civil law association (Gesellschaft bürgerlichen Rechts – GbR) and the silent partnership (stille Gesellschaft). A GbR is a partnership which is formed by two or more partners. A registration with the commercial register is not required.

In a GbR, all partners are jointly and severally liable for all of the GbR's debts. The legal relationship between the partners is determined by the rights and obligations agreed upon in the association agreement. The GbR is generally managed and represented in and out of court by all partners.

The silent partnership is a form of business in which a person holds a financial participation in an existing company on a contractual basis. The silent partner therefore contributes to the capital of an existing business and participates in its profits. Silent partnerships are not registered in the commercial register, unless the business in which the silent partner participates is an AG.

3. General bookkeeping and accounting requirements

3.1 General bookkeeping and accounting requirements for all merchants

Merchants, independent of their legal form, are obliged to prepare an opening balance when they commence business operations. They must also prepare annual financial statements at the end of every business year (there are relief regulations for sole proprietors according to section 241a HGB).

Bookkeeping in a non-German (foreign) language is permitted within certain limits, although there is an additional translation effort when documents have to be examined by a third party (e.g. for a tax audit).

Before relocating bookkeeping to an EU country, the fiscal authority has to approve it.

The annual financial statements have to be prepared in German and in euros. Furthermore, they have to be signed by the merchant, or rather by all legal representatives, indicating the date of signature. All executive directors of a limited liability company (GmbH) and all members of the management board of a stock corporation must sign the annual financial statements.

3.2 General bookkeeping and accounting requirements for corporations and equivalent commercial partnerships

General

There are specific regulations for corporations and equivalent commercial partnerships[1]. In addition to the regulations that apply to all merchants, they must give due consideration to sections 264 et seqq. HGB. The extent of the accounting regulations that must be considered is in general based on the size of the company. There are different regulations and also specific forms of relief in accounting depending on the size of the company.

Size classification

Classifying companies into different sizes is based on three characteristics:

1. Balance sheet total after adjusting for a deficit of equity that is disclosed on the asset side, whereby a deficit not covered by equity is not taken into account
2. Revenues for the last twelve-month period before the reporting date
3. Annual average number of employed workers

[1] Any reference to corporations implicitly includes equivalent commercial partnerships. But accounting regulations can also arise for partnerships which do not fulfil the regulations of section 264a HGB. For them the regulations of the PublG are valid. Respective accounting principles are not examined any further.

In order to allocate a company to a size class, two of the three characteristics have to be fulfilled on two consecutive balance sheet dates. There are specific regulations for re-establishing the company or changing the legal form; in those cases, the thresholds may already be met on the first balance sheet date.

	Total assets	Revenues	Employees
	thousand euros	thousand euros	average number
Micro-corporation	≤ 350	≤ 700	≤ 10
Small corporation	≤ 6,000	≤ 12,000	≤ 50
Midsize corporation	> 6,000	> 12,000	> 50
	≤ 20,000	≤ 40,000	≤ 250
Large corporation	> 20,000	> 40,000	> 250

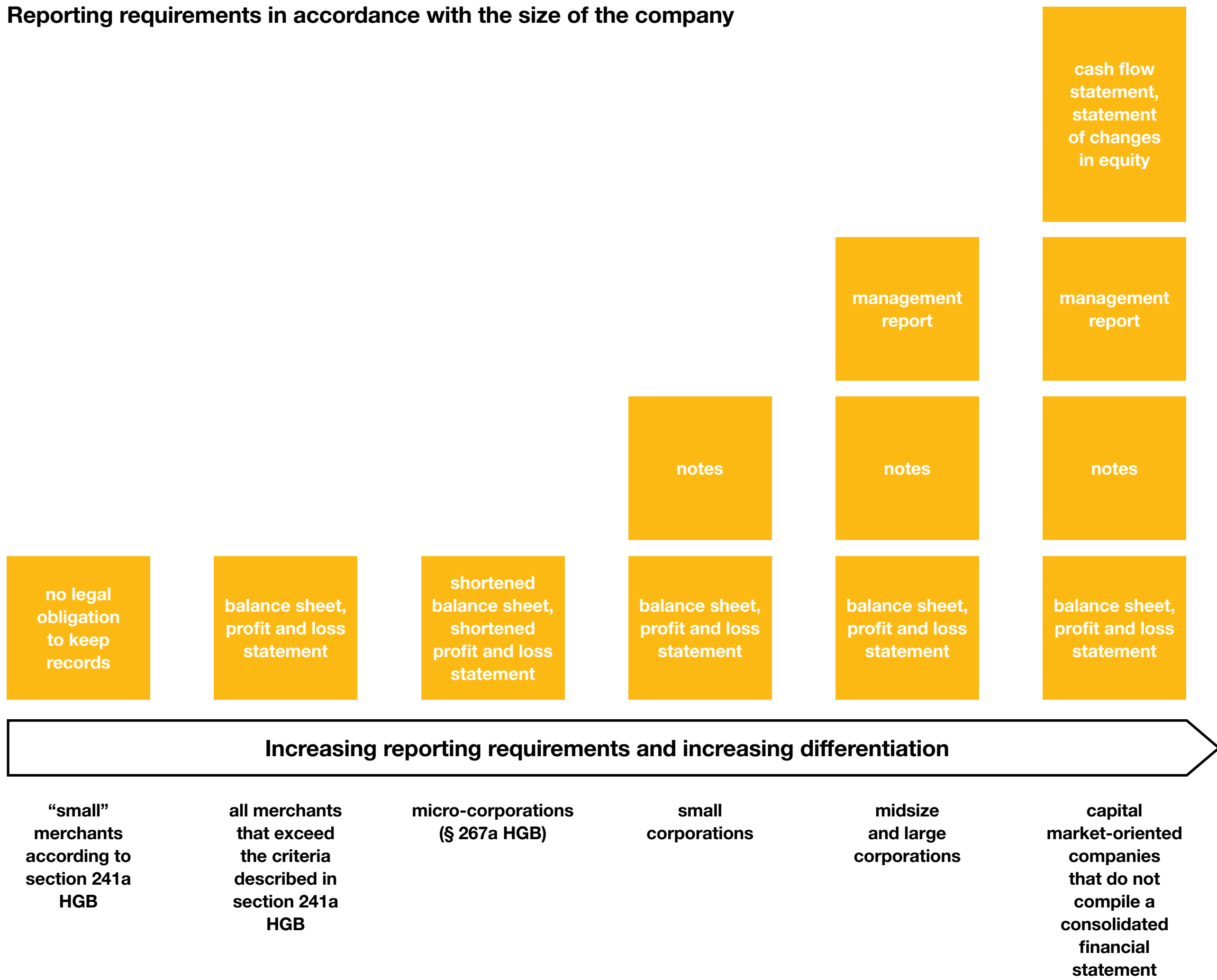
Capital market-oriented corporations as set out in section 264d HGB are always classified as large corporations, independent of the criteria and thresholds mentioned above.

3.3 Annual financial statements and management report

Reporting requirements

Corporations have to prepare annual financial statements. The extent of the annual financial statement components depends on the size class to which the company is allocated. It typically consists of the balance sheet, the profit and loss statement and the notes. The extent of the information presented in the annual financial statements depends as well on the size of the company. In addition to the annual financial statements, a company that is not classified as small must prepare a management report. This is an autonomous instrument of financial reporting and not part of the annual financial statements.

Reporting requirements in accordance with the size of the company



Management report

The management report, together with the notes, provides a commentary on the annual financial statements. Furthermore, it supplements the statements contained in the annual financial statements with general information about the operating performance of the company. The management report has to contain a balanced and comprehensive analysis of the business performance and the position of the company which corresponds to the extent and complexity of the company's operating activities.

Information has to be disclosed to give a true and fair view of the company's assets, financial and earnings position in addition to the information that has to be condensed to an economic overall situation.

Furthermore, the management report must, in particular, set out the company's foreseeable future development, while assessing and explaining its material opportunities and risks. In addition to this, it must specify how the executive directors/management board assess the current position and the future development of the company compared to the market and the direct economic environment.

Deadlines when preparing the annual financial statements and the management report

In general, the annual financial statements and the management report of a corporation for the preceding fiscal year have to be prepared within the first three months of the subsequent fiscal year. For small corporations, the deadline is extended to a maximum of six months if this is in accordance with orderly business conduct. The commercial code does not provide any sanctions for the delayed preparation of the annual accounts, which rather represents a breach of due diligence and business ethics. Therefore, under certain circumstances this may result in financial penalties for the legal representatives of the company.

