

Private Client

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LEGAL FRAMEWORK

Key legislation

What key legislation and regulations are relevant to foreign individuals moving to or investing in your jurisdiction? What government bodies are charged with enforcing these laws and what is the extent of their powers?

Tax law is the most relevant legislation for German residents or investors, as the German tax level is high. Tax law is enforced by local German tax authorities.

Law stated - 25 August 2025

Real property

Are there any particular rules or restrictions on foreign individuals purchasing or investing in real property in your jurisdiction?

In the case of transactions involving real estate located in Germany with foreign purchasers, a report to the Transparency Register may be necessary under the German Anti-Money Laundering Act.

Law stated - 25 August 2025

Establishing a business

Are there any particular rules or restrictions on foreign individuals establishing a business in your jurisdiction?

For citizens of the European Union, the European Economic Area and Switzerland, the fundamental freedoms – freedom of establishment and freedom of trade – generally apply. This means that anyone may establish a business in any member state and there is a right of free movement in the state of residence. Therefore, no restrictions apply to nationals of these countries/areas that do not also apply to German citizens.

Citizens from non-EU countries who wish to enter Germany to establish a business need a residence permit. The requirements for such a residence permit are generally fulfilled if:

- there is an economic interest or a regional demand;
- the activity is expected to have a positive impact on the economy; and
- financing is secured by equity or a loan commitment.

Further, establishing a business must usually be reported to the responsible authority.

For certain areas of activity, a business licence is required that serves as proof of personal reliability and orderly financial circumstances. The requirements for a business licence are significantly higher than those for a business registration. For business registrations and business licences, the municipal authority is charged with enforcing the decisive Trade, Commerce and Industry Regulation Act.

Law stated - 25 August 2025

TAX

Residence and domicile

How does an individual become taxable in your jurisdiction?

Tax liability in Germany is determined by the concept of residence. An individual is a German resident for tax purposes if they have either a permanent home or a habitual abode in Germany. Tax residence is assessed using objective criteria. The concept of domicile is not recognised in Germany.

The worldwide income and assets of individuals whose tax residence is in Germany (hereinafter referred to as 'residents') are subject to income tax and inheritance and gift tax (IGT).

Law stated - 25 August 2025

Income

What, if any, taxes apply to an individual's income?

An individual's income is subject to income tax. Income tax covers income from seven sources, as follows:

- income from agriculture or forestry;
- income from trade or business;
- income from self-employment;
- income from employment (salaries and wages);
- income from capital investments;
- income from letting property, especially real property or groups of assets; and
- other items of income, for example, income from leases of movable assets.

Income is generally taxed at a progressive tax rate, ranging from 14 per cent to 45 per cent. In addition, a solidarity surcharge of 5.5 per cent of the tax due is still being levied. This surcharge was intended to finance the German reunification of 1990. As of 1 January 2021, the solidarity surcharge was completely abolished for 90 per cent of income taxpayers. Currently, only high earners, investors who have exhausted their savings allowance, limited liability companies and other corporations are still subject to the surcharge. The income threshold above which the surcharge must be paid is currently increased every year up to and including 2026. The Federal Constitutional Court ruled in March 2025 that the solidarity surcharge is not unconstitutional.

Law stated - 25 August 2025

Capital gains

What, if any, taxes apply to an individual's capital gains?

An individual's capital gains are subject to income tax. Income from capital investments is subject to withholding tax at a flat rate of 25 per cent plus the solidarity surcharge (a total of 26.375 per cent plus church tax, if any).

Law stated - 25 August 2025

Lifetime gifts

What, if any, taxes apply if an individual makes lifetime gifts?

Lifetime gifts are taxable in accordance with transfers on death under the German Inheritance and Gift Tax Act.

Law stated - 25 August 2025

Inheritance

What, if any, taxes apply to an individual's transfers on death and to their estate following death?

Each transferee is generally liable for IGT on the value of the assets transferred, regardless of their personal wealth. The tax rates range from 7 per cent to 50 per cent, depending on the relationship between the transferor and the transferee and the value of the share of the estate received. Spouses and descendants pay IGT at a rate of 7 per cent to 30 per cent. Transfers between most other relatives are taxed at a rate of 15 per cent to 43 per cent. Between unrelated persons, the applicable tax rate is either 30 per cent or 50 per cent for a value of more than €6 million.

