

# GERMAN INCOME TAX LAWS

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EDITED IN THE OFFICE OF THE  
GENERAL COUNSEL FOR THE DEPARTMENT  
OF THE TREASURY



PRINTED FOR THE USE OF THE  
JOINT COMMITTEE ON INTERNAL REVENUE  
TAXATION  
PURSUANT TO  
SECTION 1203 (b) (6), REVENUE ACT OF 1926

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## LETTER OF TRANSMITTAL

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CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,  
Washington, June 13, 1938.

*To the Members of the Joint Committee on Internal Revenue Taxation:*

There is transmitted herewith a compilation of the income-tax laws of Germany, edited by the office of the General Counsel for the Department of the Treasury, and kindly made available to the Joint Committee on Internal Revenue Taxation.

There is in process in the Treasury compilation of the tax laws of other foreign countries in translation, which the Department has agreed to furnish to the Joint Committee for its use.

It will be very helpful to the members of the committee in considering revenue legislation to have these compilations, and it is suggested that the accompanying compilation of the income-tax laws of Germany be printed for the use of the Joint Committee on Internal Revenue Taxation, pursuant to section 1203 (b) (6) of the Revenue Act of 1926.

Very truly yours,

PAT HARRISON,  
*Chairman, Joint Committee on Internal Revenue Taxation.*



## LETTERS OF SUBMITTAL

CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,  
*Washington, June 13, 1938.*

HON. PAT HARRISON,  
*Chairman, Joint Committee on Internal  
Revenue Taxation, Congress of the United States.*

MY DEAR MR. CHAIRMAN: There is submitted herewith a compilation of the income-tax laws of Germany in translation, which has been edited in the office of the General Counsel for the Department of the Treasury, and made available by that Department to the Joint Committee on Internal Revenue Taxation.

This compilation is one of a series in preparation by the Treasury of the tax laws of certain foreign countries. The texts of these laws will be very helpful to the committee and its staff in considering revenue legislation.

Information as to the taxes of Germany has been meager. Prior to the present regime in that country, the Government published annually the text of the budget law with explanations and statistics. Beginning with 1933, the details of the budget and explanation of tax laws and changes was suspended, with the result that the usual sources were unavailable as to revenues, expenditures, or the tax burden. Yet, according to information available, the revenue of Germany has amounted to approximately \$2,800,000,000 per annum, and the expenditures to approximately \$3,200,000,000 per annum, since 1933. According to information at hand, the amount of its revenues was 6,327,100,000 reichsmarks for 1933, 7,806,500,000 reichsmarks for 1934, 6,024,000,000 reichsmarks for 1935, and 6,024,000,000 reichsmarks for 1936; while the expenditures amounted to 7,944,700,000 reichsmarks in 1933, 8,220,000,000 reichsmarks in 1934, 8,232,300,000 reichsmarks in 1935, and 8,232,300,000 reichsmarks in 1936. Some detail of its revenues and expenditures is shown in the following tables, taking the year 1935:

|   | REVENUES | <i>Reichsmarks</i> |
|---|----------|--------------------|
| Taxes.....  |          | 4, 483, 000, 000   |
| Customs.....  |          | 1, 148, 600, 000   |
| Administrative revenues.....                                |          | 400, 000, 000      |
| Revenues from German Railways for reparations payments..... |          | 70, 000, 000       |
| Loans.....  |          | 1, 039, 600, 000   |
| Other revenues.....   |          | 664, 800, 000      |
|   |          | <hr/>              |
| Total gross revenues.....                                   |          | 7, 806, 500, 000   |
| Less debit balance from previous years.....                 |          | 1, 782, 500, 000   |
|   |          | <hr/>              |
| Total revenue.....  |          | 6, 024, 000, 000   |
|   |          | <hr/> <hr/>        |

## EXPENDITURES

|   | <i>Reichsmarks</i> |
|---|--------------------|
| Payments to States and communes.....                          | 454, 500, 000      |
| General administrative expenses.....                          | 4, 725, 400, 000   |
| Provision of work.....  | 736, 100, 000      |
| War and civil pensions, etc.....                              | 1, 257, 700, 000   |
| Internal charges arising out of the war, occupation, etc..... | 297, 500, 000      |
| Payment of bonds and reduction of debt.....                   | 576, 300, 000      |
| War charges.....  | 184, 800, 000      |
| Total expenditures.....                                       | 8, 232, 300, 000   |

The laws contained in the compilation submitted herewith include the German income-tax law applicable in the case of individuals, promulgated on October 16, 1934, as amended by the act of February 1, 1938, and the corporation-tax law promulgated on the same date, as amended by the act of August 27, 1936.

It is recommended that the compilation be printed for the use of the Joint Committee on Internal Revenue Taxation. Other compilations in translation of the tax laws of other foreign countries will be submitted to the committee when completed, with the objective that there may be in print the texts of the tax laws of the principal foreign countries for use in considering revenue legislation.