3.4 Possible exemptions from the obligation to prepare financial statements

Affiliated companies – corporations

If the financial statements of affiliated companies are consolidated in the group financial statements of the parent company that has its registered office in a member state of the EU or the EEA, the affiliated company must neither prepare and audit the annual financial statements nor file the financial statements with the electronic Federal Gazette according to the German commercial code (HGB), as long as the requirements defined in section 264, subsection 3 HGB, are fulfilled. Requirements regarding the filing of tax returns remain unaffected.

Affiliated companies – partnerships

Similar regulations to those for affiliated corporations also exist for commercial partnerships, which are included in the group financial statements

- of an individual liable partner of the company concerned or
- of a parent company that has its registered office in a member state of the EU or the EEA, if a larger number of companies is included in the group financial statements (in general three companies).

In this case, further requirements (see section 246b HGB) must also be fulfilled in order to benefit from relief regulations.

3.5 Other obligations

Statutory audit requirements

The annual financial statements and the management reports of midsize and large companies are subject to a mandatory audit performed by a public auditor.

Unaudited annual financial statement, which required auditing cannot be approved. From a legal point of view, they do not exist.

Approval of the annual financial statement and appropiation of profits

Depending on the legal form and the size of the company, there are regulations and deadlines regarding the approval of annual financial statements and the resolution regarding the appropriation of earnings.

For listed companies (AG), the annual financial statements will usually be approved by the supervisory board. The appropriation of profits, however, is approved by the shareholders.

Shareholders of limited liability companies (GmbH) have to approve the annual financial statements and the appropriation of profits by no later than eight months after the fiscal year has ended. If the limited liability company is of a small size, the deadline is eleven months after the fiscal year has ended. The articles of association cannot extend the time limits.

Disclosure obligation

There is a disclosure obligation for the annual financial statements and for further documents listed in sections 325 et seqq. HGB. They are submitted in their approved versions by no later than one calendar year after the balance sheet date of the fiscal year to the operator of the electronic Federal Gazette in electronic form in a way that allows for their publication. In some cases, there are relief regulations concerning the extent of the disclosure obligation, dependent on the size of the company.

In general, the annual financial statements have to be disclosed twelve months after the balance sheet date at the latest. Capital market-oriented companies as set out in section 264d HGB are obliged to disclose the financial statements and other required documents within four months.

A breach of the disclosure obligations will result in a monetary fine for the company or its legal representatives.

4. Taxation of individuals and companies

A foreign investor planning to set up a business in Germany has a wide range of investment options. For example, foreign investors can opt for a direct investment, make investments through a permanent establishment or set up a partnership or a corporation. The tax consequences in Germany differ depending on the form of investment chosen. Generally, the taxes applicable to individuals and companies in Germany are mainly income tax, corporate tax, trade tax and the solidarity surcharge.

4.1 Tax liability

Income tax

Only individuals are subject to German income tax. In Germany, the concept of tax liability is based on the criterion of residency, whereby the citizenship of an individual is not a factor in determining residency. For income tax purposes, individuals are subject to resident tax liability (unbeschränkte Steuerpflicht) in Germany if they meet either of the following requirements:

- The individual has a domicile (Wohnsitz) in Germany;
- The individual has a customary place of abode (gewöhnlicher Aufenthalt) in Germany for an uninterrupted period of more than six months, whereby this period may fall into two calendar years. Short interruptions are not relevant and therefore count towards the six-month period (e.g. holidays in foreign countries).

Non-resident individuals can also opt to be treated as residents if (i) at least 90% of their total income is subject to German income taxation or (ii) their taxable income not subject to German taxation does not exceed the amount of EUR 9,000.

As result, individuals resident in Germany are subject to income tax on their worldwide income. However, individuals who are not resident in Germany are basically subject to taxation only on income from German sources. Such individuals have non-resident tax liability (beschränkte Steuerpflicht) in Germany. Income from German sources may include:

- Income from agriculture and forestry in the domestic territory;
- Income from commercial business activity derived through a permanent establishment or a representative in Germany;
- Income from self-employment or employment to the extent that the work is exercised or exploited in Germany;
- Dividend income, if the dividend-paying company is resident in Germany;
- Capital gains derived from the sale of shares in a domestic corporation, if the non-resident investor holds a substantial share interest in the corporation (at least 1%);
- Rental income, if the real estate or other tangible or intangible property is situated or registered in Germany

In order to trigger non-resident tax liability, the income of the taxpayer must, as a rule, have a specific connection with Germany (see above). Nevertheless, in many cases where a direct investment takes place between foreign investors and domestic customers or residents for business purposes, no permanent basis in Germany, e.g. in form of a permanent establishment, partnership or corporation, is required. Therefore, the income derived from such direct investments is not subject to income taxation in Germany. For instance, imports from other countries to Germany are themselves not taxable under German income tax law.

Income tax is levied at progressive tax rates. The income tax rates for 2020 increase from a starting rate of 14% up to a top rate of 45%. For German residents, a basic tax-free allowance (Grundfreibetrag) of EUR 9,408 (double amount for married taxpayers filing a joint return) is applicable. For example, a rate of 42% applies if the taxable income is between EUR 57,052 and EUR 270,501 (between EUR 114,104 and EUR 541,002 for married taxpayers filing a joint return). If the taxable income is EUR 270,501 or more (EUR 541,002 or more for married taxpayers filing a joint return), the top rate of 45% applies for the exceeding amount.

In addition to income tax itself, a solidarity surcharge of 5.5% is imposed on the income tax liability, which leads to an overall top tax rate of 47.475% (45% plus 5.5% on 45%). The solidarity surcharge supplies to individuals with resident tax liability and to the German source income of individuals with non-resident tax liability.

If a German resident is a member of a church withholding church tax in Germany, a church tax is also levied at a rate of 8% or 9% on income tax liability.

Furthermore, income generated by an individual's commercial business activities is subject to trade tax; nevertheless, trade tax can basically be credited against the income tax liability of an individual. However, trade tax is not imposed on income from self-employment (see below).

Corporate tax

A legal entity (e.g. the German AG or GmbH) which has its statutory seat or place of management in Germany is subject to corporate tax on its worldwide income (resident tax liability, unbeschränkte Steuerpflicht). Non-resident legal entities whose statutory seat or place of management is located outside Germany are subject to tax in Germany only on German-source income (non-resident tax liability, beschränkte Steuerpflicht). For instance, income from German sources (see above) includes business income from operations in Germany using a branch, office, factory, point of purchase or sale, warehouse or other permanent establishment (Betriebsstätte), including a permanent representative (ständiger Vertreter).

Generally, legal entities are subject to corporate tax (Körperschaftsteuer) and the solidarity surcharge (Solidaritätszuschlag). Examples of such legal entities are the German AG and GmbH. A permanent establishment located in Germany is also subject to corporate tax plus solidarity surcharge if the foreign head office is a corporation. Partnerships, like the German KG or OHG, are not taxable entities for corporate tax purposes (see below).

Corporate tax is charged at a rate of 15% on taxable income. A 5.5% solidarity surcharge is charged on corporate tax, resulting in an effective tax rate of 15.825% (15% plus 5.5% of 15%). In 1995, the solidarity surcharge was introduced to help finance the reunification of Germany. Also subject to this surcharge are prepayments of corporate tax and withholding tax payments.

Trade tax

In general, trade tax (Gewerbesteuer) applies to all commercial businesses. To qualify as a commercial business, it is required that the entrepreneur operates autonomously on a continuing basis, generates profits and participates in general commerce. However, activities related to agriculture and forestry as well as self-employed work do not qualify as commercial business activities. Also, the mere administration of property or capital assets does not qualify as a commercial business activity. Generally, a corporation is subject to trade tax because its business is always treated as a commercial business activity. Also, a partnership is subject to trade tax if its business activity qualifies as a commercial business (see above).

Trade tax is charged on taxable income by the local municipalities. The taxable income is multiplied by a basic tax rate of 3.5% (Steuermesszahl) to arrive at the base amount (Steuermessbetrag). Then the relevant local multiplier (Hebesatz), which can range from typically 200% up to 490% (e.g. 240% for Grünwald [a local municipality close to Munich], 490% for Munich, 410% for Berlin and 470% for Hamburg) for each municipality is applied to the base amount. As a result, the effective average trade tax rate ranges (usually) between 7% and 17.15%.

