

The Electronic Filing Procedure (EFP) offered by the Federal Central Tax Office (BZSt)

As of 1 January 2024

Application procedure for claiming a refund of German capital income tax plus solidarity surcharge under section 50c (3) of the Income Tax Act (*Einkommensteuergesetz*, EStG) in conjunction with a double taxation agreement (DTA) using a machine-readable data medium¹

- 1. Preliminary remarks 3
- 2. General remarks 3
- 3. Scope of tax relief 4
- 4. Cases in which the EFP cannot be used 4
- 5. Approval for the EFP 5
- 6. Application procedure 6
 - 6.1. Refund application 7
 - 6.2. Submission of datasets 8
 - 6.3. Application date 9
- 7. Authorisation/declarations by the taxpayer eligible for a refund 9
- 8. Identifiers 11
- 9. Rejection of file 11
- 10. Issuing of the assessment notice 11
- 11. EFP users' liability/repayment obligation 12
- 12. EFP users' rectification obligation 12
- 13. Checks by the BZSt 12
- 14. Contact the BZSt 13
 - 14.1. Postal address for submitting applications 13

¹Until the introduction of the electronic system for applications and for notices regarding exemption and refund applications, the Electronic Filing Procedure (EFP) pursuant to section 50d (1) sentences 7 and 8 (section 52 (47a) of the EStG) must continue to be used.

14.2. Contact details for applications for approval and files with specific information.....	13
14.3. BZSt website.....	13

The Electronic Filing Procedure (EFP)

1. Preliminary remarks

The procedure will be changed for applications received from 01.01.2024 to the extent that non-profit legal entities and organisations (=legal form 05) are excluded.

2. General remarks

The EFP is an alternative to the electronic refund procedure for tax on investment income in accordance with Section 50c para.3 EStG².

This description provides information about the advantages of this accelerated application procedure, how it is applied in practice as well as the conditions for obtaining approval to use it.

The EFP is particularly suitable for financial institutions which regularly submit a large number of applications for German capital income tax and solidarity surcharge refunds in the name of and on behalf of customers who are resident outside of Germany.

Compared to application procedures, the EFP offers the following advantages:

- No need for individual applications by taxpayers eligible for a refund
- No need to present a certificate of residence **when submitting the application**
- No need to present tax certificates specifying income from capital and amounts of tax withheld and remitted **when submitting an application**
- Applications are processed more quickly

Accelerated procedure for refunds of German capital income tax

Intended users

Advantages of the EFP

² For refund applications submitted from January 1, 2023 the obligation to submit them electronically in accordance with the officially prescribed data set via the officially designated interface (see Section 50c para. 5 sentence 1 and § Section 52 para. 47a sentence 2 EStG).

3. Scope of tax relief

The EFP is permissible only for income from dividends as defined in section 20 (1) no 1 of the EStG (free-float dividends), for which a DTA stipulates a residual tax rate of 15%.

The EFP may only be used for dividend payments resulting from German securities. Please state the respective German securities identification numbers (*Wertpapierkennnummer*, WKN).

Only for a residual tax rate of 15% on free-float dividends
Application via the EFP is not possible if the residual tax rate is not 15%

4. Cases in which the EFP cannot be used

The EFP may not be used

- by natural persons and legal arrangements who are eligible, under a DTA, for relief at a withholding tax rate **below or above 15%** on free-float dividends.
 - Foreign fund management companies and foreign investment funds (legal form 04)
 - Partnerships³ (legal form 02)
 - Creditors of income in connection with depositary receipts, such as American Depositary Receipts (ADRs) (all legal forms)
 - International organisations
- and
- non-profit legal entities and organisations (legal form 05)⁴

In these cases, refund applications can only be submitted to the BZSt in electronic form via the BZSt online portal for the entire gross dividend of a share class. Furthermore, it is not permitted to first use the EFP to apply for relief from withholding tax up to a withholding tax rate of 15% and then, where the withholding tax rate exceeds

³Partnerships are also excluded from the EFP if they have chosen the option to be taxed as corporations.

⁴ NEW: Exclusion RF 05 from 1.1.2024 (application date)

15%, to use the electronic refund procedure. This also applies if the creditor of the income from capital has a substantial holding under the applicable DTA or section 43b of the EStG.

5. Approval for the EFP

The following entities in particular may be eligible to use the EFP:

- financial institutions which distribute dividends to their clients (e.g. depositary banks)
- other institutions (e.g. clearing houses) which deal with the distribution of dividends as part of their business activities and are in possession of the necessary information and authorisations from the distribution recipients who are eligible for a refund (shareholders).

Credit institutions that are approved as EFP users may apply for a refund of capital income tax under section 50c (3) of the EStG only on behalf of customers who hold securities accounts with them. This is because credit institutions need to be familiar with their customers' securities transactions.

EFP users must be involved in the payment flow for the dividend in question

In addition, applications via the EFP may be submitted by depositary banks which are involved in the cash flow for the dividend in question, and which have a sub-authorisation from the depositary bank of the taxpayer eligible for a refund.