Very respectfully,

L. H. PARKER,  
*Chief of Staff,*  
*Joint Committee on Internal Revenue Taxation.*

TREASURY DEPARTMENT,  
*Washington, February 23, 1938.*

Mr. L. H. PARKER,  
*Chief of Staff,*

*Joint Committee on Internal Revenue Taxation,*  
*House Office Building, Washington, D. C.*

DEAR MR. PARKER: Reference is made to a letter of May 6, 1937, from Hon. R. L. Doughton, chairman of the Joint Committee on Internal Revenue Taxation, to the Secretary of the Treasury, in which it was requested that there be sent to the joint committee a report on such foreign tax laws as may be included in the study being made in the Treasury Department.

I take pleasure in forwarding to you herewith, for the use of the joint committee, a compilation of the income-tax laws of Germany, edited in the office of the General Counsel for the Department of the Treasury.

Very truly yours,

ROSWELL MAGILL,  
*Under Secretary of the Treasury.*

# CONTENTS

|   | Page  |
|---|-------|
| Introduction.....   | 1     |
| I. General remarks.....   | 1     |
| II. Translations of German income-tax laws.....                                   | 3     |
| 1. The income-tax law of October 16, 1934.....                                    | 3     |
| I. Liability to taxation, article 1.....  | 3     |
| II. Income:   |       |
| 1. Categories of income, receipts, revenues, article 2.....                       | 3     |
| 2. Tax-free income, article 3.....  | 4     |
| 3. Profit, articles 4 to 7.....   | 5-6   |
| 4. Excess of receipts over professional outlays,<br>articles 8 and 9.....         | 7     |
| 5. Special expenditures, article 10.....  | 7     |
| 6. Receipts and expenditures, article 11.....                                     | 8     |
| 7. Nondeductible expenditures, article 12.....                                    | 8     |
| 8. The specific categories of income.....   | 9     |
| (a) Income from agriculture and forestry,<br>articles 13 and 14.....              | 9     |
| (b) Business enterprise, articles 15 to 17.....                                   | 9-11  |
| (c) Independent work, article 18.....   | 11    |
| (d) Nonindependent work, article 19.....  |       |
| (e) Capital assets, article 20.....   | 11-12 |
| (f) Letting and leasing, article 21.....  | 12    |
| (g) Other receipts, articles 22 and 23.....                                       | 12-13 |
| (h) Joint provisions, article 24.....   | 14    |
| III. Assessment, articles 25 to 31.....   | 14-15 |
| IV. Tariff (tax rates), articles 32 to 34.....                                    | 15-16 |
| V. Payment of taxes:  |       |
| 1. Prepayment, articles 35 to 37.....   | 16-17 |
| 2. Deductions from wages, articles 38 to 42.....                                  | 17-19 |
| 3. Tax deduction from capital yield, articles 43 and<br>44.....                   | 19-20 |
| 4. Tax deduction from other revenues, article 45.....                             | 20    |
| 5. Assessment of receipts liable to tax deduction,<br>article 46.....             | 20    |
| 6. Final payment, article 47.....   | 20-21 |
| VI. Taxation according to consumption, article 48.....                            | 21    |
| VII. Taxation of persons limitedly liable to taxation, articles<br>49 and 50..... | 21-23 |
| VIII. Transitional and final provisions, articles 51 to 53.....                   | 23    |
| 2. The Act of February 1, 1938, amending the income-tax law.....                  | 24-26 |
| 3. The Corporation Tax Law of October 16, 1934.....                               | 34    |
| Section I. Liability to Taxation:   |       |
| Article 1. Unlimited liability to taxation.....                                   | 34    |
| Article 2. Limited liability to the tax.....                                      | 34    |
| Article 3. Delimitation of the personal liability to<br>taxation.....             | 34    |
| Article 4. Personal exemptions.....   | 34-35 |
| Section II. Income:   |       |
| 1. General:   |       |
| Article 5.....  | 35    |
| Article 6.....  | 35    |
| Article 7.....  | 35    |
| 2. Material exemptions:   |       |
| Article 8. In the case of associations of persons.....                            | 35    |
| Article 9. In the case of holding companies.....                                  | 35-36 |
| Article 10. Capital administration societies.....                                 | 36    |

