

# Germany

## Structure and development of tax revenues

**Table DE.1:** Tax Revenue  
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Ranking 2014	Revenue 2014 (billion euros)
<b>A. Structure by type of tax</b>															
<b>Indirect taxes</b>	10.6	10.8	10.5	10.5	10.4	10.9	10.9	11.4	10.9	11.1	11.1	11.0	10.9	27	318.5
VAT	6.2	6.2	6.1	6.1	6.1	6.8	6.9	7.2	7.0	7.0	7.0	7.0	7.0	20	203.1
Taxes and duties on imports excluding VAT	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.7	0.8	0.8	0.8	0.8	0.8	6	22.9
Taxes on products, except VAT and import duties	3.1	3.2	3.1	3.0	3.0	2.9	2.8	2.8	2.6	2.6	2.5	2.5	2.5	24	73.3
Other taxes on production	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	23	19.2
<b>Direct taxes</b>	10.6	10.6	10.4	10.7	11.5	11.9	12.2	11.3	10.8	11.2	11.7	12.0	12.0	12	351.1
Personal income taxes	8.6	8.4	7.8	7.8	8.0	8.4	9.0	8.9	8.1	8.2	8.6	8.8	8.9	9	259.2
Corporate income taxes	1.5	1.7	2.0	2.3	2.8	2.8	2.5	1.9	2.1	2.4	2.5	2.5	2.4	13	71.1
Other	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.7	0.6	0.7	0.7	15	20.8
<b>Social contributions</b>	16.2	16.4	16.1	15.8	15.4	14.6	14.7	15.3	15.0	14.9	15.0	15.0	15.1	2	440.2
Employers'	7.1	7.2	7.0	6.8	6.6	6.3	6.3	6.5	6.5	6.4	6.5	6.5	6.6	12	191.4
Households'	9.1	9.2	9.1	9.1	8.8	8.3	8.3	8.8	8.5	8.5	8.5	8.5	8.5	3	248.8
<b>Less: capital transfers (²)</b>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
<b>Total</b>	37.5	37.8	37.0	37.0	37.3	37.4	37.7	38.0	36.7	37.2	37.9	38.0	38.1	10	1109.8
<i>Memo item: Total payable tax credits</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.
<b>B. Structure by level of government</b>															
	<b>as % of total taxation</b>														
<b>Central government</b>	28.8	29.0	28.1	28.6	29.0	30.2	30.2	30.4	30.3	30.7	30.6	30.4	30.3	27	336.3
<b>State government (¹)</b>	21.1	20.9	21.1	20.8	21.5	22.3	22.3	21.4	20.9	21.0	21.4	21.6	21.8		241.7
<b>Local government</b>	6.5	6.4	7.0	7.3	7.8	7.9	8.1	7.5	7.5	7.7	7.9	7.9	7.8	12	87.0
<b>Social security funds</b>	43.3	43.5	43.5	42.8	41.3	39.2	38.9	40.3	40.9	40.1	39.7	39.6	39.7	5	440.2
<b>EU institutions</b>	0.4	0.4	0.4	0.4	0.5	0.4	0.5	0.4	0.4	0.5	0.4	0.4	0.4	13	4.5
<b>C. Structure by economic function</b>															
	<b>as % of GDP</b>														
<b>Consumption</b>	10.1	10.3	10.0	9.9	9.9	10.3	10.4	10.8	10.4	10.5	10.5	10.3	10.3	25	298.9
<b>Labour</b>	22.7	22.8	21.9	21.4	21.2	20.6	21.1	21.8	20.8	20.7	21.1	21.4	21.6	8	629.2
of which on income from employment	20.0	20.0	19.0	18.5	18.4	18.0	18.5	19.0	18.2	18.2	18.6	18.9	19.1	6	556.2
Paid by employers	7.1	7.2	7.0	6.8	6.6	6.3	6.3	6.5	6.5	6.4	6.5	6.5	6.6	14	191.4
Paid by employees	12.9	12.8	12.1	11.7	11.8	11.7	12.2	12.5	11.7	11.8	12.1	12.3	12.5	3	364.8
Paid by non-employed	2.7	2.8	2.9	2.9	2.8	2.5	2.6	2.8	2.6	2.5	2.5	2.5	2.5	8	73.0

