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Recognition of capital repayment by EEA companies must be applied for

The finance ministry has issued a decree to the effect that a capital repayment by a company from another EEA country will not be recognised as such unless the company makes a formal application for recognition.

Capital repayments by foreign companies to their German resident shareholders are basically taxable in the hands of the recipients as dividend income. However, companies resident in another EEA country (EU, Iceland, Liechtenstein and Norway) can avoid this consequence with an application to the tax authorities for recognition of the capital repayment as such. The finance ministry has now issued a decree reiterating this point, but allowing continued recognition of capital repayments made up to the end of 2013 if the shareholder's tax office had accepted the application of the shareholder, rather than the company. Application is to be made to the tax office responsible for the company's German branch or, if there is none, to the Central Tax Office.

Schlagwörter

capital repayment