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German Tax and Legal News

State of Thuringia to increase RETT rate

RETT rate will increase from 5% to 6.5% on 1 January 2017

The transfer of real estate located in Germany is subject to the real estate transfer tax (RETT). RETT also generally applies to the direct or indirect transfer of at least 95% of the shares in a company holding German real estate and to the unification of at least 95% of such shares for the first time in the hands of a single shareholder.

In a direct transfer of real property, RETT is calculated on the basis of the purchase price. For direct and indirect share transactions, it is determined based on the special tax value of the property, typically in the range of 80%-90% of the fair market value of the real property.

Since September 2006, the federal states have been free to set their own rates (before that time, RETT was levied at a standard rate of 3.5%). As a consequence, there has been an ongoing trend to increase the RETT rate to improve the state budgets.

The federal state of Thuringia intends to increase the RETT rate from 5% to 6.5% on 1 January 2017.

The following table summarizes the RETT rates in all the German states as of 14 January 2016:

State	Date	RETT rate
Baden-Wuerttemberg	Since 05.11.2011	5%
Berlin	Since 01.01.2007	4.5%
	Since 01.04.2012	5%
	Since 01.01.2014	6%
Brandenburg	Since 01.01.2011	5%
	Since 01.07.2015	6.5%
Bremen	Since 01.01.2011	4.5%
	Since 01.01.2014	5%
Hamburg	Since 01.01.2009	4.5%
Hessen	Since 01.01.2013	5%
	Since 01.08.2014	6%
Mecklenburg-Vorpommern	Since 30.06.2012	5%
Lower Saxony	Since 01.01.2011	4.5%
	Since 01.01.2014	5%
North Rhine-Westfalia	Since 01.10.2011	5%
	Since 01.01.2015	6.5%
Rhineland-Palatinate	Since 01.03.2012	5%
Saarland	Since 01.01.2011	4%
	Since 01.01.2012	4.5%
	Since 01.01.2013	5.5%
	Since 01.01.2015	6.5%
Saxony-Anhalt	Since 02.03.2010	4.5%
	Since 01.03.2012	5%
Schleswig-Holstein	Since 01.01.2012	5%
	Since 01.01.2014	6.5%
Thuringia	Since 07.04.2011	5%
	As from 01.01.2017 (planned)	6.5%
Other federal states (Bavaria and Saxony)		3.5%

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