



# Key Data German Taxation 2011

## CORPORATION TAX

Tax rate: 15 %

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

## TRADE TAX

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

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

## VALUE-ADDED TAX

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

## INCOME TAX

Progressive taxation:

- ▶ Single person
  - zvE to EUR 8,004: tax-free
  - from EUR 8,005: 14 %
  - from EUR 52,882: 42 %
  - from EUR 250,731: 45 %

- ▶ Spouses
  - zvE to EUR 16,008: tax-free
  - from EUR 16,009: 14 %
  - from EUR 105,764: 42 %
  - from EUR 501,462: 45 %

(zvE = taxable income)

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

Family tax relief, per child:

- ▶ Family benefit = tax refund paid in advance (EUR 2,208 to EUR 2,580) or
- ▶ Tax allowance EUR 7,008

## SOLIDARITY SURCHARGE

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

## NO WEALTH TAX

## INHERITANCE TAX / GIFT TAX

Assets are taxed according to the current market value

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

### 1. Personal allowance

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

### 2. Graduated tax rate

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

Heirs who inherit a business are granted generous tax concessions if they continue the inherited business (tax exemption up to 100 % possible)