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By PwC Deutschland | 23. Mai 2019

Ministry of Finance release new form for reporting foreign relationships

The Ministry of Finance has published a new form for reporting foreign relationships according to Section 138 (2) of the General Tax Code (GTC). The new form replaces the form originally included in the Ministry of Finance's guidelines on the application of Section 138 (2) and Section 138b of the GTC dated 5 February 2018.

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Background

The Tax Avoidance Prevention Act introduced on 23 June 2017 extended already existing reporting obligations for foreign relationships. On 5 February 2018, the Ministry of Finance issued guidelines on the new rules and published an official form for the required reporting. In its circular of 21 May 2019, the Ministry has issued a replacement form.

Reporting requirements

Section 138 (2) GTC requires domestic taxpayers to report certain acquisitions abandonments of and alterations in participations in foreign partnerships, businesses, corporations or estates as well as to report the first-time ability(with a related party) to exercise a direct or indirect influence on the legal, financial or business affairs of a third-country entity.

In addition Section 138 (2) Sentence 1 No. 5 GTC requires the domestic taxpayer to report the type of economic activity carried on by the foreign partnership, business, corporation, estate or third-country entity. The new official form now contains a list of economic activities. The list replaces the original free-text field and is devised to make the form simpler to complete and to ease and improve the evaluation of the report for tax purposes.

Source:

Ministry of Finance Circular of 5 February 2018 (IV B 5 – S 1300/07/10087 und IV A 3 – S 0303/17/10001)

Ministry of Finance Circular of 21 May 2019 (IV B 5 – S 1300/07/10087)

Schlagwörter

foreign related parties, reporting obligation