

German Tax Monthly

Information on the latest tax developments
in Germany

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Bundestag Passes Act to Amend the MLI Implementation Act

On 26 March 2026, the German Bundestag passed the "Act to Amend the Act on the Multilateral Convention of 24 November 2016 to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting" (MLI Implementation Amendment Act).

The present amending act expands the MLI Implementation Act of 22 November 2020, which currently contains 14 so-called "covered tax treaties", to include a further 62 German tax treaties that do not currently meet the BEPS minimum standard. For these 62 German tax treaties, the selection decisions made by Germany in the MLI Implementation Act are largely replicated.

The Act contains tabular overviews of the newly covered 62 tax treaties and the respective selection decisions. The newly covered tax treaties include, among others, Germany's most important trading partners or members of the G20, such as:

- U.S.
- China
- Poland
- Belgium
- Portugal
- South Korea
- India

- Canada
- Argentina
- Indonesia.

The Act is to enter into force on the day after its promulgation. The next step in the legislative process will be the approval of the Bundesrat. The legislative process may be completed before the parliamentary summer recess.

For further details see [GTM November 2025](#).

Draft Law on the Automatic Exchange of Minimum Tax Reports

The Federal Ministry of Finance has published a draft bill for an "Act on the Multilateral Agreement of 19 September 2025 between the competent authorities on the exchange of GloBE information".

Content of the draft law

As part of global minimum taxation (Pillar 2), groups of companies must submit a minimum tax report (GIR - GloBE Information Return). This contains certain key figures on the corporate groups concerned. The aim of the draft law is to implement the international exchange of information in relation to GloBE information. To ensure that the type and scope of the information in the minimum tax report is available to all authorities concerned in good time, the international community has agreed to

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establish an automatic exchange of information between the participating tax administrations through this international multilateral agreement of 19 September 2025. Such an exchange between two contracting states will only begin once both contracting states have fulfilled all the requirements of Section 8 of the Multilateral Agreement and, in particular, have given assurances that they will comply with the respective data protection requirements.

Without a coordinated exchange system, multinational groups of companies would have to submit their minimum tax reports in several countries; at the same time, the tax administrations would not have reliable access to the data required to check the minimum taxation. The automatic exchange of information makes it possible to submit the minimum tax report centrally (usually to the competent authority of the ultimate parent company). This is intended to avoid multiple obligations to submit reports on the part of the taxpayer.

For groups of companies based in Germany, it is ensured that the ultimate parent companies located in Germany only must submit the report in Germany in accordance with the rules applicable here. At the same time, a business unit is released from the obligation to submit the minimum tax report in its country of domicile if the minimum tax report is submitted within the submission deadline by the ultimate parent company or an authorised business unit that is located in a tax jurisdiction that has concluded an agreement with the relevant tax jurisdictions corresponding to the Multilateral Agreement.

In return, Germany generally receives the minimum tax report from the participating states for those groups of companies that have business units in Germany.

The law is to take effect on the day after its promulgation in the Federal Law Gazette.

Signatory states

The Multilateral Agreement has so far also been signed by the following states:

- Belgium
- Denmark
- Finland
- France
- Gibraltar
- Ireland
- Italy
- Japan
- Korea
- Liechtenstein
- Luxembourg
- New Zealand
- The Netherlands
- Norway
- Austria, Portugal
- Portugal
- Sweden
- Switzerland
- Slovakia
- Slovenia
- Spain
- South Africa
- Hungary
- United Kingdom.

The information from the multinational group's GloBE declaration is to be exchanged automatically with these countries. It is intended that GloBE information will also be exchanged with countries that sign the Multilateral Agreement at a later date.

Draft Ordinance Amending the Minimum Tax Reporting Ordinance

The Federal Ministry of Finance (MoF) has published a draft for a "Ordinance Amending the Minimum Tax Reporting Ordinance".

Under Section 75 of the Minimum Tax Act, corporate groups are required to submit a minimum tax report. Further guidelines have

been issued at international level regarding the scope and detailed structure of the minimum tax report, as well as the exchange of information.

Section 99 (3) of the Minimum Tax Act empowers the MoF, with the consent of the Bundesrat, to issue regulations governing the detailed implementation and exchange of information relating to the minimum tax report (Section 76 Minimum Tax Act). To ensure uniform application of the law, the MoF, with the consent of the Bundesrat, determines in the Annex to the ~~Ordinance~~ pursuant to Section 99 (5) of the Minimum Tax Act the tax jurisdictions,

- which have introduced a recognised national supplementary tax (Section 7 (2) Minimum Tax Act),
- which have introduced a recognised primary supplementary tax regulation (Section 7 (3) Minimum Tax Act),
- which have introduced a recognised secondary supplementary tax regulation (Section 7 (5) Minimum Tax Act), and
- in which the conditions of a Safe Harbour in the case of a recognised national supplementary tax are met (Section 81 (1) first sentence Minimum Tax Act).