The following tax-free allowances apply:

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

There is no IGT on a lifetime transfer of the family home to a spouse, nor on an equalisation of the gains accrued during a marriage where the statutory matrimonial property regime of the community of surplus (as provided for by the German matrimonial regime or a similar foreign regime) applies.

Law stated - 25 August 2025

Real property

What, if any, taxes apply to an individual's real property?

A real estate transfer tax with differing regional rates ranging from 3.5 per cent to 6.5 per cent applies to:

- the acquisition of real property;

- the acquisition of a substantial shareholding in a company holding real property; and
- the change of shareholders of a company holding real estate.

In 2021, the legislature passed a real estate transfer tax reform that toughens some of the major rules of the Real Estate Transfer Tax Act. As of 1 July 2021, the rules that deem a transfer of real property in the event of a change of ownership of a partnership holding real property are extended to corporations. In addition, the relevant shareholding level in the case of share deals and changes of ownership was lowered from 95 per cent to 90 per cent and the holding period was extended to 10 years.

An annual property tax may also be due on the value of real property (based on an assessed uniform value that is often less than the fair value of the property) at the discretion of the relevant local authority. Although the assessed uniform value is quite low, property tax is becoming more and more significant because of the continually rising rates of assessment. Further, the German Federal Constitutional Court held that property values that were last assessed in 1964 or 1935 are inconsistent with the constitutional principle of equality of taxation. In November 2019, the German parliament therefore introduced a reform law that includes new valuation rules for the period from 1 January 2022 onwards. Due to the new tax law, more than 30 million properties had to be reassessed. In future, property values must be assessed every seven years. The property tax calculated on the basis of the new property values is levied from 1 January 2025. In addition, the reform allows local authorities to determine a higher tax rate on undeveloped property that is ready for development from 2025. However, the constitutionality of the reform and the new assessment methods is being questioned and legal actions against the new provisions have been launched. The standardised valuation of properties is viewed as problematic. Therefore, the Federal Fiscal Court has interpreted the new law in such a way that, in individual cases, it must be possible to demonstrate lower values.

Income from real property is subject to income tax at the standard rates.

Law stated - 25 August 2025

Non-cash assets

What, if any, taxes apply on the import or export, for personal use and enjoyment, of assets other than cash by an individual to your jurisdiction?

The import of assets to Germany may trigger value-added tax (VAT). There are different rules for transactions within the European Union and transactions to or from non-EU states.

The import of goods for personal use and enjoyment from non-EU states by an individual into Germany triggers import turnover tax. The import turnover tax rate equals the VAT rates of 19 per cent or 7 per cent and must be paid to the customs authority. The import turnover tax cannot be refunded as input tax if the imported assets are not used for business but for personal use and enjoyment. The export of such goods to countries outside the European Union is generally VAT-free in Germany.

The import of assets for personal use and enjoyment from EU member states by an individual does not trigger VAT. However, Germany levies VAT on goods exported for personal use and enjoyment into EU member states.

Law stated - 25 August 2025

Other taxes

What, if any, other taxes may be particularly relevant to an individual?

Wealth tax has not been levied in Germany since 1997, after it was declared unconstitutional by the German Federal Constitutional Court. Since then, there have been numerous attempts by politicians to either reintroduce the tax or introduce a one-time wealth fee. The latter featured in some of the parties' manifestos for the 2025 federal election, including the Social Democratic Party SPD, which then became part of the coalition forming the current federal government. However, as the SPD's coalition partner is the conservative CDU party, the introduction of a wealth tax in the near future is highly unlikely.

VAT applies to the net turnover of an entrepreneur at a tax rate of either 19 per cent or 7 per cent (for certain tax-privileged turnover – eg, food).

Law stated - 25 August 2025

Trusts and other holding vehicles

What, if any, taxes apply to trusts or other asset-holding vehicles in your jurisdiction, and how are such taxes imposed?