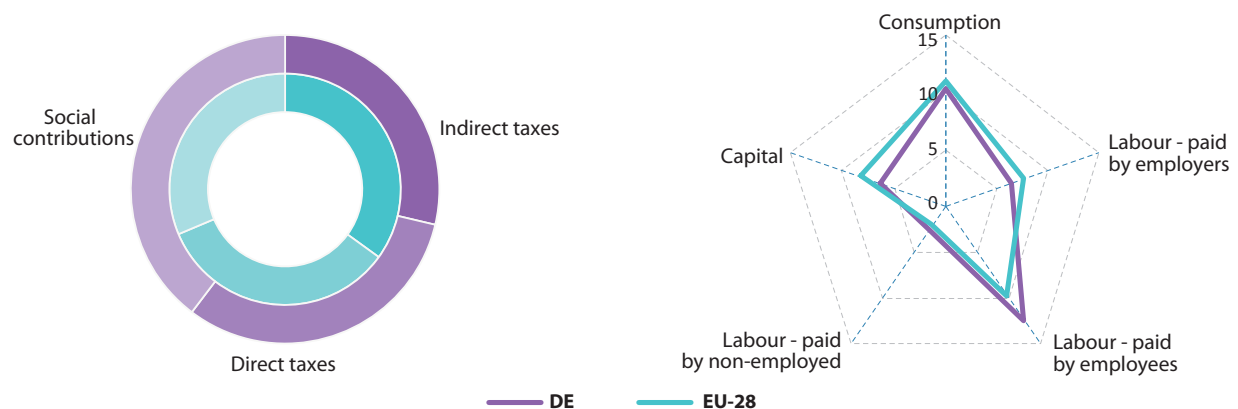
**Table DE.1: Tax Revenue** (continued)  
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Ranking 2014	Revenue 2014 (billion euros)
<b>Capital</b>	4.6	4.8	5.1	5.6	6.2	6.5	6.3	5.3	5.5	6.0	6.3	6.3	6.2	17	181.7
Income of corporations	1.5	1.7	2.0	2.3	2.8	2.8	2.5	1.9	2.1	2.4	2.5	2.5	2.4	14	71.1
Income of households	0.3	0.4	0.4	0.4	0.5	0.6	0.7	0.6	0.5	0.6	0.6	0.6	0.6	15	18.2
Income of self-employed	1.9	1.7	1.7	1.9	1.9	2.0	2.0	1.9	1.9	2.0	2.1	2.1	2.1	6	60.0
Stock of capital	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	24	32.4
<b>D. Environmental taxes</b>	<b>as % of GDP</b>														
<b>Environmental taxes</b>	2.5	2.6	2.5	2.4	2.3	2.2	2.1	2.3	2.1	2.2	2.1	2.0	2.0	24	58.2
Energy	2.1	2.3	2.1	2.0	2.0	1.8	1.8	1.9	1.8	1.8	1.8	1.7	1.7	19	48.7
of which transport fuel taxes	:	:	:	1.5	1.5	1.4	1.4	1.4	1.4	1.3	1.3	1.2	1.2	20	
Transport	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	18	9.5
Pollution and resources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26	0.0
<b>E. Property taxes</b>	<b>as % of GDP</b>														
<b>Taxes on property</b>	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.8	0.9	0.9	0.9	1.0	19	28.2
Recurrent taxes on immovable property	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	20	12.7
Other taxes on property	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	13	15.5
<b>F. Implicit tax rates</b>	<b>%</b>														
<b>Consumption</b>	18.8	18.8	18.4	18.2	18.3	19.7	19.7	19.9	19.6	20.0	19.9	19.7	19.9	16	
<b>Labour</b>	38.5	38.7	37.7	37.2	37.8	37.8	38.2	37.6	36.6	36.8	37.0	37.3	37.5	10	

(<sup>1</sup>) This level refers to the *Länder* in Austria and Germany, the *gewesten and gemeenschappen / régions et communautés* in Belgium, and the *comunidades autónomas* in Spain.  
(<sup>2</sup>) Representing taxes assessed but unlikely to be collected.