Special tax principles for partnerships

In Germany, partnerships are transparent for income tax or corporate tax purposes, but not for trade tax purposes (what is known as the transparency principle). Hence, the taxable income of a partnership is determined at the level of the partnership and allocated to the partners in proportion to their interest in the partnership. Then the taxable income derived from the partnership is taxed in the hands of the partners. In the case of an individual, the partner's income is subject to income tax and will be taxed at the partner's personal income tax rate. Earnings retained in the partnership can be taxed at a special tax rate of 28.25% (upon application), whereby an additional tax at a rate of 25% will become due upon later distributions of these profits. However, this special taxation method may only be elected by individuals.

In the case of a corporation, the partner's income from the partnership is subject to corporate tax.

For trade tax purposes, however, a partnership is generally a taxable entity. In order to prevent a double burden of income tax and trade tax, an amount of 3.8 times the trade tax base amount limited to the effective trade tax amount (see chapter 3.2) is credited as a lump sum against the income tax levied on income from commercial business activity. However, this deduction is only granted to individuals and is limited to the trade tax actually to be paid.

4.2 Determination of taxable income

German income tax law distinguishes between the following seven categories of income:

- Income from agriculture and forestry;
- Income from commercial business activity;
- Income from self-employment (includes primarily income from professional services rendered, among others as doctor, dentist, solicitor, architect or tax consultant);
- Income from employment;
- Income from capital investment;
- Rental income from real estate and certain other tangible property and royalties;
- Special types of other income (e.g. annuities and certain capital gains).

Income from each of these categories may be combined. Income that does not fall into one of the seven categories is not taxable (e.g. lottery winnings).

Computation of income

In order to determine the total amount of income, the amount of income from the different categories must be calculated separately.

In the case of income from agriculture and forestry, income from commercial business activity and from self-employment, the profit is determined by deducting business-related expenses (Betriebsausgaben) from gross income (certain specific regulations apply for the determination of income from agriculture and forestry). However, personal expenses are usually not deductible, unless they are incurred for business purposes and the amount is reasonable. Income from employment, rental income and certain other income is determined by deducting income-related expenses (Werbungskosten) from earnings. Income-related expenses are those expenses that are paid out by an individual to create, protect or preserve that income. For instance, in the case of rental income, these expenses include interest on debt, depreciation and other related expenses. With regard to employment income, a standard annual deduction for income-related expenses of EUR 1,000 is currently granted without proof, unless higher income-related expenses can be itemised.

Investment income

Income derived from the investment of private capital assets, such as dividends, interests and gains on the disposal of capital assets, qualifies as income from capital investment. Such investment income is tax-free in the annual lump-sum amount (Sparer-Pauschbetrag) of EUR 801 (EUR 1,602 for married taxpayers filing a joint return). A deduction of higher expenses than the lump-sum amount is generally not permitted.

For investment income, tax liability is generally discharged with the withholding tax of 25% (Abgeltungsteuer) which must be withheld at source by the payer. The solidarity surcharge and church tax, if applicable, are added. However, the final withholding tax will not be withheld if the taxpayer is able to provide the investment institution with a certificate of non-assessment or a sufficient exemption order for capital gains (Freistellungsauftrag). Furthermore, tax losses from investment income cannot be offset with positive income from other income categories (see chapter 4.3). Special loss consideration rules also apply to gains and losses derived from the sale of shares by individuals (see chapter 4.5).

In general, the withholding tax is a final tax. Hence, income from capital investment does not have to be declared in the income tax return, unless such income was not subject to the withholding tax at source (e.g. foreign investment income). In the case of taxpayers with an average personal income tax rate below the withholding tax rate of 25%, the taxpayer may opt to declare the investment income in his income tax return. Then, the lower personal tax rate can apply to the income from capital investment.

Tax relief

In order to determine the taxable income, the following expenses of the taxpayer may be deducted from aggregated income:

- Special expenses;
- Extraordinary financial burdens;
- Child-related expenses.

As a rule, special expenses (Sonderausgaben) may be deducted only up to a certain maximum amount. The typical characteristic of special expenses is that they are private expenses rather than business-related or income-related expenses. A standard deduction of EUR 36 (EUR 72 for married taxpayers filing a joint return) per year for special expenses is granted, unless higher expenses can be itemised. Special expenses include particularly the following:

- Provident expenses (e.g. pension insurance contributions or contributions to specific retirement plans) up to a maximum amount of EUR 25,046 in 2020 (double amount for married taxpayers filing a joint return);
- Premiums for basic health care services;
- Contributions for nursing care insurance
- Church tax
- Child care expenses under certain conditions
- School fees under certain conditions
- Donations to charitable organisations.

Extraordinary financial burdens (außergewöhnliche Belastungen) are generally deductible within certain limits. Typically, extraordinary financial burdens mean expenses which the taxpayer inevitably incurs due to extraordinary circumstances or hardship (e.g. own costs of illness).

Tax relief for families

Child-related expenses are deductible for each child of a taxpayer so that a minimum livelihood for children can be maintained. For this purpose, a system is in place that differentiates between child allowances (Kinderfreibeträge) and child benefit payments (Kindergeld). The child allowances include:

- A tax-free child allowance of EUR 2,586 (EUR 5,172 for married taxpayers filing a joint return) per year for each child;
- An additional tax-free allowance of EUR 462 (EUR 924 for married taxpayers filing a joint return) per year for each child for his/her care, educational or professional training requirements.

Alternatively, taxpayers are entitled to a monthly child benefit payment of EUR 204 for the first and the second, EUR 210 for the third and EUR 235 for the fourth and each additional child. The tax office checks on the taxpayer's behalf of whether the child benefit payments or the deduction of the above mentioned allowances is more favourable for the taxpayer.

Corporate tax

The determination of taxable income for corporate tax is based on the annual financial statement prepared in accordance with the national commercial code (Handelsgesetzbuch, HGB) or a separate tax balance sheet, adjusted to comply with necessary tax provisions. After the annual financial statement has been submitted to the tax authorities, it may be changed only to the extent necessary to comply with pertinent tax provisions.

Basically, all assets with a useful life of more than one year must be capitalised on the balance sheet. For tax purposes, any acquired goodwill must be capitalised and amortized on a straight-line basis over 15 years. Intangible assets must also be capitalised on the balance sheet if acquired for consideration and may be amortised over their useful lives. However, self-created intangible assets and intangible assets acquired gratuitously may not be capitalised for tax purposes.

Depreciation is based on the acquisition or production costs of an asset. In general, depreciation is allowed on moveable assets and fixed assets and must be calculated for tax purposes using the straight-line method. Furthermore, the Federal Ministry of Finance (Bundesministerium der Finanzen – BMF) publishes useful guidelines on asset lives, based primarily on tax audit experience, in officially recommended tables.

Provisions established under German commercial code are generally accepted for tax purposes. However, for a number of provisions, the tax rules stipulate stricter recognition criteria. Therefore, capitalisation is prohibited for provisions for foreseeable losses from open contracts. Furthermore, provisions as well as liabilities must generally be discounted if they are non-interest bearing and non-current. Pension provisions must be calculated annually for each employee, using an interest rate of 6%. Other provisions as well as long term liabilities must be discounted for tax purposes at an annual interest rate of 5.5%. If the remaining term exceeds 12 months, short-term provisions and liabilities must not be discounted.

After the gain or loss has been determined, certain adjustments have to be made to calculate the taxable income for corporate tax purposes. Some of the major adjustments are considered below:

- In general, the interest expenses are also deductible for tax purposes. However, the deduction is restricted due to the thin capitalisation rule (see chapter 4.8.);
- 95% of the dividends received by a corporation are deductible, because 5% of the tax exempt dividend income is treated as a non-deductible expense, provided the requirements for exemption for dividends are fulfilled (see chapter 4.4.). As with the treatment of dividends, 5% of the capital gain is not deductible, so 95% are deductible without further requirements;
- 50% of supervisory board fees are not deductible;
- Business gifts exceeding EUR 35 per person per year are not deductible;
- Corporate tax and trade tax are non-deductible expenses.

Trade tax

Trade income is determined based on the taxable income for income tax or corporate tax purposes modified by certain additional deductions and additions.

When determining income for trade tax purposes, 25% of the sum of the following amounts must be added only to the extent that payments exceed an exemption amount of EUR 100,000:

- Loan remuneration (e.g. interest);
- Recurring payments (e.g. annuities);
- The shares in the profit of a silent partner;
- 20% of rental and leasing payments for moveable fixed assets;
- 50% of rental and leasing payments for immoveable fixed assets;
- 25% of royalty payments provided for a limited period.

Moreover, the following amounts must also be added entirely:

- Dividends excluded in the income for corporate tax purposes, to the extent they fail to fulfill the requirements for exemption for trade tax purposes (see below);
- The shares in the loss of domestic or foreign partnerships.

