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The International Comparative Legal Guide to:

Private Client 2017

6th Edition

A practical cross-border insight into private client work

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Contributing Editors
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Sales Support Manager
Paul Mochalski

Editor
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Dror Levy

Group Consulting Editor
Alan Falach

Group Publisher
Richard Firth

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EDITORIAL

Welcome to the sixth edition of *The International Comparative Legal Guide to: Private Client.*

This guide provides corporate counsel and international practitioners with a comprehensive worldwide legal analysis of the laws and regulations of private client work.

It is divided into two main sections:

Nine general chapters. These are designed to provide readers with a comprehensive overview of key issues affecting private client work, particularly from the perspective of a multi-jurisdictional transaction.

Country question and answer chapters. These provide a broad overview of common issues in private client laws and regulations in 28 jurisdictions.

All chapters are written by leading private client lawyers and industry specialists and we are extremely grateful for their excellent contributions.

Special thanks are reserved for the contributing editors Jonathan Conder and Robin Vos of Macfarlanes LLP for their invaluable assistance.

Global Legal Group hopes that you find this guide practical and interesting.

The *International Comparative Legal Guide* series is also available online at www.iclg.co.uk.

Alan Falach LL.M.
Group Consulting Editor
Global Legal Group
Alan.Falach@glgroup.co.uk

Germany

Dr. Andreas Richter

Dr. Katharina Hemmen

P+P Pöllath + Partners

1 Pre-entry Tax Planning

1.1 In your jurisdiction, what pre-entry estate and gift tax planning can be undertaken?

As German inheritance tax (IHT) and gift tax applies if either the transferor or the beneficiary is resident in Germany (see question 3.1), any gifts should be made before any of the individuals involved become resident in Germany. Moreover, as the transfer of assets to an irrevocable and discretionary trust (or private foundation) is treated as a taxable gift (see question 8.2), such transfers should also become effective before the settlor becomes resident in Germany.

1.2 In your jurisdiction, what pre-entry income and capital gains tax planning can be undertaken?

As an individual becomes subject to German income tax with his or her worldwide income after becoming resident in Germany (see question 2.4), any income (in particular, capital gains) should be realised before entering Germany in cases where the individual finds himself or herself in a more advantageous tax situation before his relocation. However, with regard to business assets or real estate, gains from the sale of these assets will, in many cases, not become taxable in Germany where a tax treaty with the state in which such property is situated is applicable. Due care should be taken where trusts or private foundations are set up before a relocation to Germany, as German tax law provides for special rules which allow the allocation of such trust's or foundation's income to the settlor or the beneficiaries if these individuals are resident in Germany. However, certain "escape rules" apply where the relevant entity is situated in another Member State of the EU or EEC.

1.3 In your jurisdiction, can pre-entry planning be undertaken for any other taxes?

There are no other taxes for which pre-entry planning is necessary at the moment.

2 Connection Factors

2.1 To what extent is domicile or habitual residence relevant in determining liability to taxation in your jurisdiction?

German law does not recognise the concept of domicile. In Germany, tax liability is determined by the concept of residence, respectively habitual abode. The resident individual's worldwide income and assets are subject to:

- income tax; and
- IHT and gift tax.

2.2 If domicile or habitual residence is relevant, how is it defined for taxation purposes?

An individual's habitual abode is at the place where he or she stays under circumstances which allow the assumption that the stay is not only temporary. Basically, a person is deemed to have a habitual abode in Germany if he or she spends more than six months in Germany without any significant gaps.

2.3 To what extent is residence relevant in determining liability to taxation in your jurisdiction?

Please see question 2.1.

2.4 If residence is relevant, how is it defined for taxation purposes?

Residence is assessed using objective criteria. An individual is a German resident if he or she has either a permanent home or his or her habitual abode (see question 2.2) in Germany.

2.5 To what extent is nationality relevant in determining liability to taxation in your jurisdiction?

Basically, German nationality does not trigger any tax liability in Germany. However, German citizens may be liable to extended tax liabilities after emigration (see question 10.4).

2.6 If nationality is relevant, how is it defined for taxation purposes?

Please see question 2.5.

