

German Federal Ministry of Finance issues draft bill on changes to the RETT regime for share deals

Germany: May 2019

In Brief

The German Federal Ministry of Finance (*Bundesfinanzministerium*) has circulated a draft bill (*Referentenentwurf*) to real estate industry associations addressing several tax changes including the upcoming changes to the German Real Estate Transfer Tax (RETT) Act. The draft legislation primarily incorporates the changes discussed in depth in our earlier [NewsAlert](#) circulated in December 2018. However, according to the draft bill, the revised RETT regime is now set to apply to transactions closing after 31 December 2019.

The draft document was circulated to industry associations for further consultation on 8 May 2019 with the consultation process ending on 27 May 2019.

Draft bill proposing upcoming changes to the German RETT regime in consultation process

Following previous discussions on proposed changes to the German RETT Act with the Ministries of Finance of the Federal States (please refer to our previous [NewsAlert](#) as of December 2018), the Federal Ministry of Finance has now issued a draft bill on proposed changes to the German RETT regime to the real estate industry associations in Germany for further consultation. The draft incorporates changes from the previous round of discussions and will continue to be subject to further detailed discussions as part of a consultation period running to 27 May 2019.

The new regime will apply to transactions closing (legal transfer of shares) after 31 December 2019. A limited amount of grandfathering rules are included in the draft, which only apply to transactions that are signed prior to the draft bill being forwarded by the Federal Ministry of Finance to the Lower House of German

Parliament (*Bundestag*) following the consultation period.

Our view

The discussion around the proposed changes is still ongoing and PwC will contribute and update you as this progresses.

Real estate investors should continue to monitor the legislative process closely as the proposed changes to the RETT regime draw closer to enactment.

The implications of this new regime will be far-reaching and not limited to the real estate industry, also having a substantial impact on other corporate real estate owners.

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