Particularly, the deductions include the following items:

- 1.2% of 140% of the assessed value of real property;
- The shares in the profit of a domestic or foreign partnership;
- Dividends received from a domestic corporation in which the taxpayer has had a shareholding of at least 15% at the beginning of the calendar year, provided the dividend income was included in determining profits;
- Dividends received from a foreign corporation in which the taxpayer has had an uninterrupted shareholding since the beginning of the calendar year of at least 15% (10% at the beginning of the calendar year in the case of parent companies and subsidiaries of different EU member states), provided the dividend income was included in determining profits.

4.3 Deduction of tax losses

For income tax purposes, tax losses from one of the categories of income can generally be fully offset in the current year against gains realised from other income categories. However, special loss consideration rules apply for certain income categories. For example, losses from livestock breeding or investment income cannot be offset with gains from other income categories.

Tax losses which cannot be offset between the different income categories in the same year may either be carried back to the previous year or carried forward without timeline. Generally, the taxpayer has a right to choose between loss carry-forward and loss carry-back. However, in some special cases only a loss carry-forward is granted (e.g. investment income). Furthermore, a reduced or no loss carry-back is granted only upon application of the taxpayer. The application must state the amount of loss carry-back.

For income tax purposes, the overall maximum loss carry-back amount is EUR 1 million (EUR 2 million for married taxpayers filing jointly). Remaining losses after the loss carry-back may be fully offset by loss carry-forward only up to an amount of EUR 1 million (EUR 2 million for married taxpayers filing jointly). Over and above this amount, up to 60% of annual taxable profits in excess of EUR 1 million (EUR 2 million for married taxpayers filing jointly) may be offset (the so-called “minimum taxation rule”). Remaining losses, which cannot be offset with taxable income because of the minimum taxation rule, can be carried forward to future assessment years.

For corporate tax purposes, tax losses may be carried back (upon application of the taxpayer) one year up to the maximum amount of EUR 1 million. Alternatively, tax losses may be carried forward without limit in time. The minimum taxation rules also apply for corporate tax purposes. For trade tax purposes, no loss carry-back is available. However, the loss carry-forward and the minimum taxation rules also apply to trade tax.

Furthermore, changes in the ownership of corporations can cause forfeiture of losses for corporate and trade tax purposes. If more than 50% of a corporation’s shares or voting rights are transferred, the forfeiture of losses is total. A detrimental change in ownership does not exist if 100% of the shares in the transferee and transferor are held directly or indirectly by the same person. In addition, the unused losses are not forfeited upon a detrimental share transfer up to the amount of hidden reserves.

As of 1 January, 2016, a further rule has been established in order to conserve loss carry-forwards in cases of continuance of one and the same business establishment after the (partial) change of ownership. This rule is of particular interest to start-ups and their potential investors. In this regard, the business establishment has to have existed without significant modifications as of the start of business or for the entire previous three calendar years. In this case, the respective losses can be used as long as the business is continued in this way. The business establishment is not necessarily the entire business but often will only be a part of it based on one uniform profit motive and the continued interacting and supporting activities defined by several aspects such as the provided services or products, clients and suppliers, markets and employee qualifications. The remaining loss will be forfeited if the business establishment is given up but also, for example, if the business establishment focuses on a new specific function, a further business establishment is started or the company becomes part of a co-entrepreneurship (Mitunternehmerschaft) or the controlling company in a tax group. This new possibility of conserving the carry-forward can be accessed by claiming for it in the corporate tax return for the year of the change in ownership.

In order to mitigate the financial effects of the Covid-19 crisis, an additional special carry-back regime for taxable losses was introduced in a circular from the German Federal Ministry of Finance dated 24 April 2020. Individual and corporate taxpayers who derive income from a commercial business activity or rental income affected by the crisis may apply for a carry-back of taxable losses expected in 2020 for compensation in 2019 and, as a result of this, retroactively reduce prepayments made for 2019. The amount of anticipated losses permissible for a carry-back to 2019 under this regime is 15% of the balance of income from the abovementioned sources which was underlying the determination of pre-payments for 2019, up to a maximum of EUR 1 million for each taxpayer and EUR 2 million in case of joint filing. The final assessments for 2019 will take place once the effectively realised taxable losses in 2020 are determined; any remaining payments on the final tax charge for 2019 will be assessed on final determination of the taxable losses in 2020 and deferred without interest until this point in time.

4.4 Dividends

For individual shareholders holding the shares as private assets, the dividends received are generally subject to withholding tax of 25% and the solidarity surcharge of 5.5% (see chapter 3.2.). By contrast, if the shareholder is an individual who holds the shares as business assets or a partnership with individuals as partner, 40% of the dividends received are tax-exempt and 60% are subject to tax. Correspondingly, only 60% of the expenses directly connected to the dividend payment are deductible.

Where the shareholder is a corporation, the dividend income is generally exempt from corporate tax. However, an amount equivalent to 5% of the dividends received is treated as a non-deductible expense. Therefore, 95% of the dividend income received is effectively exempt from corporate tax. Effective from 1 March 2013, this tax exemption requires a minimum shareholding of 10% at the beginning of the calendar year in which the dividend distribution takes place. This rule applies to dividends received from both German and foreign corporations.

For trade tax purposes, the tax exemption applies if the shareholder has a minimum shareholding of 15% in the corporation paying the dividend. In cases of dividends received from EU corporations, the required shareholding is at least 10% at the beginning of the calendar year in which the dividend distribution takes place. For dividends of third-country corporations, the shares must have been held continuously since 1 January of the calendar year.

4.5 Capital gains

Private capital gains from sale of real estate by individuals

Capital gains derived by an individual from the sale of privately held real estate are subject to tax if the holding period is less than ten years. Gains from sales of other assets (excluding shares) are taxable in case of a holding period of less than one year (ten years if used for generating income in the holding period). The total net gain from such sales is tax-free if it does not exceed an amount of EUR 600 in total in the calendar year. Losses incurred from the sale of privately held real estate or other assets may only be offset against gains derived from such transactions within the calendar year. Remaining losses may be carried back and forward, but can only be offset against profits realised from private capital gains.

Capital gains from sale of privately held shares by individuals

Capital gains arising from the sale of privately held shares are subject to tax. If the individual holds a participation of at least 1% in a corporation in the last five years, the individual is deemed to hold a substantial interest in the corporation. As a result, 60% of the capital gains is subject to income taxes at the regular progressive rate plus solidarity surcharge of 5.5%; 40% of the capital gain is tax-exempt. Correspondingly, 60% of losses can be offset with other taxable income received by the individual.

If the individual has held a participation of less than 1% of the corporation, capital gains derived from the sale of shares are subject to the 25% withholding tax (plus the solidarity surcharge of 5.5%). Losses from the sale of shares may only be offset against capital gains derived from the sale of shares. Remaining losses may only be carried forward to the following calendar year(s) to be offset against future gains on the sale of shares.

Capital gains from sale of shares held as business asset by individuals

Where the (resident or non-resident) seller is an individual who held the shares as business assets or a partnership with individuals as partners, 40% of the capital gain is tax-exempt and 60% is subject to tax at the regular progressive rate plus the solidarity surcharge of 5.5%.

Capital gains from sale of shares by corporations

As with the treatment of dividends, capital gains arising on the sale of shares held by a corporation (resident or non-resident) are also exempt from corporate tax and trade tax. However, an amount equivalent to 5% of the capital gains derived is treated as a non-deductible expense. Consequently, 95% of the capital gain(s) derived by corporations from sales of shares is/are effectively tax-exempt.

4.6 Tax group

German tax law provides tax consolidation for a German group of companies (Organschaft). Under the Organschaft rules, the profit or loss of a controlled company is attributed to a controlling company. To make the Organschaft effective for corporate tax and trade tax purposes, the controlling company and the controlled company must enter into a profit-and-loss absorption agreement (Ergebnisabführungsvertrag) for a minimum period of five years. Furthermore, the controlled company must be financially integrated into the controlling company. This requires that the controlling company holds the majority of the voting rights in the controlled company. The Organschaft rules also apply to corporate entities formed under the laws of another member state of the EU or the European Economic Area if their effective place of management is within Germany. Profit-and-loss absorption agreements not concluded under German law will be recognised by the German tax administration if they are comparable with the German legal concept (see circular from the Frankfurt/Main regional tax office dated 12 November 2019. On 27 July 2019 the EU Commission filed another infringement procedure against Germany for having failed to implement EU law properly since in many cases it is virtually impossible to meet the Organschaft-requirements of German law.

