

By PwC Deutschland | 11 July 2022

Update: Bundestag lowers interest rate for tax arrears and refunds

On Thursday, 23 June 2022, the Bundestag resolved to reduce the interest rate for interest on tax arrears and tax refunds. The resolution was based on the recommendation of the Finance Committee.

The interest rate for interest on tax arrears and refunds under Section 233a of the German Tax Code is to be set at 0.15 percent per month in future.

The new regulation is intended to take into account the demands of the Federal Constitutional Court which considered the previous interest rate of 6 percent to be unconstitutional. As required by the Court, the new rate will apply retroactively as of 1 January 2019.

The bill further states that the proportionality of the new interest rate of 0.15 percent per month or 1.8 percent per year is to be reviewed biannually with effect for subsequent interest periods. The first evaluation is to take place on 1 January 2024.

Update (11 July 2022)

On 8 July 2022 the German Bundesrat approved the Draft Bill providing, i. a., for reduction of the interest on tax arrears and tax refunds which was resolved by the Bundestag on 23 June 2022. The bill will be announced in the Federal Gazette once it has been signed by the President of the Federal Republic - it is expected to come into force sometime during July 2022.

In addition, the bill brings certain provisions on the obligation to report cross-border tax structures in line with the requirements of EU law

Source

Bundestag, notice dated 23 June 2022.

Keywords

General Tax Code, tax interest, unconstitutional