Neither domestic nor foreign trusts are recognised in the German civil law system. Germany does not have its own trust law. Germany did not ratify the Hague Convention of 1985 on the Law Applicable to Trusts and on their Recognition. German tax law, which is partially aligned with German civil law, therefore also does not contain explicit provisions for trusts. However, trusts may fall under residual categories such as 'other special-purpose assets' and are thus not non-existent in principle under German tax law. As a result, tax consequences may arise for individuals in connection with a trust, or corporate tax may even apply to the trust itself.

Trusts can trigger IGT in several ways. The establishment of a trust by residents or of a trust comprising assets located in Germany is considered a transfer of assets that is taxable in accordance with the Inheritance and Gift Tax Act. Distributions to beneficiaries during the trust period or on the trust's dissolution may trigger income tax and gift tax as well, if the beneficiary is a German resident or if German situs assets are distributed. The relationship between gift tax and income tax regarding trust distributions has not yet been ultimately clarified by the courts. The German Federal Fiscal Court considered double taxation to be generally constitutionally acceptable in a 2021 ruling, which the tax authorities agreed with in 2023.

In addition, corporate tax can be triggered if income is received by a foreign trust from German sources. The worldwide income of a foreign trust may be subject to corporate tax if the trust's management is in Germany and if certain other conditions are met. For example, the trust's management is in Germany if the effective management of a trust is vested with the trustee in Germany. Also central is the multifaceted assessment of whether the trust is fiscally transparent or opaque. This depends, among other aspects, on the settlor's rights of control and the trustee's independence in managing the trust. If the trust is opaque (possibly in the case of a discretionary trust), it could be regarded as an entity that is subject to

corporate tax. If it is transparent, the respective assets and income are attributed directly to the underlying persons, and the trust does not exist as a separate taxable entity.

Undistributed income received by a foreign trust can be attributed to the settlor or the beneficiaries if they are German residents. In this case, it can be subject to the settlor's or the beneficiary's personal income tax.

Instead of trusts, corporations, fiscally transparent partnerships and foundations are used as asset-holding vehicles in Germany.

Corporations and non-charitable foundations are subject to corporation tax at a rate of 15 per cent plus a solidarity surcharge of 5.5 per cent of the tax. An additional trade tax of approximately 15 per cent (at the discretion of the competent local authority) is due for all corporations. Foundations are subject to trade tax only to the extent that they are engaged in trade or business.

Partnerships are treated as fiscally transparent; the income is attributed to the partners according to their interest in the partnership and subject to income tax at their level. The partnership itself may be subject to trade tax; the partners will receive a tax credit for their personal income tax for any trade tax levied at the partnership's level.

IGT is levied if a non-charitable foundation is created or endowed with assets.

Law stated - 25 August 2025

Charities

How are charities taxed in your jurisdiction?

Charities are tax-privileged in Germany. Recognition as a charitable foundation or corporation requires that the charity's activities are dedicated to the altruistic advancement of the general public in material, spiritual or moral respects. These purposes must be pursued altruistically, exclusively and directly. The formation of a charity neither triggers any inheritance or gift tax, nor real estate transfer tax, if real property is transferred gratuitously to the charity. A charity is exempt from almost every current form of taxation, especially corporate tax and trade tax.

Special rules apply for charitable foundations. For example, a charitable foundation may use one-third of its income for the maintenance of the founder and their family. In addition, an endowment of up to €1 million made to increase the capital stock of the foundation may be deducted from the assessment basis for income tax purposes in addition to the deductions that can be made for gifts to other charities.

Law stated - 25 August 2025

Anti-avoidance and anti-abuse provisions

What anti-avoidance and anti-abuse tax provisions apply in the context of private client wealth management?

For persons who have become established in Germany by tax residency, controlled foreign corporation 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 to avoid granting relief to shareholders of corporations that have been established solely to allow such a relief.

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

In addition, the Defence against Tax Havens Act came into force on 30 June 2021. This act prohibits the deduction of business expenses and work-related expenses arising from business transactions with individuals, corporations, partnerships or assets domiciled in a non-cooperative tax jurisdiction. Moreover, the controlled foreign companies rules are tightened where intermediate companies are resident in tax havens. Further, stricter withholding tax measures will also apply, for example, in cases where interest payments are made to persons who are resident in tax havens. For the purposes of the Tax Oasis Defence Act, 'non-cooperative tax jurisdictions' are all countries on the EU blacklist.

