Downloaded from Blogs on 07.06.2026 06:22h

By PwC Deutschland | 27. Februar 2024

Growth Opportunities Act: Dispute to continue despite compromise reached by Mediation Committee

In its session of 21 February 2024, the Mediation Committee of the Bundestag and Bundesrat concluded its negotiations in relation to the Act to Strengthen Growth Opportunities, Investment, and Innovation as well as Tax Simplification and Fairness

Downloaded from Blogs on 07.06.2026 06:22h

Content

Downloaded from Blogs on 07.06.2026 06:22h

An amended legislative package for the so-called Growth Opportunity Act was finally adopted without the agreement of the conservative party CDU/CSU. The Bundesrat originally referred the draft Act to the Mediation Committee om 24 November 2023.

The so-called climate protection investment premium and the reporting requirements for domestic tax arrangements are among the provisions no longer included in the compromise.

The Bundestag and Bundesrat must now approve the amendments reached. As the compromise was reached without the consent of the CDU/CSU, a further rejection by the Bundesrat (in its session of 22 March 2024) cannot be ruled out at present.

More details of the Growth Opportunities Act as approved by the Bundestag (in its version of 16 November 2023) to be found here with changes to the version of the Act agreed by the Bundestag set out *in italics*.

Changes to the Foreign Taxes Act

Adjustment of the rules for determining the arm's length price for financing relationships in the stead of the introduction of an interest rate cap

As a key change in the area of business taxation, the agreed proposal provides – as was previously the case - for the introduction of a new Section 1 (3d) Foreign Taxes Act (FTA) and a new Section 1 (3e) FTA. Instead of the absolute maximum rate for the deduction of interest expense originally envisaged, the interest deduction is to be restricted to a so-called group interest rate, whereby an interest rate exceeding the group interest rate will not comply with the arm's length principle. The regulation contains a rebuttal option that requires proof that a rate calculated from the corporate group rating complies with the arm's length principle. If proof can be provided, this must be considered when calculating the interest rate.

The group interest rate is the rate at which the corporate group could finance itself vis-à-vis third parties based on the rating calculated for the corporate group. This limitation should apply to interest expenses from cross-border financing within multinational groups of companies. The restriction to cases in which the lender is a functionally weak company originally provided for in the draft law has been removed. Purely domestic constellations are not affected by the regulation.

Alongside the group interest rate limitation, Section 1 (3d) FTA provides for the introduction of higher evidentiary obligations regarding the loan relationships concerned. According to this provision, the taxpayer must provide credible evidence that, right from the outset, he has been able to service debt (i.e., pay interest and amortise) for the entire term of the financing relationship and that the financing is necessary from a business perspective and is also applied for the purpose of the business. If these requirements are not met, the interest deduction will be denied in full.

According to the new Section 1 (3e) FTA, it is a rebuttable presumption that the brokering or transfer of funds within a multinational group of companies is a low-function and low-risk service which can only be remunerated on a cost-plus basis. The regulation is also intended to cover cases in which one company in

Downloaded from Blogs on 07.06.2026 06:22h

the group is responsible for managing the financial resources - such as liquidity management, financial risk management, currency risk management or acting as a financing company - on behalf of one or more companies in the group.

The new provisions in section 1 (3d) and (3e) FTA are to apply from the period of assessment 2024.

Changes to the Income Tax Act

Changes to the tax loss utilization rules (Section 10d Income Tax Act - "ITA")

The temporary adjustment to the regulations on minimum taxation was included in the mediated proposal in a slightly modified form. The deduction of a loss carry-forward up to a total amount of income of EUR 1,000,000 is now to be permitted without restriction and beyond that up to *70% (the Bundestag resolution still provided for 75%)* of the total amount of income in excess of EUR 1,000,000 (Section 10d (2) Sentence 1 ITA). The amendment to the law is to apply from the 2024 period of assessment and be reversed with effect from the 2028 period of assessment (section 52 (18b) ITA).

