

08/2025

## nhs\* spotlight

What does the investment booster mean?

## nhs\* tax news

Relevant tax developments clearly summarised

## nhs\* inside

Auditing or tax consulting?  
An interview with Christian

## nhs\* spotlight

### *The investment booster*

#### Legislative process

On 26 June 2025, the Bundestag passed the draft bill for an immediate tax investment programme to strengthen Germany as a business location, taking into account the resolution of the Bundestag Finance Committee. The Bundesrat approved this bill on 11 July 2025. The bill introduces the following changes:

#### Investment booster (Section 7 (2) EStG)

The declining balance method of depreciation for movable depreciable fixed assets will be reintroduced for investments **made after 30 June 2025** and **before 1 January 2028**. The declining balance depreciation is three times the straight-line depreciation, up to a maximum of 30%.

The introduction of declining balance depreciation is intended to provide investment incentives. Whether the purchase agreement was concluded before this date is just as irrelevant as the course of the financial year.

#### Info

Assets lose value every year. With straight-line depreciation, this depreciation can be recouped. To do this, the value of the investment is spread over the useful life of the asset and depreciated bit by bit. With **straight-line** depreciation of assets, a constant depreciation value is applied each year. With **declining** balance depreciation, particularly high depreciation amounts can be claimed in the first years of use, thereby reducing the tax burden. Unlike straight-line depreciation, the annual depreciation amounts decrease with declining balance depreciation.

In the year of investment, declining balance depreciation is generally only granted on a pro rata basis. The **pro rata principle** will also apply in 2025, because the new declining balance depreciation will only be possible for investments made on or after 1 July 2025. This means that for an investment made in July 2025 and a financial year that corresponds to the calendar year, declining balance depreciation can be claimed at a maximum rate of  $6/12 = 15\%$ .

## Introduction of special depreciation for electric vehicles

Section 7 (2a) of the Income Tax Act introduces a special depreciation allowance for electric vehicles classified as fixed assets that **are purchased after 30 June 2025 and before 1 January 2028**. Leasing cases are not eligible for this benefit as they do not involve a purchase. It remains to be seen whether the introduction of special depreciation will lead to an increase in the purchase of electric vehicles instead of vehicle leasing. Both the purchase of a “new” and a “used” electric vehicle during the preferential period entitles the purchaser to apply the special depreciation under Section 7 (2a) EStG.



## Amount of special depreciation for electric vehicles

Year of purchase	75%	of the acquisition costs
First year after purchase	10%	of the original acquisition cost
Second year after acquisition	5%	of the original acquisition cost
Third year after acquisition	5%	of the original acquisition cost
Fourth year after acquisition	3%	of the original acquisition cost
Fifth year after acquisition	2%	of the original acquisition cost

The principle of pro rata depreciation does not apply when applying the new special depreciation because the application of Section 7 (1) sentence 4 EStG is excluded by law („**either/or rule**“). The legislator assumes a standard depreciation period of 6 years; for the special depreciation under Section 7 (2a) EStG, a shorter or longer useful life is ruled out due to the legal standardisation.

## Increase in the list price limit for electric vehicles

In the case of private use of a company car that has no CO<sub>2</sub> emissions per kilometre driven (pure electric vehicles, including fuel cell vehicles), only a quarter of the assessment basis (domestic gross list price at initial registration) and, when applying the so-called logbook rule, only a quarter of the depreciation on the acquisition costs or comparable expenses.

The following applies to vehicles purchased or leased from 2024 onwards: If the **domestic list price at initial registration** (including VAT) does not exceed EUR 70,000, this list price is used at 25% when determining the private use benefit. If the domestic list price at the time of initial registration exceeds EUR 70,000, the relevant list price is taken into account at 50%.

For vehicle purchases from July 2025 onwards, this threshold will increase to EUR 100,000. The same applies to leased zero-emission vehicles.

## tax news



### *For income tax payers*

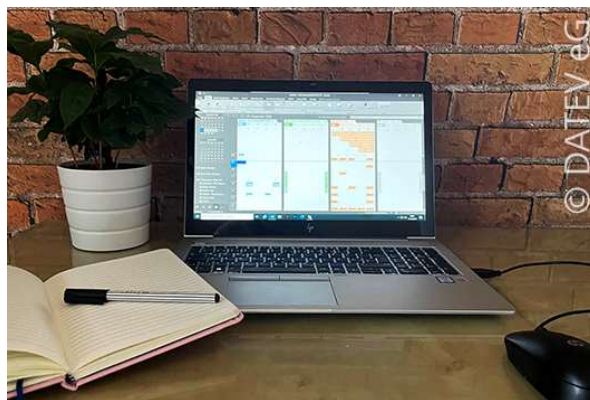
#### **No recognition of double household expenses for travel time of approximately one hour between main residence and place of work**

A managing director was employed by an employer located approximately 30 km away and rented a second home approximately 1 km from his place of work. He claimed double household expenses.

