



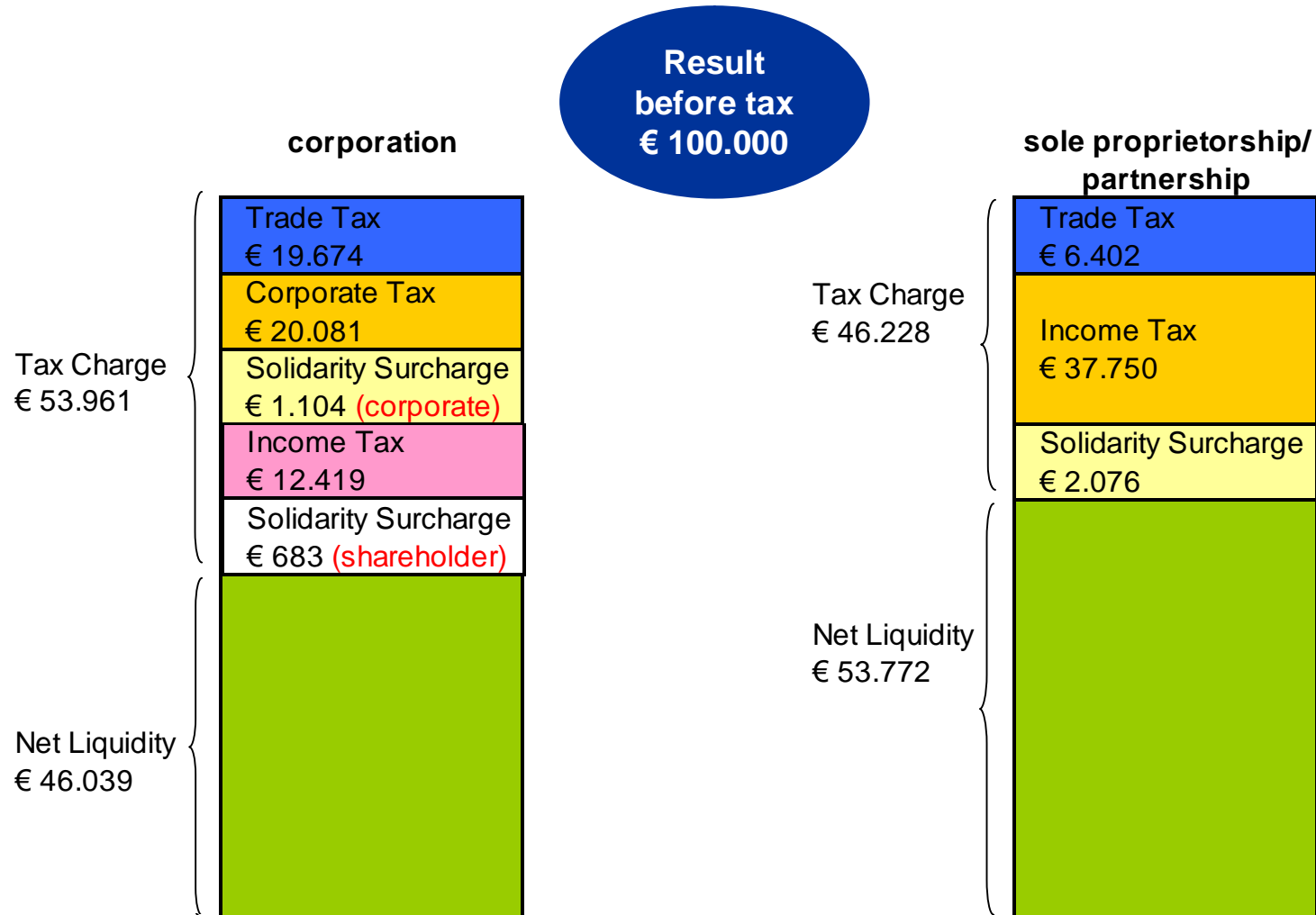
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*Grützmacher / Gravert / Viegner*