4.7 Exit taxation

Under German tax law, cross-border transactions that preclude or restrict the German tax authorities' right to tax gains derived from an asset sale or use generally trigger an immediate liability to taxation of that asset's hidden reserves, regardless of whether such gains are actually realised or not (exit taxation).

Further, exit taxation can be triggered when a German corporate entity moves its place of effective management and its assets out of Germany. The exit taxation also applies if the transfer of the domestic permanent establishment's assets to a foreign head office or a foreign permanent establishment takes place. However, exit taxation is not triggered to the extent that assets remain in a German permanent establishment.

An immediate liability to taxation on hidden reserves of an individual's shares can also be triggered if an individual was subject to taxation as a resident in Germany for at least ten years, the individual holds a substantial share in a corporation and its resident status for tax purposes ends upon termination of domicile or customary place of abode. Thereby, a substantial shareholding is assumed if the individual has held a direct or indirect participation of at least 1% of the corporation in the last five years. The termination of resident tax status is also assumed in the following cases:

- The transfer of the shares to persons not subject to taxation as residents by acquisition casa mortis or inter vivo (wholly or partially gratuitous);
- The transfer of the shares to a taxpayer's business or a permanent establishment in a foreign country;
- Any preclusion or restriction of the right of Germany to tax the gain on sale of the shares that arises from other events.
- In the case that the taxpayer is a national of an EU or EEA Member State, the exit tax may be deferred without interest and posting of security if the taxpayer, after termination of resident tax status, is subject to tax in the country of immigration on a basis comparable to German resident income tax liability.

The law contains several exceptions to the assessment of an immediate tax charge in order to enable free movement of persons and capital. The assessment of an exit tax charge is therefore (a) to be suspended without interest on application if the taxpayer moves to one of the countries of the EU and the European Economic Area or (b) to be totally annulled if the taxpayer returns to Germany (i) from one of the abovementioned countries without time limitations or (ii) within 5 or, depending on the case, 10 years after having left Germany, whereby details of the underlying conditions are currently at dispute at the German Federal Supreme Tax Court. Changes to the abovementioned rules are expected in the last quarter of 2020 due to a draft of a German law designed to implement the regulations of the European Anti-Tax-Avoidance Directive.

4.8 Anti-avoidance rules

CFC rules

The German Controlled Foreign Company (CFC) rules (Hinzurechnungsbesteuerung) must be considered when a German resident taxpayer (e.g. an individual or a company) holds an investment in a foreign corporation. The CFC rules are used in Germany as a means to prevent erosion of the domestic tax base and to discourage residents from shifting income to jurisdictions that impose tax at low rates.

If the following conditions are met, the German CFC rules apply:

- A shareholder who is resident in Germany holds (alone or jointly, directly or indirectly) more than 50% of the shares or voting rights of a foreign corporation;
- The foreign corporation receives passive income;
- The passive income is subject to tax at an effective tax rate of lower than 25%.
- The German CFC rules describe income sources that are not treated as passive income (what is known as active income). Therefore, all income that is not active income qualifies as passive income. For example, active income includes income derived from the following:
  - Agriculture and forestry;
  - The manufacture, machining, processing or assembly of tangible property;
  - The generation of energy;
  - Trading and services (unless captive);
  - Profit distributions of corporations;
  - Rental and leasing of moveable and immoveable assets and licensing (apart from certain exemptions).

Income generated from the use of capital (e.g. interest) of the foreign company or income from intercompany deliveries and services are the most common types of income that qualify as passive income.

In certain cases, the CFC rules will not apply if the taxpayer can demonstrate that the foreign company resident in the EU or EEA carries out genuine commercial activities.

Transfer pricing

German tax law contains a rule that allows for the adjustment of transfer prices. Therefore, transfer prices agreed on intra-group transactions between a German corporation or domestic permanent establishment and its foreign affiliate will be accepted for tax purposes only where the terms and conditions of the transaction do not differ from those on which unrelated parties would have agreed (arm's length principle). Furthermore, specific documentation rules (in accordance to the BEPS [Base Erosion and Profit Shifting] approach) apply for transfer pricing purposes. This enables the German tax authorities to determine whether the intra-group transactions between the related parties are conducted based on market prices and conditions.

Changes to the abovementioned rules are expected in the last quarter of 2020 due to a draft of a German law designed to implement the regulations of the European Anti-Tax-Avoidance Directive.

Thin capitalisation rules

In general, thin capitalisation rules apply to all types of debt financing for sole proprietorships, partnerships and corporations. Under the thin capitalisation rules, interest expense is completely deductible from the tax base only to the extent that the taxpayer earns positive expense income. The deduction of interest expense exceeding interest income (net interest expense) is limited to 30% of tax EBITDA. Tax EBITDA is defined as taxable earnings before (net) interest, tax, depreciation and amortisation.

The thin capitalisation rules do not apply if the annual interest expense exceeds positive interest income by less than EUR 3 million (tax threshold). Furthermore, the rule also does not apply to companies that are not a member of a controlled group (group clause). In addition, an escape clause can apply for companies which are members of a controlled group. According to the escape clause, the thin capitalisation rule will not apply if the equity ratio of the concerned entity is at least as high as the equity ratio of the worldwide group. Furthermore, unused tax EBITDA can be carried forward over a period of five years, while non-deductible interest expenses can be carried forward without timeline.

Anti-treaty/directive shopping rules

Section 50d 3) of the German Income Tax Act provides for comprehensive anti-treaty/directive shopping rules which were amended various times over the years due to EU law requirements after having been successfully challenged at court.

The purpose of these rules is to deny withholding tax relief to which a foreign company is entitled under a tax treaty or under an EU Directive, such as the EU Parent-Subsidiary Directive or the EU Interest and Royalties Directive in cases where the legislator considers the interposition of this company to be abusive. The law provides for certain tests, commonly referred to as “shareholder test”, “business activity test”, “business purpose test” and “substance test” which have to be met – in addition to the substantive requirements of the tax treaty or directive – in order to receive reduction of the withholding rates under German domestic tax law.

The shareholder test requires the applicant to show that it is directly and indirectly owned by shareholders who would be entitled to withholding tax relief under a tax treaty or an EU Directive had they received the income directly from the German subsidiary. The business activity test requires the applicant to show that its gross income generated in the relevant year derives from its genuine own business activities (active gross income). To the extent this gross income qualifies as active, the applicant company will be proportionally entitled to withholding tax relief. A genuine business activity requires that the applicant participates within the territory of its residence actively, permanently and sustainably in general commerce beyond mere passive asset management. Under the business purpose test, the applicant must show that there are economic or other sound non-tax reasons justifying its interposition. The substance test requires the applicant to show that it (i) maintains a business establishment in the state of its residence being appropriately organised for its business purpose, and (ii) participates in general commerce. The applicant company must physically exist in terms of premises, staff and equipment (“substance”).

On 4 April 2018, the German Federal Ministry of Finance issued a short circular on the anti-treaty/directive shopping rules in response to the ruling of the Court of Justice of the European Union (“CJEU”) of 20 December 2017 in the joint cases of Deister Holding and Juhler Holding. The CJEU has held in these cases that the previous version of Section 50d (3), in effect from 2007 to 2011, is incompatible with EU law and must be left unapplied under the principle of primacy of EU law. The new circular deals with the impact of this ruling on the previous and the current version of Section 50d (3), but leaves many issues unresolved.

4.9 Double taxation relief

German residents and companies that are resident in Germany are also subject to tax on their income from foreign sources. To prevent the possibility of double taxation on income in these cases, Germany has a broad tax treaty network with currently (1 January 2020) 96 countries.

Most of the German tax treaties follow the OECD Model Tax Convention for the prevention of double taxation.

Typically, the tax treaties provide relief from double taxation on all types of income and grant the right to taxation either to the country where the income has its source or to the country where the recipient is resident, while the other country exempts the income from taxation. Alternatively, tax treaties provide relief from double taxation by allowing a credit for foreign tax. As a rule, most German tax treaties provide a tax exemption for income from foreign real estate or for business profits derived through a permanent establishment. In the case of capital gains, the German tax treaties usually allocate the right to tax to the seller's country of residence, except for real estate or, depending on the tax treaty in question, shares in real estate holding companies, where also the state in which the underlying real estate is sited has a concurring right of taxation. Furthermore, German tax treaties usually provide an exemption or a reduced rate of withholding tax on investment income.

