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By PwC Deutschland | 12 January 2026

Rental of parking space in connection with double-household deductible as income-related expense

In a recently published decision, the Supreme Tax Court held that an employee, in addition to the deduction of expenses for the rented apartment as double-household relief, can also claim the costs for a parking space as income-related expenses.

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Background

In general, double-household relief is available to those living away from home for professional reasons, both for the cost of the second accommodation and for weekly journeys between the two residences. This is the case if the employee maintains his own household outside the primary place of work (the first place of work) and also lives at the first place of work. Section 9 (1) sentence 3 No. 5 sentence 4 Income Tax Act (ITA) states that the actual expenses incurred **for the use of accommodation** can be claimed as accommodation costs for maintaining two households, up to a maximum of €1,000 per month for accommodation in Germany (and €2,000 per month for accommodation abroad).

Case of dispute

The plaintiff, whose main residence was in Lower Saxony, maintained a rented second home in Hamburg for professional reasons. The monthly rent for the apartment, including ancillary costs, exceeded the amount of €1,000 which the tax office recognizes as the maximum deductible amount for accommodation costs. In addition, the plaintiff rented a parking space for €170 per month. The lease for the parking space was tied to the apartment lease in terms of duration and period of notice. The plaintiff claimed the parking space costs as income-related expenses in addition to the rentals for the apartment. The tax office took the maximum rent of €1,000 per month as income-related expenses but refused to allow the deduction of the parking space costs because the maximum amount had already been exhausted.

Court decision

The lower tax court had upheld the claim which was confirmed by the Supreme Tax Court in its current decision. The rentals for a car parking space are not part of the accommodation costs. The necessity being assumed, they are deductible as income-related expenses due to a work-related double household.

In summary, the Supreme Tax Court had the following comments:

Although the deduction of income-related expenses for accommodation costs in the event of a double household is limited to €1,000 per month the expenses for a parking space at the second home are not subject to this restriction. The parking space does not in any way serve as “accommodation” for the taxpayer but rather for the vehicle. These expenses are therefore deductible as income-related expenses without restriction - to the extent the parking space is necessary. In the present case, the need to rent a parking space was justified due to the tense parking situation in Hamburg.

Expenses for the use of accommodation include all expenses incurred by the taxpayer to use the accommodation insofar as the expenses can be allocated to it separately. If, as in the case in dispute, the taxpayer has rented an apartment these expenses initially include the gross rent excluding utilities. However, the total operating costs, including electricity costs, are also included in these accommodation costs because they are incurred through the use of the accommodation. In this respect, expenses for renting a parking space or garage do not constitute actual expenses for the use of the accommodation.

The Supreme Tax Court also noted that the necessity of parking space costs in the case of a double

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household does not presuppose that the provision of a motor vehicle at the place of employment is required for professional reasons.

The Supreme Tax Court further explained that the terms of the rental agreement are not important for the deductibility of parking space costs. It is therefore irrelevant whether the parking space is rented together with the apartment in a rental agreement or through a separate rental agreement, or even from different landlords. It its decision, the Supreme Tax Court held in favor of the taxpayer and thus expressly disagreed with the tax authorities' opinion in the letter from the Federal Ministry of Finance of 25 November 2020.

Source:

Supreme Tax Court, decision of 20 November 2025 (VI R 4/23), published on 8 January 2026.

Keywords

deduction, double-household