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By PwC Deutschland | 10. November 2021

Supreme Tax Court: Further landmark ruling on intra-group financing

The Supreme Tax Court issued a further landmark ruling in the area of intra-group financing by which the court strengthens the consideration of risk premiums for subordinated and unsecured loans.

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In an earlier judgment the Supreme Tax Court has already established far-reaching principles for determining arm's length interest (ruling on case I R 4/17, published on 21 October 2021 - see our **blog post** and the corresponding **TP Newsflash**).

In addition to the question of the selection of the most appropriate TP method for setting intra-group interest rates the main issue in the most recent judgment (case I R 62/17, published on 28 October 2021) was, whether a subordinated rank of a loan resulting from the German Insolvency Code (“InsO”) can have an influence on the amount of the interest rate.

More in-depth information on the most recent judgment in the case I R 62/17 to be found in our **TP Perspectives - BFH 2021 FG Köln EN (1)**

Schlagwörter

intra-group financing, subordinated loan, unsecured loan