



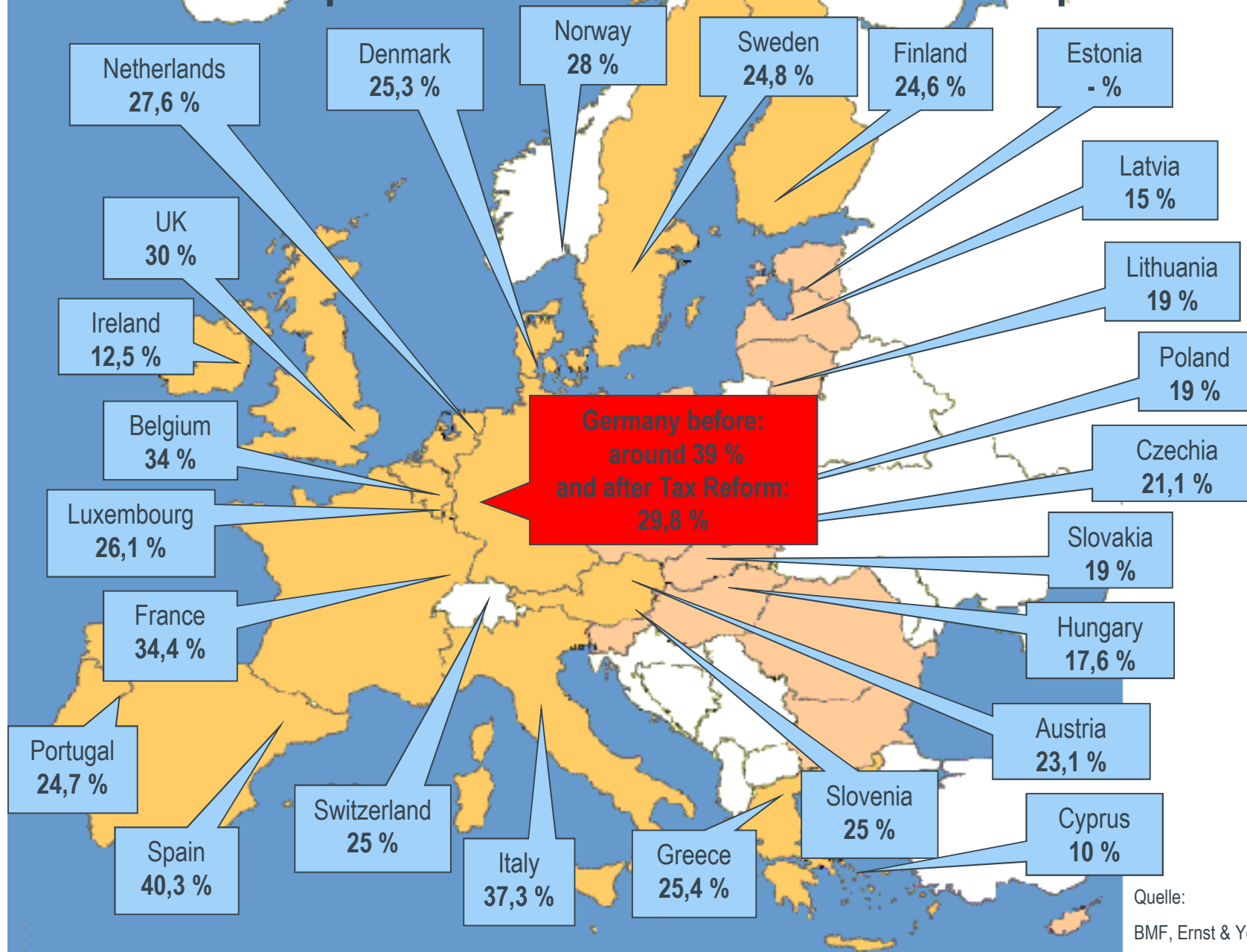
Tax Reform 2008

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Berlin, 20. Juni 2007

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Nominal Corporate Taxation in International Comparison 2006



Quelle:
BMF, Ernst & Young, Uni Mannheim, BDI

Tax Reform – Tax relief measures:

1) Relief for corporations:

Reduction of corporate tax rate

2) Relief for partnerships:

Implementation of a corporate level lower individual income tax

3) Withholding tax:

25 % (1st January 2009)

Tax Reform – Financing measures:

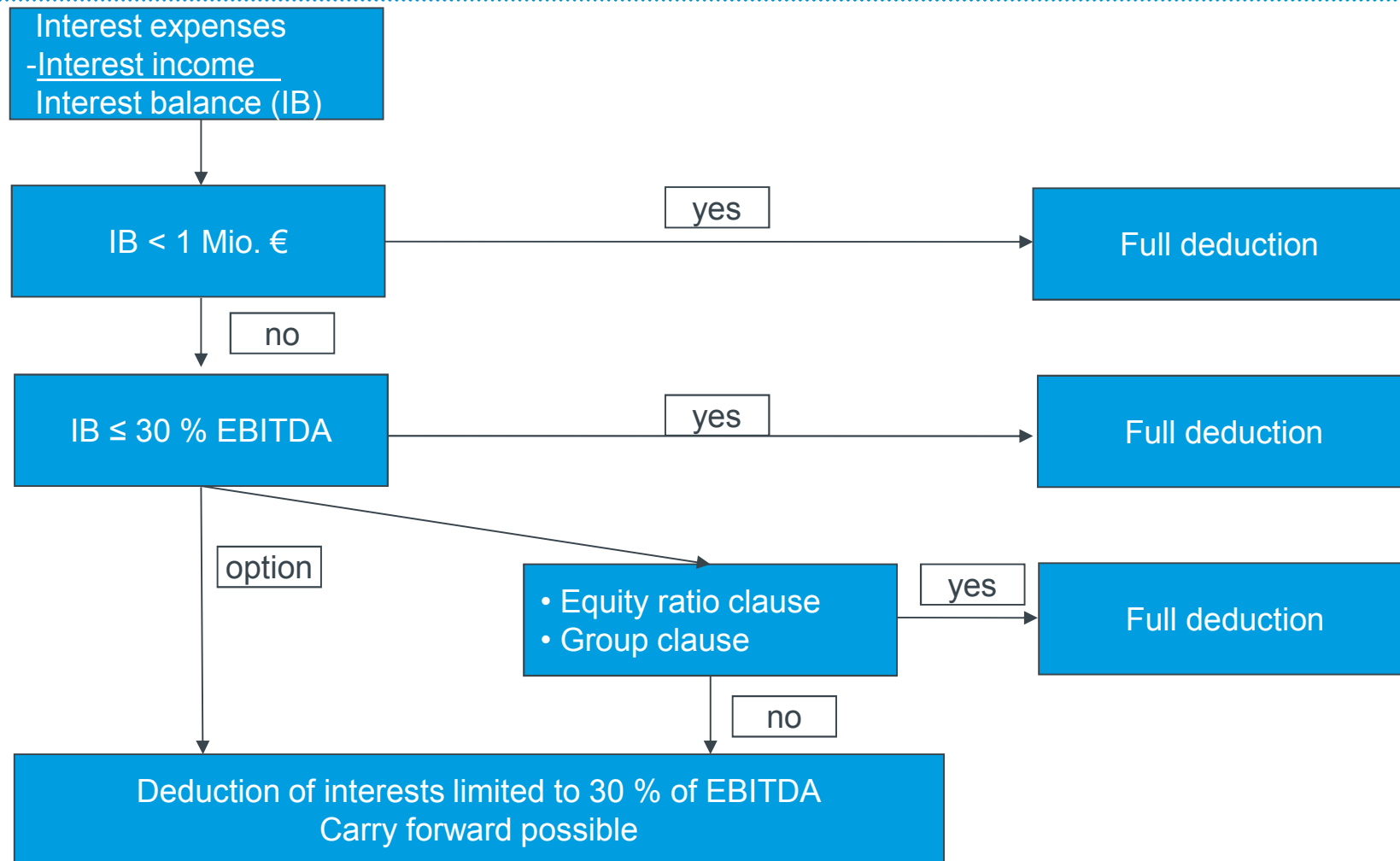
1) Trade Tax:

- No deduction of trade tax anymore
- No stepped tariff anymore for partnerships
- Addition of financing expenses amounting to 25%

2) Individual and corporate income tax:

- Tightening of the shell company purchase rules
- Interest Deduction Ceiling („Interest Barrier rule“)
- Shifting of functions: Taxation of hidden assets (e. g. know-how)

Interest Deduction Ceiling („Interest Barrier rule“)



Shifting of Functions

Package-deal

- **Taxation of profit opportunities**

Taxation of advantages or profit opportunities that cannot be regarded as an intangible.

- **Target:**

Companies that deduct research and development expenses in Germany but transfer the subsequent production and distribution of the new product to avoid taxation of profits in Germany.

- **Compliance with EU Law and the OECD?**

→ Arm`s length

→ Disrimination of cross-boarder transactions

