

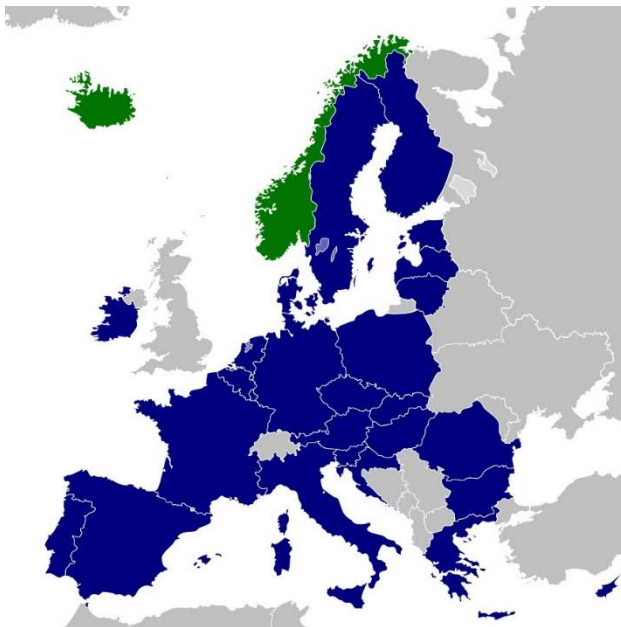


## Information on insurance tax and fire protection tax for insurers established in the European Economic Area

### I. General

This leaflet is intended for all insurers and authorised agents established in the territory of the member states of the European Union or other contracting states to the Agreement on the European Economic Area (EEA).

It provides an overview of Germany's taxation procedures for insurance tax and fire protection tax.



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The EEA is comprised of:

- the EU Member States  
i.e. Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Sweden, Slovakia, Slovenia and Spain, and
- the states of the European Free Trade Association (EFTA)  
except Switzerland, i.e. Iceland, Liechtenstein and Norway.

Please note: As of 1 January 2021, all insurers in the United Kingdom are third-country insurers within the meaning of section 1 (3) of the Insurance Tax Act (*Versicherungsteuergesetz*) in conjunction with section 1 (2) of the Insurance Tax Implementing Ordinance (*Versicherungsteuer-Durchführungsverordnung*).

The basis for collecting insurance tax and fire protection tax in Germany is the [Insurance Tax Act<sup>1</sup>](#) as promulgated on 27 April 2021 (Federal Law Gazette I, p. 874), the Insurance Tax Implementing Ordinance as promulgated on 27 April 2021 (Federal Law Gazette I, p. 938) and the [Fire Protection Tax Act<sup>2</sup>](#) (*Feuerschutzsteuergesetz*) as promulgated on 10 January 1996 (Federal Law Gazette I, p. 18), last amended by Article 12 of the Act of 25 June 2021 (Federal Law Gazette I, p. 2056).

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<sup>1</sup> Link to German version.

<sup>2</sup> Link to German version.

## II. Jurisdiction

The [Federal Central Tax Office](#) (*Bundeszentralamt für Steuern*, see Section IX for contact details) is the national authority responsible for administering insurance tax and fire protection tax in Germany (section 5 (1) no 25 of the Fiscal Administration Act (*Finanzverwaltungsgesetz*) in conjunction with section 7a of the Insurance Tax Act and section 10 of the Fire Protection Tax Act).

## III. Tax liability

Insurance tax applies to the payment of an insurance premium based on an insurance relationship that has been established by contract or by other means (section 1 (1) of the Insurance Tax Act).

In compliance with the specifications laid down in EU directives, Germany's national tax law differentiates between insurance relationships with EEA insurers (section 1 (2) of the Insurance Tax Act in conjunction with section 1 (1) of the Insurance Tax Implementing Ordinance) and insurance relationships with third-country insurers (section 1 (3) of the Insurance Tax Act in conjunction with section 1 (2) of the Insurance Tax Implementing Ordinance).