2.7 What other connecting factors (if any) are relevant in determining a person's liability to tax in your jurisdiction?

Besides residence and habitual abode, there are no other connecting factors for an individual's tax liability with its worldwide income in Germany.

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However, even if an individual has no residence or habitual abode in Germany income tax is generally levied on his or her German-sourced income.

3 General Taxation Regime

3.1 What gift or estate taxes apply that are relevant to persons becoming established in your jurisdiction?

Individuals becoming established in Germany are treated as residents if they have a permanent home or habitual abode in Germany. German IHT or gift tax applies if either the transferor or the beneficiary is resident in Germany.

IHT and gift tax rates range from 7% to 50% depending on the relationship between the transferor and the beneficiary and the value of the gift or the share of the estate. Spouses and descendants pay IHT or gift taxes at a rate of 7% to 30%. Transfers between most other relatives are taxed at a rate of 15% to 43%. Between unrelated persons, the applicable tax rate is 30% or 50% (for more than EUR 6 million).

The following tax-free allowances apply if either the transferor or the beneficiary is a resident:

- spouses receive a personal allowance of EUR 500,000 and a maintenance allowance of up to a maximum of EUR 256,000; and
- descendants receive a personal allowance of EUR 400,000 and an age-dependent maintenance allowance of up to EUR 52,000.

3.2 How and to what extent are persons who become established in your jurisdiction liable to income and capital gains tax?

Persons becoming established in Germany are treated as residents if they have a permanent home or habitual abode in Germany. The resident individual's worldwide income is subject to income tax.

There are seven types of income:

- income from agriculture and forestry;
- income from trade or business;
- income from self-employment;
- income from employment (salaries and wages);
- income from capital and capital gains;
- income from rent, especially real property and groups of assets; and
- other income (e.g., income from a pension or leases of movable assets).

The tax rate ranges from 14% progressively to 45%. In addition, a solidarity surcharge of 5.5% of the tax due is levied. A basic personal allowance of the taxable income is not subject to taxation (EUR 8,652 for single and EUR 17,304 for married taxpayers). For the taxation of capital gains, see question 4.1.

3.3 What other direct taxes (if any) apply to persons who become established in your jurisdiction?

Any business is liable to trade tax, as far as it is operated through a permanent establishment in Germany, except for freelance professions or any other independent personal services. The tax rate is determined by the municipality; it ranges from 7% to 31.5% (in most municipalities it is about 15%). However, trade tax may generally be credited against the individual's personal income tax.

At the discretion of the relevant local authority, an annual property tax ranging from 1% to 4% may be due on the value of real estate (a standardised value which does not reflect the property's fair value).

3.4 What indirect taxes (sales taxes/VAT and customs & excise duties) apply to persons becoming established in your jurisdiction?

Generally, all goods and services provided by an entrepreneur in Germany are subject to VAT, unless they are tax-free. The general VAT rate is 19%. There is a reduced VAT rate of 7% which applies, in particular, to the supply of nearly all food – except beverages and restaurant dishes.

In addition, excise duties are levied on certain goods. For example, energy tax, electricity tax and taxes on alcohol, tobacco and coffee exist.

3.5 Are there any anti-avoidance taxation provisions that apply to the offshore arrangements of persons who have become established in your jurisdiction?

For persons who have become established in Germany by residence (see question 2.4), CFC rules may apply for offshore corporations controlled by them.

For shareholders of foreign corporations claiming a relief from withholding tax, the Income Tax Act provides for a substance test in order not to grant the relief to shareholders of corporations established solely to allow such a relief.

Income of an offshore family foundation or trust may be allocated to the settlor or the beneficiaries if they become resident in Germany.

3.6 Is there any general anti-avoidance or anti-abuse rule to counteract tax advantages?

If no specific anti-avoidance rule applies, a general provision in the General Fiscal Code of Germany may apply in order to prevent the avoidance of taxes. According to this general provision, legal constructions are invalid if they are not intended by law and are therefore legally inappropriate, and if they lead to a tax advantage for the taxpayer or a third party.

4 Taxation Issues on Inward Investment

4.1 What liabilities are there to tax on the acquisition, holding or disposal of, or receipt of income from investments in your jurisdiction?