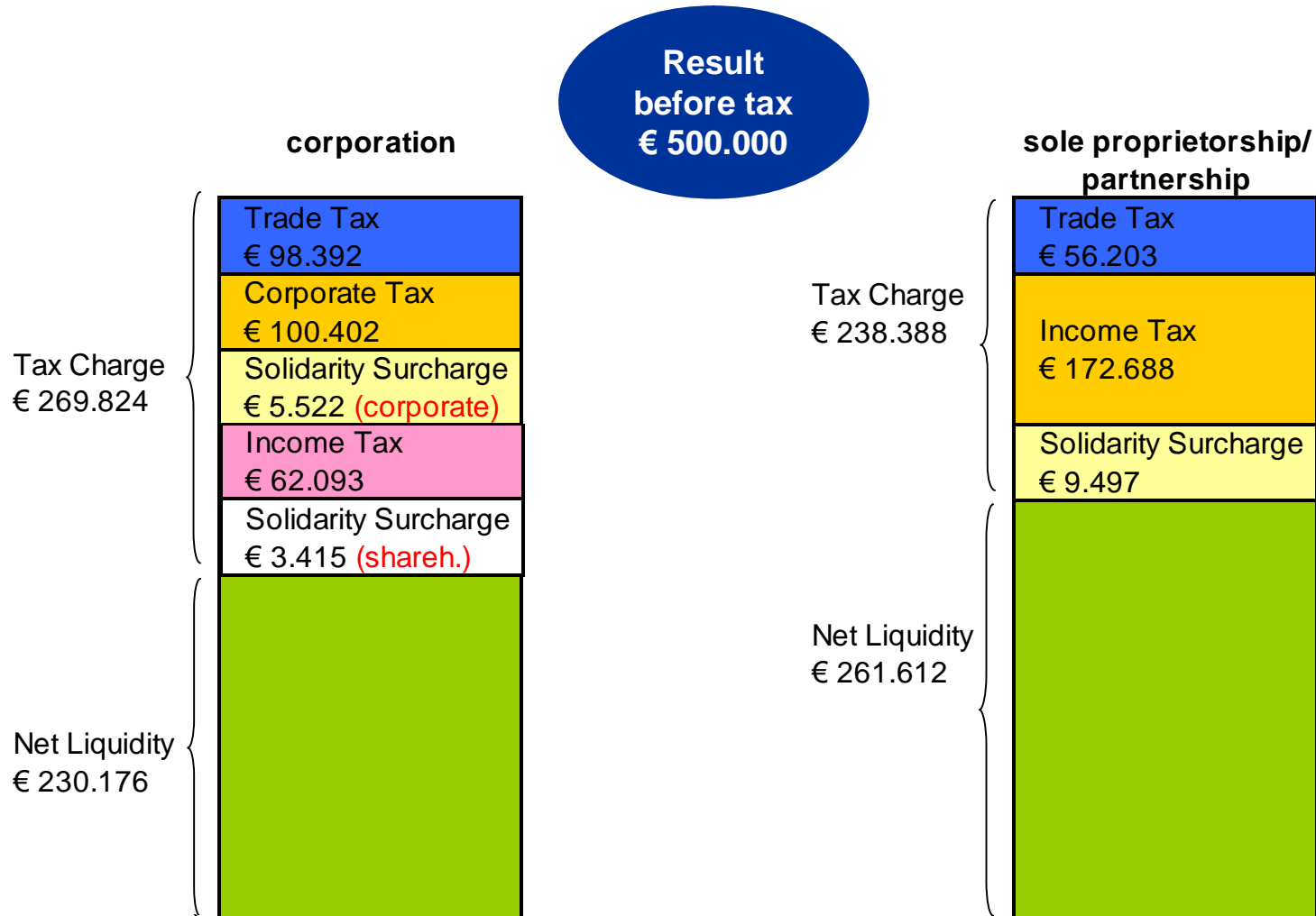
## **Tax Aspects of doing Business in Germany**

### **Business Cases**

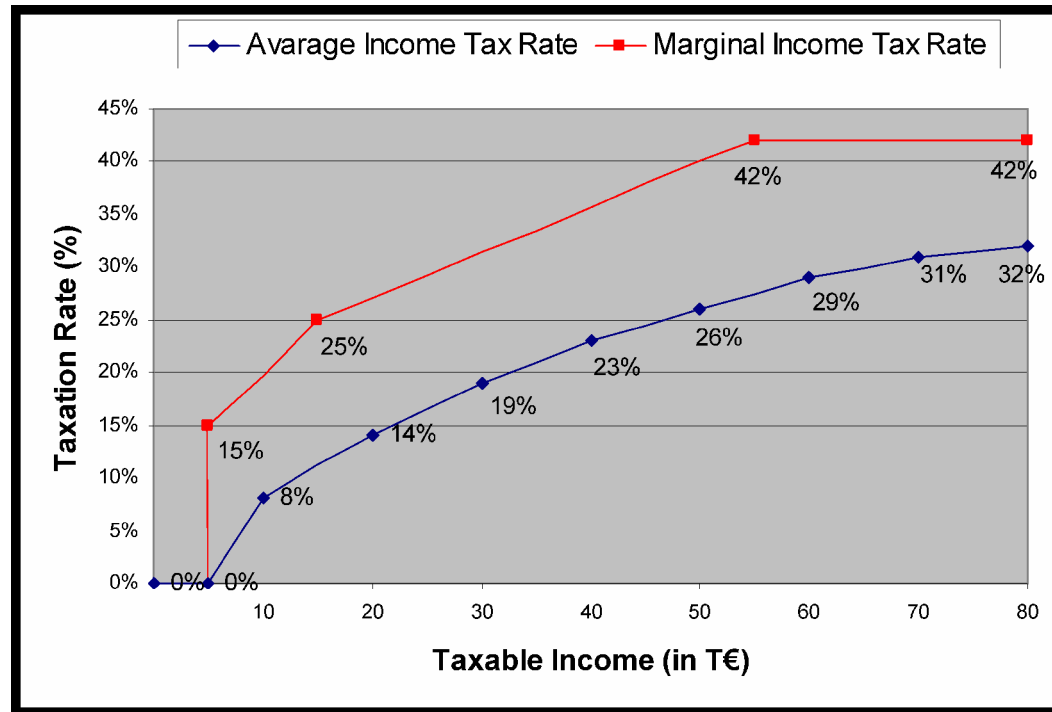
# Comparison of a corporation with a sole proprietorship/partnership