The extension of the loss carry-back option - from the 2024 period of assessment - to the third period of assessment preceding the loss year, which was provided for in the law passed by the Bundestag, is no longer part of the mediation proposal. Likewise, the planned temporary retention of the minimum taxation thresholds - increased during the coronavirus crisis - of EUR 10,000,000 or EUR 20,000,000 (for jointly assessed taxpayers) for the loss carry-back for the 2024 and 2025 periods of assessment and their permanent increase from the 2026 period of assessment to EUR 5,000,000 or EUR 10,000,000 (formerly Section 10d (1) Sentences 1 and 2 and Section 52 (18b) ITA) has been withdrawn. As a result, the original amount limits of EUR 1,000,000 or EUR 2,000,000 (for jointly assessed taxpayers) remain in place.

New formulation of the regulations on the preferential treatment of retained profits.

The planned changes to the preferential treatment of retained profits (the so-called retained profits allowance) were adopted unchanged in the mediated proposal:

- A subsequent application for a retained profits allowance will be treated as a retroactive event for the purposes of calculating the refund interest under Section 233a General Tax Code (GTC), meaning that no refund interest can be generated through this action (Section 34a (1) Sentence 3 ITA).
- A gratuitous transfer will also be considered to have been made where a co-entrepreneur leaves the partnership with his business share accruing to the other co-entrepreneurs and leading to subsequent taxation (Section 34a (6) ITA).
- Furthermore, the sale of only part of a sole proprietorship or part of a co-entrepreneur's share as well as the contribution of part of a business or part of a co-entrepreneur's share in accordance with Section 20 Reorganisations Tax Act will in future also lead to a (pro rata) subsequent taxation in accordance with Section 34a (6) ITA. This also applies to the gratuitous transfer of such assets to a corporation tax subject.

Downloaded from Blogs on 07.06.2026 06:22h

- Finally, Section 34a (7) ITA stipulates that an amount assessed to subsequent taxation no longer remains with the transferor in the event of the gratuitous inclusion of a natural person into a sole proprietorship or the gratuitous transfer of part of a co-entrepreneur's share but is rather transferred pro rata to the legal successor. In the case of a book value transfer of part of a co-entrepreneur's share in accordance with Section 24 Reorganisations Tax Act the amount subject to subsequent taxation should also be transferred pro rata to the new co-entrepreneur's share in future.

The revised Section 34a ITA will now apply in its entirety for the 2024 period of assessment (Section 52 (34) ITA).

Further changes to the ITA

Increase in the value limit for gifts: The value limit in Section 4(5) Sentence 1 No. 1 Sentence 2 ITA for gifts to persons who are not employees will be increased from the current EUR 35 to EUR 50 applying to financial years beginning after 31 December 2023.

Company car taxation: According to Section (1) No. 4 Sentence 2 No. 3 and Sentence 3 No. 3 ITA, only a quarter of the gross list price is to be applied for the calculation the private use benefit of purely electric vehicles. The maximum amount applicable in this respect for vehicles purchased after 31 December 2023 (Section 52 (12) ITA) will only be increased by EUR 10,000, i.e., from the previous EUR 60,000 to EUR 70,000. *The deletion of the alternative range limit of 80 km for electric vehicles purchased after 31 December 2024, provided for in Section 6 (1) No. 4 Sentence 2 No. 5 and Sentence 3 No. 5, will no longer included in the Mediation Committee’s proposal.*

Valuation of contributions of recently acquired assets from business assets: The acquisition cost principle provided for in Section 6 (1) No. 5 Sentence 1 Letter (a) ITA for assets acquired or manufactured within the last three years prior to the date of contribution to business assets is restricted to assets contributed from private assets following the ruling of the Supreme Tax Court (I R 32/17 of 9 June 2021) for assets contributed after the date of the entry into force of the Growth Opportunities Act. In this judgement, the Supreme Tax Court ruled, inter alia, that hidden contributions by a domestic parent corporation to a subsidiary domiciled in an EU Member State under Section 6 (6) Sentence 3 ITA in conjunction with Section 6 (1) No. 5 ITA are only to be recognised at the depreciated acquisition or production cost where these assets were acquired or produced within the last three years.