Income from capital and capital gains exceeding the tax free amount of EUR 801 (EUR 1,602 for spouses and partners of a civil partnership) is generally taxed at a flat rate of 26.375% (including the solidarity surcharge; plus church tax, if applicable). However, the tax payer may choose for his or her capital gains to be taxed at his or her individual income tax rate if this is lower than the flat rate tax rate.

With regard to capital gains, this basically applies to all privately held shares or bonds acquired on or after 1 January 2009. For privately held shares or bonds acquired before 1 January 2009, capital gains are only taxable if the shares form a substantial shareholding of at least 1%. In this case, 60% of the capital gains are taxed at a rate ranging from 14% to 45%, depending on the taxpayer's individual tax bracket.

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4.2 What taxes are there on the importation of assets into your jurisdiction, including excise taxes?

Generally, there is no tax on the import of private assets. However, the importation of goods into Germany from non-EU States for commercial reasons, or the importation of goods (in excess of certain amounts) which have just been acquired in non-EU States, may give rise to German VAT (so-called "import turnover tax").

4.3 Are there any particular tax issues in relation to the purchase of residential properties?

Residential properties are subject to a transfer tax on real property with differing regional rates ranging from 3.5% to 6.5%. The transfer tax applies to:

- the acquisition of real property; and
- the acquisition of a substantial shareholding (at least 95%) in a company holding real property.

5 Taxation of Corporate Vehicles

5.1 What is the test for a corporation to be taxable in your jurisdiction?

A corporation is subject to German corporate tax with its worldwide income if its effective place of management or its statutory seat is located in Germany.

5.2 What are the main tax liabilities payable by a corporation which is subject to tax in your jurisdiction?

As mentioned in question 5.1, a corporation in Germany is subject to German corporate tax with its worldwide income. The current tax rate amounts to 15.825% (including the solidarity surcharge). An additional trade tax of about 15% is due for all corporations.

5.3 How are branches of foreign corporations taxed in your jurisdiction?

If a corporation has a branch in Germany, this branch generally constitutes a permanent establishment of the corporation. The corporation will be subject to German corporate and trade tax with all income effectively connected with this permanent establishment.

6 Tax Treaties

6.1 Has your jurisdiction entered into income tax and capital gains tax treaties and, if so, what is their impact?

With regard to income tax and capital gains tax, Germany has entered into tax treaties with about 90 countries, including the UK and the USA. Generally, the impact of the tax treaties is to prevent double taxation by the two contracting states. However, where the treaty's application may lead to the result that none of the states may tax the relevant income, special rules in German domestic law may apply allowing Germany to levy tax without regard for the treaty.

6.2 Do the income tax and capital gains tax treaties generally follow the OECD or another model?

German income tax and capital gains tax treaties generally follow the OECD model. However, some treaties include special provisions differing from the model convention.

6.3 Has your jurisdiction entered into estate and gift tax treaties and, if so, what is their impact?

With regard to IHT and gift tax, Germany has entered into double taxation treaties with the following states:

- Denmark;
- France;
- Greece (IHT for movable assets only);
- Sweden (IHT and gift tax have been abolished);
- Switzerland (IHT only); and
- the USA.

These treaties seek to prevent a double taxation of any estate or gift by the contracting states. Where the decedent or donor is a German resident, Germany generally gives a tax credit for foreign IHT or gift tax.

6.4 Do the estate or gift tax treaties generally follow the OECD or another model?

Basically, the German tax treaties in the area of IHT and gift tax are largely based on the OECD Model Tax Convention on Successions, Estates and Gifts (1966/1982). However, the individual tax treaties provide specific variations or amendments of the OECD model to adapt to the specific tax environments and requirements of the contracting states.

7 Succession Planning

7.1 What are the relevant private international law (conflict of law) rules on succession and wills, including tests of essential validity and formal validity in your jurisdiction?