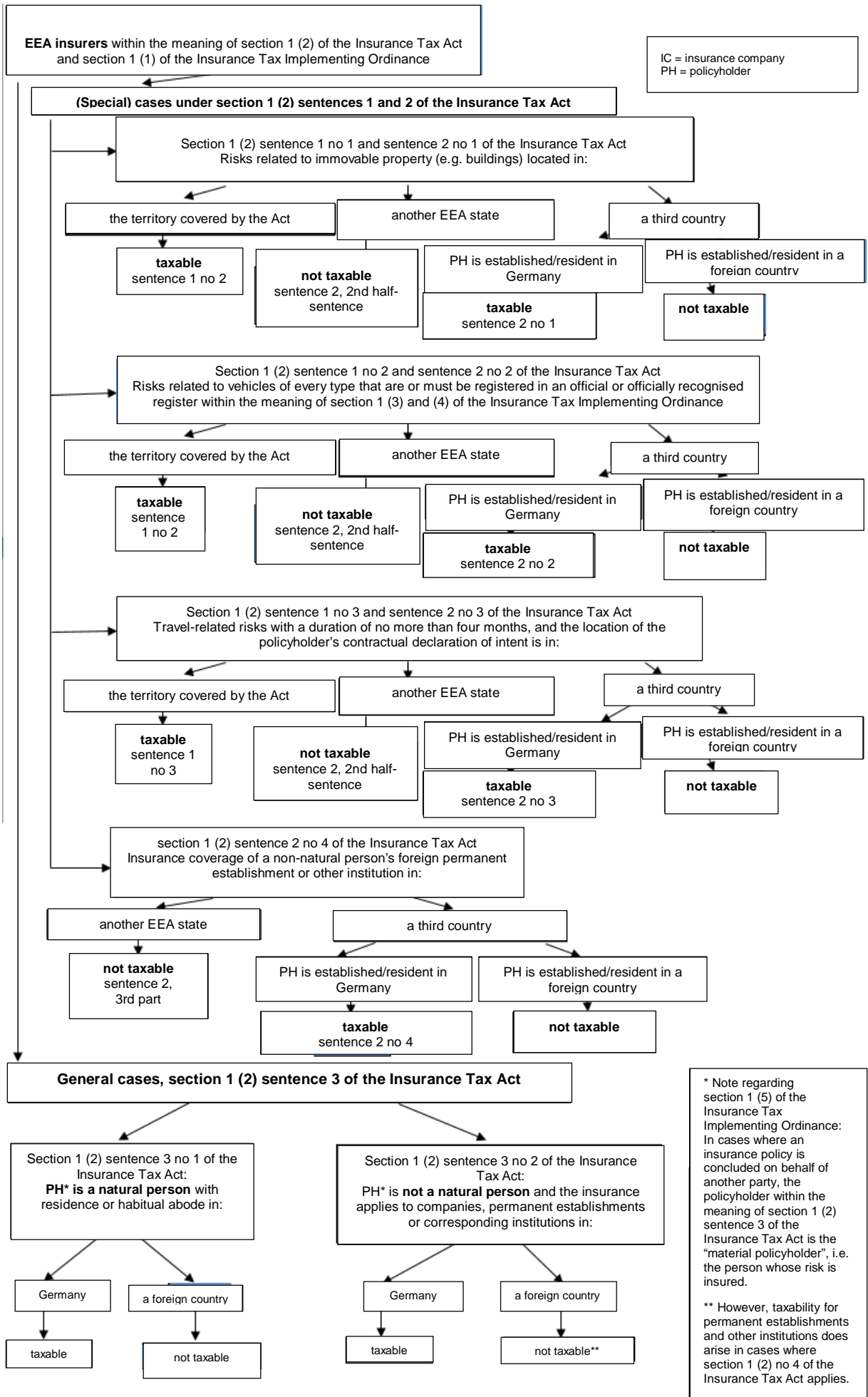
For insurance against the risks described in the three special cases specified under section 1 (2) sentence 1 nos 1–3 of the Insurance Tax Act, the risk location is not determined on the basis of the policyholder's place of residence, establishment or habitual abode. Rather, the risk location is in the EU member state or other contracting state to the Agreement on the European Economic Area where the insured objects are located (no 1), where the vehicles are registered (no 2), or where the necessary legal acts were carried out by the policyholder in order to conclude the contract (no 3). If these cases occur in an EEA country, the risk is located in that country, and that country has the taxing rights. Accordingly, insurance coverage against risks described in the special cases specified under section 1 (2) sentence 1 nos 1–3 of the Insurance Tax Act is subject to German insurance tax if the circumstances of the case occur within the territorial scope of the Act.

If the circumstances described in these special cases occur outside the EEA, or if the insurance covers a non-natural person's permanent establishment or other institution located in a third country, then no other EEA country has primary taxing rights (section 1 (2) sentence 2, 2<sup>nd</sup> half-sentence of the Insurance Tax Act). Under section 1 (2) sentence 2, 1<sup>st</sup> half-sentence of the Insurance Tax Act, such insurance is therefore subject to German insurance tax if the policyholder is established or resident in Germany.

