Certificate in German Taxation Laws

Taxation of Real Estate

Abgeltungsteuer: A final withholding tax on investment income, such as dividends and interest, at a flat rate of 25%. Introduced in Germany in 2009, it is intended to simplify the taxation of investment income and to ensure that it is taxed at a uniform rate.

Betriebskosten: Costs related to the operation and maintenance of a property, such as heating, water, and waste disposal. In Germany, these costs can be passed on to tenants as long as they are specified in the rental agreement.

Einkommensteuer: Income tax in Germany, which is a progressive tax on individuals' income. It is calculated based on the individual's total income, including income from employment, self-employment, and rental properties.

Erbschaftsteuer: Inheritance tax in Germany, which is levied on the transfer of assets from one generation to the next. The tax rate depends on the value of the inherited assets and the relationship between the deceased and the beneficiary.

Grunderwerbsteuer: Property transfer tax in Germany, which is levied on the transfer of real estate. The tax rate varies between 3.5% and 6.5% of the purchase price, depending on the federal state.

Grunderwerbssteuer-Befreiung: Exemption from property transfer tax in Germany for certain types of real estate transactions, such as the transfer of property between spouses or the transfer of a primary residence.

Grundsteuer: Property tax in Germany, which is levied on the ownership of real estate. The tax is calculated based on the value of the property and the tax rate set by the local authorities.

Herstellungskosten: Costs incurred in the construction or renovation of a property, such as building materials, labor, and architectural fees. These costs can be depreciated over several years for tax purposes.

Immobilienwertermittlungsverordnung (ImmoWertV): The German Real Estate Valuation Ordinance, which sets out the methods and standards for the valuation of real estate in Germany.

Kapitalertragsteuer: Withholding tax on investment income, such as dividends and interest. In Germany, it is usually withheld at source by the paying agent and is equivalent to the Abgeltungsteuer.

Kaufnebenkosten: Costs associated with the purchase of real estate in Germany, such as notary fees, land registry fees, and real estate agent commissions.

Maklercourtage: Real estate agent commission in Germany, which is usually paid by the seller. The commission is negotiable and is typically between 3% and 6% of the purchase price.

Spekulationssteuer: A tax on the sale of real estate in Germany that has been held for less than 10 years. The tax is calculated as the difference between the sale price and the original purchase price, and is subject to the individual's income tax rate.

Steuerliche Abschreibung: Depreciation for tax purposes in Germany, which allows property owners to deduct a portion of the cost of the property from their taxable income each year.

Steuerliche Bilanzierung: Financial accounting for tax purposes in Germany, which is used to calculate the taxable income of businesses and individuals.

Sonderabschreibung: Special depreciation allowance in Germany, which allows property owners to deduct an additional percentage of the cost of the property from their taxable income in the first year.

Umsatzsteuer: Value-added tax in Germany, which is levied on the sale of goods and services. The standard rate is 19%, but certain goods and services are subject to a reduced rate of 7%.

Vermietungsgewinne: Rental income in Germany, which is subject to income tax. Rental expenses, such as maintenance and repair costs, can be deducted from the rental income to reduce the taxable amount.

Vermögensteuer: Wealth tax in Germany, which was abolished in 1997 but is being considered for reintroduction. The tax would be levied on the total net worth of individuals and businesses.

Vorsteuer: Input tax in Germany, which is the VAT paid on purchases by businesses. Businesses can deduct the input tax from the output tax they charge on their sales, resulting in a net tax liability.

Wohnungseigentumsgesetz (WEG): The German Condominium Act, which governs the ownership and management of condominiums in Germany. It sets out the rights and obligations of condominium owners and the rules for the management of the condominium association.

Zinsschranke: Interest limitation rule in Germany, which limits the deductibility of interest expenses for tax purposes. The rule applies to interest expenses incurred on loans used to finance investments in real estate and other assets.

Grundbesitzabgaben: Property-related taxes in Germany, including the Grundsteuer and other local taxes. These taxes are levied on the ownership of real estate and are used to finance local infrastructure and services.

Grunderwerbsteuer-Hebesatz: Property transfer tax rate in Germany, which varies between 3.5% and 6.5% depending on the federal state.

Investitionsabzugsbetrag: Investment allowance in Germany, which allows businesses to deduct a certain percentage of the cost of investments in tangible assets from their taxable income.

Kapitalanlagegesellschaft: Investment company in Germany, which manages investment funds and offers investment products to private and institutional investors.

Reinvestitionsrücklage: Reinvestment reserve in Germany, which allows businesses to defer the payment of tax on profits generated from the sale of real estate, provided that the profits are reinvested in other real estate or tangible assets.

Share Deal: Sale of a company that owns real estate in Germany, rather than the sale of the real estate itself. This can result in a lower tax liability, as the sale of the company is subject to the lower capital gains tax rate, rather than the higher real estate transfer tax rate.

Steuerliche Gewinnermittlung: Taxable income determination in Germany, which is used to calculate the tax liability of businesses and individuals.

Veräußerungsgewinn: Capital gain in Germany, which is the difference between the sale price and the original purchase price of an asset, such as real estate.

Vermögenswirksame Leistungen: Employer-funded savings scheme in Germany, which allows employees to save for the purchase of real estate or other assets. The savings are tax-free and are usually matched by the employer.

Vollständige Afsetning: Full depreciation in Germany, which allows businesses to deduct the full cost of tangible assets from their taxable income in the year of acquisition.

Wertgrenze: Threshold value in Germany, which is used to determine the tax liability of businesses and individuals. For example, the threshold value for the application of the trade tax is €24,500.

Zuwendungsbestimmung: Designation of use in Germany, which is a condition that can be attached to a donation or grant. The condition specifies how the donation or grant can be used, such as for the purchase of real estate or the financing of a specific project.

AfA-Tabelle: Depreciation table in Germany, which sets out the depreciation rates for different types of tangible assets.

Bewertungsgesetz: Valuation Act in Germany, which governs the valuation of assets for tax purposes.

Einkünfte aus Vermietung und Verpachtung: Income from rental and leasing in Germany, which is subject to income tax.

Erlösaufteilungsgebot: Allocation of proceeds requirement in Germany, which requires businesses to allocate the proceeds from the sale of an asset to the different types of income, such as business income or capital gains.

Gewerbesteuer: Trade tax in Germany, which is