

Chapter 1 : "[commentators and translators] The German Corporation Tax Reform Law " by Hugh J Ault

Note: Citations are based on reference standards. However, formatting rules can vary widely between applications and fields of interest or study. The specific requirements or preferences of your reviewing publisher, classroom teacher, institution or organization should be applied.

Income from letting property Miscellaneous income. This includes winnings at a lottery, for example. The German income tax is a progressive tax , which means that the average tax rate i. Moreover, the German taxation system warrants that an increase in taxable income never results in a decrease of the net income after taxation. The latter property is due to the fact that the marginal tax rate i. The course of the marginal tax rate and the resulting average tax rate are depicted in the graph to the right. The tax liability of married couples that file jointly is assessed on their total income, but the result from applying the tax tariff is divided by two afterwards. Due to the progressive tax schedule, this is always more favorable than taxing each spouse separately. The advantage increases with the income difference between both spouses. The solidarity surcharge was introduced in 1995 and, since 2005, has been used primarily to cover the costs of German reunification , which include the debts and pension obligations of the East German government, as well as the costs of upgrading infrastructure and environmental remediation in the new states of Germany. Above this threshold, the solidarity surcharge rate increases continuously[clarification needed] until it reaches 5%. Tax on benefits in kind[edit] Every individual has to pay for any perks or benefits they receive from an employer, which includes, for example, the use of a car. This applies to private car usage too if the car is owned by a company or a self-employed individual. In the case of cars, this is based on either a log-book method or a flat-rate method, which depends on the gross-list-price of a car rounded down to the next EUR. This means the original list-price without any reduction or discount at the time of first original use, whether or not the car is used or some years old. VAT and every extra features e. GPS, leather seats etc. Tax is paid on one per cent of this basis is the taxable amount every month. Here, an amount of tax is retained directly by the employer or by the bank before the earnings are paid out. The taxation at source for employment income will be carried out based in taxation classes based on the personal status. The tax classes essentially differ by the exemption threshold that is applied. In the former case, the spouse with higher earnings receives the twice the basic exemption rate, while the second earner is taxed at very low earnings. In the latter case, both spouses are taxed based on the standard exemption rate. The choice of tax classes only matters for the withholding tax and hence for the income that is immediately at disposal. After the income tax assessment, which happens a few months after the tax year has ended, the tax rebate is not affected by the choice of tax class. Beyond, employers are also liable to deduct the contributions to the social security system at source. Property sales tax[edit] Aside from standard yearly property taxes , known as Grundsteuer, On property sales in Germany there is a state level sales tax on the declared purchase amount. Transfer of German property is subject to a transfer tax Grunderwerbsteuer â€”the equivalent of UK stamp duty. This applies in particular to costs immediately related to earnings. Apart from this, other costs are also deductible, e. In addition to the possibility of deducting costs, there are also numerous allowances and lump-sum amounts which reduce taxable income, e. Flat rate tax on private income from capital and capital gains "Abgeltungsteuer" [edit] Since Germany levies a flat rate tax on private income from capital and capital gains called the Abgeltungsteuer. The tax is levied at German sources as capital yields tax. Tax return[edit] The obligation to file an income tax return does not apply to everybody. For example, single assessed tax payers who exclusively earn income subject to withholding tax are exempt from this obligation, because their tax debt is deemed to be at least settled by the withholding tax. Nevertheless, any person having full tax liability is allowed to file a tax return, taking into account the tax already withheld at the source and possible deductions. In many cases, this may result in a tax refund. Married couples can apply for joint assessment to be taxed at a more favourable rate. In this case, they must file the annual tax return as it is possible that the tax paid through withholding tax was not sufficient. Income tax for non-residents[edit] Individuals who are neither resident of Germany nor have their normal place of abode there are only liable to pay tax in Germany if they earn income there which has a close domestic German

context. This includes in particular income from real estate in Germany or from a permanent establishment in Germany. Double taxation agreements[edit] See also: International taxation Germany has reached tax treaties with about 90 countries to avoid double taxation. These agreements fall under public international law and aim to avoid that one taxpayer is charged similar taxes more than once on the same income for the same period. Social Security Contributions[edit] Employment income earned in Germany is subject to different insurance contributions covering health, pension, nursing and unemployment insurance. Contributions are levied as a percent of income until a certain ceiling shared equally between employee and employer. Table of contributions for

Chapter 2 : SelectedWorks - Hugh J. Ault

This bar-code number lets you verify that you're getting exactly the right version or edition of a book. The digit and digit formats both work.

