

**Income Tax Act (EStG)**  
**Section 50a Tax deduction for those subject with limited tax liability**  
**!this is an unofficial translation!**

(1) Income taxes are levied on those with limited tax liability by means of a tax deduction

1. for income generated through artistic, sporting, artistic, entertainment or similar performances carried out domestically, including income from other services related to these services, regardless of who the income accrues to (Section 49 paragraph 1 numbers 2 to 4 and 9), unless it is income from employment that is already subject to tax deduction from wages in accordance with Section 38 Paragraph 1 Sentence 1 Number 1,

2. for income from the domestic exploitation of performances within the meaning of number 1 (Section 49 paragraph 1 numbers 2 to 4 and 6),

3. for income that arises from remuneration for the transfer of the use or the right to use rights, in particular copyrights and industrial property rights, from industrial, technical, scientific and similar experience, knowledge and skills, for example plans, models and procedures, as well as income generated from providing the opportunity to contractually engage a professional athlete for a limited period of time (Section 49 Paragraph 1 Numbers 2, 3, 6 and 9),

4. in the case of income from members of the supervisory board, administrative board or other persons entrusted with monitoring the management of corporations, associations of persons and assets within the meaning of Section 1 of the Corporation Tax Act as well as other domestic associations of persons under private and public law in which the shareholders are not entrepreneurs (Co-entrepreneurs) are granted for monitoring the management (Section 49 paragraph 1 number 3).

(2) The tax deduction is 15 percent; in the cases of paragraph 1 number 4 it is 30 percent of the total income. Travel costs reimbursed or assumed by the person liable for the remuneration only count as income to the extent that the travel and accommodation expenses exceed the actual costs and the compensation for additional meal expenses exceed the flat rate amounts in accordance with Section 4 Paragraph 5 Sentence 1 Number 5. In the case of income within the meaning of paragraph 1 number 1, a tax deduction will not be levied if the income per performance does not exceed 250 euros.

(3) The debtor of the remuneration can deduct from the income in the cases of paragraph 1 numbers 1, 2 and 4 operating expenses or advertising costs that are directly economically related to them and which a person with limited tax liability has proven to him in a form that can be verified by the Federal Central Tax Office or which have been taken over by the debtor of the remuneration. This only applies if the person subject to limited tax liability is a national of a member state of the European Union or of another state to which the Agreement on the European Economic Area applies and has his domicile or habitual abode in the territory of one of these states. It applies accordingly to a corporation, association of persons or assets subject to limited tax liability within the meaning of Section 32 Paragraph 4 of the Corporation Tax Act. 4. In these cases, the tax deduction is from the income (net income) remaining after deducting operating expenses or advertising costs, if

1. The creditor of the remuneration is a natural person, 30 percent,

2. The creditor of the remuneration is a corporation, association of persons or assets, 15 percent.

(4) If the creditor of a remuneration has to withhold taxes for the account of another creditor with limited tax liability (second stage), he can waive the tax deduction if his income has already been subject to the tax deduction in accordance with paragraph 2. If the debtor of the remuneration at the

second level claims operating expenses or income-related expenses in accordance with paragraph 3, applies for the assessment in accordance with Section 50 paragraph 2 sentence 2 number 5 or applies for the refund of the withholding tax in accordance with Section 50c paragraph 3 or another provision, he has to comply with this the tax resulting from paragraph 2 or paragraph 3 must be paid at that time; Paragraph 5 applies accordingly.

(5) The tax arises at the time when the remuneration flows to the creditor. At this point, the debtor of the remuneration must deduct the tax for the account of the creditor (tax debtor). He must declare the tax to be withheld within a calendar quarter to the Federal Central Tax Office by the tenth of the month following the calendar quarter and pay the withheld tax to the Federal Central Tax Office. An obligation to register with the Federal Central Tax Office also exists if a tax deduction is not to be made due to paragraph 2 sentence 3 or paragraph 4 sentence 1 or is not to be made or is not to be made in full due to Section 50c paragraph 2 hmen is; Sentence 3 applies accordingly. The debtor of the remuneration is liable for withholding and paying the tax. Claims may be made against the tax debtor if the person liable for the remuneration has not deducted the tax in accordance with the regulations. The debtor of the remuneration is obliged to provide the creditor with the following information upon request in accordance with the officially prescribed template:

1. the name and address of the creditor,
2. the type of activity and amount of remuneration in euros,
3. the payment date,
4. the amount of tax withheld and paid in accordance with paragraph 2 or paragraph 3.

(6) The Federal Government may, with the consent of the Bundesrat, determine by ordinance that in the case of remuneration for the use or the right to use copyrights (paragraph 1 number 3), which are not paid directly to the creditor but to an agent, instead of debtor of the remuneration, the agent must withhold and pay the tax and is liable for the withholding and remittance.

(7) The tax office of the remuneration creditor can order that the debtor of the remuneration must withhold and pay the income tax by way of tax deduction on behalf of the creditor (tax debtor) on income subject to limited taxation, insofar as this is not already subject to tax deduction, if this is for security purposes the tax claim is appropriate. The tax deduction amounts to 25 percent of the total income, for corporations, associations of persons or assets 15 percent of the total income; In deviation from this, the tax office can adjust the amount of the tax deduction to the tax likely to be owed. Paragraph 5 applies accordingly with the proviso that the tax must be registered and paid to the tax office that ordered the tax deduction; The tax office can order that the tax withheld within a month must be declared and paid by the tenth of the following month. Section 50 paragraph 2 sentence 1 does not apply. If the tax deduction has been withheld and paid for income within the meaning of Section 49 Paragraph 1 Numbers 7 and 10, even though there was no obligation to do so, the declaration of the tax deduction must be changed to this extent at the request of the debtor of the remuneration; Instead, the debtor of the remuneration, as soon as he realizes that he has withheld and paid the tax deduction without obligation, can reduce the tax deduction to be paid accordingly in the following tax declaration; The debtor of the remuneration is entitled to reimbursement; The certificate issued in accordance with paragraph 5 sentence 6 must be replaced by a corrected certificate and, if transmitted in paper form, reclaimed. The crediting of the income tax levied through tax deduction in accordance with Section 36 Paragraph 2 Number 2 Letter a is based on the amount of withheld tax deduction amounts shown in the pension receipt notification in accordance with Section 22a. If a pension receipt notification is corrected due to withheld tax deductions, the crediting must be made up or changed.