|  |       |
|--|-------|
| II. Translations of German income-tax laws—Continued.                        |       |
| 3. The Corporation Tax Law of October 16, 1934—Continued.                    |       |
| Section II. Income—Continued.  |       |
| 3. Deductible expenditures:  | Page  |
| Article 11.....  | 36    |
| 4. Nondeductible expenditures:   |       |
| Article 12.....  | 36    |
| 5. Partial deductions:   |       |
| Article 13.....  | 36    |
| 6. Dissolution and liquidation:  |       |
| Article 14.....  | 36-37 |
| 7. Fusion, mergers, and reorganization:                                      |       |
| Article 15.....  | 37    |
| 8. Transfer of management abroad:  |       |
| Article 16.....  | 37    |
| 9. Minimum taxation:   |       |
| Article 17.....  | 37-38 |
| Section III. Tax Rates:  |       |
| Article 18. Rounding off.....  | 38    |
| Article 19. Tax rates.....   | 38    |
| Section IV. Assessment and Payment of the Tax:                               |       |
| Article 20. General.....   | 38    |
| Article 21. Lump-sum taxation.....   | 38    |
| Section V. Transitional and Final Provisions:                                |       |
| Article 22. Extension of the category of entities liable<br>to taxation..... | 38    |
| Article 23. Cooperative associations.....                                    | 38    |
| Article 24. Entry into force.....  | 38    |
| Article 25.....  | 39    |
| 4. The Act of August 27, 1936, amending the Corporation Tax<br>Law.....      | 39    |



# GERMAN INCOME TAX LAWS

[Edited in the office of the General Counsel for the Department of the Treasury]

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## INTRODUCTION

This publication is a part of a study of foreign tax laws being made by the Department of the Treasury. The general remarks herein and the appendixes to the Income Tax Law of October 16, 1934, were prepared in the office of the General Counsel for the Department of the Treasury. The remaining material has been taken, with the consent of the Department of State, from the following reports to that Department from the consulate general, Berlin, Germany: No. 129 of February 27, 1935; No. 170 of March 28, 1935; No. 669 of October 28, 1936, and No. 1067 of April 19, 1938.

## I. GENERAL REMARKS

These remarks have been prepared for the convenience of the general public, and are not to be regarded as an official or legally definitive statement.

The matter of income taxation in Germany is covered by two statutes. The first of these, entitled "The Income Tax Law," is the more general, and, while containing certain provisions applicable to the assessment of the income tax to be paid by all types of persons, including corporations, it deals specifically with the incomes of individuals and partnerships. (See art. 15.) The other statute, the Corporation Tax Law, is concerned with the incomes of corporations.

### INCOME TAX LAW

*Provisions of special interest to foreigners.*—The Income Tax Law contains no special provisions applicable solely to foreigners, but does make a distinction between residents and nonresidents. Residents or persons who have their usual place of abode within Germany are subject to unlimited tax liability, while those who cannot be so classified are only limitedly taxable. The latter are liable only upon their income from German sources (art. 1 (2) and art. 49), and, moreover, are exempt from certain special rates for "extraordinary receipts" (art. 50 (1)). On the other hand, persons of limited liability are subject to certain special provisions. They are arbitrarily designated as belonging in the class of married persons without children (art. 50 (3)); they are not entitled to certain special deductions for which provision is made in article 10 (art. 50 (1)); they are not entitled to make claim for a special reduction of the income tax on the ground of particular economic difficulties, for which provision is made in article 33 (art. 50 (1)); and their income may be made subject to deduction at the

source, insofar as this has not already been required, if deemed advisable "for the security of the tax claim" (art. 50 (6)). (See also art. 50 (5).) Immigrants, however, who are unlimitedly liable may, nevertheless, seek a reduction of their tax for a period of 10 years by application to the Federal Minister of Finance for the assessment of a fixed lump sum (art. 31). In addition to this, it is provided that the Provincial Revenue Office may fix a lump sum of income tax if special direct or indirect economic relations between the enterprise, subject to taxation, and a person who is not at all or only limitedly liable to taxation in Germany render possible a reduction of the profit (art. 30). There is also a provision pursuant to which the income tax may be based upon the consumption of the taxpayer under certain circumstances, but it is declared that this method may only be applied if the amount of the tax so estimated is not found to be smaller than the amount of tax which would be due if based upon income (art. 48).

*General characteristics.*—The Income Tax Law of 1934 contains certain general provisions of interest. The use of the method of deduction of the tax at the source is widely employed, including wages, as well as capital yields, and such other sources of income as may be determined by the Minister of Finance (arts. 38, 43 (1) and 45). Broad discretion is conferred upon the administrative authorities in many respects as in the determination of the application of lump-sum payments, and the application of special deductions (arts. 31 and 33).

#### CORPORATION TAX LAW

The Corporation Tax Law adopted October 16, 1934, was amended on August 27, 1936. The taxes imposed by this law are partly dependent upon the definitions of income and of value and depreciation found in the Income Tax Law of 1934 (art. 6 of the Corporation Tax Law).

As in the case of the income of individuals, only a limited liability is placed upon those corporations that are clearly foreign. It is provided that within this class would fall "corporations, associations of persons, and incorporated estates which have neither their management nor their seat in Germany" (art. 2 (1)).

