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Property tax settlement: "Good news" or "bureaucracy monster"?

The agreement has main points regarding the reform of property tax reforms – but also agreement. Although the day of his home is a Speaking of "good news", critics fear a "bureaucratic monster".

The Tax Payers Association (BdSt) has criticized the agreement between federal and state governments on barley stones for property tax reform. According to the Chief Executive of BdSt Reiner Holznagel, the main issues paper is "not a good deal or an advance." If this revision is happening, the valuation is very bureaucratic and expensive. The agreement meant "more bureaucracy, more costs, more complaints". "In addition, the courts need to change again to many disputes."

The Force's Constitutional Court had redeveloped a property tax to 2019 due to old taxes. After a long struggle, federal and state governments agree key points for reform. According to bill to be drafted, the countries need to be agreed. In the future, it will be the land values, age of buildings and the average rent costs that will be used. Minister of Federal Finance Olaf Scholz spoke about "social solution directly".

Agglomerations Disappointed?

In particular, the Taxpayers Association stated that the estate's estates continued to continue; including various objects such as land value, age of the building and average rent costs. According to Federal Tax Payers, the final version of the information must be "extended" significantly. "The value statement of "in particular" management in square areas "automatically" to higher property tax. This is particularly affecting many people with small income. "Students, young families and practitioners will suffer especially in square areas."

The GdW housing association against the negotiation said: "This is a darker cloud attraction for affordable housing," said President of the Axel Gedaschko Society.

IVD's chief executive, Jürgen Michael Schick, spoke about "angry conciliation" and his fine: "If the graves are executed, a bureaucratic monster appears." Worst, however, that the reform proposal is unfair.

Städtetag: Good news

The German-American Association, on the other hand, can see the planned model as the right way to go. "After decades of reform work, it's good news for the cities," said Chief Executive Helmut Dedy. "Now there is a correction in vision, so that one of the most important taxes of the future communities can be reconstituted again constitutionally."

Dedy supports model for value, length & # 39; FDP and the economy are more likely to require a flat rate based on the area, whether the mansion house is on its earthquake or old home. "This is important for large towns and people can also be better," said Dedy, who looked at her. new module. "Because it is fairer, even though the value of land and buildings is included in

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taxes." However, Dedy tells us that the new regulations, especially in areas that require higher values, can sometimes be caused to go to; Returns to higher taxes than before.

The district council also welcomed the agreement. "It's great that this ends a long game behind the towns and a bill can be launched," said Hans-Günter Henneke's Managing Director. "The truth is that the new regulation should be done on a model basis that is dependent on the value of the Minister of Federal Finance, also agree." An independent approach may exceed the items in the housing market. "

Real estate: How the property tax reform should be undertaken

The Federal government and the Länder have reached an intermediate result for a Reform of the land tax. For the delivery of a combination of space, location and actual net should for rent be used, informed the Federal Finance Minister, Olaf Scholz (SPD), as well as representatives of the Federal States. "It is a socially fair solution," said Scholz. On the Basis of now, a draft law will be developed, which the countries need to agree to.

The Union Also praised the compromise: "I am grateful that we have managed to achieve a very good interim result," said Hesse's Finance Minister Thomas Schäfer (CDU). It was important to come to significant simplifications. Bavaria's Finance Minister Albert Füracker (CSU), called the vertices as a cautious approach and basis for Discussion for a new model. "Of an agreement but we are still pretty far away," said Füracker. The construction and housing policy spokesman of the FDP parliamentary group, Daniel Föst, criticized the compromise as a "bureaucratic madness", the verteure continue to Live.

The Federal constitutional court had decided that the assessment of property tax for real estate unconstitutional. Accordingly, the Federal government and the countries need to create by the end of 2019 a new. The property tax brings at present a total of about 14 billion euros in the year.

Summary: What is tax?

How is calculated the property tax so far? Why is a Reform necessary? What is agreed by the Federation and the Länder? What was the focus of the dispute?