In non-treaty situations or if the tax treaty provides a credit for foreign tax, a German individual or corporate taxpayer resident in Germany may apply of a credit for foreign income taxes paid on income from foreign sources against its German tax liability. For this purpose, the credit for foreign tax must be determined for each foreign country separately (per-country limitation) and only foreign taxes equivalent to German corporate or income taxes may be offset against the German tax liability. Alternatively, the taxpayer may deduct foreign taxes paid as an expense in determining the tax base.

4.10 Withholding taxes

Salary

As a general rule, any salary payment payable by an economic employer in Germany is subject to withholding at source, frequently referred to as "wage tax". In this regard, the economic employer is the employer profiting from the activities and usually bearing the cost of employment, but not necessarily paying out the salary to the employee. The withholding is calculated based on the employee's tax situation in six wage tax categories ("classes"). Exemptions from the wage tax withholding may be possible on application if the salary is effectively taxable in another country according to the respective tax treaty.

Dividends

The German corporation paying the dividend must deduct and account for withholding tax (Kapitalertragsteuer) on the dividend, generally at a rate of 25% plus the solidarity surcharge. A resident shareholder may generally credit the withholding tax which has been deducted by the corporation against his own tax liability. For non-resident corporations, the withholding tax is generally final. However, a 40% refund on the withholding tax is granted to non-resident corporations upon application to the Federal Central Tax Office (Bundeszentralamt für Steuern – BZSt). Therefore, an effective withholding tax rate of 15.825% on dividends is applied to non-resident corporations, which corresponds to the combined German rate of corporate income tax and solidarity surcharge.

Furthermore, according to the EU Parent-Subsidiary Directive, the withholding tax can be reduced to zero by way of either exemption from or refund of withholding tax upon application to the Federal Central Tax Office if dividends are paid by an EU subsidiary corporation to an EU parent corporation that has held a 10% or more interest in the EU subsidiary corporation for at least 12 months and if the anti-directive shopping rules (see above 4.8) are not applicable. Finally, withholding tax may be partially or totally reduced based on a tax treaty between Germany and the shareholder's country of residence by way of either exemption from or refund of withholding tax upon application to the Federal Central Tax Office if the anti-treaty shopping rules (see above 4.8) are not applicable.

Interests and royalties

Germany generally does not levy withholding tax on interest paid to non-resident taxpayers or corporations. However, in some cases such as participation certificates and participation rights, withholding tax on interest is levied at a rate of 25% (plus solidarity surcharge). Royalties paid to non-resident corporations are generally subject to a 15% withholding tax (plus solidarity surcharge). The withholding tax rate on interest or royalties can be reduced upon application to the Federal Central Tax Office by way of either exemption from or refund of withholding tax by an applicable tax treaty or if the requirements of the EU Interest and Royalties Directive are met and if the anti-treaty shopping rules (see above 4.8) are not applicable.

Some further payments are subject to withholding regarding recipients subject to limited taxation. For example, this is the case concerning foreign artists or athletes performing in Germany.

4.11 Administration

For an individual, the tax year is the calendar year. In general, individuals are required to file an income tax return if their income exceeds the basic tax-free allowance of EUR 9,408 (only applicable if subject to unlimited taxation) and has not been subject to withholding tax. The annual tax return must be submitted to the local tax office by 31 July for the preceding calendar year. However, an extension is usually granted if a licensed tax consultant prepares the tax return. Under these circumstances, the tax return must be filed by 31 December (28 or 29 February of the year thereafter for 2019 and future years). If an individual receives income other than employment income, advanced payments are to be made in quarterly instalments as determined by the tax authorities.

For a company, the tax year is also the calendar year. Nevertheless, a resident company may elect a deviating fiscal year to be its tax year. The election of a deviating fiscal year requires the consent of the tax authorities if it has been in line with the calendar year before. Annual tax returns must also be submitted to the tax authorities by 31 July (by 31 December if a licensed tax consultant prepares the tax return, changes as mentioned above) of the year following the tax year in which the fiscal year ends.

Corporate and trade tax are assessed on an annual basis. However, advance payments of corporate tax are required in quarterly instalments, due on 10 March, 10 June, 10 September and 10 December. Advance payments of trade tax are due on 15 February, 15 May, 15 August and 15 November.

5. Value added tax

Value added tax (VAT) is a general tax on consumption. VAT generally applies to all transactions relating to goods or services and is charged at every stage of the production and distribution process. Furthermore, the entrepreneur that charges the VAT is required to pay the VAT amount to the tax authorities. If an entrepreneur is charged VAT by another entrepreneur, that entrepreneur is entitled to deduct the VAT amount (input VAT) from the tax payable by the entrepreneur. Therefore, the VAT deduction granted to entrepreneurs ensures that no VAT on VAT is levied and the final burden of the tax rests ultimately on the consumer.

The German VAT system is based on the European Directive on the common system of value added tax.

5.1 General principles

Taxpayer

The taxable person in the meaning of the German VAT law (Umsatzsteuergesetz) is generally the entrepreneur. The term “entrepreneur” means anyone who performs a commercial or professional activity on an independent basis. As a result, sole proprietors and self-employed professionals are subject to VAT as well as commercial entities such as partnerships and corporations. Small businesses that fulfil certain criteria may be exempt from VAT in Germany (Kleinunternehmerregelung).

A foreign entrepreneur who performs taxable transactions in Germany, for example, within the meaning of German VAT law is also subject to German VAT. As a result, registration for VAT purposes at the responsible German tax office is required.

Taxable transactions

German VAT law covers the following transactions in the scope of German VAT

- Supplies of goods and other services;
- Import of goods;
- Intra-community acquisitions.

Supply of goods and other services

A supply of goods is deemed to exist if the right of disposal of goods is transferred, provided that the entrepreneur acts within the scope of his enterprise with remuneration (monetary or non-monetary). Other services must be performed in the scope of an entrepreneur’s enterprise for consideration within Germany. The consumption of goods for non-business purposes, the use or delivery of goods for the entrepreneur or for the private use of staff without remuneration therefore also qualifies as supply or other service.

Import

The import of goods from territories inside and outside the EU into Germany is also subject to German VAT (so-called “Erwerbsteuer” or “Einfuhrumsatzsteuer”). Both can also be payable by private persons (in the first case for new cars and other means of transportation, in the second case for all kinds of imported goods).

Intra-group acquisitions

A transfer of goods within enterprises from another territory within the EU into Germany qualifies as an intra-group acquisition and is also subject to German VAT.

Place of supply

The transactions described above are subject to VAT only if their (deemed) place of supply is in Germany. As a general rule, the place of supply is the place where the transportation of goods begins. This also applies in the case of exports and intra-group deliveries. In the case of supplying services, as a rule, the place of supply is the place where the entrepreneur runs his enterprise. The place of an intra-group acquisition is normally determined to be the destination member state. Hence, VAT is generally paid by the recipient in the destination member state at the rate applicable in that country.

However, there are several exceptions to this general rule. For example, in case of

- distance selling, the place of supply is where transportations end;
- work and material supplies, the place of supply is where the work is rendered;
- restaurant and catering services, the place of supply is where the business providing the service physically carries out the service;
- land, the place of supply is where the land is located.

Exemptions

Not all taxable transactions in Germany are subject to tax. Tax exemptions are granted, in particular, for the following transactions:

- exportation;
- intra-community supplies;
- financial services (such as banking, insurance, investment services);
- renting and sale of real estate;
- medical services;
- school and educational services.

Deduction of input VAT

In the following cases, an entrepreneur may deduct input VAT:

- tax invoiced and payable on supplies or other tax services performed by other entrepreneurs for the entrepreneur's enterprise;
- tax on an intra-community acquisition of goods or on importation of goods for the entrepreneur's enterprise.

Furthermore, there are numerous formal requirements for the deduction of input VAT. For instance, the correct issuing of invoices by the performing entrepreneur is a requirement for the deduction of input VAT by the recipient (e.g. invoices must contain the complete name and address of the performing entrepreneur, the performing entrepreneur's tax number, the date of issue, the quantity and type of the goods supplied, etc.).

Determination of VAT liability

In order to determine the VAT liability, the entrepreneur must calculate the total amount of the output VAT within the reporting period. From this total amount, the entrepreneur may deduct the input VAT. The positive difference between output VAT and input VAT is paid to the German tax authorities.

Tax rates

Generally, two different VAT rates apply in Germany. The standard applicable rate in Germany for VAT is 19%, although a reduced rate of 7% applies to certain privileged products and services such as (electronic) books, newspapers and food. Furthermore, certain goods and services (see the exemptions mentioned above) are exempt from VAT altogether.

