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# Investment write-down in 2001 to be allowed

**The finance ministry has issued a decree to allow companies to write down their financial investments and marketable securities in 2001.**

The 2000 corporation tax reform abolishing the old, imputation system rendered dividend income and capital gains on the sale of shares in other companies tax-free in the hands of another corporation. Correspondingly, investments could no longer be written down with tax effect. Because of the need to align the taxation of the shareholders with that of the company making the distribution, these aspects of the reform only came into effect in 2002, a year after the main body of the legislation. However, they took effect in 2001 as regards shares held in foreign companies, as there was no need for systematic alignment of companies not subject to German corporation tax. A German corporate shareholder was thus able to write-down its investment in a domestic corporation in 2001 for the last time, but could no longer do so on its holding in a foreign company.

On January 25, 2009, the ECJ held this discrimination to be an unjustified infringement of the freedom of capital movement (case C-377/07 *STEKO*). The finance ministry has now followed this judgment in a decree of April 16, 2012 calling for application in all cases still open. The decree goes slightly beyond the ECJ judgment on write-downs to a lower stock market value in allowing write-downs for any reason. It applies to any investments held in EU/EEA companies and to those of up to 10% in companies located elsewhere.

**Schlagwörter**

investment write-down