

## Taxes

### *Direct Taxes*

#### Inheritance and Gift Tax

Inheritance tax is imposed on the transfer of movable or immovable objects from the deceased to any other person, without payment of any remuneration; an identical gift tax is imposed on the same transaction inter vivos. Inheritance and gift tax are imposed on a world-wide basis, irrespective of where the objects are situated, if one of the parties involved - i.e. the deceased / donor or the receiver - maintain a residence or their habitual abode is in Germany. The transfer of a residence or the habitual abode to another country takes effect only 5 years after the move (in case of Switzerland: 10 years), after which time only the object situated in Germany are subject to inheritance or gift tax. Except for real estate, objects are valued at their market value; in a special valuation procedure, real estate is valued at its "unitary value", which is usually somewhat lower than the market value.

Depending on the family ties between donor and receiver, the receivers are grouped into three different classes, of which class I comprises a marital partner, children and stepchildren, grandchildren and - in the case of death - parents and grandparents. Class II comprises parents and grandparents in the case of a gift, sisters and their children, children in law and parents in law, the divorced marital partner. Class III comprises all other receivers.

Foreign inheritance and gift tax is deductible if the foreign tax corresponds to German tax and to the extent of the part of the German tax which is proportionately imposed on the value of the inheritance/gift taxed abroad.

Allowances ranging from 306,775.12 EURO for a marital partner, 204,516.75 for children, down to 5,112.91 EURO for all non members the family are deductible for each receiver. The tax rate is reproduced in the following list

Received taxable value	<b><u>PERCENTAGE OF TAX</u></b>		
	Class I	Class II	Class III
up to Euro:			
51,129.18	7	12	17
255,645.94	11	17	23
511,291.88	15	22	29
5,112,918.81	19	27	35
12,782,297.02	23	32	41
25,564,594.05	27	37	47
In excess of: 25,564,594.05	30	40	50