The European Union's Anti-Tax Avoidance Directive obliged all member states to implement a minimum standard for additional taxation in national tax law. Based on the Directive, the rules of the Foreign Tax Act have been amended. The amended law came into force on 1 January 2022. In particular, the taxation of hidden reserves for departing natural persons with capital shares was tightened (exit tax). If an individual has owned shares in a corporation of more than 1 per cent within the past five years and has been subject to unlimited tax liability in Germany for at least seven years in the 12 years prior to departure, the disposal of the shares is feigned. The increase in the value of the shares is taxed without realisation (dry income). Any deferral and returner rules were tightened because of the amendment. Payment of exit tax is now due immediately. Upon request, payment can be made in seven annual instalments. Usually, a deferral is granted only upon the provision of collateral. In practice, tax offices often do not accept shares in the tax-triggering company as collateral. Often this is also not possible due to the articles of association. Violation of certain rules of conduct may lead to the immediate maturity of the tax payment. The tax claim expires if the taxpayer returns to Germany within seven years and has not transferred their shares in the meantime. An intention to return must be made credible in the tax return.

If no specific anti-avoidance rule applies, a general provision in the Fiscal Code of Germany may apply 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.

Further, on 21 December 2019, the German parliament transposed Council Directive (EU) 2018/822 on mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements into national law, with effect from 1 January 2020. The new provisions oblige intermediaries to notify the tax authorities of cross-border tax arrangements first implemented after 24 June 2018.

Law stated - 25 August 2025

TRUSTS AND FOUNDATIONS

Trusts

Does your jurisdiction recognise trusts?

Trusts, whether domestic or foreign, are not recognised in the German civil law system. Germany has not ratified the Hague Convention of 1985 on the Law Applicable to Trusts and on their Recognition.

However, trusts do get mentioned as entities with reporting obligations in the German Anti-Money Laundering Act; this is because the Act implements into German law the EU anti-money laundering directives, which refer to trusts.

Therefore, although they are not explicitly mentioned in German tax law, trusts are not non-existent in principle in German civil law.

Law stated - 25 August 2025

Private foundations

Does your jurisdiction recognise private foundations?

German civil law provides for the creation of private foundations, which can be established as corporate bodies for any legal purposes. A family foundation can also be set up for the benefit of the settlor and their family. The foundation's directors are bound to the foundation's statutes as provided by the settlor. A private foundation resident in Germany is subject to supervision by a local authority under the applicable law of the relevant federal state where the foundation's registered seat is. However, this supervision is very limited. Foreign private foundations are recognised as well, provided that the structure is comparable to a foundation as provided for in German civil law.

Law stated - 25 August 2025

Disputes

What issues typically give rise to disputes relating to trusts and foundations? How are these disputes resolved? (What are the most common causes of action? Which courts are used? Is alternative dispute resolution (ADR) available and commonly used? What remedies are commonly awarded?)

The most common disputes among foundations occur in the following areas:

- disputes in the establishment stage of a foundation;
- disputes about rights and duties of foundation bodies;
- disputes with the decision-making of foundation bodies; and
- disputes about the rights and obligations of the foundation participants.

In addition to an internal settlement, the civil and administrative courts are available to the parties to the dispute, depending on the content of the dispute.

Law stated - 25 August 2025

SAME-SEX MARRIAGES AND CIVIL UNIONS

Same-sex relationships

Does your jurisdiction have any form of legally recognised same-sex relationship?

From 1 August 2001, same-sex couples could enter into a registered civil partnership. A civil partnership is a recognised form of legal relationship similar to marriage, except regarding the rules concerning the adoption of children.

On 20 July 2017, a law was passed allowing same-sex marriage. The law entered into force on 1 October 2017 and established full equality for same-sex couples. Since then, no new civil partnerships can be entered into; civil partners may opt for a conversion to marriage and same-sex couples not yet in a civil partnership may enter into marriage. Regarding inheritance and tax law, same-sex marriages will not differ from heterosexual marriages and civil partnerships.

Law stated - 25 August 2025

Heterosexual civil unions

Does your jurisdiction recognise any form of legal relationship for heterosexual couples other than marriage?

