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BERLIN’S PROPERTY TAX REFORM PROCEEDING ACCORDING TO SCHEDULE1

Berlin’s property tax reform proceeding according to schedule

The German capital has been working hard on implementing the 2019 ruling of the Federal Constitutional Court regarding the country’s property tax

Germany’s federal and state governments have long struggled to reform their property taxes after a ruling of the Federal Constitutional Court in November 2019. While The federal government proposed a new calculation model from 2025 that takes into account the value of the real estate in addition to the area, some states such as Bavaria, Baden-Württemberg or Hesse want to go their own way and use different methods.

Berlin, however, has decided to implement the model proposed by the federal government and work is proceeding as planned, according to officials.

Making sure that change comes without disruption

Preparations for the reform of the property tax in Berlin are progressing, according to Finance Senator Matthias Kollatz (SPD). “Since 2019 we have been working on the implementation of the federal law. In order for the required data to be submitted digitally and processed further from 2022, the existing programs must be comprehensively revised and expanded, despite the corona-related restrictions, we continued all work in Berlin. We are right on schedule,” explained Kollatz to the DPA.

In Berlin, around 800,000 plots of land have to be re-evaluated and extensive databases digitized for the reform. This process should be largely completed by mid-2024. For the second half of 2021, Kollatz plans to provide information to all people, companies and associations involved in the reform process.

Property tax is the municipalities' most important source of income. Berlin earns around 820 million euros annually. The Senator for Finance underlined once again that the reform should not flush either more or less money into the state coffers - politicians call this income-neutral. He has long been pointing out that for many Berlin tenants in normal residential areas there should be no additional burdens.

International Property Tax Institute