Under section 1 (2) sentence 3 of the Insurance Tax Act, insurance against (special) risks other than those specified in sentence 1 is likewise taxable in Germany if the policyholder is established or resident in Germany. In the case of non-natural persons, it is sufficient if the company, permanent establishment or relevant institution covered by the insurance policy is located within the territorial scope of the Insurance Tax Act.

Please note that, in cases where an insurance policy is concluded on behalf of another party in accordance with section 1 (5) of the Insurance Tax Implementing Ordinance, residency is determined on the basis of the "material policyholder", i.e. the person whose risk is insured.

The following diagram gives an overview of potential cases where German tax may be levied on premiums for insurance provided by EEA insurers within the territorial scope of the Insurance Tax Act. If you have further general questions regarding section 1 of the Insurance Tax Act, you may refer to the [Finance Ministry circular of 4 March 2021](#) (Federal Tax Gazette I, p. 325, available in German only).



In some cases, fire protection tax is levied along with insurance tax.

Under section 1 of the Fire Protection Tax Act, Germany's fire protection tax applies to all payments of premiums for fire insurance (but is not levied on amounts of insurance tax paid, see section 4 (3) of the Fire Protection Tax Act), including insurance against business interruption due to fire, residential building insurance, and home contents insurance for insured objects that are located within the territorial scope of the Act at the time the premium is paid.

#### IV. Tax rates and tax bases

The following tax rates and tax bases apply (sections 5 and 6 of the Insurance Tax Act and sections 3 and 4 of the Fire Protection Tax Act).

Type of risk	Tax rate	Share of tax base		
		Insurance tax	Fire protection tax	
Fire insurance and insurance against business interruption due to fire	22%	60%	40%	
Residential building insurance	19%	86%	14%	
Home contents insurance	19%	85%	15%	
Private accident insurance – with premium refund	19% 3.8%	100%	–	
Transported goods – in Germany	19%	100%		
– international	exempt	–		
Marine hull insurance	3%	100%		
Multi-risk agricultural insurance (...)	0.03% of the amount insured for each year of coverage			
All-risk insurance excluding fire risks	19%			
Livestock insurance (for amounts insured exceeding €4000)	19%			
Standard tax rate	19%	100%		–
Personal risk insurance within the meaning of section 4 (1) no 5 of the Insurance Tax Act, etc.*	Exempt in principle			

\* See [Finance Ministry circular of 27 January 2021](#) (Federal Tax Gazette I, p. 187, in German only)

If a tax rate is changed, the tax rate to be applied depends on whether the insurance premium falls due before or after the date when the new tax rate came into effect (section 10b of the Insurance Tax Act, section 13 of the Fire Protection Tax Act). The same applies to changes in tax exemption rules, unless stipulated otherwise in section 12 of the Insurance Tax Act.

Rules on tax exemptions are set out in section 4 (1) of the Insurance Tax Act and section 3a of the Fire Protection Tax Act.

## V. Invoice

Under section 5 (3) of the Insurance Tax Act, the tax amount must be clearly stated in the insurance premium invoice. In addition, the invoice must specify the tax rate and the insurance tax number (issued by the Federal Central Tax Office) that is used to remit the tax. If an insurance premium is exempt from tax, the relevant tax exemption provision must be specified.

## VI. Record keeping and retention requirements

All parties with joint and several liability within the meaning of section 7 (8) sentence 1 of the Insurance Tax Act who are required to keep records under the Fiscal Code or other laws must keep records for the purpose of determining the tax and the bases for its calculation (section 10 (1) of the Insurance Tax Act, section 9 (1) of the Fire Protection Tax Act). These records must contain all information that is relevant for tax purposes. In general, sections 140 et seqq. of the Fiscal Code apply. In particular, records and supporting documents must be kept in good order (section 147 (1) of the Fiscal Code) for the duration of the applicable retention period (section 147 (3) of the Fiscal Code).

Insurers established outside the territorial scope of the Insurance Tax Act and the Fire Protection Tax Act must, upon request, provide the Federal Central Tax Office with a written schedule of all insurance relationships involving risks located in Germany. These lists must contain the information specified in section 10 (1) sentence 2 of the Insurance Tax Act (e.g. policyholder's name and address, insurance policy number, insurance premium, tax amount, tax rate, and written authorisation in accordance with section 7 (4) and (5) of the Insurance Tax Act). Similar requirements apply for fire protection tax (section 9 (1) sentence 3 of the Fire Protection Tax Act).