For successions as of 17 August 2015, new conflict of laws rules apply due to the European Union's Succession Regulation. They are valid in all EU Member States except Denmark, Ireland and the United Kingdom. According to the Regulation, the deceased's habitual abode at the time of his or her death instead of his or her nationality is relevant for the question of which succession law is applicable. If it is obvious that the deceased had a closer relationship to another state, that state's law applies under certain circumstances. There is, however, the opportunity to opt for the succession law of an individual's nationality by a will, a joint will or by an agreement as to succession.

Even if the EU Succession Regulation does not apply directly *vis-à-vis* third states, from the German point of view, its provisions with regard to the determination of the applicable law apply accordingly.

Germany recognises the HCCH Convention on the Conflicts of Law Relating to the Form of Testamentary Dispositions 1961 (Hague Testamentary Dispositions Convention). A will is valid if it complies with the law of any of the following:

- The state of the testator's nationality.
- The state where the testator made the will.

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- The state of the testator's residence.
- The state where the assets are situated (in the case of real estate).

According to Art. 75 of the EU Succession Regulation, the HCCH Convention prevails over the provisions of the Regulation with regard to the formal validity of a will.

7.2 Are there particular rules that apply to real estate held in your jurisdiction or elsewhere?

The EU Succession Regulation is determined by the concept of the entity of successions. Therefore, the applicable law generally covers the worldwide estate, irrespective of whether the estate contains movable or immovable property.

8 Trusts and Foundations

8.1 Are trusts recognised in your jurisdiction?

Trusts are generally not recognised in Germany, as Germany did not ratify the HCCH Convention on the Law Applicable to Trusts and on their Recognition 1985. Therefore, German property law does not recognise the transfer of assets located in Germany to a trust.

8.2 How are trusts taxed in your jurisdiction?

Although trusts are generally not recognised in Germany, in particular the following can trigger IHT:

- Setting up a foreign trust by a German resident.
- Transferring assets situated in Germany to a foreign trust.
- Distributions to beneficiaries during the trust period or upon the trust's dissolution if the beneficiary is a German resident.

German corporation tax may apply to:

- Income received by a foreign trust from German sources.
- The worldwide income of a foreign trust if its place of management is in Germany and if certain other conditions are met.

Income received by a foreign trust may be attributed to the settlor or the beneficiaries if they are German residents.

8.3 How are trusts affected by succession and forced heirship rules in your jurisdiction?

As trusts are generally not recognised in Germany, a German citizen cannot form a testamentary trust. However, the creation of an irrevocable *inter vivos* trust may effectively hinder a claim under the German forced heirship rules after several years, where assets have been effectively transferred to the trust under the applicable foreign property law.

Generally, the person entitled to a compulsory share portion is entitled to an augmentation of his claim if assets have been transferred to a trust during a period of 10 years prior to the event of succession (so-called "Claim for Augmentation of the Compulsory Portion"). However, the value of the transferred asset is taken into account completely only within one year before the succession. The claim for augmentation decreases by 10% for each year between the transfer and the succession that has passed. After 10 years, the asset transferred to the trust is not taken into account when calculating the compulsory share.

8.4 Are foundations recognised in your jurisdiction?

German law recognises two types of civil foundations:

- charitable foundations; and
- family foundations.

Recognition as a charitable foundation requires that the foundation's activity is dedicated to the altruistic advancement of the general public in material, spiritual or moral respects. These purposes shall be pursued altruistically, exclusively and directly. However, a charitable foundation may use one third of its income for the maintenance of the founder and his family.

Family foundations are conducive to the maintenance and the advancement of one or more families.

8.5 How are foundations taxed in your jurisdiction?

The formation of a charitable foundation does not trigger any IHT or gift tax, or real transfer tax if real property is transferred gratuitously to the foundation. A charitable foundation is released from almost every current form of taxation, especially corporate tax and trade tax. If certain requirements are met, the VAT for activities of a charitable foundation only amounts to 7% instead of the regular tax rate of 19%. The liquidation of a charitable foundation leads to an acquisition of assets on the level of the beneficiaries. This acquisition is treated as a lifetime gift. However, as the beneficiaries have to be charitable organisations themselves, IHT or gift tax will not be levied.

