Investment Guide to Germany

Company Taxation

Germany does not have a consistent nationwide tax rate for companies. For corporations, the average overall tax burden is just below 30 percent, with certain local municipalities offering significantly lower rates still. Hence, Germany offers one of the most competitive tax systems of the big industrialized countries.

Components of Company Taxation

Companies are usually taxed on two levels:

1. Corporations - such as the limited liability company (GmbH) or the stock corporation (AG) - are subject to corporate income tax (Körperschaftssteuer), whereas partnerships are subject to personal income tax (Einkommenssteuer). Both taxes are levied by the federal government.

- Corporate Income Tax for Corporations
- Personal Income Tax for Partnerships

2. All business operations - corporations and partnerships alike - are subject to the trade tax (Gewerbesteuer), which is imposed by local municipalities (i.e. the town or city where the company is based).

- Trade Tax for all business operations

As a result of the fixed and variable components, the overall tax burden can differ by up to 10 percent between locations.

Germany Trade & Invest can support you in identifying attractive locations for your business in Germany. Please contact us using the contact options on the right.

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Company Set Up

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