As is the case in the Income Tax Law, pursuant to this statute, broad discretionary powers are conferred upon the administrative officers, as in determining the groups which are to be unlimitedly liable (art. 22), in prescribing special exemptions or reduced rates for cooperative associations (art. 23), and in making special regulation for brokerage and capital investment companies (art. 10). The tax is based upon income whether it is distributed or not (art. 7), but if distributions are made, even though income has not been earned by the corporation during the current year, a tax may be assessed in certain circumstances based upon such distributions under the so-called minimum taxation provision (art. 17). No deduction may be made for contributions to charitable or religious purposes (art. 12 (4)), but corporations operated exclusively for such purposes are exempt from the tax (art. 4 (1) (6)). The lump-sum method of taxation may be employed if "the income liable to taxation is apparently of minor importance and the precise determination of this income would involve a disproportionately large amount of administrative work" (art. 21). The income of holding companies from subsidiaries in which they

have had for the year at least a one-quarter interest is exempt where the holding company and the subsidiary are unlimitedly liable to taxation (art. 9).

The rate at which a corporation was taxed under the 1934 law was 20 percent, except in the cases of certain types of credit institutions, to the income of which a rate of 10 percent was made applicable (art. 19). Those two rates were increased to 30 percent and 15 percent, respectively, by the amending statute of 1936 (art. 1).

## II. TRANSLATIONS OF GERMAN INCOME TAX LAWS

### 1. INCOME TAX LAW OF OCTOBER 16, 1934

The Federal Government has enacted the following law which is hereby promulgated:

#### I. LIABILITY TO TAXATION

ARTICLE 1. (1) Natural persons who have their residence or their usual place of abode in Germany are unlimitedly liable to taxation. The unlimited liability to taxation extends to all income.

(2) Natural persons who have neither their residence nor their usual place of abode in Germany, are limitedly liable to taxation with respect to domestic income (income in Germany) within the meaning of article 49.

#### II. INCOME

##### 1. CATEGORIES OF INCOME, RECEIPTS, REVENUES

ART. 2. (1) The income tax is applicable to income which the person liable to taxation has received within a calendar year.

(2) Income is considered to be the total amount of the receipts from the categories of income set forth in paragraph 3, after making compensation for losses occurring in the individual categories of income, and deduction of special expenditures (art. 10).

(3) The income tax is applicable only to:

1. Income from agriculture and forestry;
2. Income from business;
3. Income from independent work;
4. Income from nonindependent work;
5. Income from capital property;
6. Income from letting and leasing;
7. Other income within the meaning of article 22.

To which income-category income in an individual case belongs shall be determined in accordance with articles 13 to 24, and in cases of doubt in accordance with general rules of practice.

(4) Income within the meaning of paragraph 3 is constituted by:

1. Profits from agriculture and forestry, business enterprise, and independent work (arts. 4 to 7);

2. The excess of receipts over the professional outlays in connection with other kinds of income (arts. 8 and 9).

(5) For farmers and foresters or for business men, who are obliged to keep books in accordance with the regulations of the commercial code and actually maintain them regularly, the profit from agriculture and forestry, or from business enterprise shall be considered as being

made in that calendar year in which the business year ends. A business year shall be considered to be:

1. For farmers and foresters, regardless of whether they keep books or not, the period from July 1 to June 30;
2. For business men, that period of time for which they regularly close their books.

## 2. TAX-FREE INCOME

ART. 3. The following items are tax-free:

1. (a) Pensions in accordance with the law regulating the provision made for the retired servants of the State, except such grants as are made only on the basis of the period of service rendered;

(b) Supplementary disability pensions (military);

(c) Extra grants to widows and orphans of regular officers of the army and of staff officers (paymasters, etc.) of the old (pre-war) army in the place of war pensions;

(d) Additional payments in lieu of extra grants under military pension laws, and the law for colonial officers, or in lieu of a pension under the disability compensation law;

(e) Indemnifications for civil maintenance which, as transfer compensation, are currently granted to former noncommissioned officers (of the army);

(f) Transition relief, indemnification for moving and extra grants in addition to transition pay and dues in accordance with the Army's Maintenance Law, granted only once;

2. Receipts in kind and indemnifications of members of the Army and the State police, under article 20, paragraph 6, of the Pay Law of December 16, 1927 (Reichsgesetzblatt I, p. 349), and to article 11 of the Federal Law regarding the Police of the States dated July 17, 1923 (Reichsgesetzblatt I, p. 597), and the official income of active members of the Army. Members of the Army in the sense of these provisions are soldiers and Army staff officials (paymasters, etc.);

3. Payments in accordance with the law regarding damages resulting from troops of occupation;

4. Preferential annuities on the basis of the law regarding the redemption of public loans;

5. Honorary extra grants connected with war medals and decorations, and extra grants for front service;

6. Receipts from sickness insurance and Federal accident insurance; furthermore, receipts in kind from other branches of the Federal insurance system;

7. Indemnifications for dismissal from service, on the basis of the National Labor Law;

8. Lump sum compensation paid on the basis of Federal insurance, the state officers' pension laws, and military pension laws;

9. Payments made from unemployment insurance, emergency relief, and short-time workers' relief;

10. Receipts from public funds or from public endowments, granted in cases of destitution or as aid for education or training, for science or art;

11. Remunerations for voluntary labor service paid to the Labor Service volunteers in cash or in kind;

12. Marriage aid paid to female employees when leaving their employment, and motherhood financial aid;

13. Indemnifications for outlays and travelling expenses paid from public funds. Indemnifications paid for loss of earnings and loss of time, however, are liable to taxation;

14. For (Government) officers on duty abroad, those receipts which are liable to taxation in the state in the territory of which the officers abroad have their official station. This does not refer to domestic income according to article 49.