What is the property tax?

The property tax is a tax on the ownership of land and buildings. The land tax for agricultural land and forestry property rights, such as, for example, fields and the property tax B is levied on built-up or buildable land and buildings. It is industry-, wage-, income – and sales tax one of the main sources of income of cities and municipalities. The revenue from the tax A layers of 2017, at 400 million euros. The property tax B brought in the 13.56 billion euros.

The owner of the reason may tax as ancillary costs on the rent out. On average each month, should be about 19 cents per square meter.

In Germany there are about 36 million residential buildings and land. The calculation of the payable land tax is to remain about the same. It is determined on the basis of three factors multiplied together: the unit value, which is determined from the Grundstücksart and the age of the house, the tax-measuring number and rate of assessment by the municipalities to determine for themselves. Depending on the need of money of the municipalities, this rate can be less than 100, or up to nearly 1,000 percent.

The unit of value should actually be all of six years newly identified, so that changes can be taken into account, for example, the structure of the building or the environment. But the revaluation it has come because of the high cost never. Thus, the differences for comparable houses in a similar location, over the decades, getting bigger and bigger.

In the case of the renovation or breakdown in condominiums, there was partial revaluations. The result is that sometimes the reason can be very expensive to be a road from house to house, even within a building complex.

Why is a Reform necessary?

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The Federal constitutional court had decided in the past year, since more than 50 years, not adjusted unit values for land are “completely outdated” and lead to “serious inequalities” of the property owners. According to the judgment, the Federal government and the countries need to create by the end of 2019 a new.

Without Reform, up to the deadline, a loss of billions of revenue threatens. Cities and municipalities have urged a quick agreement. To bring a new regulation by the Bundestag and the Bundesrat, may take months. Officials would have to begin in February with the drafting of a law, so that it can really be to the end of the year. From 2020 onwards the citizens to fill in tax Declaration with the details of the new property tax. They must be collected no later than 2025 in the new shape, nationwide.

A key issues paper that will be used three points for the calculation of the property tax: the age of the building, the regional soil guideline value – that is, the value of the area and the average net cold rent. This, in turn, are derived from the microcensus of the Federal Statistical office. The actual rent is below this average rent, this should be in the calculation.

A of Bavaria and, for example, the FDP desired model, in which the amount of Tax is oriented flat on the surface, it will not give the submitted paper. The Federal government and the Länder want to try but according to their own statements, to minimize the bureaucratic burden: “For buildings built prior to 1948, from simplifying the specification of reasons is sufficient in the statement, ‘the buildings built pre-1948’”, it says in the paper. Lower Saxony’s Minister of Finance Reinhold Hilbers (CDU) said that it is just for commercial sites no longer load. Different control measurement to ensure that the tax distribution is expected to remain roughly as it is today.

What was the focus of the dispute?

The Federal Finance Ministry originally had two models. On the one hand, a value dependent on the model, according to which, in the calculation of unit value net cold rent, living area, year built, land area and land value should be included. This so-called rent model was preferred Finance Minister Olaf Scholz (SPD). It is true from his point of view, the model, the requirements of the constitutional court for a contemporary and socially just taxation.

Alternatively, the Federal Ministry of Finance proposed a value-independent model, also known as “surface model”. Here, the value would be only on the basis of der surface of the land and of the building have been identified. It is favoured, among other things, of Bavaria, also, the real estate industry advertises because of the simple survey for the surface model.

The tenants ‘ Association and the Institute of the German economy had demanded, instead of Scholz’s proposals, a pure land tax on the basis of the value of the Property. The tenant of the Federal government and the opposition parties criticize that the so-called rent model, the fundamental tax on the rent will be prorated and Living in many regions is still more expensive. In addition, the housing warn – and real estate companies as well as representatives of CSU and the FDP, in front of a huge bureaucratic effort, because the information would be required for each individual apartment.

