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Double Tax Treaty with Austria – civil service pensions

The German and Austrian finance ministries have agreed to tax civil service pensions paid to widows as though payment continued to be to the original beneficiary.

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The German/Austrian double tax treaty provides that civil service and similar pensions are taxable in the country of payment, rather than the country of residence, unless paid to a resident national of the other state. The two finance ministries have now agreed to interpret this as applying equally to the widows and widowers of former government servants who continue to live in the other state after the death of the spouse. The tax status of the surviving spouse therefore follows that of the original, and now deceased, beneficiary. Thus a German pension paid to a policeman's widow who continues to live in Austria after her husband's death will continue to be taxable in Germany (with exemption in Austria) even if she is an Austrian national, as long as she held Austrian nationality at some point during her husband's lifetime.

Schlagwörter

German/Austrian, double tax treaty, pension