



GERMAN PROPERTY TAX REFORM: Don't miss these deadlines in 2022!

The German property tax is subject to a thorough reform. For the new property tax, which will be levied from January 1st, 2025, the tax offices will reassess all properties located in Germany. The deadline is January 1st, 2022. In order for the tax authorities to be able to carry out the assessment, all individuals or companies – resident of Germany or resident abroad – who own a real estate property in Germany must submit a "declaration on the determination of the property tax value". Electronic submission of the declaration is required from July 1, 2022 through October 31, 2022. A potential extension of the filing deadline has not yet been determined.

GERMAN PROPERTY TAX REFORM – NEED FOR ACTION FOR OWNERS OF GERMAN REAL ESTATE

The property values were previously calculated using the standard values. However, these are outdated and have led to different property taxes being payable for similar properties - a clear violation of the principle of equal treatment enshrined in the German constitution.

In 2018, the Federal Constitutional Court consequently declared the regulations on the standard valuation for the assessment of German property tax to be unconstitutional. This means that the valuation method applied can no longer be continued. Instead, a new property tax value is now used. The tax figures were also changed. The assessment rates will almost certainly also be adjusted by the municipalities.

Nevertheless, the previous 3-step procedure for calculating German property tax was retained:

1st stage: Determination of the property tax value

2nd stage: Application of the tax base number and calculation of the property tax base amount

3rd stage: Application of the assessment rate and determination of the property tax

This results in the calculation formula:

Property tax value x tax index x assessment rate = German property tax

The goal of the German real estate tax reform: properties in the same location and the same size should also pay the same real estate tax. In order for this to be achieved, all properties in Germany are revalued. The first key date for the revaluation is January 1, 2022.

This requires the submission of a tax return for each property. We help you to fulfill this obligation and ensure that the declaration is submitted correctly and on time.

WHAT PROPERTY OWNERS NEED TO DO

In order to be able to carry out the revaluation, the tax office requires a "declaration on the determination of the property tax values" for each property. The declaration must be submitted electronically via ELSTER. This will be possible from July 1st, 2022. The last date for submitting the declaration is October 31, 2022.

WHAT DOCUMENTS ARE REQUIRED FOR THE DECLARATION?

For each property, the following information is required in particular for the declaration to determine the property tax value:

- **Location of the property or the operation of agriculture and forestry**
- **District, field and plot of real estate**
- **Ownership**
- **Type of property (vacant, residential, other development), area of the property**
- **If applicable, living space or floor space of the building**
- **Location in more than one municipality [yes/no]**
- **Rental ownership share [numerator/denominator]**
- **Type of use**
- **Monument [yes/no]**
- **obligation to abort, if applicable**

Due to our software solution, we use all technical possibilities to obtain the necessary data directly from publicly available systems, so that you do not have to do anything here at first. If, after the order has been placed, documents or information are required as part of the creation, we will work with you to obtain them.

Our multilingual team helps non-German speaking real estate owners to fulfill their filing obligations. Naturally we are also happy to assist in any other tax related questions.

If you have any questions, please send an email to grundsteuer@schlecht-partner.de.

For more information, see our info page below www.grundsteuererklaeren.de available!

