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By PwC Deutschland | 16. Juli 2021

Update: Tax & Legal Newsflash – German IP nexus rules: Ministry of Finance issues circular to simplify withholding tax and capital gains tax procedures in certain treaty cases

The circular dated 11 February 2021 covers royalty payments and capital gains in foreign-to-foreign cases where the German nexus is purely based on a registration of rights in a German public register

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2021212 Newsflash MF 11 2 2021 circular German registered rights (1)

Update (16 July 2021):

On 11 February 2021 the Ministry of Finance issued a circular to simplify withholding tax and capital gains tax procedures in certain treaty cases (details as outlined in our tax & legal newsflash from 12 February 2021, above). In this circular the Ministry of Finance outlined the preconditions for and exceptions from participation in a **simplified withholding tax procedure** in royalty cases. The simplified procedure is subject to specific preconditions and applies to taxable events realized up to and including 30 September 2021. Royalties paid after 30 September 2021 will be subject to the regular withholding tax rules.

This latter condition has now been modified in a **subsequent circular published by the Ministry of Finance on 14 July 2021**. In this circular the tax administration explains that the simplification procedure as outlined and described in the circular of 11 February 2021 can also be applied to payments received by the creditor after September 30, 2021 but before July 1, 2022.

The tax administration points out that the circular of 11 February 2021 is to be applied to these remunerations and also to all remunerations paid before September 30, 2021, provided the application for exemption from withholding tax is submitted to the Federal Central Tax Office by 30 June 2022.

Schlagwörter

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