The formation of a family foundation and later donations generally trigger IHT and gift tax. The current taxation of a family foundation complies with the taxation of other legal persons. Thus, it is subject to corporation tax at a tax rate of 15.825% (including the solidarity surcharge). If the foundation is engaged in trade or business it is also subject to trade tax at a tax rate of approximately another 15% on its business income. In addition, a family foundation is liable to a "substitute IHT". This special tax accrues every 30 years. The liquidation of a family foundation can trigger IHT and gift tax.

In contrast to German family foundations, foreign family foundations are not liable to the "substitute IHT". However, the income of a foreign family foundation may be added to the personal income of the founder or the beneficiaries if they are liable to German tax on an unlimited basis. This does not apply to family foundations which are resident in a Member State of the EU or the European Economic Area if the following is assured:

- the foundation's property is separated legally and actually from the settlor and the beneficiaries; and
- a treaty regarding mutual administrative assistance exists between Germany and the state in which the foundation has its residence.

These conditions have to be satisfied cumulatively.

8.6 How are foundations affected by succession and forced heirship rules in your jurisdiction?

Please see question 8.3.

9 Matrimonial Issues

9.1 Are civil partnerships/same sex marriages permitted/recognised in your jurisdiction?

Civil partnerships have been recognised in Germany since 1 August

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2001. Same sex couples may enter into a civil partnership at the age of 18 by declaration to a registrar if none of them has entered into another existing civil partnership or marriage. Apart from the rules concerning the adoption of children, civil partnerships are governed by the same rules as apply to married couples, in particular with regard to inheritance and tax law.

9.2 What matrimonial property regimes are permitted/recognised in your jurisdiction?

In German family law, there are three types of matrimonial property regimes:

- the statutory property regime of community of accrued gains;
- the contractual property regime of separation of assets; and
- the contractual property regime of community of property.

Under German family law, spouses and partners of a civil partnership are subject to the statutory property regime of the community of accrued gains, if they have not entered into a marital agreement providing differently. In a community of accrued gains the assets of each partner remain under his or her individual control during the marriage or civil partnership. Only at the end of the marriage or partnership the gains of each partner accrued in his or her estate during the marriage or civil partnership have to be balanced. If the marriage or civil partnership ends by divorce, the partner whose accrued gains exceed the gains of the other partner must share the difference between both with his or her former partner. If the marriage or civil partnership ends by death the equalisation of accrued gains is made by adding an additional quarter of the estate to the intestate share of the surviving partner.

Furthermore, there are the contractual property regimes of separation of assets and community of property in which the partners' assets, in general, are either completely divided or completely collective.

If a marriage or a civil partnership governed by the contractual property regime of separation of assets ends by divorce, no equalisation or other balance of property will be exercised. If it ends by death, the surviving partner's statutory share of the estate depends on the number of children the deceased had. In the case of one child, the surviving partner inherits ½, in the case of two children ⅓ and more than two children, he or she always inherits ¼.

9.3 Are pre-/post-marital agreements/marriage contracts permitted/recognised in your jurisdiction?

Pre- and post-marital contracts are generally permitted under German family law. By these contracts, the partners may choose to change their matrimonial property regime or agree on individual rules for post-marital maintenance or pension rights adjustment. In Germany, marriage contracts have to be notarised.

9.4 What are the main principles which will apply in your jurisdiction in relation to financial provision on divorce?

German family law recognises three main principles in relation to financial provision on divorce:

- the equalisation of the partner's gains accrued during the marriage or civil partnership;
- the post-marital maintenance/alimony payments; and
- the pension rights adjustment.

For the principle of equalisation of gains, please see question 9.2.

Basically, after a divorce each spouse is responsible for his or her own maintenance. However, there are many exceptions to this rule, e.g. if one of the spouses is unable to work due to health issues or because he or she has to take care of a very young child.

In cases of divorce, the law provides for a pension rights adjustment, irrespective of the applicable matrimonial property regime. The pension rights adjustment aims at balancing disparities on the level of pension rights between the spouses that result from a family model where one spouse goes to work while the other one takes care of the children.

The spouses may adjust these principles by marriage contracts within narrow limits set by case law.

10 Immigration Issues

10.1 What restrictions or qualifications does your jurisdiction impose for entry into the country?

In general, EU citizens do not require any settlement title to work or settle in Germany.