The Münster Finance Court dismissed the claim (Ref. 1 K 1448/22). The tax office was right to refuse to take into account additional income-related expenses for the claimed double household in the plaintiff's income from employment. In the case in question, **the location of the plaintiff's own household** and his **place of employment** are not far apart, as the plaintiff can reach his place of work from his household, which is approximately 30 km away, by car in 50 to 55 minutes during rush hour, according to an online route planner. Since the usual travel times are decisive, it is not relevant that, according to the plaintiff, the journey time was sometimes longer in individual cases due to roadworks. Outside rush hour, the journey time is only approximately 30 minutes, according to the online route planner.

#### **No deduction of income-related expenses for private relocation costs despite compulsory home office**

Working spouses lived with their daughter in a three-room flat and only worked from home in exceptional cases. From March 2020 onwards, due to the coronavirus pandemic, they worked mainly from home, primarily in the living/dining room. In May 2020, they moved into a five-room flat, where they set up and used two rooms as home offices.



They claimed the expenses for the use of the home offices and the costs of moving to the new flat as income-related expenses in their income tax return. The defendant tax office recognised the expenses for the home offices, but refused to allow the deduction of the moving costs on the grounds that there was no professional reason for the move. In contrast, the **Hamburg Finance Court** affirmed the **deduction of advertising costs** for the moving expenses as well and upheld the claim in this respect. The move to the larger flat was work-related, as it led to a **significant improvement** in the plaintiffs' **working conditions**.

The **judges of the Federal Finance Court** did not agree. They focused on the fact that the flat was part of the private sphere of life and that the costs of moving flat were therefore generally considered to be **non-tax-deductible living expenses**. The only exception to this rule is if the taxpayer's professional activity was the decisive reason for the change of residence and private circumstances played only a minor role, if any. This can only be affirmed on the basis of circumstances outside the home, for example if the move was the result of a change of job or if the time required for daily commutes to work was reduced by at least one hour per day as a result of the move (Ref. VI R 3/23).

## *Procedural law*

### **Procedure for penalty payments for late tax returns**

According to the tax offices (throughout Germany), the penalty payment procedure for late tax returns takes place in two phases:

- ★ **Warning** – usually after the regular deadline has expired (for 2023, this is 2 September 2024, or 2 June 2025 for those receiving tax advice), a deadline is set.
- ★ **Assessment (1st instalment)** – takes place when the warning period has expired, typically shortly thereafter. Subsequently, **(2nd instalment)** if no tax return has been submitted.

A specific time frame (“end of June” and “mid-July”) is not specified nationally by federal or state offices – rather, this is a typical practice of many tax offices to take successive action against taxpayers after the filing deadline has expired. However, the exact date of dispatch may vary depending on the federal state and office.

#### **Note**

If you want to find out how different offices proceed in practice, it is worth enquiring directly with the relevant tax office – or taking a look at its online portal.

### **Pending model proceedings: No provisional note when setting the solidarity surcharge**

As a result of a ruling by the highest court, the Federal Ministry of Finance has decided **to revoke the instruction for the provisional assessment of the solidarity surcharge** (Ref. IV D 1 - S0338/00083/001/099). A provisional note regarding the constitutionality and constitutional interpretation of the norm is made for tax assessments with regard to the following points:

- ★ Amount of child-related allowances (Section 32 (6) sentences 1 and 2 of the Income Tax Act (EStG)),
- ★ loss offset restriction for share sale losses (Section 20(6) sentence 4 EStG (Section 20(6) sentence 5 EStG, old version)) and
- ★ amount of the basic allowance (Section 32a (1) sentence 2 EStG).

A provisional note leaves certain points of a tax assessment open.

#### **Background**

In March 2025, the Federal Constitutional Court ruled (Ref. 2 BvR 1505/20) that there are currently no doubts as to the constitutionality of levying the solidarity surcharge after the expiry of the Solidarity Pact on 31 December 2019. The tax authorities responded to this by revoking the instruction for provisional tax assessment.

## nhs\* inside

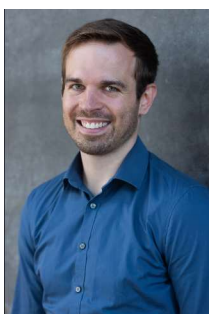


### ***Auditing or Tax Consulting? Interview with Christian***

#### **What did you do before you joined nhs\*?**

I used to live in Hanover and worked for one of the “Big 4” auditing firms. That was a natural fit, as I had already done a six-month internship there during my master's degree.

At the beginning of 2022, I passed the tax advisor exam. It used to be common practice to take the tax advisor exam first, as this meant you could skip some of the exams in the auditing exam. That's no longer the case; nowadays, the auditing exam is modularised. I also thought it was a good idea to have another qualification under my belt with the tax advisor title.



#### **What are the differences between the “Big 4” and medium-sized companies?**

In medium-sized companies, you have more freedom in the audit area. At the “Big 4,” there are pre-prepared working papers for everything. Here, I can independently develop audit approaches, which I really enjoy doing, and then carry out the audits. At the “Big 4,” there are separate teams that only deal with one or the other. The work in medium-sized companies is therefore more comprehensive and less formalised. In addition, you are not busy with audits all year round here. After passing the tax advisor exam, I can now also provide more comprehensive advice and am not limited to the auditing area.