5.2 Reverse charge procedure

According to the reverse charge procedure, the liability for VAT is transferred to the recipient of a supply of goods or services. The reverse charge procedure applies if a foreign entrepreneur carries out taxable other services, work supplies or supplies of goods to another entrepreneur in Germany. Therefore, the foreign entrepreneur is neither obliged to obtain a VAT registration nor to declare the turnover amounts in a VAT return in Germany. Furthermore, no VAT is to be shown for the relevant supplies or services in the invoice. The invoice must contain only the net amount and a note that the recipient is liable for VAT under the reverse charge procedure. However, the recipient is obliged to compute the VAT pertaining to the turnover subject to the reverse charge procedure and include this tax in his German VAT return.

5.3 Tax group

The Organschaft rules also apply for purposes of VAT. In this regard, the Organschaft requires financial integration (see chapter 4.6). In addition to this requirement, economic integration and integration in organisational matters are required. The criterion of economic integration exists if the business activities of the members of the group complement each other. Organisational integration exists if the controlling company is able to impose its will on the controlled company and does so in the day-to-day business, for example by having identical management boards.

For VAT purposes, the controlling company is considered to be the sole VAT entrepreneur of the tax group. Therefore, a reduction in administrative costs is possible, because the controlling company as the representative of the Organschaft submits one VAT return for the members of the Organschaft. Furthermore, an Organschaft avoids a VAT liability on intra-group supplies. In contrast, the controlled companies of an Organschaft are not subject to VAT.

5.4 Administration

VAT entrepreneurs must calculate their VAT liability and file preliminary VAT returns to the German tax authorities on a monthly basis (in certain cases on a quarterly basis). Normally, the deadline for filing the preliminary VAT returns (as well as for the VAT payments) is the 10th day after the end of the calendar month. However, the tax authorities will generally extend this deadline by one month upon request. Additionally, VAT entrepreneurs must file an annual VAT return summarising the information already reported in the preliminary VAT returns on a monthly (quarterly) basis and correcting any errors which are found in them. The annual return must be submitted by 31 July of the following calendar year. An extension until February 28 the year after next is possible.

5.5 Other indirect taxes

Excise duty

Excise duties are levied on the utilisation and consumption of certain commodities. Germany charges excise duties on alcohol, tobacco, coffee, beer and electricity. Excise duties are levied indirectly by the selling price of the goods. As result, the final burden of the tax rests ultimately on the end-user.

Energy tax

The energy tax is charged to the end-user of coal, natural gas and certain mineral oils (e.g. petrol/gasoline, diesel oil, light heating oil and heavy heating oil). In general, the various energy tax rates are related to the amounts used.

Real estate tax

Real estate tax (Grundsteuer) is an annual tax imposed on real property. The tax is levied by local German municipalities using the basic tax rate of 0.35% on the assessed value (Einheitswert). Then the relevant local multiplier is applied to the resulting base amount which results in the final real estate tax burden. Typically, the local multipliers range between 150% up to 600% and may be different for agricultural or industrial property. For example, the applicable multipliers for industrial property/agricultural property are 535%/535% (Munich), 520%/520% (Stuttgart), 500%/175% (Frankfurt am Main) and 540%/225% (Hamburg).

Real estate transfer tax

The direct acquisition of real estate located in Germany is subject to real estate transfer tax (Grunderwerbsteuer). Real estate transfer tax also becomes due by direct or indirect transfer to new partners of at least 95% (90% beginning from 1 January 2020) of the interests in a partnership owning real property in Germany within a five year period (ten year period beginning from 1 January 2020). Furthermore, real estate transfer tax is triggered by an acquisition of shares in a corporation owning German real property that results in a direct or indirect holding of at least 95% (90% beginning from 1 January 2020) of the shares.

In general, real estate transfer tax is levied at a rate of 3.5% up to 6.5% on the tax base applicable on the location of the real estate. For example, the applicable real estate transfer tax rates are 3.5% (Bavaria), 4.5% (Hamburg), 6.0% (Berlin and Hesse) and 6.5% (Brandenburg, North Rhine-Westphalia, Saarland, Schleswig-Holstein and Thuringia).

6. Labour law

6.1 Employment relationships

As a rule, the employer and the employee are basically free to agree the terms and conditions of the employment agreement. However, this right is often limited by statutory provisions and any applicable collective labour agreements and work agreements.

Collective labour agreements

Employment agreements are influenced by collective labour agreements. These collective labour agreements are negotiated between individual employers or representatives of employers and trade unions. Such collective labour agreements can be negotiated for an entire industry or be limited to a company. Collective labour agreements are contracts which generally have an immediate and binding effect on the individual employment relationship as well as statutory law. Therefore, provisions in an employment agreement may not restrict the rights of an employee under an applicable collective labour agreement. The intention of collective labour agreements is to provide a general framework for wages and salaries as well as for other employment conditions within the same industry.

Trade unions

German trade unions are well organised in the manufacturing industry and the service industries. Most trade unions (like IG Metall, ver.di) come under the umbrella of the German Trades Union Federation (Deutscher Gewerkschaftsbund – DGB). The most important employers' umbrella association is the Confederation of German Employers' Associations (Bundesverband der Arbeitgeber – BDA).

Minimum wage

In Germany, according to a statutory minimum wage provision the minimum wage is EUR 9.35 gross per hour as of 1 January 2020. Furthermore, some collective labour agreements have declared minimum wages that are generally binding for certain industries.

6.2 Employment agreement

Minimum requirements

In general, no specific form is described for the conclusion of an employment agreement. However, in order to make sure that in a dispute, the employee or employer can provide the contractual terms and conditions, a written employment contract is sensible. But where an employment agreement is not concluded in writing, the employer has a statutory obligation to provide the essential contractual terms in writing to the employee no later than one month after the agreed starting date of the employment agreement. In the case that the employment agreement is concluded for a limited period, the agreement must be entered into in writing. The written record – similar to an employment agreement – must contain at least the following:

- employee's and employer's name and address;
- start date;
- job location;
- working hours;
- nature of the activity involved;
- anticipated duration (only in the case of limited employment agreements);
- amount and composition of the remuneration;
- holiday entitlement;
- information about any collective labour agreement (if available);
- notice period.

Possible types
As a rule, an employment agreement is concluded for an indefinite period. However, an employment agreement can also be concluded for a limited period. In general, a fixed-term employment agreement is limited to a maximum duration of two years and can be extended three times. A fixed-term employment agreement ends automatically at the end of the agreed period.

Remuneration
Salaries or wages are usually paid monthly according to an individual agreement or a collective labour agreement. Additional parts of the remuneration are bonuses, commissions, royalties, allowances or benefits in kind (e.g. company car).

Probationary period
A probationary period can be individually agreed between the employer and the employee. However, the probationary period is limited by law to a maximum duration of six months. The notice period during the probationary period can be two weeks.

6.3 Terms of employment

Working hours
In general, the maximum daily working time is 8 hours from Monday to Saturday. However, an extension to 10 hours is possible if the average shift within a period of six months or 24 weeks does not exceed 8 hours per working day. Certain exceptions apply to restaurants, transport and healthcare. Furthermore, an uninterrupted rest period of 11 hours must be granted between daily work periods. Working on Sundays and public holidays is permitted only in exceptional cases (e.g. for employees of hospitals, hotels and restaurants).

Overtime
Overtime is usually paid on an hourly basis calculated on the basis of the regular salary. Generally, the employer is not obliged to pay an overtime premium in addition to the overtime pay. Alternatively, the employee can receive time off as compensation for overtime. However, for employees with executive functions overtime is usually deemed to be already remunerated by their regular salary.

Paid leave

Every employee who works a five-day week has a statutory entitlement to at least 20 days of leave per calendar year (24 days of leave per calendar year in the case of a six-day week).

In Germany, it is typical for an employee to receive between 25 and 30 days per calendar year.

Continued payment of salary in the event of illness

The employer is required to continue paying the employee 100% of the regular salary if an employee is unable to work as a result of illness. The entitlement of continued payment of salaries applies for a maximum period of six weeks. After the six-week period, the employee is entitled to receive a sickness allowance paid by his health insurance (see chapter 6.5.).

6.4 Termination of an employment agreement

Routine and exceptional dismissal

German labour law distinguishes between “routine dismissal” and “exceptional dismissal”. The dismissal must be in writing in order to be effective. In general, a statutory period of notice for routine dismissal of four weeks applies. In the case of termination by the employer, the notice period increases with the length of the employment.