For non-EU citizens, Germany distinguishes between different kinds of residence titles for specific purposes, subject to the length of stay and intended business activity. A visa enables the holder to entry and short stays in Germany of up to 90 days for each period of 180 days. In the case of longer stays, a (temporary) residence or (permanent) settlement permit is required. Temporary residence permits are issued for specified purposes (e.g., education or training, gainful employment, humanitarian, political or family reasons). Permanent settlement permits are issued if a foreigner has possessed a residence permit for five years and meets additional requirements (e.g., secure income, no criminal record, adequate command of the German language, etc.).

10.2 Does your jurisdiction have any investor and/or other special categories for entry?

The relevant residence title depends on the specific area of business activity intended in Germany.

Non-EU citizens managing a company in Germany in a self-employed capacity or taking up a gainful employment in Germany require a temporary residence permit. In general, self-employed persons receive a residence permit if they invest at least €250,000 and create a minimum of five jobs. Where these standard requirements are not met, a residence permit for the purpose of self-employment may nevertheless be granted. As a rule, business activities are accepted if there is an overriding economic or specific regional interest which will be assessed by local authorities.

Employees from non-EU states require a residence permit for the purpose of taking up employment in a company in Germany. As with a residence permit for self-employment, a residence permit is issued to employees for up to three years. Principally, a residence permit is only awarded to certain occupational groups (e.g., academics or IT professionals, see question 10.5) and, additionally, only if it is possible to demonstrate a specific offer of employment. However, persons considered to be "highly qualified foreigners" can be granted a settlement residence from the outset.

For EU citizens, see question 10.1.

10.3 What are the requirements in your jurisdiction in order to qualify for nationality?

Foreigners may generally be naturalised after eight years of habitual abode in Germany provided they meet the relevant conditions. For this, it is necessary to prove an adequate knowledge of the German

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language, a clean criminal record and a commitment to the tenets of the German Federal Constitution. Moreover, the person to be naturalised must be able to financially support himself or herself. The eight-year period is shortened to seven years if the applicant participates in a certain integration course. The period can be shortened to six years if specific integration achievements are proved.

Spouses and children can also be naturalised even if they have not been living in Germany for eight years. In general, those applying for German citizenship must give up their former nationality (exceptions provided).

10.4 Are there any taxation implications in obtaining nationality in your jurisdiction?

Generally, tax liability in Germany is determined by the concept of residence, not by the concept of nationality (see question 2.4). However, only a German national is subject to extended tax liabilities after giving up his or her German residence. He or she remains subject to German IHT for five years after relocation (or 10 years in case of relocation to the USA). Where a German national relocates to a tax haven, he or she may, under certain conditions, remain subject to German income tax with all income from German sources (including interest) for 10 years after relocation, and his or her assets located in Germany may be subject to German IHT to a wider extent.

10.5 Are there any special tax/immigration/citizenship programmes designed to attract foreigners to become resident in your jurisdiction?

The "EU Blue Card" is a residence title for specific purposes that was introduced in Germany in 2012. The Blue Card is aimed at university graduates or other highly qualified foreigners. It grants the right to work and live in Germany. Such highly qualified foreigners are generally also entitled to bring their families to Germany.

11 Reporting Requirements/Privacy

11.1 What automatic exchange of information agreements has your jurisdiction entered into with other countries?

Germany has entered into a multiplicity of agreements concerning the automatic exchange of information. Particularly concerning questions of taxation, an automatic exchange of information is exercised, e.g. on the basis of double-tax treaties, the EU-Council Directive on Administrative Cooperation in the Field of Taxation from 2011, EU-Council Directive on Taxation of Savings Income in the Form of Interest Payments from 2003 or the bilateral international agreement concerning the US Foreign Account Tax Compliance Act (FATCA) from 2013.

Moreover, Germany takes part in the Common Reporting Standards by the OECD's Global Forum of Transparency and Exchange of Information from 2014 which include the Automatic Exchange of Information (AEOI) for Tax Purposes. It shall come into force as of 2017. This agreement is accepted by more than 60 countries and enables the respective financial authorities to obligate foreign credit institutions to provide certain financial information automatically at certain dates (e.g. names and accounts of individuals as well as paid interest or dividends).