Other legal relationships for heterosexual couples do not exist.

Law stated - 25 August 2025

SUCCESSION

Estate constitution

What property constitutes an individual's estate for succession purposes?

For succession purposes, an individual's estate is constituted by their property (universal succession). Legal ownership determines whether an asset belongs to the estate. Debts and other liabilities, as well as the individual's interest – for example, in the co-ownership of an asset – are part of the estate to the extent that the individual was their legal owner.

Law stated - 25 August 2025

Disposition

To what extent do individuals have freedom of disposition over their estate during their lifetime?

Generally, an individual can dispose of their estate during their lifetime without restrictions. However, there are narrow exceptions to this rule: a spouse may enter into a contract on their property or on household articles only if the other spouse agrees to the contract.

An unsatisfied creditor may reclaim property:

- within 10 years if the property was disposed of to harm the creditor's interest;
- within four years if the property was gifted to a non-related person; or
- within two years if the property was transferred to a related person in circumvention of the creditor.

Law stated - 25 August 2025

Disposition

To what extent do individuals have freedom of disposition over their estate on death?

Generally, individuals can dispose freely of their estate by will or by a contract of succession. Thereby, an individual can:

- choose their heirs and provide what share each heir receives; or
- entitle a person to a legacy without making that person an heir. This legacy claim can be for an amount of money, a share of the deceased's estate, an item or anything else.

However, if spouses have entered into a contract of succession or a joint will and one of them dies, the surviving spouse may not rescind the contract or the will to change dispositions unless the changes correspond to the intention that the spouses originally agreed to in the contract or the will.

There is a forced heirship regime, under which the following categories of relatives are entitled to make a claim for a compulsory share of the deceased's estate if they are excluded from the testator's will or if the share granted to them is less than their compulsory share:

- descendants;
- a spouse;
- a civil partner; and
- parents.

A relative's compulsory share under a will generally amounts to 50 per cent of the value of that relative's share on intestacy. It is a monetary claim and not a claim for a share of the estate.

If the deceased is not survived by any of these individuals, they can freely distribute their whole estate.

Law stated - 25 August 2025

Intestacy

If an individual dies in your jurisdiction without leaving valid instructions for the disposition of the estate, to whom does the estate pass and in what shares?

On intestacy, the order of succession is as follows (each of the following categories precludes the subsequent heirs from receiving a share of the deceased's estate):

- children of the deceased and, subordinated, their descendants;
- parents of the deceased and, subordinated, their descendants;
- grandparents of the deceased and, subordinated, their descendants; and
- great-grandparents of the deceased and, subordinated, their descendants.

Relatives within a particular category inherit in equal shares (succession per stirpes).

The surviving spouse (or civil partner) also has a right of inheritance determined by the applicable matrimonial regime.

Community of surplus

The surviving spouse is entitled to:

- 50 per cent of the inheritance if relatives in the first category (see above) survive; or
- 75 per cent of the inheritance if there are no surviving relatives in the first category but relatives in the second category survive.

Separation of property or community of property

The surviving spouse is entitled to:

- 25 per cent of the inheritance if relatives in the first category survive; or
- 50 per cent of the inheritance if there are no surviving relatives in the first category but relatives in the second category survive.

If there is a separation of property regime and the surviving spouse is entitled together with one or two children of the deceased, the surviving spouse and each child inherit in equal shares.

Law stated - 25 August 2025

Adopted and illegitimate children

In relation to the disposition of an individual's estate, are adopted or illegitimate children treated the same as natural legitimate children and, if not, how may they inherit?

Generally, adopted and illegitimate children are treated the same as natural legitimate children. However, if an individual is adopted after they have reached the age of 18, they are treated as a child of the adopter but not of the adopter's family. This can be important for maintenance and succession reasons.

Law stated - 25 August 2025

Distribution

What law governs the distribution of an individual's estate and does this depend on the type of property within it?

For successions on and after 17 August 2015, the conflict of laws rules of the EU Succession Regulation apply. They are valid in all EU member states except Denmark and Ireland. According to the Regulation, the deceased's country of habitual residence at the time of their death is relevant for the question of which succession law is applicable, rather than their nationality. If it is obvious that the deceased had a closer relationship to another state, that state's law will apply 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 an agreement regarding succession.