### 3. PROFIT

ART. 4. *Conception of profit in general.*—(1) Profit is the differential amount between the working assets at the end of the year of operation and the working assets at the end of the preceding year of operation, increased by the value of withdrawals therefrom, and decreased by the value of additions thereto. Such withdrawals include all economic goods (cash drawings, goods, products, utilities, and performances) which the person liable to taxation has in the course of the year of operation drawn from the enterprise for himself, for his household, or for other purposes not connected with the enterprise. Such additions include all economic goods (cash investments and other economic goods) which the person liable to taxation has added to the enterprise during the course of the year of operation. For the determination of the profit the provisions concerning operating expenses (par. 3) and valuation (art. 6) shall be adhered to. The value of land belonging to the fixed assets shall not be considered.

(2) If the working assets at the end of the individual year of operation do not, generally, deviate essentially from the working assets at the end of the preceding year of operation, the excess of the business income above the business expenses may be regarded as profit. In connection therewith, fluctuations of economic importance in the working assets which exceptionally occur within a year of operation, may be considered through additions or deductions.

(3) Business expenses are expenditures which are incurred through the operation of the enterprise.

ART. 5. *Profit in connection with merchants who are obligated to keep books.*—(1) For those persons liable to taxation who are obligated to keep books in accordance with the prescriptions of the commercial code, such working assets have to be considered at the end of the year of operation (art. 4, par. 1, sentence 1) which are provided for by the principles of proper bookkeeping. The provisions regarding withdrawals from and additions to working assets (art. 4, par. 1), operating expenses (art. 4, par. 3), and valuation (art. 6) shall be adhered to.

(2) The person liable to taxation may alter the balance sheet even after its presentation at the tax office, if it should not correspond with the provisions of paragraph 1, sentence 1, concerning the principles of proper bookkeeping. Otherwise any alteration of the balance sheet is possible only with the approval of the tax office, or, in any legal procedure, only with the approval of the respective legal authority.

ART. 6. *Valuation.*—For the valuation of the individual items of property serving in the operation of the enterprise, the following shall hold:

1. Items of the fixed assets subject to depreciation shall be entered at the purchase price or costs of manufacture decreased by the depre-

ciation in accordance with Article 7. If the partial value should be lower, this latter may be entered. A partial value is that amount which any purchaser of the whole enterprise would charge up for the individual items of property within the total purchasing price; it shall be considered in this connection, however, that the purchaser would continue operation of the enterprise. Regarding items of the fixed assets, the ordinary period of utility of which does not exceed 5 years, business men maintaining books within the meaning of article 5, and farmers and foresters maintaining books may figure a higher amount for depreciation than is specified in article 7, without considering the partial value. Property items which, at the end of the preceding year of operation, already belonged to the fixed assets of the person liable to taxation shall not appear in the balance sheet at a higher figure than in the preceding year.

2. Property items of the enterprise other than those mentioned under No. 1 (real estate, partnerships or participations, business or company value, floating capital) shall be entered at the purchasing or production costs. In lieu of the purchasing or production costs, the lower partial value (No. 1, sentence 3) may be entered. For economic goods which, at the end of the preceding year of operation, already belonged to the working assets, the person liable to taxation may enter the partial value in the following years of operation even when such value is higher than it appeared in the last balance sheet; it shall not, however, exceed the purchasing or production costs. For agricultural or forestry enterprises the entering of the higher partial value is permissible if this is done in accordance with the principles of proper bookkeeping.

3. Liabilities shall be entered with proper observation of the provisions set forth under No. 2.

4. Withdrawals of the person liable to taxation for himself, for his household, or for other purposes not connected with the enterprise shall be entered at the partial value.

5. Investments or additions shall be entered at the partial value at the date of the investment; however, the figure must not exceed the actual purchasing or production costs.

6. Upon the opening of an enterprise or monetary purchase of an enterprise the property items shall be entered at the partial value not to exceed, however, the actual purchase or production cost.

ART. 7. *Deduction for depreciation.*—(1) For buildings and other property, the use or utility of which to the person liable to taxation for the purpose of gaining income has been found to extend over a longer period than 1 year, that part of the purchase or production cost may be deducted for each year which with the distribution of such costs over the total period of use or utility, would fall to 1 year (deduction for depreciation). The deduction shall be calculated, in this connection, according to the usual period of utility for the respective kinds of property. Deductions for extraordinary depreciation of a technical or economic nature are permissible.