Temporary reintroduction of the declining balance method of depreciation for movable assets: The declining balance method of depreciation - extended for the last time with the Fourth Corona Tax Assistance Act - in the amount of 25%, up to a maximum of 2.5 times the straight-line depreciation, for movable fixed assets will be reintroduced for a limited period for assets that are acquired or manufactured after **31 March 2024** *(the resolution of the Bundestag still states 30 September 2023)* and before 1 January 2025. *In contrast to the earlier rule, however, the depreciation rate will now be reduced to 20% with a maximum of two times the straight-line depreciation.*

Downloaded from Blogs on 07.06.2026 06:22h

Straight-line depreciation of residential buildings: As part of the Finance Act 2022, the annual straight-line depreciation rate for residential buildings completed after 31 December 2022 was increased from 2% to 3% of the acquisition or production costs, thereby shortening the depreciation period from 50 to 33 years (Section 7 (4) Sentence 1 No. 2 ITA). Amendments to the references in Section 7 (4) Sentence 2 ITA, which were omitted at the time, will be rectified as part of the Growth Opportunities Act.

Introduction of a declining balance depreciation option for residential buildings: In Section 7 (5a) ITA, a declining balance depreciation of *5% (6% in the Bundestag resolution)* is introduced for residential buildings whose construction began after 30 September 2023 and end before 1 October 2029 or whose acquisition is based on a legally binding contract concluded after 30 September 2023 and before 1 October 2029. If use is made of the declining balance depreciation option, deductions for extraordinary technical or economic wear and tear are not permitted. In contrast to declining balance depreciation in accordance with Section 7 (5) ITA, the corresponding application of Section 7 (1) Sentence 4 ITA is prescribed, meaning that depreciation must be applied pro rata temporis in the year of acquisition or production. In the event of a change to straight-line depreciation in accordance with Section 7 (4) ITA, further depreciation is calculated on the basis of the residual value and the relevant percentage in accordance with Section 7 (4) ITA, taking into account the remaining useful life (according to the explanatory memorandum = difference between the depreciation period on which the flat-rate percentage in accordance with Section 7 (4) ITA is based and the previous depreciation period of the building in relation to the residual value).

Special depreciation for the construction of new rental apartments: The increase of the upper limit for construction costs (Section 7b (2) ITA) and the maximum assessment basis (Section 7b (3) ITA) for the construction of new rental apartments in accordance with Section 7b ITA to EUR 5,200 and EUR 4,000 has been retained. In addition, the temporal scope of application of the special depreciation option (Section 7b (2) and Section 52 (15a) Sentence 3 ITA) will be extended to apartments for which the building application or building notification is submitted before 1 October 2029.

Special depreciation allowance in accordance with Section 7g (5) and (6) ITA: The percentage for the special depreciation option regulated in Section 7g (5) and (6) ITA is increased from 20% to *40% (50% in the Bundestag resolution)* for depreciable movable fixed assets acquired or manufactured after 31 December 2023 for an unlimited period.

Avoidance of multiple taxation of retirement income: The statutory provisions on the taxation of retirement income from the basic pension (Section 22 No. 1 Sentence 3 Letter (a) Double Letter (aa) Sentence 3 ITA) will be adjusted in response to the Supreme Tax Court judgements X R 33/19 and X R 20/19 of 19 May 2021 (slower increase in the taxable portion) Due to the slower increase in the taxable portion of pensions from the basic pension, the allowances for pension payments pursuant to Section 19 (2) ITA will also be adjusted. The same applies to the old-age relief amount pursuant to Section 24a ITA. Section 19 (2) Sentence 3 and Section 24a Sentence 5 ITA are to be applied to tax deductions from wages for the first time from *1 January 2025 (1 January 2024 in the Bundestag resolution).*

Set-off of tax deductions: The provision on the crediting of tax deductions in Section 36 (2) Sentence 1

Downloaded from Blogs on 07.06.2026 06:22h

No. 2 Letter (b) ITA during the assessment process is extended to include DTA cases.