Source: DG Taxation and Customs Union, based on Eurostat data.

**Figure DE.1: Tax revenues by main taxes, compared to EU-28, 2014 (in % of GDP)**



Source: DG Taxation and Customs Union, based on Eurostat data.

## Latest tax reforms

**Table DE.2:** Latest tax reforms

Description of measure	Change	Date
<b>Personal income tax</b>		
Temporary additional depreciation for the acquisition or manufacturing cost of buildings and owner-occupied flats in qualifying regions, which will be rented out for habitation purposes. The additional depreciation amounts to up to 10% in the first two years and up to 9% in the third year.	Base decrease	Announcement: 03/02/2016
Adjustments for fiscal drag by 1.48% in addition to the following measures.	Rate decrease	In force from: 01/01/2016
Increase of the relief for single parents to EUR 1 908. Increase of the relief for each subsequent child.	Base decrease	In force from: 01/01/2015
Increase of the basic allowance for children from EUR 7 008 to EUR 7 152.	Base decrease	In force from: 01/01/2015
Increase of child benefit by EUR 48 per child per year.	Base decrease	In force from: 01/01/2015
Further increase of the basic allowance for children from EUR 7 152 to EUR 7 248.	Base decrease	In force from: 01/01/2016
Further Increase of child benefit by EUR 24 per child per year.	Base decrease	In force from: 01/01/2016
Increase of basic personal allowance from EUR 8 354 to EUR 8 472.	Base decrease	In force from: 01/01/2015
Further increase of basic personal allowance from EUR 8 472 to EUR 8 652.	Base decrease	In force from: 01/01/2016
<b>Value-added tax</b>		
Punctual enlargement of the VAT exemption for the management of investment funds.	Base decrease	Announcement: 18/12/2015
<b>Property taxes</b>		
Increase of real estate transfer tax from 5 % to 6.5 % in Brandenburg	Rate increase	In force from: 01/07/2015
<b>Other types of tax</b>		
Simplification of the taxation system for public investment funds. Further, within the semi-transparent system, the credit for dividend income tax at the investor level will be made dependent on minimum holding time and risk-bearing criteria.	N/A	Announcement: 24/02/2016
<b>Employees' social contributions</b>		
Increase of SSC (long term care) by 0.2 pp to 2.55%	Rate increase	In force from: 01/01/2017
<b>Administrative, compliance related measures</b>		
Proposal to stop requiring receipts together with the tax return on a regular basis, but only upon request of the tax authorities. In this case, receipts may also be submitted electronically.	N/A	Announcement; in force from: 01/01/2017

Source: DG Taxation and Customs Union.