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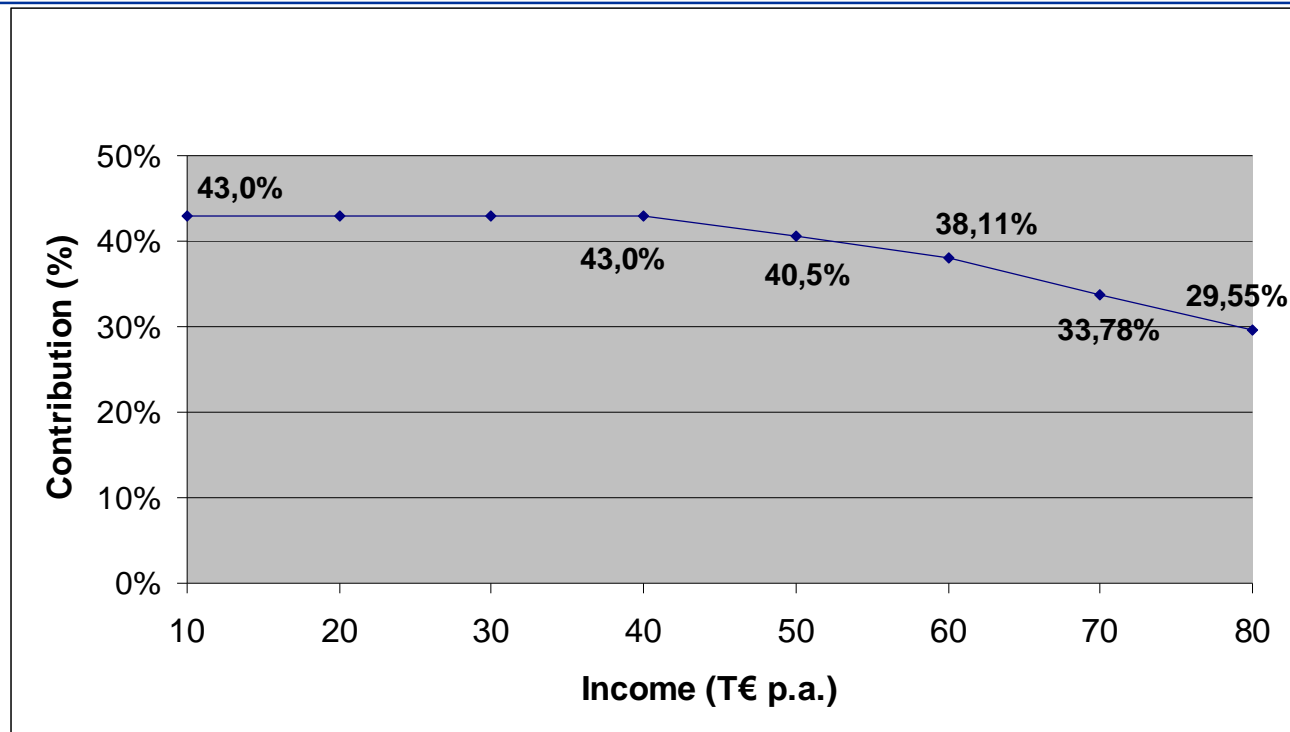
# Income Tax Rate 2006



Zone	Taxable Income in T€*	Marginal Income Tax Rate (%)
O-zone	0 - € 7.664	0%
1. progression zone	€ 7.664 - € 12.739	15% - 25%
2. progression zone	€ 12.740 - € 52.151	25% - 42%
proportional zone	from € 52.152	42%

\* the amounts must be doubled in the case of a married couple which opts for joint filing