In addition, provisions on legal jurisdiction, recognition and enforcement of decisions and authentic instruments, as well as on the European certificate of succession, are part of the Regulation. Generally, the legal jurisdiction shall be determined by the habitual residence at the time the individual died.

The Regulation is not applicable to trusts; hence, the relevant national conflict of law regime applies.

Law stated - 25 August 2025

Formalities

What formalities are required for an individual to make a valid will in your jurisdiction?

There are two valid forms of will:

- a holographic will, which is handwritten, dated and signed by the testator; and
- a public will, which is signed before and certified by a notary public.

Neither form of will requires a witness.

A testator can also enter into a contract of succession with another person or a joint will with their spouse or civil partner. A contract of succession must be signed before and certified by a notary public (a handwritten contract does not meet the formal requirements).

Law stated - 25 August 2025

Foreign wills

Are foreign wills recognised in your jurisdiction and how is this achieved?

Germany recognises the Hague Convention of 1961 on the Conflicts of Laws Relating to the Form of Testamentary Dispositions (the 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;
- the state of the testator's residence; and
- the state where the assets are situated (in the case of real estate).

According to article 75 of the EU Succession Regulation, the Hague Testamentary Dispositions Convention prevails over the provisions of the Regulation regarding the formal validity of a will.

Law stated - 25 August 2025

Administration

Who has the right to administer an estate?

A testator can appoint an executor at their own discretion. According to the German Federal Court of Justice, an executor does not have to be a lawyer, a tax adviser, a notary public or any other person who has to take out liability insurance.

An executor can ask the probate court for a certificate of executorship, which officially verifies their authority to act as executor.

German law gives broad powers to executors, but the testator can limit these powers. For example, an executor can be given the power to:

- distribute the estate;
- administer a single bequest; or
- administer the estate for a defined period of time (eg, until the date of the executor's death or until the naming of a successor executor who may be appointed within 30 years of the testator's death).

Law stated - 25 August 2025

Administration

How does title to a deceased's assets pass to the heirs and successors?

What are the rules for administration of the estate?

The estate vests automatically in the heirs on the deceased's death. The heirs also administer the estate if an executor has not been appointed.

The deceased's will and other dispositions taking effect on death must be filed with the probate court (unless the documents are already in the court's custody).

The probate court will officially read the will and disclose its contents to the heirs.

After the will has been read (or, in the case of intestacy, immediately) the heirs can ask the probate court for a certificate of inheritance. The certificate specifies:

- the heirs' names;
- their share in the inheritance; and

- the executor's name if the testator has appointed one.

The certificate of inheritance gives the heirs the legitimacy to administer the estate if there is no executor. If the law of a foreign jurisdiction governs the succession, the probate court issues a certificate relating only to assets and property located in Germany.

The beneficiaries must file a notice of inheritance with the competent tax authority within three months of receiving the notice of succession. At the request of the tax authority, the beneficiaries (or the executor, if appointed) must file an inheritance tax return.

The estate is distributed in kind among the heirs according to what is agreed and there is no time limit for distribution. Until distribution, the estate remains joint property of the heirs.

Law stated - 25 August 2025

Challenge

Is there a procedure for disappointed heirs and/or beneficiaries to make a claim against an estate?

Heirs or beneficiaries cannot make a post-death variation.

Heirs or beneficiaries can challenge the validity of a will before a civil court.

If the court sets the will aside, intestacy rules will apply if there is no other valid will.

Under the intestacy rules, it is not possible for heirs or beneficiaries to challenge the adequacy of their provision.

An heir can sell their share in the estate after the death of the testator by entering into a contract before a notary public.

If an heir does not want to receive their portion of the estate, they must disclaim their right within six weeks of receiving notice of the death of the deceased and the inheritance. The time limit is extended to six months if either the deceased had their habitual abode outside Germany or the heir was abroad when the period began to run.

The disclaimer is made by a declaration to the probate court. The declaration must be made in the presence of, and recorded by, the probate court or be in certified notarial form.

Law stated - 25 August 2025

CAPACITY AND POWER OF ATTORNEY

Minors

What are the rules for holding and managing the property of a minor in your jurisdiction?