(2) Mining enterprises, quarries, and other enterprises which entail a wasting away of the assets may make deductions for such a wasting away of assets. Paragraph 1 shall be applied accordingly.

## 4. EXCESS OF RECEIPTS OVER PROFESSIONAL OUTLAYS

ART. 8. *Receipts*.—(1) Receipts include all economic goods which consist of money or values and which accrue to the person liable to taxation within the categories of income specified in article 2, paragraph 3, Nos. 4 to 7.

(2) Receipts not consisting of money (shelter, board, goods, and payment in kind) shall be entered at the customary average prices in the place of consumption.

ART. 9. *Professional outlays*.—Professional outlays consist of expenditures made for acquiring, securing, and maintaining income or receipts. They shall be deducted from that category of receipts in connection with which they were incurred. The following shall also be regarded as professional outlays:

1. Interest on debt, and annuities and permanent charges payable under special obligations, as far as they are in economic conjunction with any given category of income;

2. Taxes on real estate, other public fees or assessments, and insurance dues, as far as such expenditures refer to buildings or to objects which serve the person liable to taxation as sources of income;

3. Dues to professional, occupational, and trade organizations, the purpose of which is not profit-making enterprise;

4. Necessary expenses of the person liable to taxation for commuting between his places of residence and work;

5. Expenses for tools of trade (tools and professional clothing);

6. Deductions for depreciation (art. 7).

## 5. SPECIAL EXPENDITURES

ART. 10. (1) Special expenditures which may be deducted from the total amount of gross receipts are the following items and no others:

1. An amount of 50 reichsmarks for every female domestic servant for each full calendar month in which she has belonged to the household of the person liable to taxation;

2. Interests on debts, and annuities and permanent charges payable under special obligations, which are neither operating expenses nor professional outlays, and which do not stand in any economic conjunction with receipts not considered in the assessment;

3. Taxes levied by semigovernmental religious communities (church taxes);

4. Insurance dues and premiums of the person liable to taxation for himself, for his wife, and for those children for whom he is granted (income tax) deductions, for sickness, accident, civil liability, employees' disability and retirement and unemployment insurance, for life or death insurance, and for insurance or annuity funds for widows, orphans' pension, and burial. Dues and insurance premiums to insurance companies which have neither their management nor their seat in Germany may only be deducted in cases where permission for operation in Germany has been granted to such companies;

5. Payments by the person liable to taxation for himself, his wife, and children, for whom he is granted (income tax) deductions (for children), to building loan associations for the purpose of obtaining building loans. The provision of No. 4, sentence 2, shall be applied accordingly.

(2) The deductions for special expenditures within the meaning of paragraph 1, Nos. 4 and 5, shall not, in their total, exceed an annual amount of reichsmarks 500. This amount shall be increased by:

- 300 reichsmarks for the wife;
- 300 reichsmarks for the first child;
- 400 reichsmarks for the second child;
- 600 reichsmarks for the third child;
- 800 reichsmarks for the fourth child;
- 1,000 reichsmarks for the fifth, and each following child.

If an increase in deductions is based upon the number of children, it will be allowed only if a (income tax) deduction for such children is provided for.

(3) For special expenditures within the meaning of paragraph 1, Nos. 2 to 5, a minimum lump sum of 200 reichsmarks shall be deducted when the assessment is made.

(4) If the tax liability did not exist for a whole year, the annual amounts concerned in paragraph 2 and paragraph 3 shall be decreased in proportion to the number of months during which a tax liability did not exist and shall be rounded off downward to whole reichsmarks.

#### 6. RECEIPTS AND EXPENDITURES

ART. 11. (1) Receipts are considered as having been received within that calendar year in which they have accrued to the person liable to taxation. Regularly recurring receipts which have accrued to the person liable to taxation shortly before the beginning or shortly after the end of the calendar year to which they belong economically, shall be considered as having been received within that calendar year. The provisions regarding the determination of profit (art. 4, par. 1, art. 5) remain unchanged.

(2) Expenditures shall be deducted for that calendar year in which they were incurred. For regularly recurring expenditures, paragraph 1, sentence 2, shall apply. The provisions regarding the determination of profit (art. 4, par. 1, art. 5) remain unchanged.

#### 7. NON-DEDUCTIBLE EXPENDITURES

ART. 12. Regardless of the regulations contained in article 10 no deductions, either from the individual categories of receipts or from the total income, shall be made for the following items:

1. Expenditures made for the household of the person liable to taxation and for the maintenance of the members of his family. This includes the expenditures to maintain the standard of life which is necessitated by the economic or social position of the person liable to taxation, even if such expenditures are made for the furtherance of his profession or his activities;

2. Voluntary payments, or payments to persons legally entitled to maintenance, even if such payments are made on the basis of a special agreement;

3. Taxes on income and property taxes.



## 8. THE SPECIFIC CATEGORIES OF INCOME

## A. AGRICULTURE AND FORESTRY (ART. 2, PAR. 3, NO. 1)

ART. 13. *Income from agriculture and forestry.*—(1) Income from agriculture and forestry includes:

