



Global Tax Update

Germany

Deloitte Tohmatsu Tax Co.

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1. Tax authorities issue guidance on filing deadlines for 2014 tax returns

The German tax authorities have issued their annual guidance on the filing deadlines for the 2014 tax returns. The filing deadline for these returns is May 31, 2015. In cases where the tax returns are prepared by an external tax advisor, the filing deadline is typically extended to December 31, 2015.

As of the beginning of the year, the tax authorities issued – as usually – guidance on the filing deadlines for the tax returns for the previous year.

Income tax, corporate income tax, trade tax as well as VAT and other mandatory annual returns for 2014 have generally to be filed until May 31, 2015. In cases where the tax returns are prepared by an external tax advisor, the filing deadline is automatically extended to December 31, 2015.

Notwithstanding this general extension, the tax authorities may on a case-by-case basis still request an earlier filing of the tax returns. Earlier tax filings may be requested inter alia in case tax returns for the previous year have been filed late or in case a significant tax payment can be expected.

Upon specific circumstances, the filing deadline can even be extended to February 28, 2016 but it is our experience that the tax authorities are very reluctant to grant such additional extension.

In case of late filings, the taxpayer may face late filing surcharges or periodic penalty payments. In addition, the tax authorities might assess the 2014 taxes on an estimated basis.

2. Federal states North Rhine-Westfalia and Saarland will increase real estate transfer tax rate

The federal state of North Rhine-Westfalia announced to increase the real estate transfer tax rate from 5% to 6.5% and the federal state of Saarland announced to increase the real estate transfer tax rate from 5.5% to 6.5% on January 1, 2015.

The transfer of real estate located in Germany is subject to real estate transfer tax (RETT). RETT also generally applies to the direct or indirect transfer of at least 95% of the shares in a company holding German real estate and to the unification of at least 95% of such shares for the first time in the hands of a single shareholder.

In a direct transfer of real property, RETT is calculated on the basis of the purchase price. For direct and indirect share transactions, it is determined based on the special tax value of the property, typically in the range of 80%-90% of the fair market value of the real property.

Since September 2006, the federal states have been free to set their own rates (before this time, RETT was levied at a standard rate of 3.5%). As a consequence, there has been an ongoing trend to increase the RETT rate to improve the state budgets.

The states of North Rhine-Westfalia and Saarland announced an increase of the rate from 5% to 6.5% and from 5.5% to 6.5% as from January 1, 2015.

The following table summarizes the RETT rates as of November 6, 2014:

Die Steuersätze im Überblick

State	Date	RETT rate
Baden-Wurttemberg	since 05.11.2011	5%
Berlin	since 01.04.2012	5%
	since 01.01.2014	6%
Brandenburg	since 01.01.2011	5%
Bremen	since 01.01.2011	4.5%
	since 01.01.2014	5%
Hamburg	since 01.01.2009	4.5%
Hesse	since 01.01.2013	5%
	since 01.08.2014	6%
Mecklenburg-Vorpommern	since 01.07.2012	5%
Lower Saxony	since 01.01.2011	4.5%
	since 01.01.2014	5%
North Rhine-Westfalia	since 01.10.2011	5%
	As of 01.01.2015 (planned)	6.5%
Rhineland-Palatinate	since 01.03.2012	5%
Saarland	since 01.01.2013	5.5%
	As of 01.01.2015 (planned)	6.5%
Saxony-Anhalt	since 01.03.2012	5%
Schleswig-Holstein	since 01.01.2012	5%
	since 01.01.2014	6.5%
Thuringia	since 07.04.2011	5%
Other federal states (Bavaria and Saxony)		3.5%

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