## VII. Filing the tax return and paying the tax

The person liable for insurance tax is the policyholder (section 7 (1) of the Insurance Tax Act). If the insurance relationship exists with an EEA insurer, the insurer is required to remit the tax (section 7 (2) of the Insurance Tax Act). The insurer must declare the insurance tax and remit the tax to the Federal Central Tax Office on behalf of the policyholder. However, this does not apply to cases involving co-insurance (section 7 (4) of the Insurance Tax Act) and cases where the obligation to remit the tax has been delegated in writing to an agent authorised to receive the insurance premium (section 7 (5) of the Insurance Tax Act). If neither the insurer nor an agent authorised to receive the insurance premium is resident or established in the EEA, then the policyholder must declare and pay insurance tax (section 7 (6) of the Insurance Tax Act).

The person liable for fire protection tax is the insurer (section 5 (1) of the Fire Protection Tax Act). This means that, in the case of fire protection tax, tax liability coincides with the obligation to declare and pay the tax.

Insurance tax and fire protection tax returns must be filed with the Federal Central Tax Office within 15 days after the end of every filing period by the person obliged to remit the tax. The returns must include the self-assessed amount of tax, which is also due within 15 days after the end of the filing period (section 8 (1) of the Insurance Tax Act, section 8 (1) of the Fire Protection Tax Act). In general, the tax return period is the calendar month. If the tax due in the previous calendar year does not exceed a specified amount, then the tax return period is the calendar quarter or the calendar year (section 8 (2) of the Insurance Tax Act, section 8 (2) of the Fire Protection Tax Act).

The returns must be filed even if no insurance premiums have been paid or billed during the tax return period.

The Federal Central Tax Office may, upon request, permit the tax to be assessed on the basis of the insurance premium billed during the tax return period (i.e. on an accrual basis) rather than on the insurance premium collected (i.e. on a cash basis) (section 5 (1), sentence 2 of the Insurance Tax Act, section 3 (3) of the Fire Protection Tax Act).

The respective tax return forms are available (also in English) on the Federal Central Tax Office's [website](#) (see section IX for contact details).

Values in foreign currencies must be converted into euros in order to assess the tax (section 7 of the Insurance Tax Implementing Ordinance). Such conversions must use the [VAT conversion rate](#)<sup>3</sup> (published by the Finance Ministry as a monthly average for each respective currency) for the month (a) when the insurance premium was paid or (b) when the payment is due if assessments are made on an accrual basis. The Federal Central Tax Office may, upon request, permit the conversion to be made at the current daily rate published by banks or quoted on markets.

The tax must be paid on time to the Federal Central Tax Office bank account stated on the forms.

### VIII. Obligation to file electronic returns

From 1 January 2022 onwards, insurance tax returns must be sent electronically to the Federal Central Tax Office using an officially prescribed data set (section 8 (1) and (3) in conjunction with section 12 (4) of the Insurance Tax Act).

To file a return electronically, please register with the Federal Central Tax Office's online portal, BZStOnline-Portal (BOP). You will then receive an authorisation enabling you to send electronic insurance tax and fire protection tax returns to the Federal Central Tax Office. For further information, please visit our website at:

[https://www.bzst.de/EN/Businesses/Insurance\\_and\\_fire\\_protection\\_tax/insurance\\_and\\_fire\\_protection\\_tax\\_node.html](https://www.bzst.de/EN/Businesses/Insurance_and_fire_protection_tax/insurance_and_fire_protection_tax_node.html)

➤ [Electronic data submission](#)

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<sup>3</sup> Available in German only.

## IX. Questions and contact

If you have any questions, please contact the Federal Central Tax Office directly:

Address: Bundeszentralamt für Steuern  
An der Kuppe 1  
53225 Bonn  
Germany

Tel.: +49 (0) 228 406 - 0  
Fax: +49 (0) 228 406 - 18 3100  
e-mail: [versicherungsteuer@bzst.bund.de](mailto:versicherungsteuer@bzst.bund.de)

Please note: In general, the Federal Central Tax Office can send e-mails only in encrypted form. If you do not wish to receive encrypted e-mails, unencrypted communication is permissible if all affected parties provide their [written consent](#).

Our website contains comprehensive information on insurance tax and fire protection tax, including relevant legislation, sample calculations, forms, FAQs and contact information.

Other tax forms are available online at:

[www.formulare-bfinv.de](http://www.formulare-bfinv.de)