1. Receipts from enterprise in the fields of agriculture, forestry, viticulture, horticulture, fruit culture, vegetable culture, tree nurseries, and from all enterprises which grow plants and parts of plants with the aid of the forces of nature;

2. Receipts from animal husbandry, cattle and hog fattening, dairies, poultry farms, and similar enterprises, if the products used for such animal husbandry come principally from the agricultural enterprise itself;

3. Receipts from lake and river fishing, fish farming, and pond fishing;

4. Receipts from hunting, if this latter is in conjunction with farming or forestry;

(2) To income within the meaning of paragraph 1 belong the following items also:

1. Receipts from an agricultural or forestry subsidiary enterprise. As subsidiary enterprise must be considered an enterprise which is designed to assist the main agricultural or forestry enterprise;

2. The utility value of the residence of the person liable to taxation, if such dwelling does not exceed the size customary for enterprises of the same kind.

(3) Income from agriculture and forestry is fully liable to taxation, if it exceeds the amount of 8,000 reichsmarks. Should the income not exceed this amount, receipts from agriculture and forestry shall only be liable to taxation insofar as they exceed the amount of 3,000 reichsmarks. Losses from agriculture and forestry may only be compensated for upon determination of the income (art. 2, par. 2) if they exceed 1,000 reichsmarks.

ART. 14. *Sale of the enterprise.*—(1) Profits which are made upon the sale or giving up of an agricultural or forestry enterprise or subsidiary enterprise also constitute income from agriculture and forestry. Sale profit is that amount by which the sale price after deduction of the sale expenses exceeds the value of the working assets, determined for the date of the sale in accordance with article 4, paragraph 1.

(2) A liability for taxation arises only if the sale profit upon the sale of the total enterprise exceeds 10,000 reichsmarks, and upon sale of part of the enterprise only if the profit exceeds a proportionate part of the amount of 10,000 reichsmarks.

(3) The income tax on the sale profit will, upon application, be decreased or abated, if the person liable to taxation acquired the sold enterprise or part of enterprise within the last 3 years before the sale took place and paid inheritance tax in consequence of the acquisition.

## B. BUSINESS ENTERPRISE (ART. 2, PAR. 3, NO. 2)

ART. 15. *Income from business enterprise.*—Income from business enterprise includes:

1. Receipts from business undertakings. Included therein are also receipts from land exploitation; for instance, from mining enterprises and from enterprises for the production of peat, stones, and earths, insofar as they are not agricultural or forestry subsidiary enterprises;

2. Profit shares of the partners of a private partnership company, a limited partnership company or any other company where the partner must be regarded as entrepreneur (coentrepreneur), and those remunerations which the partner has received from the company for his services rendered to the company or for the granting of loans or for the transfer of economic goods;

3. The profit shares of the personally liable partner of a special partnership limited liability company, insofar as they do not correspond to shares of the stock capital and those remunerations which the personally liable partner may have received from the company for his services rendered to the company, or for the granting of loans, or for the transfer of economic goods.

Art. 16. *Sale of the enterprise.*—(1) Income from business enterprises also comprises profits which are made upon the sale of—

1. The total business enterprise or part of same;

2. The share of a partner who is to be regarded as entrepreneur (coentrepreneur) of the enterprise (art. 15, No. 2);

3. The share of a personally liable partner of a special partnership limited liability company (art. 15, No. 3).

(2) As sale profit within the meaning of paragraph 1 must be regarded that amount by which the sale price after deduction of the sales expenses exceeds the value of the working assets (par. 1, No. 1) or the value of the share in the working assets (par. 1, Nos. 2 and 3). The value of the working assets or the share at the date of the sale shall be determined according to article 4, paragraph 1, or article 5.

(3) The giving-up, cessation, or abandonment of the business enterprise shall also be considered as a sale. If the separate property items serving the enterprise are sold in conjunction with the abandonment of the enterprise, the respective sale prices shall be entered. If the property is not sold, its general value at the date of the abandonment shall be entered. Upon the abandonment of a business enterprise in which a number of persons were participating, the ordinary value of the property items that each partner has received at the settlement must be entered.

(4) A liability to taxation arises only if the sale profit upon the sale of the whole trading enterprise (par. 1, No. 1) exceeds 10,000 reichsmarks, and upon the sale of part of the enterprise or a share in the working assets (par. 1, Nos. 2 and 3), exceeds a proportionate part of 10,000 reichsmarks.

(5) The income tax for the sale profit will be reduced or abated upon application, if the person liable to taxation has purchased the sold enterprise or part of the enterprise or the sold share within the last 3 years before the sale took place and, in consequence of said purchase, paid inheritance tax.

