



## US citizens - being a landlord in Germany

Expatriates living in Germany are subject to German taxes, if they have German source income, even if you are living in Germany under the Status of Forces Agreement ("SOFA") and/or have opted to the US taxation.

As per Double Taxation Agreement between the Federal Republic of Germany and the United States of America, renting out your house or apartment qualifies for a German source of income. You are therefore partially subject to German taxation. This requires you to file an **annual tax return stating the rental income only**.

Although in many cases the taxable income will be negative, everyone still has to file the return ... else how can the German *Finanzamt* assess the taxes?

Please keep in mind that according to the Double Taxation Agreement your German rental income/loss has to be included in your US return and that the paid German income tax is deductible from your US tax debt.

Here's a list of receipts and bills related to your rental income to be collected and handed to your tax consultant:

1. the purchase contract and bills for all costs related to the purchase (e.g. notary, land buying tax, agent fees),
2. the rental agreement with the tenant, a sum of the received rent and received down payments for current cost per year,
3. the loan contract(s), all cost incurred with the loan, such as bank fees, notary fees for the security, the year end balance of the loan(s) and a sum of paid interest per calendar year (mostly included in a yearly bank statement)
4. ALL bills for current cost you pay and charge to the tenant like gas, water, heating, electricity, repairs, land tax and so on, respectively the year end accounts of the property manager.

Should you need assistance, please feel free to contact me!

Feel free to contact me as well if you need assistance with the purchase contract and the financing. The German specialties are very complicated - and as I noticed - rather hard to understand for buyers used to the American system.

Best regards

*Kai Ringelke*