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By PwC Deutschland | 12 September 2025

Federal Government approves Location Promotion Act Bill: Boost for more private investment and new jobs

On 10 September 2025, the Federal Cabinet approved a draft bill to promote private investment and the financial centre (Location Promotion Bill). The draft law aims to provide a stronger impetus for private investment. To this end, the framework conditions for private investment should improve, particularly with regard to infrastructure, renewable energies and venture capital. Companies in the financial market sector will be relieved of unnecessary bureaucracy with the elimination of unnecessary auditing, reporting and disclosure requirements.

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The draft bill implements agreements from the coalition agreement and the German government's emergency programme of 28 May 2025. It aims to provide for improvements to the tax framework for investments in venture capital.

Specifically, it includes the following measures:

- Adjustments to the taxation of investments in commercial partnerships by funds that fall under the Investment Tax Act;
- Adjustments to the taxation of profits from the sale of holdings in corporations held as business assets provided these are reinvested (“roll-over relief”);
- The minimum nominal value of shares will be reduced from 1 Euro to 0.01 Euro. The Federal Ministry of Justice and Consumer Protection is responsible for this regulation.

Alongside the proposed new regulations in the Investment Tax Act and the Capital Investment Code, the draft should also incentivise investments by collective investment funds in renewable energies and infrastructure. This is achieved by establishing a legally secure framework that removes barriers to investment in infrastructure and renewable energies. This is intended to allow for the capital invested in investment funds to be used more effectively for investments in renewable energies and the maintenance and development of infrastructure.

The draft bill also contains measures to reduce bureaucracy in the financial market sector. It includes the abolition of a large number of audit, reporting and notification requirements, such as the discontinuation of the reporting obligation for loans exceeding EUR 1 million and simpler rules for opening accounts for minors. Specifically, the planned law is intended to remove unnecessary audit, reporting and notification requirements that are no longer necessary for effective supervision, without compromising the necessary standards of consumer and investor protection. The proposed measures are based on proposals from the Federal Financial Supervisory Authority (BaFin).

In addition, the draft implements a number of EU capital market laws, such as the EU Listing Act and the requirements for a European company portal. These EU laws make an important contribution to the further development of the European Savings and Investment Union. Their implementation in Germany should also strengthen the local financial market, facilitates private investment and contributes to improving our competitiveness.

Source:

Federal Ministry of Finance press release (15/25) of 10 September 2025

Keywords

Investment Reporting, Investmentbranche, Venture Capital / Wagniskapital, capital investment