Back to top 4. In addition, the Solidarity Surcharge of 5. German corporations are also subject to Trade Tax. The basic Trade Tax rate is 3. Corporate Income and Trade Tax due are not treated as a business expense and, therefore, cannot be deducted from the Corporate Income Tax base, as well as the Trade Tax base itself. As a result, corporations are subject to Corporate Income Tax including Solidarity Surcharge and Trade Tax at a combined rate of at least However, tax law provides for several adjustments for tax purposes, e. There are several add-backs and also exclusions for Trade Tax purposes exclusively, e. For tax purposes, the commercial accounting principles are overruled by several tax accounting provisions, mainly to restrict accounting options allowed by commercial law to prevent taxpayers from influencing their tax base. For example, tax rules with regard to the valuation and depreciation of assets or the accumulation of accruals have been tightened and restricted repeatedly in recent years. Tax accounting options may be exercised independently from the commercial balance sheet. As a consequence, assessments in the tax balance sheet may deviate from those in the commercial balance sheet. Do these allow for relief in your jurisdiction for losses of overseas subsidiaries? The group parent company needs to have a permanent establishment in Germany, to which the shareholding in the subsidiary is allocated for the duration of the tax group. Relief for losses incurred by foreign subsidiaries is usually not available in Germany. Tax losses carried forward and tax losses of the current year may be forfeited by direct share transfers as well as by indirect share transfers one or several tiers above the corporation which has the tax losses. This rule applies as well for measures comparable to transfers of shares, e. The forfeiture applies in the following situation: A direct or indirect transfer of shares in a corporation does not result in forfeiture of the losses carried forward and the tax losses of the current year if certain requirements are met which qualify the transfer as a privileged intra-group transfer. Initially, certain restructuring measures were privileged; however, the European Commission declared that this violated European law and therefore must not be applied by the German tax authorities. Under a further rule, tax losses are not forfeited to the extent that hidden reserves exist which would be taxable in Germany. Hidden reserves in shares in a corporation where a disposal of such shares would be non-taxable are not taken into account for the determination of such hidden reserves. With regard to and subsequent years the Constitutional Court did not deal with the question of constitutional conformity due to the introduction of the new continuity of business rule which could also prevent tax loss forfeiture and thus may mitigate the unconstitutionality of the tax loss forfeiture provisions. This legal question has recently been submitted to the German Constitutional Court by a German finance court, but there is not yet a ruling. However, from time to time there are political discussions about reintroducing Property Tax in Germany. Real Estate Tax is levied on German real estate; the respective tax rate is fixed by the municipalities and is applied to the value of the real property. The transfer of property, including business assets and participations in partnerships and corporations by way of succession or donation, is subject to German Inheritance and Gift Tax. Although the valuation rules have been completely revised by the recent reform of the Inheritance and Gift Tax Act, business assets are still subject to favourable valuation rules if certain conditions are met. The German Federal Constitutional Court held certain provisions of the German Inheritance and Gift Tax Law to be unconstitutional, which relate to favourable rules applying to the transfer of businesses. These rules were replaced by new rules as of 1 July

Chapter 3 : European Commission to Release Report on Corporate Tax Reform - Mirus Group

*The German corporation tax reform law =: K rperperschaftsteuerreformgesetz [Germany] on calendrierdelascience.com
FREE shipping on qualifying offers.*

Chapter 4 : Taxation in Germany - Wikipedia

[commentators and translators] The German Corporation Tax Reform Law

Chapter 5 : Corporate Tax | Laws and Regulations | Germany | ICLG

Buy The German corporation tax reform law =: Körperschaftsteuerreformgesetz by Germany (ISBN:) from Amazon's Book Store. Everyday low prices and free delivery on eligible orders.

Chapter 6 : TaxNewsFlash-Europe | KPMG | GLOBAL

The aggregate tax burden of corporations was reduced from almost 40% to only around 30% by the Corporate Tax Reform The German Corporate Income Tax rate is 15%. In addition, the Solidarity Surcharge of % is levied on the amount of Corporate Income Tax due, resulting in an aggregate tax rate of %.