Downloaded from Blogs on 03.11.2026 01:51

By PwC Deutschland | 17 November 2023

Allocation of trade tax in case of large battery storage systems for wind and solar energy

On 13 November 2023, the German Federal Ministry of Finance (MoF) published identical decrees issued by the highest tax authorities of the German Federal States on the allocation of trade tax between municipalities in case of large-scale battery storage systems for storing wind and solar energy (according to the provisions set forth in Section 29 Trade Tax Act).

Downloaded from Blogs on 03.11.2026 01:51

Background

Trade tax is due to the municipality in which the trading facility is located. If the business has permanent establishments in more than one community, the tax measure is shared proportionally. Each then taxes its own share at its own local rate - Section 28 (1), Sentence 1 Trade Tax Act (TTA). The trade tax assessment amount is allocated based on the specific keys provided for in Sec. 29 TTA.

The principal trade tax allocation formula is based on the ratio of the sum of the wages paid to the employees working in all the permanent establishments to the wages paid to the employees working in the permanent establishments in the individual municipality - Sec. 29 (1) TTA.

Sec. 29 (2) TTA provides for different ratios for companies that exclusively operate plants for the generation of electricity and other energy sources as well as heat from wind energy and solar radiation energy. Accordingly, for those types of businesses and from 2021 onwards, 10 % of the trade tax assessment amount (the tax measure) is split based on the ratio of the wages paid in the individual permanent establishments to the total wages paid and 90 % of the trade tax assessment amount is to be divided in proportion of the installed capacity in the individual permanent establishments and the total installed capacity.

Content of the decree

Large-scale battery storage facilities that exclusively store electricity from wind energy and solar radiation energy are installations for the generation of electricity within the meaning of Section 29 (1) No. 2 sentence 1 TTA, because electricity storage facilities have a dual role as end consumer and as energy producer. In addition, large-scale battery storage systems have an installed capacity.

In light of the above, it is the joint opinion of the tax authorities that operators of large-scale battery storage systems with storage systems for power from wind and solar energy may, in principle, apply for the specific trade allocation method laid down in Section 29 (1) no. 2 TTA. However, this requires that the business claiming the trade tax allocation pursuant to Section 29 para. 1 no. 2 TTA operates *exclusively* facilities for the generation of electricity and other energy sources as well as heat from wind energy and solar radiation energy.

Keywords

renewable energy, trade tax