To be approved, prospective EFP users must first submit an application to the BZSt using an official application form.

Application for approval

The application form (application for approval) contains a declaration of commitment by which the prospective EFP user agrees to pay any debts that a EFP user's client may have with the BZSt if capital income tax has been unlawfully refunded via the EFP.

Declaration of commitment

The form for the approval application can be downloaded from the BZSt website.

We recommend contacting the BZSt before applying to be approved so that the required steps can be discussed (for contact details, see section 14).

As part of the approval procedure, prospective EFP users must submit a test file so that any errors in the file layout can be identified and corrected.

In addition, GnuPG end-to-end encryption must be installed for the return of the datasets (when notices are issued).

EFP users are advised to install additional encryption for the exchange of e-mails with the BZSt. This additional encryption allows users to submit refund applications by e-mail to the BZSt (see section 6.2).

The BZSt will send you the template for the layout of the test file **only upon request**.

If the conditions for approval and the technical requirements are met, the BZSt issues a notice of approval authorising the applicant to use the EFP.

This approval includes the right to apply for capital income tax refunds (plus solidarity surcharge) for dividend payments within the meaning of section 20 (1) no 1 of the EStG, which, under a DTA, are subject to a withholding tax rate of 15% in the Federal Republic of Germany, if a creditor has authorised the EFP user to submit an application.

The BZSt has the right to withdraw its approval of an EFP user if the current requirements or procedural rules are not observed or not respected.

6. Application procedure

Please note:

- **It is not permitted to apply for a refund of more than €500,000 with one application, no more than €10,000 in refunds may be entered in one row.**
- **A refund application may contain no more than 200 entry rows for natural persons and no more than 50 entry rows for legal persons.**
- **If the application refund submitted via the EFP contains an application for a refund of more than €500,000, or if it contains more than 200 or 50 entry rows for a natural or legal person respectively, the application will be rejected.**

The legal form used by the taxpayer eligible for a refund should be indicated with one of the following codes:

Legal form	Meaning
01	Natural person
03	Legal person
06	Public authorities and other comparable entities

Contents

A EFP application can only be submitted for taxpayers who are from the same country and use the same legal form. It is not permissible to combine applications for recipients who are from different countries or use different legal forms in one application/file.

6.1. Refund application

An application includes:

- The application form (amended EFP refund application)
- The datasets with specific information (= entry rows, txt file(s))

The application form is available in German and in English⁵ and can be downloaded here:

https://www.bzst.de/DE/Unternehmen/Kapitalertraege/Kapitalertragsteuerentlastung/Datentraegerverfahren/datentraegerverfahren_node.html#js-toc-entry3

The form must be **completed in full and signed by an authorised person, whose full name must be given**, and may be **sent to** the BZSt **only by post** (see address under section 14.1).

⁵ In the event of any discrepancies between the German and the English version, the German version applies.

6.2. Submission of datasets

The datasets with the specific information complementing the application can be sent on a data medium (CD-ROM) or as file attached to an encrypted e-mail.

Option 1: Sending data using a data medium

The data medium used must be a **CD-ROM**. The CD-ROM must be created as set out in the file description which is provided by the BZSt upon request, and must then be sent in to the BZSt together with the completed and signed paper application form.

Option 2: Sending data using an encrypted e-mail

Sending txt files created as set out in the file description by e-mail is only possible if the e-mail correspondence between the EFP user and the BZSt is automatically en- and decrypted. This is the recommended method for submitting your data.

Please set up encryption in consultation with the BZSt and contact us to find out which encryption methods can be used and whom to contact in order to set up encryption.

Please note:

You may send only the txt file with the specific information (i.e. the entry rows) via encrypted e-mail, not the application form itself.

The form, which must be completed and signed in person by an authorised person must always be submitted to the BZSt on paper. The datasets you submit cannot be processed without this original paper form.

Please submit the data via encrypted e-mail as follows:

- Txt files must be created as set out in the file description
- File name (do not include spaces): *“Approval number_file number”*
- Please send the encrypted e-mail to the following address:
KapStDTV@bzst.bund.de
- Please note the file number and time and date of sending the e-mail in the application form.

6.3. Application date

Please note:

- The application can be submitted no earlier than one month after the day of the dividend resolution.
- The date of the creation of the application file and the payment in connection with this security must be at least one month apart.
- Please also state the payment date.
- EFP applications must be submitted to the BZSt within seven months of the dividend payment.

Payment date

Deadline

7. Authorisation/declarations by the taxpayer eligible for a refund

EFP users must hold the following documents and declarations available for each taxpayer/application:

- **Authorisation** (or sub-authorisation) confirming that the EFP user may submit an application.⁶
- A **residence certificate** issued by the tax authority of the country of residence in question for the year in which the capital income was received
- A **tax certificate** as defined in section 45a (1) of the EStG
- A declaration by the taxpayer eligible for a refund confirming that
 - they are aware of the provisions of the DTA currently in force;
 - they were the beneficial owner of the shares at the time of the dividend distribution;
 - neither their place of residence, registered office nor their habitual abode is in Germany;

EFP users must be authorised by the taxpayer eligible for a refund

⁶ The signature of the person authorising the application must clearly show their full name and state their role in the company.