Application of Section 36a ITA to dividends received via a foreign permanent establishment: Section 36a ITA must also be applied when dividend withholding tax is credited based on a tax treaty claim for credit of the withholding tax levied.

Transmission of the identification number by the tax offices: *According to Section 39 (3) Sentence 6 ITA - introduced during the mediation process in order to meet a demand which arose in the Bundesrat's representations on the government draft - tax offices should be allowed to transmit the employee's identification number to the employer on request provided: (i) the employer has already submitted a wage tax certificate for the employee for 2022 using the eTIN, (ii) the employer also confirms that the employment relationship will continue beyond 2022 and (iii) the employee, despite being requested to do so, has not yet communicated his identification number in contravention of Section 39e (4) Sentence 1 No. 1 ITA*.

Extension of the limited tax liability to income from employment: The limited tax liability pursuant to Section 49 (1) No. 4 Letter (a) Sentence 2 is extended to income from employment accruing after 31 December 2023 for cases where the activity is not carried out in Germany but in the taxpayer's country of residence or in one or more other countries in situations where a DTA concluded with the country of residence or an inter-governmental agreement assigns Germany a right of taxation for the activity carried out in the country of residence or in one or more other countries. According to the recommendation of the Finance Committee, this does not apply to taxation rights assigned to Germany in relation to income from employment carried out on board a ship in international traffic.

Increase in the exempt threshold for royalty/licence income of limited tax liability taxpayers: The exempt threshold in Section 50c (2) Sentence 1 no. 2 ITA as a prerequisite for applying the exemption procedure for limited tax liability taxpayers with income from the transfer of rights under Section 50a 1) No. 3 ITA will be increased from the current EUR 5,000 to EUR 10,000 for income accruing to the limited tax liability taxpayer after 31 December 2023. If the exempt threshold is exceeded, the revised Section 50c (2) Sentence 1 No. 2 ITA states that tax must be withheld and paid on the remuneration that exceeds the threshold of EUR 10,000 in the amount of the tax due on this remuneration. Remuneration that has already been received which did not lead to the limit of EUR 10,000 being exceeded, either separately or together with other remuneration already received, remains covered by the exemption from withholding and remitting tax - i.e. no tax should have to be withheld and remitted retrospectively for this remuneration (meaning that it is no longer necessary to correct tax returns).

Amendments to the Corporation Tax Act (CTA)

Option for corporation tax (Section 1a CTA)

The changes with regard to the corporation tax option provided for in Section 1a Corporation Tax Act (CTA) were adopted unchanged in the Mediation Committee's proposed compromise:.

Downloaded from Blogs on 07.06.2026 06:22h

- **Personal scope of application:** The personal scope of application of the corporation tax option will be extended to registered GbRs ("Gesellschaft bürgerlichen Rechts" = civil law association).
- **First-time option:** Newly established partnerships can now submit an application up to one month after concluding the partnership agreement with effect for the current financial year. Previously, they could opt for their second financial year at the earliest, as the application had to be submitted no later than one month before the start of the financial year for which the option was to take effect, without exception. Similarly, when a corporation changes its legal form to that of a partnership, a seamless continuation of corporation taxation will be possible provided the application is submitted to the competent register by the end of the month after which the change of legal form itself was registered.
- **Shares in the general partner:** In order for the option to be implemented in a tax-neutral manner, all essential business assets must be contributed following the previously applicable reorganisations tax regulations. The fact that the shares in the general partner GmbH - in individual case - also had to be contributed (although the option has no effect under civil law) was seen as a significant obstacle to the option. This has now been remedied by an explicit provision according to which the mere retention of the shareholding in a general partner of the opting company does not exclude the tax neutrality of the option.
- The deemed receipt of a profit share from the opting partnership is restricted in such a way that a receipt of income including the dividend withholding tax liability will not be deemed to arise as soon as the right to receive payment arises, but rather only if the income is actually withdrawn. In this respect, according to the explanatory memorandum, the deemed receipt of income may in individual cases be assumed even later than in the case of an enterprise that is also organised as a corporation under civil law, where a deemed receipt of income to the controlling shareholder is assumed when the resolution is passed and not only when it is paid over.