#### **How does it feel to be one of only 15,000 certified public accountants in Germany?**

Since I've just passed the exam, it feels really good. I set myself this goal and now I've achieved it. And now I'm happy that I can focus fully on my career. But this feeling is no different from when I passed the tax advisor exam, and I wouldn't describe auditing in Germany as a particularly exclusive circle.

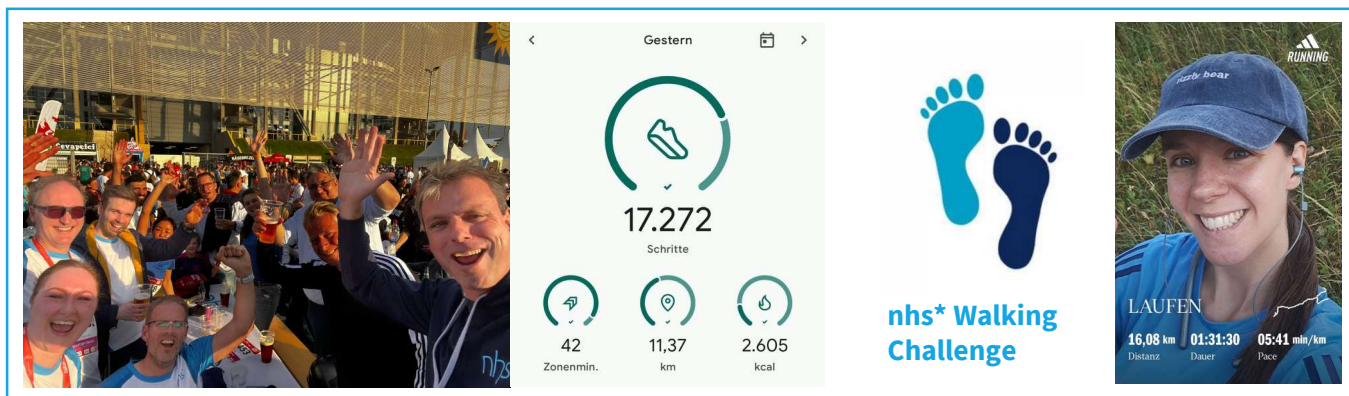
#### **The summer holidays are already over. What is your dream travel destination? And which holiday destination have you liked best on your travels so far?**

There are two destinations that I have enjoyed the most on my travels so far. First, Japan: the mentality there is great, and I love the food. We often go out for ramen here in Düsseldorf with nhs\*, but in Japan it's something else entirely. I agreed with Takeshi (partner at nhs\*) that I absolutely had to try okonomiyaki. It's a type of pancake that comes in two particularly well-known styles: “Osaka style” and “Hiroshima style.” I liked “Osaka style” best.

I also thought my hiking holiday in the Azores was the best so far. The islands are located in the middle of the Atlantic, so the climate was very pleasant with a constant temperature of 23 degrees and the landscape was simply beautiful. And because I love hiking so much, my next dream destination is Crete.



### The nhs\* live



### Walking on Sunshine!

The B2Run has become an integral part of our nhs\* tradition. This year, we were back at the starting line in Düsseldorf. Together with 15,000 other runners, we mastered the sporting challenge and enjoyed the great atmosphere. But the B2Run alone wasn't enough for us this time: in June, we spontaneously launched the **nhs\* Walking Challenge**. For two weeks, we counted and collected how many kilometres each person covered every day. The scores were then added up in teams of three. Particularly impressive: our marathon runner Mareike competed alone and still secured third place! A donation will be made for every kilometre run. We will reveal more about this in the next issue.



### More knowledge, more titles

We are very proud to celebrate **three new titles**. Fabian has successfully completed his training as a tax clerk, our tax advisor Silke is now also a certified advisor in international taxation, and our tax advisor Christian is now also a public auditor! Congratulations!

If you have any questions, please do not hesitate to contact the nhs\* group.

\* Your contacts

\* **Mathias Niehaus**  
WP / StB  
[m.niehaus@nhsgroup.de](mailto:m.niehaus@nhsgroup.de)

\*

**Dominik von den Berg**  
StB  
[d.vondenberg@nhsgroup.de](mailto:d.vondenberg@nhsgroup.de)

Section "tax news" © 2025 All rights, in particular publishing rights, are reserved exclusively by the publisher DATEV eG, 90329 Nuremberg (publisher). The contents have been compiled with the utmost care, do not claim to be exhaustive and do not replace examination and consultation in individual cases. The articles and illustrations contained herein are protected by copyright. The use of the content and images in the context of this client information is with the consent of DATEV eG. Use for the purposes of text and data mining (Section 44b of the German Copyright Act (UrhG)) and for the purposes of developing, training and applying (generative) artificial intelligence, as well as summarising and editing the work using artificial intelligence, is not permitted.