



## Deadline 28 February: Reporting obligation of domestic taxpayers

Domestic taxpayers are obliged to notify their tax office of facts with a connection to foreign countries. For example, the setting-up of foreign permanent establishments or the acquisition of shareholdings in foreign companies must be reported. This obligation aims at ensuring the taxation of income originating abroad.

Domestic taxpayers are defined as persons (natural persons and legal entities) who have their domicile, habitual residence, management or registered office in Germany.

### What kind of transactions need to be reported?

- The establishment and acquisition of businesses and permanent establishments abroad;
- The acquisition, termination or change of an interest in foreign partnerships;
- The acquisition or disposal of participations in a corporation, association of persons or estate (as defined in section 1 German Corporate Income Tax Act, KStG) with its registered office and management abroad if
  - the participation in the capital or assets of the corporation, association of persons or estate amounts to at least 10 percent; or
  - the total acquisition costs of all participations exceeds EUR 150,000.
- The fact that the taxpayer is able, alone or together with affiliated parties, to exercise for the first time directly or indirectly a controlling or determinant influence over the corporate, financial or business affairs of a third-country company;
- The type of economic activity of the business, permanent establishment, partnership, corporation, association of persons, estate or third-country company.

A third-country company is defined as a partnership, corporation, association of persons or estate with its registered office or management in states or territories that are not members of the European Union or the European Free Trade Association.

**The notification must be made as part of the tax return, but no later than 28 February 2023.**