The amendments to Section 1a CTA are to be applied from the day after the Growth Opportunities Act comes into force.

Tax consolidation groups: Repeal of the prohibition on recognising losses in Section 14 (1) Sentence 1 No. 5 CTA: The prohibition on recognising the negative income of the controlling company or the controlled company contained in Section 14 (1) Sentence 1 no. 5 CTA will be repealed with effect from the 2024 period of assessment was adopted in the mediated proposal.

Tax deduction on investment income of non-profit organisations with limited tax liability (Section 32 (6) CTA)

With the newly created Section 32 (6) CTA, the tax exemption pursuant to Section 5 (1) No. 9 CTA for foreign non-profit organisations based in EU and EEA States is also replicated for the purposes of withholding tax relief. In line with the free movement of capital, non-profit organisations in third countries are also to become entitled to claim for a refund, provided there is no direct investment. Section 32 (6) CTA will

Downloaded from Blogs on 07.06.2026 06:22h

be subordinate to other existing bases for relief (e.g. DTAs). In addition, this refund claim is subject to various other conditions (including exchange of information, administrative assistance in recovery, unlimited tax liability without election option, Sections 50d (3) and 50j ITA not to apply, no credit/deduction of withholding tax at the creditor level).

The provision applies in all open cases and therefore retroactively.

Changes to the Trade Tax Act (TTA)

Extended deduction for real property

In the case of the extended deduction for real property (Section 9 No. 1 Sentences 2 TTA et seq.), the threshold for harmless ancillary income from the operation of systems for generating electricity from renewable energy and from the operation of charging stations for electric vehicles and electric bicycles will be raised from 10% to 20% of the income from the leasing of property (Section 9 No. 1 Sentence 3Letter (b) TTA-draft). The amendment will apply from the 2023 tax period.

Changes to the Reorganisations Tax Act

Tightening of the so-called post-demerger lock-up clause

The planned changes to the so-called post-demerger lock-up clause in accordance with Section 15 (2) Sentences 2 Reorganisations Tax Act et seq. (RTA) remain unchanged in the mediated proposal.

According to the new regulation, a demerger at book or interim value is prohibited where the demerger occurs as the culmination of or in preparation for a sales transaction (of the transferred assets) to an “external” party. An "external" party is defined as any person who has not held an interest in the transferring corporation for an uninterrupted period of five years prior to the demerger (according to the explanatory memorandum, the relevant date is the date the demerger becomes effective under civil law).

A sale to external parties through the demerger or spin-off is expressly limited to cases in which the transaction causes a shift in value in favour of these persons (otherwise a demerger could never occur at book value if the external parties held interests in the transferring legal entity).

According to the new regulation, “in preparation for a sale" to an external party will in future also be considered to apply:

- where there is already a concrete intention to sell at the time of the demerger or at least a sale is not only being hypothetically considered and at least one share of the corporation involved in the demerger is transferred to external parties within five years of the tax transfer date - i.e., it will not be necessary to exceed the 20% threshold - (Sentence 4)) **or**
- where shares in a corporation involved in the demerger that account for more than 20% of the value of the shares in the transferring corporation on the transfer date for tax purposes are sold to external

Downloaded from Blogs on 07.06.2026 06:22h

parties within five years of the transfer date for tax purposes (Sentence 5). Where this criterion, which essentially corresponds to the regulatory content of the previous Sentence 4, is met, the preparation of a sale through the demerger is to be irrefutably presumed.

Affiliated companies within the meaning of Section 271 (2) Commercial Code are not deemed to be external parties for the purposes of Section 15 (2) RTA. Intra-group reorganisations in connection with the demerger or following the demerger therefore do not generally constitute a triggering event (group exception to the post-demerger lock-up).