11.2 What reporting requirements are imposed by domestic law in your jurisdiction in respect of structures outside your jurisdiction with which a person in your jurisdiction is involved?

For taxation purposes, persons having their residence or habitual abode in Germany as well as any corporation with their effective place of management or statutory seat in Germany are required to submit certain information to the competent financial authorities with regard to the following circumstances:

- the establishment or the acquisition of a foreign business or permanent establishment;
- the participation in or the retirement from a foreign partnership or the change of their interest; or
- the acquisition of a participation in a corporation, association of individuals or legal estate if the person subject to unlimited taxation reaches a share or interest in the foreign structure of at least 10% directly or 25% indirectly or if the acquisition costs of a person's total acquisitions of foreign shares or interests exceed the amount of EUR 150,000.

11.3 Are there any public registers of owners/beneficial owners/trustees/board members of, or of other persons with significant control or influence over companies, foundations or trusts established or resident in your jurisdiction?

Shareholders in corporations, respectively partners of partnerships which are established in Germany, generally have to be registered in the register of companies ("*Handelsregister*"). The same applies to the board members of corporations.

Some of the federal states ("*Bundesländer*") also have registers for foundations that contain the name, registered office, purpose and address, sometimes also the representatives, of a foundation.

Since German law does not recognise trusts (see question 8.1), there is no obligation to register trusts or any persons related to it. However, trust structures can constitute significant income and gift or inheritance tax liability in Germany (also under the Foreign Tax Act, see question 3.5), so a settlor or beneficiary resident in Germany can be obliged to disclose the trust structure to the tax authorities for taxation purposes.

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Dr. Andreas Richter

P+P Pöllath + Partners
Potsdamer Platz 5
10785 Berlin
Germany

Tel: +49 30 25353 132
Email: andreas.richter@pplaw.com
URL: www.pplaw.com

Dr. Andreas Richter, LL.M., is a partner at P+P Pöllath + Partners in Berlin. Some of Germany's leading family offices, family businesses and foundations, as well as their peers abroad, form the client base for Andreas's work as a legal and tax advisor. Andreas is widely acknowledged as one of Germany's preeminent private client lawyers.

The quality of Andreas's cross-border work was honoured by his election as Academician of the International Academy of Estate and Trust Law. He has outstanding experience in business and wealth succession, estate planning, legal and tax structuring of private wealth and family offices, corporate governance for family-owned businesses, expatriation taxation, and charities, as well as in trust and foundation law. Clients in common law jurisdictions regularly instruct Andreas because of his background in English law (B.A. Hons, Trinity College, Cambridge) and U.S. law (LL.M., Yale Law School).

Andreas is the managing director of the Berlin Tax Policy Forum, a leading country-wide forum for debate on tax policy. He chairs the executive board of the postgraduate programme 'Business Succession, Inheritance Law & Asset Management' at the University of Münster. He serves as a member on the boards of family offices, foundations and family businesses and acts as executor.

Andreas is the author and editor of numerous publications, commentaries and compendiums, in particular on family offices, foundation law, business succession and all tax-related matters.

Dr. Katharina Hemmen

P+P Pöllath + Partners
An der Welle 3
60322 Frankfurt am Main
Germany

Tel: +49 69 247047 83
Email: katharina.hemmen@pplaw.com
URL: www.pplaw.com

Dr. Katharina Hemmen, LL.M., is admitted as attorney-at-law and tax advisor. As a senior associate with P+P Pöllath + Partners in Frankfurt, she focuses on legal and tax advice with regard to domestic and international tax law, inheritance law, succession planning, as well as trust and foundation law. She regularly speaks at conferences of the International Bar Association (IBA) and the International Association of Young Lawyers (AIJA) on private client topics. She has authored many publications in her practice areas.

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59 Tanner Street, London SE1 3PL, United Kingdom
Tel: +44 20 7367 0720 / Fax: +44 20 7407 5255
Email: info@glgroup.co.uk

www.iclg.co.uk