Exceptional dismissal is permissible if facts are existing that make it unreasonably burdensome to continue the employment relationship until the end of the regular notice period. For example, criminal acts against the employer or colleagues are reasons for an exceptional dismissal. Exceptional dismissal is only possible within a period of two weeks after knowledge of the facts on which the termination is based.

Termination by mutual agreement

The employment relationship can also be terminated by concluding a mutual agreement. In the case of a mutual agreement the employer does not need to observe a notice period or adhere to the rules on the special protection against unfair dismissal (see below). The termination agreement must be in written form.

Protection against unfair dismissal

The employer’s right to terminate the employment relationship without cause is restricted by the Protection Against Dismissal Act, according to which termination is only effective if it is socially justified. Generally, protection against unfair dismissal is applicable in all establishments regularly employing more than 10 employees and applies to all employees who have worked for the employer longer than six months. Special protection against dismissal exists for certain groups of people, e.g. pregnant women, persons with disabilities and employees on parental leave.

6.5 Social security

Wages and salaries constitute only a part of the labour costs. Mandatory social insurance contributions for employers and employees are another part of labour costs. Generally, the employer and employee each pay half of the social insurance contributions. In Germany, the public social insurance system consists of pension insurance, health and nursing care insurance, unemployment insurance and accident insurance; these are required for all employees unless they are otherwise exempt by EU regulations or a social security agreement.

Health and nursing care insurance

Compulsory health and nursing care insurance covers employees if the annual employment income is lower than EUR 56,250. If the annual employment income exceeded this amount in each of the last three years, the employee may opt for private health insurance. The health insurance scheme collects contributions of 14.6% of gross monthly income up to EUR 4,687.50. The employee and the employer each pay 7.3% of gross monthly income. Since 2019 an additional premium has been borne equally by the employee and the employer. For certain employee groups a uniform average contribution in 2020 of 1.1% is applied. The general rate of nursing care insurance contributions is 3.05%. The employee and the employer each pay half of the contributions. However, employees without children pay an additional contribution of 0.25%.

Pension insurance

The pension insurance scheme collects contributions of 18.6% of gross monthly income up to an amount of EUR 6,900 (EUR 6,450 in the new eastern states of Germany). The contributions are shared equally by the employee and employer.

Unemployment insurance

The unemployment insurance contributions are calculated as 2,4% of gross monthly income up to an amount of EUR 6,900 (EUR 6,450 in the new eastern states of Germany). The employee and the employer each pay half of the contributions.

Accident insurance

Accident insurance covers employees for accidents incurred on the job. The contributions are determined on the basis of a rating of the risks applicable to each individual company. The entire contributions must be paid by the employer.

7. Important addresses

Bundesagentur für Arbeit
(Federal Employment Agency)
Regensburger Straße 104
D-90478 Nürnberg
www.arbeitsagentur.de

Bundesanstalt für Finanzdienst-leistungsaufsicht
(Federal Financial Supervisory Authority)
Marie-Curie-Str. 24-28
D-60439 Frankfurt/Main
www.bafin.de or T +49 228 41 08 0

Bundesministerium für Arbeit und Soziales
(Ministry of Labour and Social Affairs)
Wilhelmstraße 49
D-10117 Berlin
www.bmas.de or T +49 30 18 527 0

Bundesministerium für Wirtschaft und Energie
(Ministry for Economic Affairs and Energy)
Scharnhorststraße 34-37
D-10115 Berlin
www.bmwi.de or T +49 30 18 615 0

Bundesministerium der Finanzen
(Ministry of Finance)
Wilhelmstraße 97
D-10117 Berlin
www.bundesfinanzministerium.de or
T +49 30 18 682 0

Bundeszentralamt für Steuern
(Federal Central Tax Office)
Hauptdienstsitz Bonn-Beuel
An der Küppe 1
D-53225 Bonn
www.bzst.de

Deutscher Gewerkschaftsbund
(German Trades Union Federation)
Henriette-Herz-Platz 2
D-10178 Berlin
www.dgb.de or T +49 30 24 060 0

Deutscher Industrie- und Handelskammertag e.V.
(Chamber of Industry and Commerce)
Breite Straße 29
D-10178 Berlin
www.dihk.de or T +49 30 20 308 0

Deutsches Patent- und Markenamt
(German Patent Office)
Zweibrückenstraße 12
D-80331 München
www.dpma.de or T +49 89 2195-1000

Europäisches Patentamt
(European Patent Office)
Bob-van-Benthem-Platz 1
D-80469 München
www.epo.org or T +49 89 2399-0

Handelsregister
(Commercial Register)
Amtsgericht Hagen
Servicestelle Registerportal
Heinitzstr. 42
D-58097 Hagen
www.handelsregister.de or
T +49 2331 985 112

KfW Förderbank
Palmengartenstraße 5-9
D-60325 Frankfurt am Main
www.kfw.de or T +49 69 74 31 0

Unternehmensregister
(Business register)
www.unternehmensregister.de or
T +49 221 97 668 0 or 0800 12 34 339

8. Conclusion

"Doing Business in Germany" is a practical guide to selected important issues that you may face upon your arrival in Germany. However, the information contained in this guide is not exhaustive. In many cases, only the main points are mentioned due to lack of space, and you may therefore still need to consult a specialist. For more detailed information, please do not hesitate to contact one of your experts at Kleeberg.

9. About Crowe Germany

Crowe Germany is represented in the central locations in Germany with four legally separated and independent companies. Offices of Crowe Germany are located in Berlin, Frankfurt/M, Hamburg, Munich and Stuttgart. More than 800 employees and 80 partners in Germany are working for the success of their clients.

All five offices are well-respected and offer their clients services in the fields of audit, tax, advisory and risk.

Backed by its global connections, the member firms are reliable partners for international issues relating to tax and commercial law, audits and valuations or transactions.

All Crowe Global member firms are driven by a single purpose – helping their clients to succeed in whatever markets they operate.

Our experts:

Hamburg

Jens Scharfenberg
Solicitor/Tax Consultant/ Public Accountant
T + 49 40 85 30 10
j.scharfenberg@crowe-mhl.de

Dr Tobias Möhrle
Solicitor/Tax Consultant
T + 49 40 85 30 10
t.moehrle@crowe-mhl.de

Berlin

Nicol Marschall
Tax Consultant/ Public Accountant
T + 49 30 22 62 88 0
nicol.marschall@crowe-mhl.de

Moritz Schumacher
Tax Consultant/Public Accountant
T + 49 30 22 62 88 36
m.schumacher@crowe-mhl.de

Frankfurt/Main

Michael Schmitz
Tax Consultant
T + 49 69 97 88 67 18
michael.schmitz@crowe-ffm.de

Ulrike Antosch
Tax Consultant/Public Accountant
T + 49 69 97 88 67 42
ulrike.antosch@crowe-ffm.de

Stuttgart

Michael Jetter
Tax Consultant/Public Accountant/CPA
T + 49 7121 489 544
michael.jetter@crowe-rwt.de

Wolfgang Kirschning
Solicitor/Tax Consultant
T + 49 7121 489 544
wolfgang.kirschning@crowe-rwt.de

Munich

Stefan Prechtl
Tax Consultant/Public Accountant
T + 49 89 55 983 135
stefan.prechtl@crowe-kleeberg.de

Dr Lars Lüdemann
Tax Consultant
T + 49 89 55 983 229
lars.luedemann@crowe-kleeberg.de

Contact information

Markus Scheurer
International Liaison Partner
markus.scheurer@crowe-rwt.de
T +49 7431 1326-0

About Crowe Germany

All German member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide our decisions daily.

Our firms are well-established as leaders in their national business community and are staffed by nationals, thereby providing a knowledge of local laws and tax regulations which is important to clients undertaking new ventures or expanding into other countries.

Crowe Global is known for its impeccable professional service to privately and publicly held businesses in all sectors and has built a local and international reputation in the areas of audit, tax, advisory and risk.

Our global reach

In addition to our local and regional services, as members of Crowe Global we can draw on a worldwide network of independent professionals and their know-how. The Crowe Global network consists of more than 750 offices in about 150 countries around the world.

As member firms of Crowe Global we offer comprehensive, international expertise in a broad range of business consulting practices, including assurance, benefit plan services, corporate finance, risk consulting, forensic services, performance services, tax consulting and technology.

This unique combination of our local and regional talent coupled with the global reach of our network provides us with the local expertise and global worldwide capabilities our clients expect and deserve.

www.crowe.de

All German firms are members of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. All German firms and their affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. This material is for informational purposes only and should not be construed as financial or legal advice. You are encouraged to seek guidance specific to your circumstances from qualified advisors in your jurisdiction.
© 2020 Crowe Germany