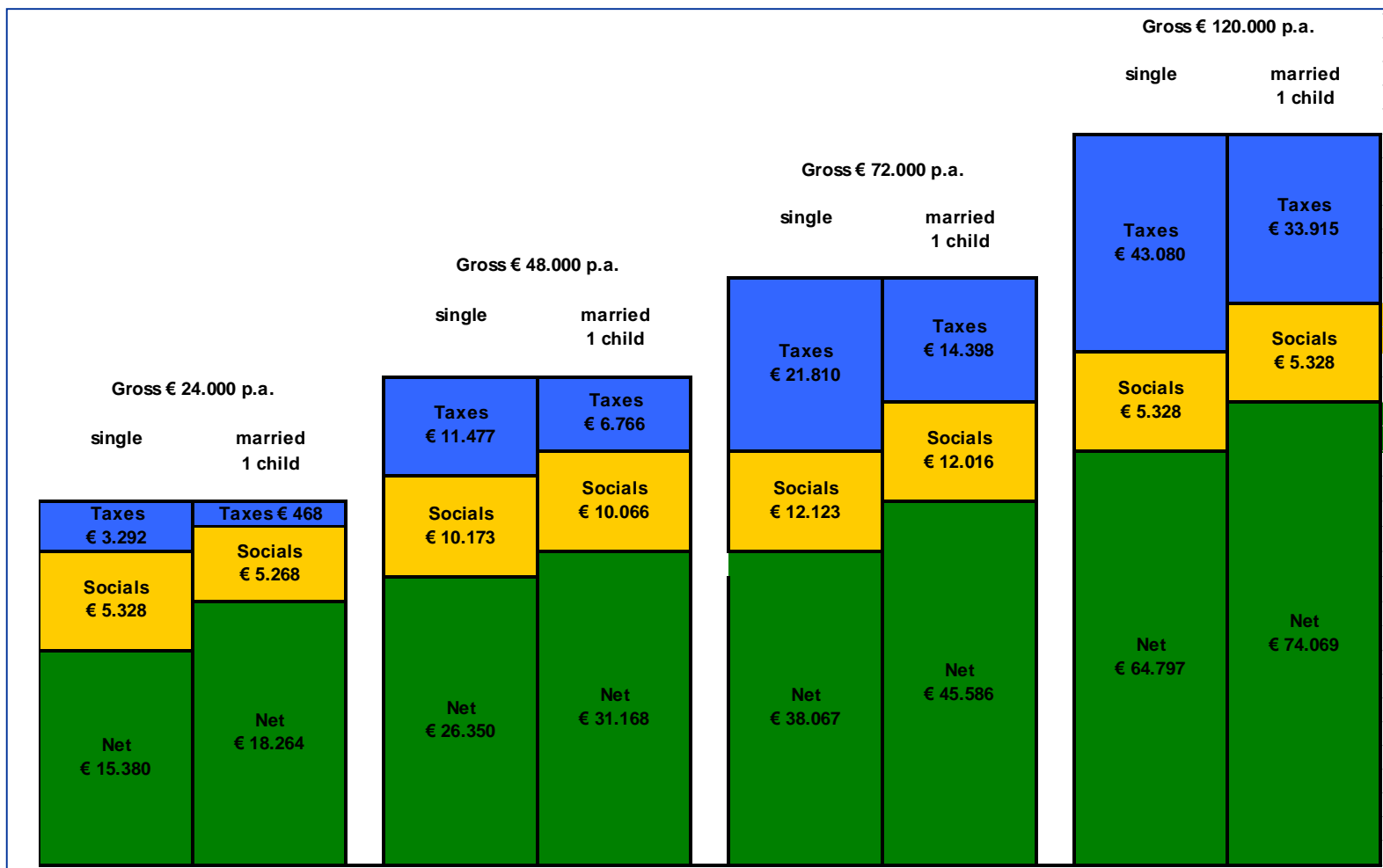
# Social Security Contributions 2006



## Social Security Contributions 2006

Pension Fund	19,5%	up to	€ 63.000 p.a.
Unemployment Insurance	6,5%	up to	€ 63.000 p.a.
Nursing Care Insurance	1,7%	up to	€ 42.756 p.a.
Health Insurance	approx. 15,3%	up to	€ 42.756 p.a.
	<u>43,0%</u>		

