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By PwC Deutschland | 11. Oktober 2024

MoF publishes draft of a revised circular on the interest limitation rule

On 10 October 2024 the Federal Ministry of Finance (MoF) published a first draft of a revised BMF circular on the interest limitation provisons in Section 4a Income Tax Act (ITA) and Section 8a Corporate Tax Act (CTA). Due to various amendments which took place in the course of the Act to Promote the Secondary Credit Market (Kreditzweitmarktförderungsgesetz) the tax administration sees the need for revisions.

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In the course of the Act to Promote the Secondary Credit Market (*Kreditzweitmarktförderungsgesetz*) and to implement Directive (EU) 2021/2167 relating to Credit Service Providers and Credit Purchasers of 22 December 2023 the interest limitation (Section 4h ITA, Section 8a CTA) was amended for assessment periods beginning in 2024 and brought into line with Directive (EU) 2016/1164 of 12 July 2016 containing rules against tax avoidance practices that directly affect the functioning of the internal market (EU Anti-Tax Avoidance Directive - ATAD).

As a result, the MoF has worked on a revision of its original circular of 4 July 2008 in a first draft circular (status as of 18 September 2024) with further comments on the changes that have been made in the meantime.

The MoF is asking the associations to comment by 7 November 2024.

More details on the changes to the interest limitation brought about in the Act to Promote the Secondary Credit Market to be found **here**.

Schlagwörter

interest limitation