A minor can own assets. Usually, it is the parents' duty to manage these assets on the minor's behalf. The following rules apply:

- all contracts of substantial economic impact that are entered into by the parents on the minor's behalf and that establish an obligation of the minor (eg, sale or purchase

of real property, sale or purchase of a business or of shares in a business entity and similar transactions) are subject to approval by the family court; and

- for specified transactions, particularly for contracts between the minor and their parents or other close relatives, the parents must not act on the minor's behalf. Instead, the family court appoints a legal guardian to act on the minor's behalf.

Law stated - 25 August 2025

Age of majority

At what age does an individual attain legal capacity for the purposes of holding and managing property in your jurisdiction?

Children under 18 years of age are minors. However, having legal personality, a minor can hold assets regardless of their age. Parents usually have joint custody of their child. Parents with custody administer the minor's estate, including their inheritance. If the minor and the parents are heirs of the same testator, it may be necessary to appoint a guardian to distribute the estate.

A testator can name in their will a person other than the minor's parents to administer the minor's inheritance. If the testator does not name a person, the court will nominate a guardian.

Law stated - 25 August 2025

Loss of capacity

If someone loses capacity to manage their affairs in your jurisdiction, what is the procedure for managing them on their behalf?

When a person loses capacity, a guardian is appointed to represent that person in all legal matters (under supervision by a court). The applicable law is that of the nationality of the incapacitated person.

A power of attorney is recognised in Germany if it complies with the law of the nationality of the incapacitated person.

Law stated - 25 August 2025

IMMIGRATION

Visitors' visas

Do foreign nationals require a visa to visit your jurisdiction?

EU citizens generally do not require any residence or settlement title to stay, work or settle in Germany.

Non-EU citizens, however, need a visa, a temporary residence permit or a permanent settlement permit to enter and stay in Germany.

Law stated - 25 August 2025

High net worth individuals

Is there a visa programme targeted specifically at high net worth individuals?

Germany does not have a visa programme targeted at high net worth individuals.

Law stated - 25 August 2025

UPDATE & TRENDS**Key developments**

Are there any proposals in your jurisdiction for new legislation or regulation, or to revise existing legislation or regulation, in areas of law relevant to high net worth individuals, particularly those coming to or investing in your jurisdiction? Are there any other current developments or trends relevant to such individuals that should be noted?

After a failed vote of confidence on 16 December 2024, early federal elections took place on 23 February 2025. The new CDU/SPD government coalition agreement outlines several tax reforms that could significantly impact private clients. In addition, the coalition agreement has set the reduction of bureaucratic burdens as a key policy objective. As part of these reforms, the Act on a Tax Investment Immediate Programme to strengthen Germany as a business location entered into force 19 July 2025. The programme provides, among other measures, for the reintroduction and increase of declining-balance depreciation for movable fixed assets with respect to investments made between 1 July 2025 and 31 December 2027. Furthermore, the corporate income tax rate will be gradually reduced from 1 January 2028 onwards, dropping to 10 percent in 2032, and the tax rate on retained earnings will also be lowered step by step.

A new exit tax regime affecting investment funds came into effect 1 January 2025. Under this regime, 'significant' private holdings in investment funds, defined as ownership of at least 1 per cent or investments of €500,000 or more, are subject to taxation upon relocation, even if no actual sale occurs. Standard deferral options and returnee provisions continue to apply. Also, since 1 January 2025, the reformed real estate tax law has changed the basis for property tax assessments to updated property values.

In the area of case law, recent rulings have clarified key aspects of taxation concerning trusts and inheritance, as well as controlled foreign corporation tax. The Munich Fiscal Court ruled on 3 July 2024 that the double taxation of distributions from foreign trusts does not violate the European Union's free movement of capital, citing justified restrictions. Furthermore, on 3 December 2024, Germany's highest tax court, the Federal Fiscal Court, issued a favourable decision for beneficiaries of non-EU/European Economic Area family foundations and trusts regarding controlled foreign corporation taxation, offering greater legal certainty for international private clients.

Regarding foundations, a centrally managed public foundation register will be established on 1 January 2026.

Law stated - 25 August 2025