# Encumbrance of salaries with public charges 2006

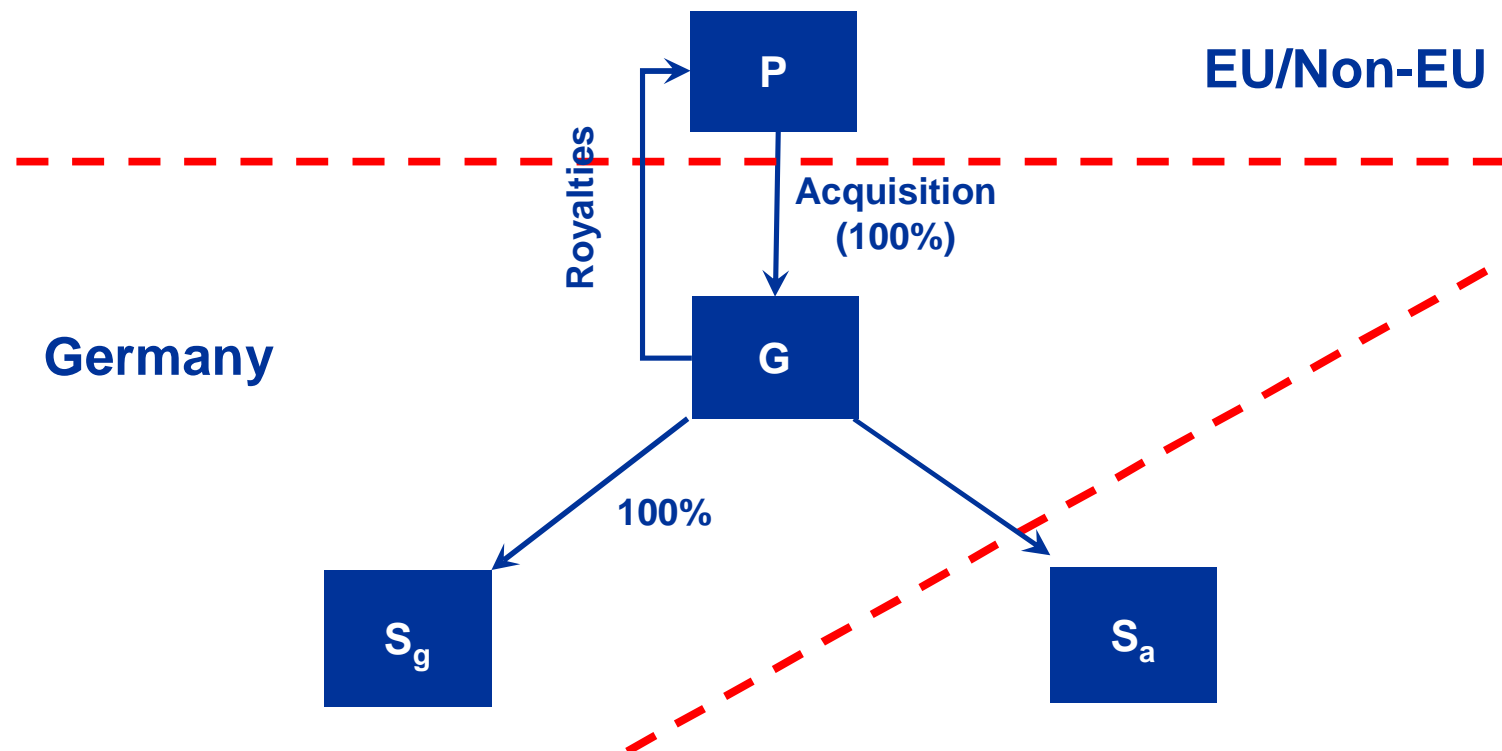


# Income Tax Liability of Expatriates

Salary / Remuneration of an expatriate is principally taxable in Germany, unless he is

- present in Germany < 183 days (aggregated) in a fiscal year / in a period of 12 months  
and
- salary / remuneration is not paid by or on behalf of a German-resident employer  
and
- the salary / remuneration is not borne by a German permanent establishment of the parent company

