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By PwC Deutschland | 02. Januar 2018

Investment funds: Lending or repo transactions over stock may jeopardize tax benefits

Stock lending – a potential show stopper. The new German Investment Tax Act (GITA) has not yet kicked in and the rules are already becoming more and more complex.

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Among other topics, the German Ministry of Finance (BMF) has, in a recent circular dated 21st December 2017, clarified that a fund's activities in lending or repo transactions over stock may jeopardize certain tax benefits under the partial tax exemption regime for its German investors. The circular deals with the question whether stocks which are part of stock lending or repo transactions qualify as equity participation and thus form part of the fund's equity participation ratio (EPR).

Depending on the EPR the tax exemption available for the German fund investors varies between 0% and 80%!

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Schlagwörter

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