
9 TAXATION IN GERMANY

The question of whether your income is subject to taxation in Germany and, if so, how you pay tax depends on the purpose of your stay, i.e. whether you are employed or have been awarded a scholarship:

9.1 TAXABILITY OF SCHOLARSHIPS AND FELLOWSHIPS

If your research visit to Germany is part of a fellowship, you may be exempt from paying German income tax. You should definitely contact the institution that is providing your fellowship for more information. Also check whether the fellowship being awarded to you for work in Germany is taxable in your home country.

9.2 TAXABILITY OF EMPLOYMENT INCOME

If you are employed in Germany for research and/or teaching purposes and stay here for more than six months, your (globally-earned) income will be taxable in Germany:

WAGE TAX

The wage tax (*Lohnsteuer*) is deducted from your gross salary. The tax rates differ from those in other countries and depend on your *Steuerklasse* (taxation class), which in turn depends on the level of your income and on your marital status. Residents in Germany who register at the *Einwohnermeldeamt* (Residents' Registration Office) receive an 11-digit Tax Identification Number (TIN, in German: *IdNr.*) to ensure their identification within the tax system. This Tax Identification Number remains valid for life. It is issued within a few days of (first) registration and sent to you by mail. By the end of the calendar year your employer must submit an annual electronic record to the tax office providing information on your wage, taxes, benefits, contributions to (social) insurances, etc. The record will also be forwarded to you.

9.3

DOUBLE TAXATION AGREEMENTS

In order to avoid employees paying taxes both in Germany and in their home country, Germany has signed double taxation agreements (*Doppelbesteuerungsabkommen*), sometimes also known as a Double Tax Treaty or Double Taxation Convention, with many countries. These agreements determine in which country you are required to pay taxes.

If you reside in Germany for less than 6 months (183 days), work for a foreign employer and the double taxation agreement places the taxation rights with your home country, your income/wage will be taxed in your home country. If any of these terms does not apply, your income/wage will be taxed in Germany.

INFORMATION

List of countries that have double taxation agreements with Germany:

www.bundesfinanzministerium.de/Web/EN/Home/home.html

> Issues > Taxation > Double Taxation

9.4

TAX RETURN AND TAX REFUND

You have the opportunity to submit an annual income tax return to your local tax office (*Finanzamt*), and also to get a tax refund. You may do so either by using the official forms or by forwarding the forms online/electronically using specialised software such as ELSTER. The official forms for an income tax return (*Einkommenssteuererklärung*) are available at your local tax office or online. You may file your income tax return up to 4 years after the year in question. Self-employed persons must submit an annual income tax return for the previous calendar year by 31 May of the following year. Upon receipt of your income tax return, the tax office will send you a tax assessment (*Steuerbescheid*) clarifying whether you are eligible for a refund. It may be a good idea to consult a tax adviser (*Steuerberater*) regarding your income tax return.

INFORMATION AND CONTACT

Oldenburg Tax Office

91er Straße 4

26121 Oldenburg

Telephone: +49 (0) 441 - 238 1

Email: Poststelle@fa-ol.niedersachsen.de

Internet: www.finanzamt-oldenburg.de

Online Database of Tax Accountants: www.dstv.de/suchservice

9.5

CHURCH TAX

An unusual feature of the German tax system is the state-collected church tax (*Kirchensteuer*). In some instances churches can have their tax collected for them by the tax office. With major churches, church tax (about 9% of your annual income tax) is collected together with the wage tax and automatically deducted from your monthly salary (check your payslip). If you are not a member of a church there is no obligation to pay church taxes and you will be exempt from paying them, which will be indicated on your payslip.