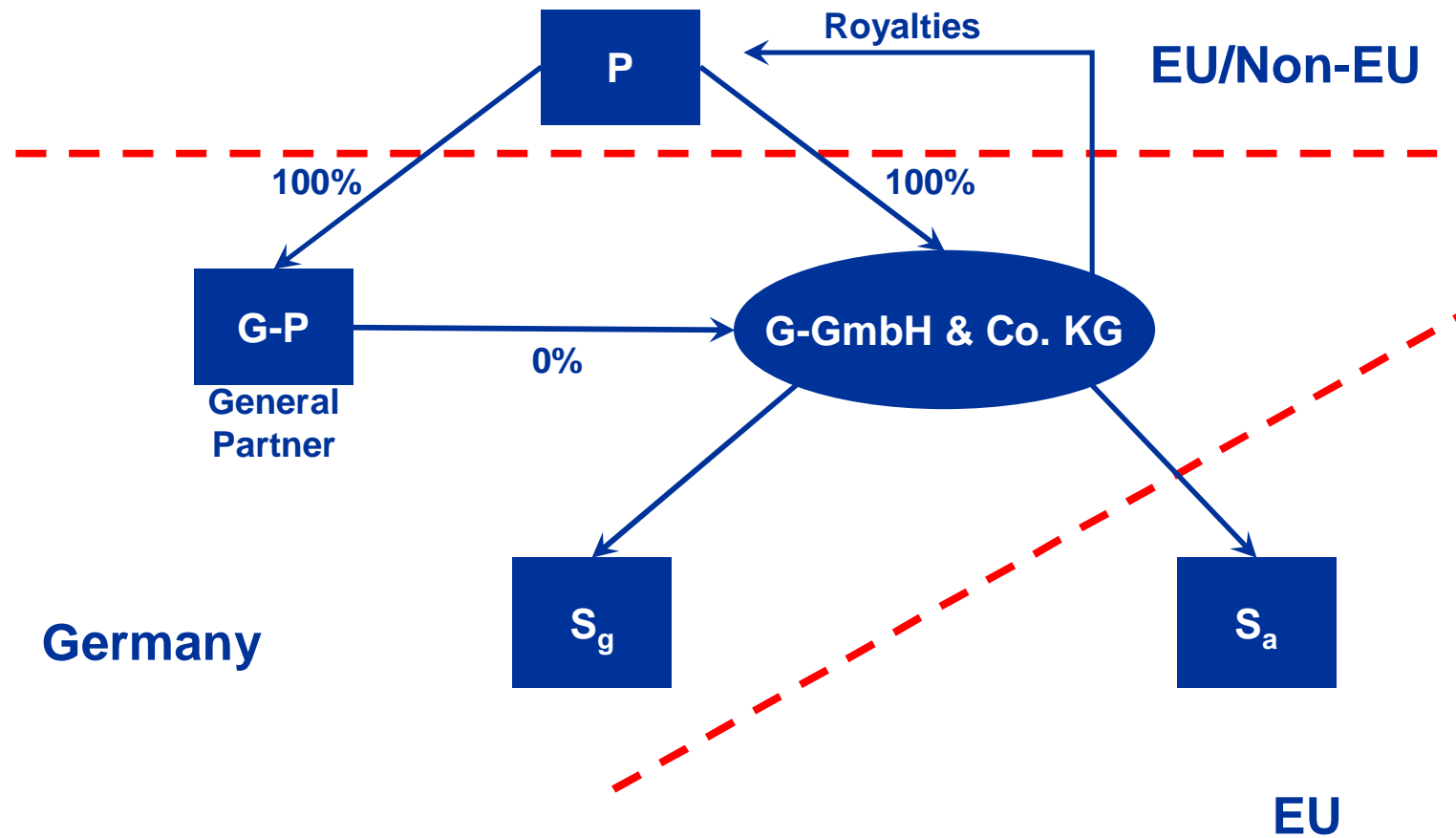
## Basis Case



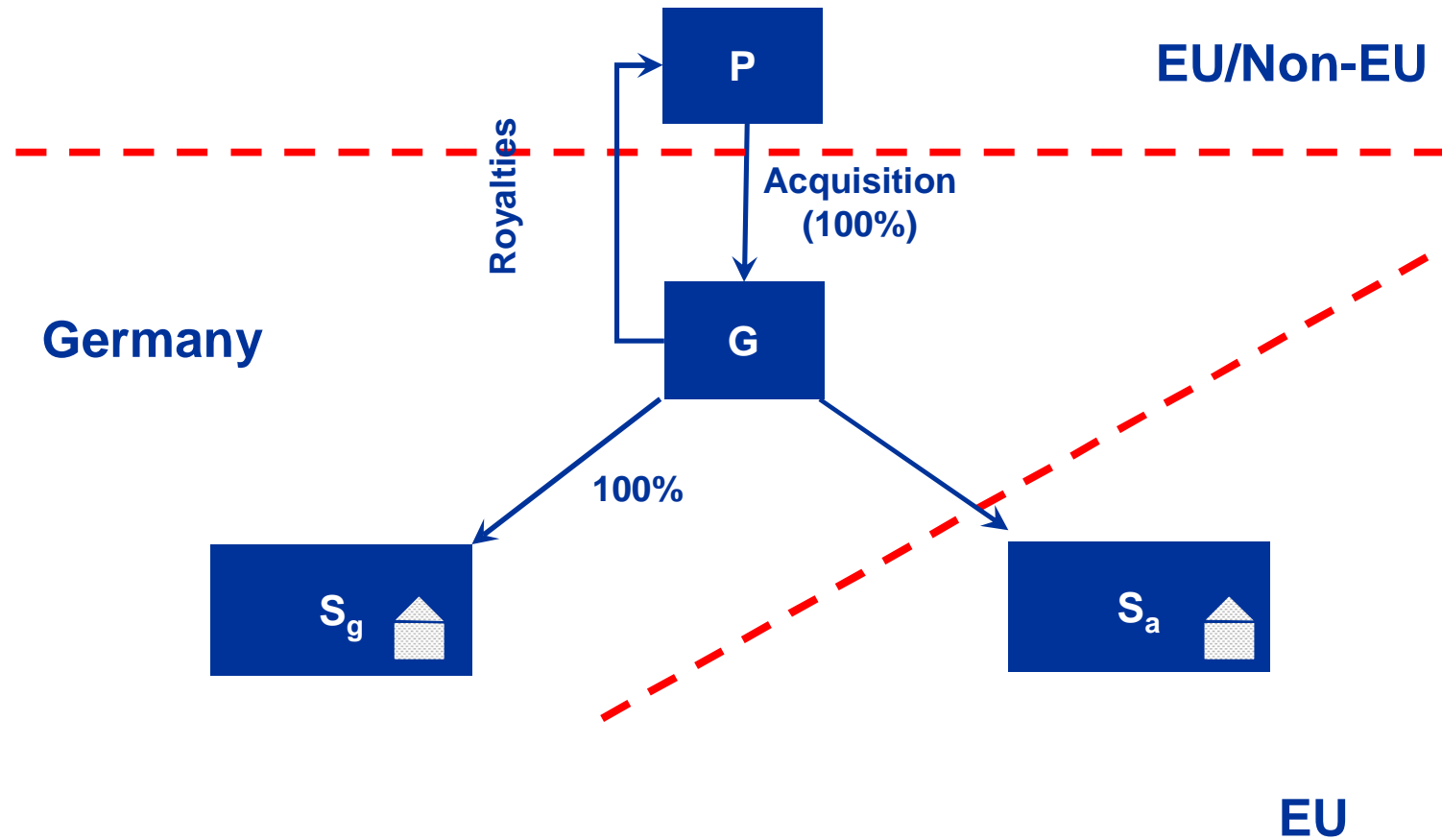
- all companies are active
- no immovable property (lease or rent)