Section 15 (2) Sentences 2 to 7 RTA are to be applied for the first time to demergers for which the application for entry in the public register relevant for the effectiveness of the respective transaction is made after 14 July 2023 (Section 27 (19) RTA).

Changes to Value Added Tax legislation.

Introduction of a mandatory electronic invoice

In the area of VAT, the introduction of mandatory electronic invoicing for services between entrepreneurs (B2B) is the most relevant change. The electronic invoice must be issued, transmitted and received in a specific structured electronic format and also enable electronic processing. On the recommendation of the Finance Committee, the requirements for the structured electronic format of an electronic invoice were designed to be more technology-neutral compared to the government draft. In addition to adapting existing Electronic Data Interchange (EDI) procedures to CEN standard EN 16931, invoice issuers and invoice recipients can now alternatively agree on the use of a different (new) structured electronic format if the information required for VAT purposes can be extracted correctly and completely from the invoice format used in such a way that the result corresponds to or is compatible with CEN standard EN 16931. If can be ensured, invoices issued via EDI procedures in particular, whose formats do not comply with the requirements of CEN standard EN 16931, nevertheless fulfil the format requirements for electronic invoices.

The obligation to issue electronic invoices applies to businesses based in Germany that invoice a service recipient also based in Germany for a service that is taxable in Germany. Section 27 (38) Value Added Tax Act (VATA) contains various transitional provisions. The general transition period provided for in Section 27 (38) No. 1 VATA is two years and the transition period for smaller entrepreneurs with a total turnover of up to EUR 800,000 in the previous calendar year is three years in accordance with Section 27 (38) No. 2 VATA.

Further changes

In addition, the law contains, inter alia, various bureaucratic reliefs, especially for small and micro entrepreneurs (basic exemption of small entrepreneurs from the obligation to submit advance VAT returns and annual VAT returns in accordance with Section 19 VATA, a new regulation of the deadlines for waiving the small enterprise exemption and its revocation, the increase in the total turnover threshold in accordance

Downloaded from Blogs on 07.06.2026 06:22h

with Section 20 Sentence 1 No. 1 VATA from the previous EUR 600,000 to EUR 800,000, an increase in the threshold for a possible exemption from the obligation to submit advance returns from the previous EUR 1,000 to EUR 2,000 (Section 18 (2) Sentence 3 VATA) as well as an extension of the simplification rule in Section 13b (5) Sentence 8 VATA for certain cases of erroneous application of the transfer of the tax liability to Section 13b (2) No. 6 VATA (transfer of rights in accordance with Section 3 No. 3 of the Greenhouse Gas Emissions Trading Act and certain other rights, certificates, etc.).

Changes to the Research Allowances Act

With minor adjustments, in particular regarding the period of application, the following changes to the Research Allowances Act (RAA) were also taken up in the mediated proposal:

- Increase in the eligible value of the hours worked for “own services” (i.e., self-worked hours) from the current EUR 40 to EUR 70 to increase the attractiveness of the research allowance for sole proprietors as well as a corresponding increase in relation to the limitation of eligible expenses as part of the performance agreement between co-entrepreneurs (Section 3 (3) Sentences 2 and 3 RAA).
- Extension of the eligible expenses for financial years beginning after 31 December 2023 to the loss in asset value resulting from the use of depreciable movable fixed assets, insofar as:
    - the relevant asset was acquired or manufactured after the day of the publication of the Growth Opportunities Act (31 December 2023 in the Bundestag resolution) and
    - the relevant asset was used exclusively by the business in the subsidised research and development project and
    - the relevant asset is required for the implementation of the research and development project (Section 3 (3a) RAA).
    - Low-value assets to which the valuation provisions of Section 6 (2) and (2a) ITA apply are not to be covered by this regulation.
- Increase in the proportion of eligible expenditure for commissioned R&D projects within the meaning of Section 2 (5) RAA *incurred after the day of the publication of the Growth Opportunities Act* from the current 60% to 70% of the remuneration incurred by the beneficiary of the contract (Section 3 (4) Sentence 2 RAA).
- Deferral and increase of the maximum assessment basis for eligible expenses in*curred after the day of the publication of the Growth Opportunities Act (after 31 December 2023 in the Bundestag resolution) to EUR 10,000,000 (EUR 12,000,000 according to the Bundestag resolution) - Section 3 (5) RAA.*
- Increase in the research allowance for certain small and medium-sized enterprises within the meaning of the General Group Exemption Regulation from 25% to 35% (Section 4 (1) Sentence 2 RAA).