- the proceeds do not accrue to a permanent establishment or to a fixed entity in Germany;
- they have not applied to a German tax office to be treated as a person subject to unlimited tax liability and do not intend to make such an application;
- they have not submitted a tax return to a German tax office applying for the capital income tax due in Germany to be credited;
- they undertake not to submit any additional electronic refund applications after obtaining relief via the EFP;
- they are aware that the BZSt can check the information submitted through a direct exchange of information with the tax authorities of their country of residence;
- the capital income does not derive from depositary receipts;
- no status certificate under the Investment Tax Act (*Investmentsteuergesetz*) has been issued and is not used for this income;
- they are aware that they have an obligation to make a repayment if the BZSt requests this on the basis of information that becomes known subsequently, or if the amounts in question were disbursed in error.

EFP users keep the declarations and authorisations.

However, they must be sent to the BZSt upon request and presented to BZSt officials during an on-site inspection.

If the EFP user has been authorised via a sub-authorisation from the taxpayer's custodian bank to submit refund applications, and if that EFP user has no direct business relations with said taxpayer, then they must also obtain and hold available the confirmations by the taxpayer's depositary bank referred to above.

EFP users are obliged to hold these declarations available and to present them to the BZSt upon request.

8. Identifiers

The EFP user must assign an individual reference code to each taxpayer eligible for a refund (see file description); this reference code must clearly identify the taxpayer. This reference code may not be reassigned after a taxpayer eligible for a refund stops using the EFP.

When an application is submitted for the first time, the BZSt also assigns each taxpayer eligible for a refund an individual identification number. When making further applications for a taxpayer eligible for a refund, EFP users must state the reference code they assigned the taxpayer as well as the identification number assigned by the BZSt. **Where identification numbers were assigned during earlier refund procedures – including procedures using paper documents – the same numbers must be used again.**

9. Rejection of file

Txt files which contain multiple or serious problems in terms of the format and/or plausibility cannot be imported into the BZSt system.

In this case, no notice will be issued; instead, a notification that the entire file has been rejected will be issued, with an indication of the errors.

An application with the rejected data sets can be re-submitted within seven months.

Re-submission of applications is possible within seven months

10. Issuing of the assessment notice

Once the data has been imported into the BZSt system and processed, the EFP user is notified that the EFP application has been processed, and is issued with a notice.

This notice states how many entry rows were submitted and how many of them were processed.

The notice includes the sections detailing the assessed taxes and specifies any payments or refunds due.

Notices issued during the EFP procedure are subject to review (section 164 of the Fiscal Code (*Abgabenordnung*)).

Notices subject to review

The EFP user is sent the section detailing the assessed taxes in digital form (by e-mail). The assessment file is encrypted asymmetrically using GnuPG.

Secure submission via encrypted e-mail

For this purpose, EFP users must generate a public key on a one-off basis and submit it to the BZSt by e-mail.

The BZSt uses this public key for encryption, while recipients use their private keys to decrypt the e-mail.

11. EFP users' rectification obligation

Should the EFP user subsequently become aware that the taxpayer potentially eligible for a refund did not hold the shares at the time of distribution or that other procedural requirements were not met, any amounts that were disbursed in error must be repaid to the BZSt immediately. The BZSt will issue an amendment notice.

Repayment obligation

It is advisable to always contact the BZSt prior to making the repayment.

12. EFP users' liability/repayment obligation

With the declaration submitted during the approval procedure, the EFP user commits, with their application, to repay any sums which the BZSt might, on the basis of information that becomes known subsequently, claim back from persons who have received unwarranted relief via the EFP. The EFP user must also make such a declaration on the application form. The BZSt reserves the right to enforce this obligation in the event of non-payment.

13. Checks by the BZSt

The BZSt reserves the right to carry out spot checks on refund applications.

EFP users undertake to assist such checks by providing the necessary details and forwarding enquiries to the respective taxpayers who are potentially eligible for a refund.

BZSt checks applicants' eligibility to use the EFP and taxpayers' entitlement to a refund under an agreement

The information submitted via the EFP may also be subject to a spontaneous exchange of Information with the tax authorities of the taxpayer's country of residence.

Possibility of
intergovernmental
exchange of information

14. Contact the BZSt

Postal address

14.1. Postal address for submitting applications

The completed and signed application form, and, if used, the CD-ROM, must be sent to the following address by post:

Bundeszentralamt für Steuern

Referat St I B 3 – DTV-Team

53221 Bonn, Germany

14.2. Contact details for applications for approval and files with specific information

E-mail address: KapSt-DTV@bzst.bund.de

E-mail address

14.3. BZSt website

You are encouraged to stay updated about news and questions concerning the EFP by regularly consulting the BZSt website.