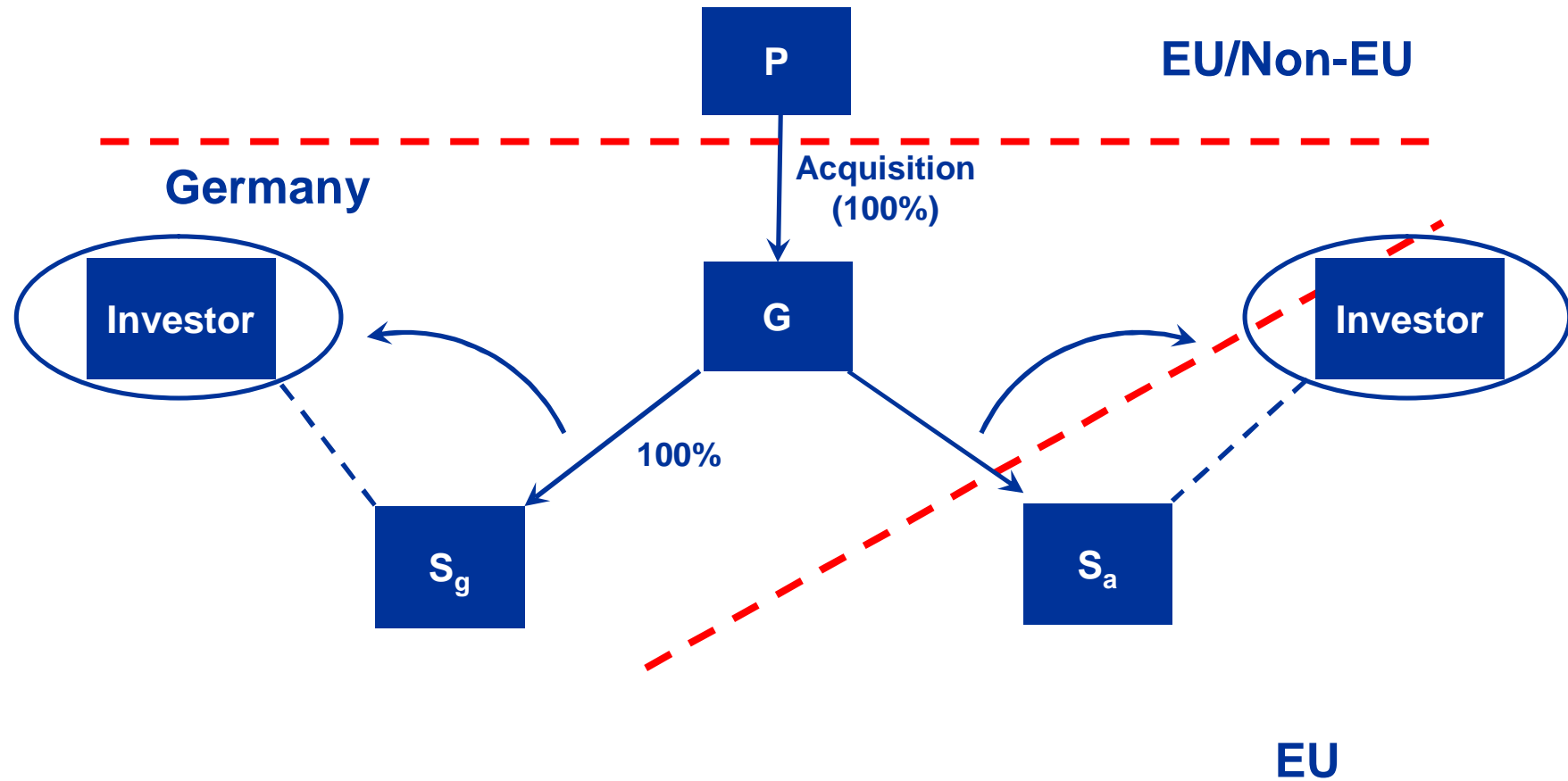
## Basis Case Alternative



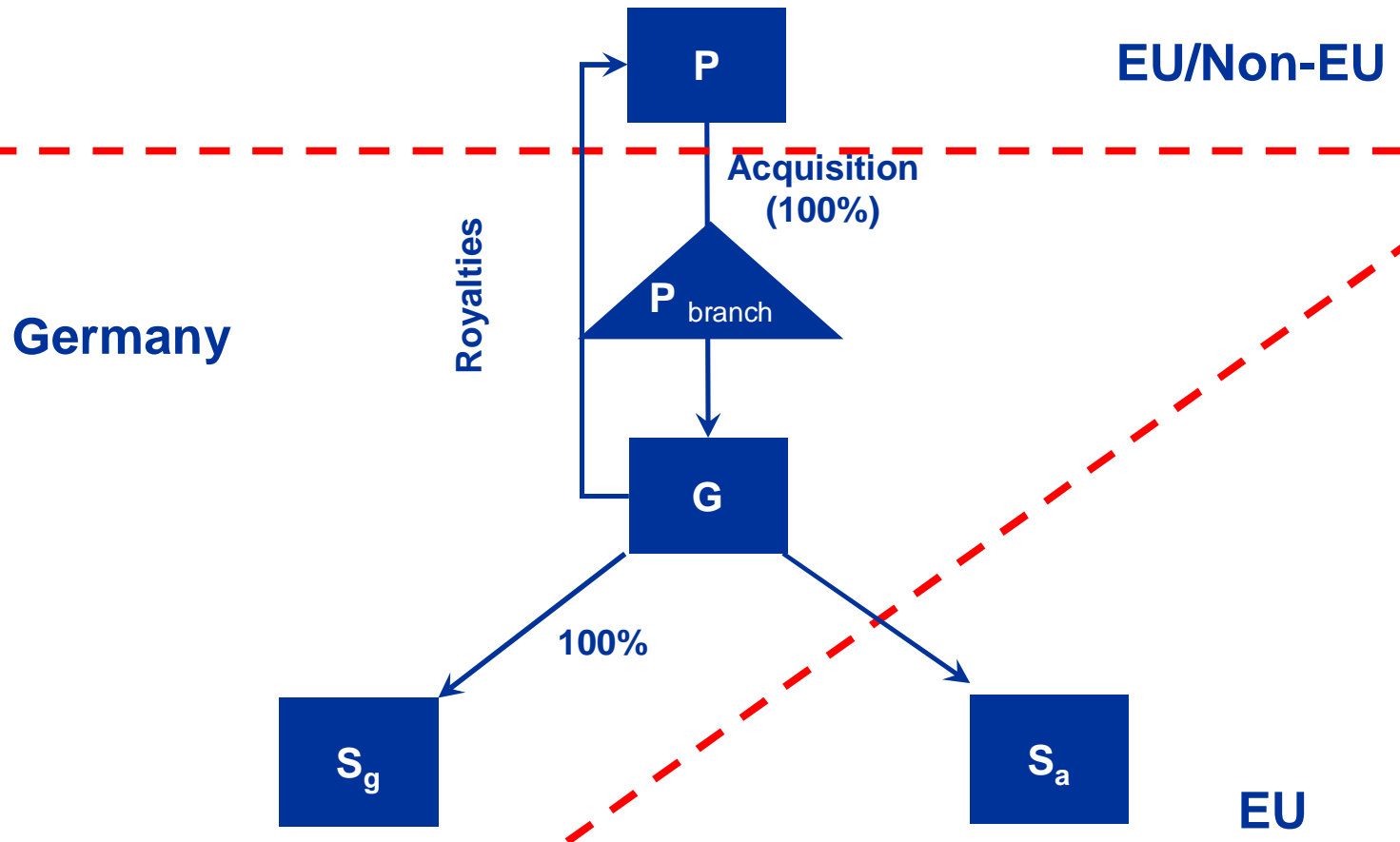
## Business Case 1



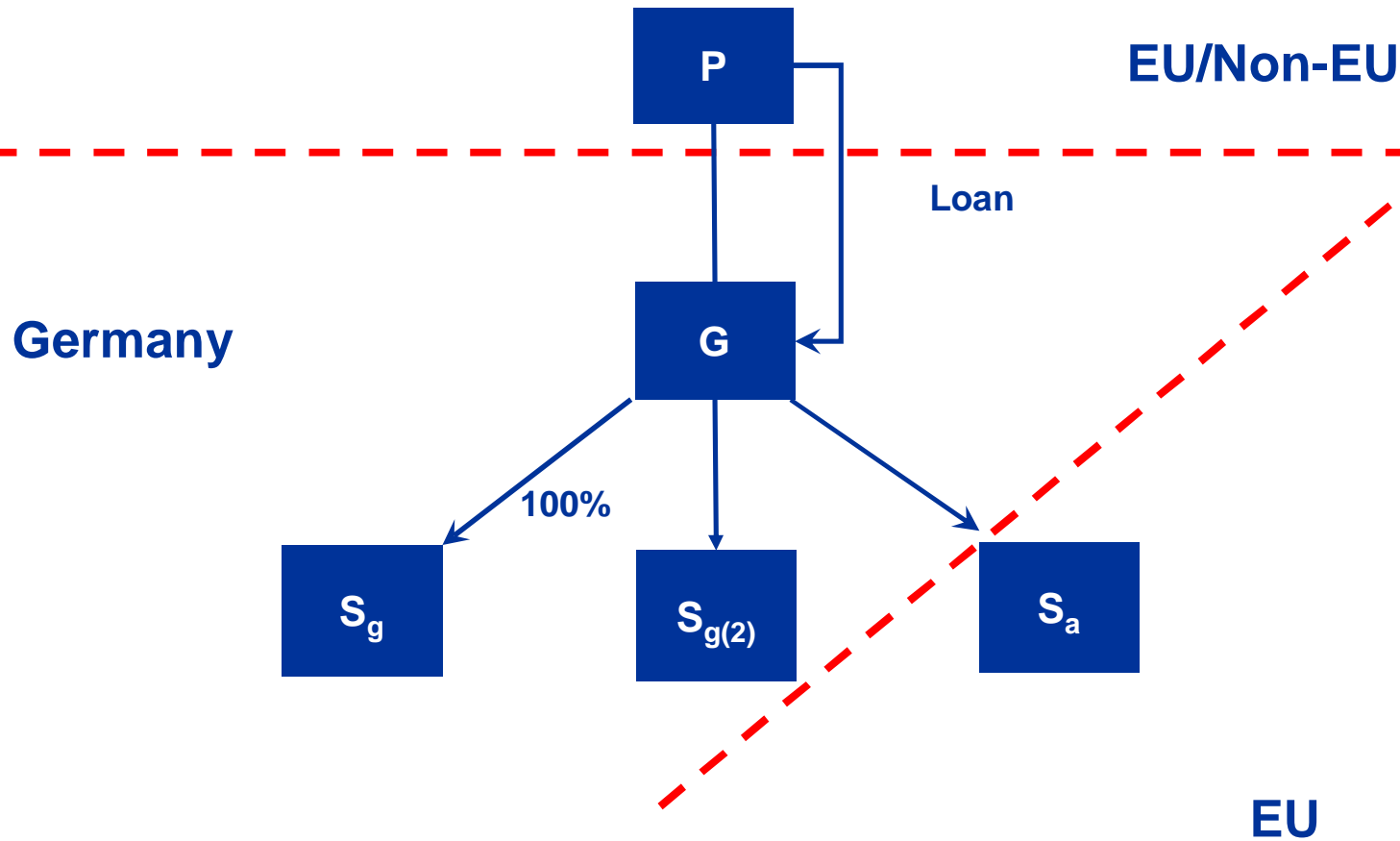
## Business Case 2



## Business Case 3



## Business Case 4



## Your Contact for inquiries

***GGV Grützmacher / Gravert / Viegner***

*Rechtsanwälte / Wirtschaftsprüfer / Steuerberater / Notare*



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