Downloaded from Blogs on 07.06.2026 06:22h

Changes to existing notification and reporting obligations

With regard to the existing regulations on the **reporting obligation for cross-border tax arrangements** (Sections 138d et seq. GTC), the law contains selective adjustments to the existing regulations (inter alia, an intermediary subject to a statutory duty of confidentiality and not released from it must - in accordance with § 138f (6) Sentence 1 No. 2 GTC - not only inform the user about the personal data to be reported and provide the user with the registration and disclosure numbers without delay upon their issue, but in future must - upon request - also inform the Federal Central Tax Office. Furthermore, the sanctions for reporting violations by users will be extended (in future, an administrative offence will also be deemed to have been committed, where the user - having not released the intermediary from his statutory duty of confidentiality - fails to comply with his obligation to report the personal data and the register and disclosure numbers which were communicated to him by the intermediary).

With regard to the **notification and co-operation obligations set out in Section 138 GTC**, the new law provides in particular for a Section 138 (1) Sentence 5 GTC, according to which entrepreneurs without residence, registered office or place of management in Germany will be subject to an obligation to notify the tax authorities when commencing any VATable activity in Germany. Furthermore, the notification obligation in Section 138 (1b) GTC will be extended to taxable persons who are not natural persons and to whom Section 138 (1) GTC does not apply (Section 138 (1b) Sentence 4 GTC). Additionally, exceptions to the notification obligation will be introduced in Section 138 (1) and (1b) GTC to cover situations where the notifiable activity has no or only minor effect (Section 138 (1c) GTC). The exceptions are to be defined in more detail in a Ministry of Finance circular yet to be published. Upon the recommendation of the Finance Committee of the Bundestag, Section 138 (2) Sentence 1 No. 5 GTC was deleted and transferred to Section 138 (2) Sentence 2 GTC. In future, in the situations listed in Numbers 1 to 4 of Section 138 (2) Sentence 1 GTC the taxpayer will also have to describe the type of economic activity of the business/permanent establishment/ corporation/association of persons/asset pool or third-country company.

Further changes to the General Tax Code

The regulations on the introduction of an **international risk assessment procedure** in Section 89b GTC are included unchanged in the mediated proposal. The same applies to the creation of a **legal framework** for the utilisation and provision of special forms of **administrative assistance** in relation to third countries under Section 117e GTC.

Increase in the bookkeeping limits in Section 141 GTC: The planned increase in the accounting thresholds in Section 141 (1) Sentence 1 No. 1 as well as No. 4 and No. 5 GTC for trading entrepreneurs as well as farmers and foresters from the previous EUR 600,000 (total turnover) and EUR 60,000 (profit) to EUR 800,000 and EUR 80,000 respectively is also included in the mediated proposal. Note: The bookkeeping expenses were also increased to EUR 800,000 (sales revenue) and EUR 80,000 EUR (net profit for the year) in Section 241a Commercial Code.

Downloaded from Blogs on 07.06.2026 06:22h

Changes to the EU Administrative Assistance Act

The planned introduction of a definition for a “simultaneous audit” under Section 12 EU Administrative Assistance Act (EUAAA) and the establishment of a legal framework in Section 12a EUAAA for conducting such joint audits are essentially unchanged in the mediated proposal.

Unimplemented provisions of the Growth Opportunities Act

Climate protection investment premium: No longer included in the mediated proposal is the introduction of a (separate) law on tax incentives for investments in climate protection (Climate Protection Investment Premium Act). It remains to be seen whether the plan will be implemented in a revised form at a later date.