Real estate: local authorities are praising the compromise on the estate tax

The German Association of cities in the planned model for the Reform of the property tax the right way. It should take into account the value of land and buildings stronger. “Now, a correction is in sight, one of the most important taxes of the municipalities can be collected in the future in line with the Constitution,” said chief Executive Helmut Dedy.

The Federal government and the Länder agreed on Friday on a basic outline for a compromise. In the future, the age of buildings and the average rent for the evaluation of the basic values are to be used accordingly, especially the Property tax. FDP and representatives of the business had asked for, however, is rather a flat rate calculation according to the area, whether it’s a Villa in the fillet location, or to an old house in the country.

Dedy supports the value model. “It is fair if the value of land and buildings is included in the taxation,” he says. Quickly now, a law had to be draft, submitted, no later than Easter. “This is necessary so that the land tax, as by the Federal constitutional court requires, shall be regulated by the end of this year.” Otherwise, you would cease to apply from 2020.

“We need The cities of the land tax with their volume from a current rate of 14 billion euros in order to Finance parts of their infrastructure for the citizens,” stresses Dedy. The property tax contribute to the construction and renovation of schools, kindergartens, swimming pools and roads. Dedy says, however, that by the new rules, especially in sought-after areas with higher values of the tax assessments are sometimes even higher than previously could be.

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Against the proposed tax compromise is also substantial criticism is directed. The President of the real estate Association IVD Jürgen Michael, speaks of a “rotten compromise” and criticized: “Send the vertices so that the result will be a bureaucracy monster.”

The Central property Committee (ZIA) warns of a “high administrative burden”. President Andreas Mattner criticized: “to be the Motto of the now proposed, the key points seems to be: why simple, if it’s a complicated one.” It is a systematic deprivation of the politically desired and urgently needed new building for the threat.

The leading Association of the housing industry GdW warns of a “in many cases, the strong increase in costs especially in the case of affordable rented housing in otherwise expensive areas. More dark clouds for the affordable Housing.”

The German Institute for economic research (DIW), argues for a pure land value tax. This would be not only easier, but also associated with positive incentives for efficient land use, explains the head of DIW and a real estate economist Claus Michelsen in Berlin.

The Federal government, the taxpayer rejects the model. Thus, the assessment will be hugely bureaucratic and expensive. “You also need to set the courts on many disputes,” says President Reiner wooden nail.

German states, federal gov't agree key points of property tax reform

The German government and 16 regional states agreed on Friday on how to reform property tax calculations following a court ruling that the current system was outdated and unconstitutional.

The agreement - which calls for using surface area, location and actual net rents to calculate the tax - will form the basis for a legislative proposal that must be enacted by the end of the year, and go into effect after 2024, officials said.

The two sides had been at odds over whether the property tax should reflect the value of the property, or whether it should be calculated solely on the basis of its surface area.

Property tax generates 14 billion euros (\$17.30 billion) in revenues for local authorities annually, and affects not only property owners but also tenants through "additional costs" they pay with their rent, or so-called "Nebenkosten".

Finance Minister Olaf Scholz said the agreement hammered out by the states and the federal government was "a socially just solution." Thomas Schaefer, the finance minister of the state of Hessen, said the agreement would simplify many valuation issues.

But Germany industry groups and a taxpayers group criticised the agreement.

Eric Schweitzer, head of the DIHK German Chambers of Commerce, said focusing on rents and land valuation would lead to additional bureaucratic burdens for companies.

Reiner Holznagel, head of Germany's Taxpayers' Association, said the compromise would hit students, young families and retirees in urban areas particularly hard.

Germany's constitutional court in April ruled that the property tax must be reformulated by the end of 2019 because it was based on outdated values.

The basis for the tax in western Germany is linked to 1964 property values, while property taxes in former East German states are based on 1935 values. This makes property taxes higher in western Berlin than the former east, and means taxes may be low on properties near the former Berlin Wall that have since rocketed in value.

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