This is intended to inform corporate groups and the tax authorities which tax jurisdictions have implemented qualifying supplementary tax regulations. Currently, 49 tax jurisdictions are listed in the Annex.

The (amended) Ordinance is intended to apply for the first time to financial years beginning after 30 December 2023. For the Ordinance to enter into force, the approval of the Bundesrat and publication in the Federal Law Gazette are required.

Draft Law on the Exchange of Information with Third Countries on Platform Revenues

The Federal Ministry of Finance has published a draft bill for an "Act on the Multilateral Agreement of 26 November 2024 between the competent authorities on the automatic exchange of information on income generated via digital platforms".

The Platform Tax Transparency Act came into force in Germany on 1 January 2023. This implemented the European requirements (DAC7 Directive) in Germany, which oblige platform operators to report information on turnover generated by providers via their platforms to the Federal Central Tax Office on an annual basis. The Federal Central Tax Office forwards this information to the competent authorities in EU member states.

Germany signed a corresponding multilateral agreement on 26 November 2024 to be able to exchange information on platform turnover with third countries in future. This Implementation Act is intended to obtain the necessary approval from the legislative bodies for the supplementary agreement.

The law is to take effect on the day after its promulgation in the Federal Law Gazette.

In addition to the Federal Republic of Germany, the Multilateral Agreement has so far also been signed by

- Argentina
- Belgium
- Bulgaria
- Colombia
- Costa Rica
- Colombia Denmark
- Estonia
- Finland

- Greece
- Iceland
- Ireland
- Italy
- Canada
- Croatia
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- New Zealand
- Norway
- Poland
- Portugal
- Slovakia
- Slovenia
- Spain
- Sweden
- Czech Republic
- Hungary
- the United Kingdom
- Cyprus.

It is also intended to exchange information on income generated via digital platforms with countries that sign the multilateral agreement at a later date.

Draft Law on the Implementation of the Exchange of Information on Crypto Assets

The Federal Ministry of Finance has published a draft bill for an "Act on the Multilateral Agreement of 26 November 2024 between the competent authorities on the automatic exchange of information under the reporting framework for crypto assets".

Based on the Crypto Asset Tax Transparency Act of 22 December 2025, providers of crypto services are obliged to report information on persons for whom they have carried out transactions with crypto assets to the Federal Central Tax Office on an annual basis. The information is automatically exchanged with the tax authorities of the respective countries of residence of the users.

The legal basis for the annual automatic exchange of information with third countries is the Multilateral Competent Authority Agreement (MCAA) on the Crypto-Asset Reporting Framework (CARF) developed by the OECD.

Germany signed this Multilateral Agreement on 26 November 2024. This Implementation Act is intended to obtain the necessary approval from the legislative bodies for the Multilateral Agreement.

The law is to take effect on the day after its promulgation in the Federal Law Gazette.

To date, more than 50 states have signed the Multilateral Agreement. It is also intended to exchange CARF information with states that sign the Multilateral Agreement at a later date.

Federal Tax Court (I R 41/22): Disclosure of Hidden Reserves Possible Due to the Entry into Force of a New Double Tax Treaty (DTT)

When an asset is transferred from a domestic permanent establishment (PE) to a foreign PE of the same taxpayer, and the foreign state would have the taxation right regarding the profit from the sale of the asset according to the respective DTT, this is subject to taxation in Germany. This means that the hidden reserves contained in the asset must be disclosed and taxed in Germany at the border crossing to prevent the exclusion or limitation of Germany's taxation rights (as regulated in Section 4 para. 1 sentences 3 and 4 Income Tax Act).

It was previously unclear whether hidden reserves must also be disclosed if the exclusion or limitation of Germany's taxation rights occurs due to a change in the legal situation, such as the entry into force of a new DTT, rather than through an active action by the

taxpayer. The German tax administration affirmed in its guidance dated 26 October 2018, that hidden reserves must be disclosed in such cases. In its ruling dated 19 November 2025, the Federal Tax Court confirmed this view.

In the case in dispute, a taxpayer liable to tax in Germany was involved in a Spanish corporation (S.L.) in the year 2013. The active assets of S.L. consisted of more than 50% immovable property (real estate) as of 31 December 2012, and 2013. Effective 1 January 2013, a "land-rich clause" was included in Article 13 para. 2 of the DTT between Germany and Spain. According to this clause, Spain now has the taxation right from the sale of shares in a company whose active assets consist of at least 50% real estate. Previously, Germany had the unrestricted taxation right. Under the newly formulated DTT, Germany must credit the Spanish tax.

The Federal Tax Court justifies its decision by stating that the wording of the law does not require deliberate action by the taxpayer. However, regarding the timing of the disclosure of hidden reserves, the Court holds a different view than the guidance dated 26 October 2018. While the guidance refers to the assessment period 2013 for the case in dispute, the Federal Tax Court states that the gain is realised in the last legal second before the loss of Germany's (unrestricted) taxation right, thus still on 31 December 2012. The tax office's appeal ultimately failed because it assigned the disclosed hidden reserves to the "wrong" assessment period (2013).