Introduction of an obligation to report domestic tax arrangements (Sections 138l GTC et seq.): Also excluded in the mediated proposal are the originally planned Sections 138l to 138n GTC which introduced a reporting obligation for certain “domestic tax arrangements”.

Trade loss (Section 10a TTA): The more generous formulation of the provisions on minimum taxation contained in the Bundestag's legislative resolution, including changes for trade tax losses (Section 10a Sentence 2 TTA: namely a set off of up to 75% of the relevant trade income exceeding EUR 1,000,000 against trade tax losses carried forward from the previous periods of assessment) for the assessment periods 2024 – 2027 will not be – even with just the reduced percentage rate - part of the mediated proposal. Accordingly, as things stand at present there will be no harmonisation between income/corporation tax and trade tax vis-à-vis loss utilisation. It is unclear whether this divergence is the intended result.

Immediate write-off of low valued assets and compound asset pools: According to the current thinking of the Mediation Committee, the increase in the maximum limit for the immediate write off of low-value assets under Section 6 (2) Sentence 1 ITA from the previous EUR 800 to EUR 1,000 and the increase of the upper limit for the recognition of compound asset pools under Section 6 (2a) ITA from the current EUR 1,000 to EUR 5,000 will no longer be introduced. The same applies to the reduction in the reversal period from the previous 5 to 3 years.

Increase in domestic per diems for meals when working away from home under § 9 (4a) ITA: The planned increase in per diems for meals when working away from home has also been cancelled without replacement.

Trade tax add-back of rental and leasing payments (including leasing instalments) for the use of certain hybrid electric vehicles: The planned deletion of the minimum electric range of 80 km/60 km as an alternative condition for halving the trade tax add-backs on rental/leasing payments (including leasing instalments) for externally rechargeable hybrid electric vehicles has also been excluded from the mediation proposal.

Downloaded from Blogs on 07.06.2026 06:22h

Changes already implemented in other legislation.

At the request of the coalition parties, parts of the Growth Opportunities Act were already implemented at the end of last year as part of the so-called Secondary Credit Market Promotion Act of 22 December 2023 (see our **blog** from 20 December 2023 for details).

Changes to the interest barrier to adapt to the requirements of the ATAD

Changes to Section 4h ITA

- Limited effect and partial modification of the grounds for exclusion under Section 4h (2) Income Tax Act (ITA) when applying the interest limitation rule (exemption limit, stand-alone operations, equity escape clause).
- Broadening of the definition of interest.
- Additional grounds for the (pro rata) forfeiture of EBITDA carry-forward or interest carry-forward to include the cessation or transfer of a business unit.

Changes to Section 8a CTA

- In future, for all corporate taxpayers, all income will be deemed to be generated through one business for the purposes of the interest limitation rule.
- The requirements for the application of the exclusion rule for shareholder debt financing under Section 8a (2) CTA were deleted in light of the changes to the stand-alone clause (Section 4h (2) Sentence 1 Letter b ITA).
- Adjustment of the regulations on shareholder debt financing in Section 8a (3) CTA

Temporary continuation of the status quo in real estate transfer tax through the introduction of **Section 24 Real Estate Transfer Tax Act (RETTA),** according to which partnerships with legal capacity will be deemed to be joint owners (“Gesamthand”) for the purposes of real estate transfer tax for a further three years and their assets will be deemed to be joint assets (“Gesamthandvermögen”).

Follow-up adjustments to the legal changes in the Partnership Modernisation Act in the GTC/Tax Court Ordinance, CTA, TTA, Inheritance and Gift Tax Act, Tax Valuation Act and other laws.

Repeal of the provisions on the taxation of so-called December aid pursuant to Sections 123 to 126 ITA.

Update of the general application rule in Section 34 (1) CTA from the 2022 period of assessment to the 2024 period of assessment.

Schlagwörter

Downloaded from Blogs on 07.06.2026 06:22h

Corporation tax, Growth Opportuity Act, Income Tax Act, trade tax