

Information on Second Residence Tax

(German: Zweitwohnungssteuer)

Do you have any questions about Second Residence Tax?

- **A charge - not only levied in Garmisch-Partenkirchen**

The second residence tax is not a “special creation” by the City of Garmisch-Partenkirchen. All Federal States of Germany (besides the city states such as Berlin) raise this kind of tax some of them for already 30 years.

- **Taxable base**

The amount of the tax is based on the basic rent value of your apartment/accommodation.

The rent value consists of the **annual basic rent** (German: **Nettokaltmiete**)

The annual rental expense is the net rent that the taxpayer would have to pay for the use of the apartment for one year based on contractual agreements based on the status at the time the tax liability arises (annual net rent). All other forms of a contractually agreed transfer fee, such as rent, usage fee, ground rent, life annuity, also count as rental expenses.

If only a gross cold rent (including ancillary costs, but excluding heating costs) has been agreed on, the annual net rent is the gross cold rent reduced by a deduction of 10%. If only a gross warm rent (including ancillary costs and heating costs) has been agreed on, the annual net rent is the gross warm rent reduced by a deduction of 20%.

For apartments owned by the taxpayer or provided to the taxpayer free of charge or for a fee below the average value of the local rent, the annual net rent has to be set at the customary amount. It will be estimated by the City of Garmisch-Partenkirchen based on the annual net rent, which is paid regularly for rooms of the same or similar type, location and interior.

- **Level of taxation**

The annual tax amounting to **20 % according to the taxable base**.

- **The Second Residence Tax will be due in addition to the Visitor’s Tax**
(German: Kurtaxe)

The Second Residence Tax is a common revenue for the city. A special expense for the personal cost of living is subject to taxation. It has to be considered that citizens registered as primary residents contribute to the City’s tax revenue by allocation of additional combined funds from the Federal and the State Government budgets.

The Visitor’s Tax is a contribution in return for the use of the local Spa Facilities has to be paid additionally. This fee has a unique purpose, which means it can only be spent on maintenance and preservation of the Garmisch-Partenkirchen Spa Facilities or respective events.

- **Do tenants have to pay Second Residence Tax?**

Not only the owner, but also the tenant is liable for taxation. If the apartment/accommodation is used by a tenant as place of second residence, the tax liability will be passed on to this tenant.

- **Registration Duty for Foreign Nationals**

If you take up second residence in Garmisch-Partenkirchen, however, your primary place of residence stays still abroad your main place of residence is considered in Germany due to rules and regulations of the German Registration Law.
The occupation of this Second Residence constitutes also the Duty for Taxation.

- **Exemptions for taxation**

- Work-related residence

The primary residence of a family whose spouses do not live apart permanently, is the mainly used place for living. The Law for Registration excludes the right to change the main place of residence to the city where you are occupied/working. The German Federal Supreme Court has therefore ordered by decree of 11/10/2005: to exclude **legally married** employed spouses - who are not permanently living apart - from the duty of taxation when the use of their second residence is work-related.

- **Hardship case according to Art.3 Para.3 of the Bavarian Local Tax Act (KAG) from 2009**

This exempts taxpayers whose income does not exceed certain limits of the second home tax.

The tax on owning an apartment is therefore no longer charged if the sum of the positive income of a single taxpayer in the year before last year, before the (second home) tax liability arises 29,000 euros, or 37,000 euros for spouses or life partners who are not permanently separated has exceeded. If it is only slightly exceeded, a "third rule" has been introduced. The calculation of positive income is based on the provisions of income tax law (§ 2 Paragraphs 1, 2 and 5a of the Income Tax Act - EStG).

Furthermore, all income from capital assets also counts as positive income.

Prerequisite for the tax exemption is an application by the taxpayer and the submission of relevant evidence, as well as a declaration by the taxpayer about the correctness and completeness of the submitted documents.

The income tax notices of the previous year or the corresponding pension notices can serve as evidence.

- **Do you have any questions?**

If you have any questions do not hesitate to contact the Tax Office of the city of Garmisch-Partenkirchen.

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