There is another Federal Tax Court ruling dated 19 November 2025 (I R 6/23), related to this topic. In that case, no disclosure of hidden reserves occurred because Germany had no taxation

right on the income from the Australian property under the "old" DTT-Australia 1972 – neither on the ongoing income from immovable property (rental) nor on the income from the sale of immovable property. Therefore, the enactment of the new DTT-Australia 2015 on 1 January 2017, could not have led to the disclosure of hidden reserves.

Draft for a General Administrative Regulation for Tax Audits

The Federal Ministry of Finance has published a draft for a "General Administrative Regulation for Tax Audits (Tax Audit Regulation)". The Tax Audit Regulation is intended to replace the previous Tax Audit Regulation as of 15 March 2000.

The Act on the Transposition of DAC 7 and the Modernisation of the Tax Procedure Law of 20.12.2022 partially amended the statutory provisions on tax audits in the Tax Procedure Law. The aim of these changes was to speed up the tax audit.

The main changes to the Tax Procedure Law to accelerate the tax audit were:

- **Suspension of expiration**

- Shortened time limit of the suspension of expiration for the amended tax assessment due to a tax audit (five years after the end of the calendar year in which the order for the tax audit was disclosed)
- General issuance of the audit order until the end of the calendar year following the calendar year in which the tax assessment notice became effective

- **Audit order**

- Request for accounting records possible upon notification of the audit order
- Submission within a reasonable period – even before the start of the tax audit
- Determination and notification of key audit areas for the tax audit

- **Obligations to cooperate**

- Regular discussions between the tax authority and the taxpayer regarding established facts and tax implications
- Determination, in agreement with the taxpayer, of the framework conditions for their cooperation
- Qualified request for cooperation: request for cooperation by administrative act, deadline for compliance with the requirements = one month; in the event of non-compliance: including a penalty for delay in cooperation, extended assessment period; may be issued at the earliest six months after notification of the audit order

- **Partial final assessment notices**

- Option to issue partial final assessment notices during the tax audit (at the discretion of the tax authority; also, upon application by the taxpayer where there is a significant interest)
- Separate assessment of distinct tax bases arising from self-contained and

- conclusively audited matters; binding for tax/assessment notices
 - Binding commitment possible upon request prior to the conclusion of the field audit

- **Electronic communication:** Negotiations, meetings and final discussions regarding a tax audit may also be conducted electronically, e.g. via telephone or video conference.

According to the explanatory memorandum to the Regulation, the new or amended provisions have been incorporated into the previous Tax Audit Regulation. In addition, further changes have been made that are aimed in particular at speeding up tax audits and improving cooperation between the tax audit offices of the federal states and the Federal Central Tax Office.

According to the explanatory memorandum, the principle of risk-oriented auditing and the desired timeliness is explicitly emphasised right at the beginning of the Tax Audit Regulation, without taxpayers being able to derive a right to a prompt audit from this. The tax audit should generally take place promptly after the end of the last assessment or filing period to be audited. Findings from (international) risk assessment procedures should be taken into account when selecting cases and audit fields.

The classification into size categories remains unchanged. In principle, large companies and groups are to be audited subsequently. To promote a risk-oriented audit approach, criteria for refraining from a follow-up audit are now included. Regarding the intended acceleration of the tax audit, an addition is included that the audit period for other companies can

also be set at two or only one taxation period.

The Tax Audit Regulation is to enter into force on the day after publication in the Federal Tax Gazette. The German Bundesrat must approve the Regulation.

General Decree of the German Federal Central Tax Office: Revocation of the so-called MURI-Report in Old Cases

Dividend payments from Germany to foreign creditors are generally subject to withholding tax (WHT), regardless of the Parent-Subsidiary Directive (PSD) or a Double Tax Treaty (DTT). A reduced WHT rate or no WHT (depending on whether the PSD or a DTT applies) can only be applied if the foreign recipient obtains an exemption certificate from the German Federal Central Tax Office upon request. However, they must meet certain substance requirements under the German anti-treaty shopping rule (Section 50d para. 3 Income Tax Act). Exemption certificates issued from 1 January 2025, will have a validity period of five years. Previously, the validity period was generally limited to three years.

For applications for an exemption certificate by the foreign creditor submitted before 15 July 2025 (old cases), the exemption certificate was generally issued on the condition of submitting an annual report to the German Federal Central Tax Office by the end of May using the designated form. This report had to specify the amount of dividend payments in the respective year covered by the exemption certificate (the so-called "MURI-Report").

For applications submitted from 15 July 2025 (new cases), this obligation is waived. The details of the received dividends must instead be provided in the subsequent application for the past.

In its general decree dated 30 March 2026, the German Federal Central Tax Office states that even in old cases (where exemption certificates are still valid and require the annual submission of a MURI-Report as a condition), a MURI-Report no longer needs to be submitted.

An exception applies to investment income from shares held in collective or special custody that have been deposited in a special sub-account with Clearstream Europe AG. In such cases, a MURI-Report must still be submitted.

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