## Main features of the tax system

**Table DE.3:** Individual taxation (PIT)

<b>General</b>	
Base and jurisdiction	Resident: worldwide income (subject to double-tax relief) Non-resident: domestic income
Tax unit/ taxation of couples and families	Joint taxation and full marital quotient Separate taxation possible, but will always yield tax liabilities $\geq$ joint
<b>System and Applicable rates</b>	
<i>Global / Labour income scheme</i>	
Basic allowance	EUR 8 652; child credit or allowance, special provisions for lone parents
Rate schedule	Marginal rate increasing with income (formula <sup>(1)</sup> ): from 14% till 42% (45% for very high incomes) Top marginal rate 42% ( $\geq$ EUR 53 666), 45% ( $\geq$ EUR 254 447)
Surtaxes	5.5% on income tax liability [solidarity surtax] (an exemption limit is applied)
Regional and local surcharges	No
<b>Top statutory PIT rate (including surcharges)</b>	44.3% (47.5% $\geq$ EUR 254 447)
<i>Owner occupied dwelling</i>	Not included
<i>Capital income</i>	Included in general taxation
Income from renting movable property	Included in general taxation
Income from renting immovable property	Included in general taxation
Capital gains (immovable property)	Included in general taxation
Capital gains (movable property)	Included in general taxation
Dividends	25% (final withholding) - possibility to opt-out if marginal effective tax rate below 25%
Interests on deposits and special savings accounts	25% (final withholding) - possibility to opt-out if marginal effective tax rate below 25%
Interests on corporate and government bonds	25% (final withholding) - possibility to opt-out if marginal effective tax rate below 25%
<i>Other specific features and alternative regimes</i>	
Preferential regime for retained earnings	28.25%
<b>Other tax provisions</b>	
<i>Main tax credits &amp; deductions</i>	
Professional expenses	Yes, lump sum (employees; 1000€/y) / based on real expenses, capped (business)
Pension savings	Yes
Mortgage	No
Others (not exhaustive)	Yes, partly capped
Treatment of losses (business/self-employed income)	1 year carry backward; unlimited carry forward

<sup>(1)</sup> In the two linear-progressive zones, the proportion of any additional income taken in tax (the marginal rate) increases in a straight line, but at differing gradients. In the upper proportional zone it remains constant. The total size of the burden imposed by the tax structure (the average rate) increases as income rises, approaching the top tax rate for very large incomes

**Table DE.4: VAT**

Tax rates	
Standard	19%
Reduced rate(s)	7%

**Table DE.5: Corporate Taxation (CIT)**

Tax rates	
Nominal corporate income tax rate	15%
Central government surcharge	0.825%
Regional government surcharge	
Local government surcharge	
Top statutory CIT rate (including surcharges)	15.825% (!)
Special tax rate for SMEs (all-in rate)	No
Tax base	
	Worldwide income
Anti-avoidance	
Limits to interest deductions	Yes (deduction of interest up to a value of 30% of earnings before interest, taxes, depreciation and amortization)
Transfer pricing rules	Yes, arm's length principle
Controlled foreign company (CFC)	Yes
Controlled foreign company (CFC) for passive income only	Yes
Allowance for Corporate Equity	
	No

(!) There is also a trade tax whose rate consists of a 0.035 general rate and a local multiplier ("Hebesatz") (e. g. 410 % = sub-central government trade tax rate for Berlin = 14.35 %). For Berlin, the combined corporate income tax rate therefore amounts to 30.18 %.

**Table DE.6: Social contributions**

<b>Base</b>	Employment income, income from business and self-employed activities, benefits in kind, pension income
Employers' contributions	
Total rate	19.33%
of which:	Pensions 9.35%, Healthcare 7.3%, Unemployment 1.5%, other 1.18%
Capped contributions	yes
Employees' contributions	
Total rate	20.43%
of which:	Pensions 9.35%, Healthcare 8.4%, Unemployment 1.5%, other 1.18%
Capped contributions	yes

(!) Capital income is subject to 15.5% social contributions (social welfare levy: 6.8% + CSG: 8.2% + CRDS: 0.5%) - see above

**Table DE.7: Wealth and transaction taxes**

<b>Inheritance and gift tax</b>	Yes
Real estate taxation	
Recurrent real estate tax	Yes
Regional differentiation	Yes
Tax discount for primary dwelling	No
Real estate transfer tax	Yes
Net wealth tax	
	No

Source: DG Taxation and Customs Union, on the basis of information provided by the national finance ministries. For more detail the [TEDB database](#) contains an extensive inventory of the main taxes in force in EU Member States.