Art. 17. *Sale of significant partnership shares.*—(1) Income from trading enterprises includes also the profit resulting from the sale of a share in a capital enterprise, if the seller has participated significantly in the capital of the company and the share sold exceeds 1 percent of the share capital or stock capital. If the seller alone or together with the members of his family has participated within the last 5 years in the capital enterprise to the extent of more than one-quarter of the capital, directly or indirectly, as, for instance, through a trustee or through a capital enterprise, he shall be considered as having participated significantly.

(2) As sale profit in the meaning of paragraph 1 must be considered that amount by which the sale price after deduction of the sale expenses exceeds the purchase price.

(3) A liability for taxation arises only if the sale profit on the share sold exceeds that proportionate part of 10,000 reichsmarks (for the entire capital) corresponding to the sole share in the capital enterprise.

(4) The income tax for sale profit will be reduced or abated upon application, if the person liable to taxation acquired the sold share in the capital enterprise within the last 3 years before the sale took place and in consequence of this acquisition paid inheritance tax.

(5) Losses which have arisen in connection with the sale of shares in a capital enterprise must not be compensated for upon the determination of the income (art. 2, par. 2).

#### C. INDEPENDENT WORK (ART. 2, PAR. 3, NO. 3)

ART. 18. (1) The following are considered to be income from independent work:

1. Income from liberal professions. The liberal professions include in particular scientific, artistic, literary, teaching, or educational activities, the professional activities of physicians, lawyers and public notaries, engineers, architects, commercial chemists, medical practitioners, dentists, geometers, chartered accountants, tax advisors, accounting experts, and of similar professions;

2. Receipts of State-lottery collectors, if they are not receipts from business enterprises;

3. Receipts from other independent work, such as, for instance, remuneration for the execution of a will, for trusteeship, and for activities as member of a board of directors.

(2) Receipts coming within the purview of paragraph 1 are liable to taxation even if such activities are only of a temporary nature.

(3) As receipts from independent work shall also be considered profits which have been made through the sale of a property serving such independent work or upon the abandonment of such activities. The income tax for profits in the meaning of sentence 1 will, upon application, be reduced or abated, if the person liable to taxation acquired the sold property within the last 3 years before the sale took place and in consequence of this acquisition paid inheritance tax.

#### D. NONINDEPENDENT WORK (ART. 2, PAR. 3, NO. 4)

ART. 19. (1) Receipts from nonindependent work include the following items:

1. Salaries, wages, gratuities, royalties, and other remunerations and advantages granted for activity in public or private service;

2. Intermediate salaries, pensions, widows' and orphans' pensions, and other remuneration or advantages accruing from former services.

It is immaterial whether the receipts are current or single and whether any legal title to them exists.

(2) Receipts from nonindependent work do not include the following items:

1. Moneys and sums in reimbursement of outlays made by the employees for the employer;

2. Amounts which are paid to persons in private service for traveling and transportation expenses and outlays, insofar as they do not exceed the actual expenses incurred.

E. CAPITAL ASSETS (FUNDED PROPERTY) (ART. 2, PAR. 3, NO. 5)

ART. 20. To receipts from capital assets belong the following items:

1. Profit shares (dividends), interest, profits, and other receipts from bonds, mining shares, profit-sharing certificates, shares in limited liability companies, in profit and cooperative associations, in colonial companies, from shares in the Reichsbank, and mining enterprises having the rights of juridical persons;

2. Receipts from partnership in a business enterprise as silent partner;

3. Interests from mortgages and loans on landed property and income from rent annuities on property liens. In connection with amortization of mortgages and amortization of loans on landed property, only that part of the payment shall be liable to taxation which is to be considered as interest payment on the remainder of the capital at the time;

4. Interest from other capital claims of any kind, for instance, from loans, investments and credits with savings banks, banks, and other credit institutions;

5. Discounts on notes and bills, including treasury bills.

(2) To receipts from capital assets belong also:

1. Special remuneration or advantages granted in addition to or in lieu of the receipts mentioned in paragraph 1;

2. Receipts from sale of dividend warrants, coupons, and other (interest or dividend) claims, if the stocks, bonds, or debentures, or other share claims are not sold therewith.

(3) Insofar as receipts of the kind mentioned in paragraphs 1 and 2 appertain to receipts from agriculture and forestry, from business enterprises, from independent work, or from letting and leasing, they shall be added to such receipts.

F. LETTING AND LEASING (ART. 2, PAR. 3, NO. 6)

ART. 21. (1) Income from letting and leasing includes:

1. Receipts from letting and leasing of real property, especially of land, buildings, parts of buildings, ships registered in a ship register, and of titles coming within the purview of the civil law regarding real estate (for instance, building lease which can be inherited or sold, inherited rights or rights of inheritance, mineral exploitation rights);

2. Receipts from letting and leasing of possessed objects or collections of objects, especially of the movable working assets of a business;

3. Receipts from time-limited transfers of rights, especially of literary, artistic, and commercial copyrights, of business experience, and of rights or privileges on, and revenues from land;

4. Receipts from the sale of claims upon rents and leases, even when the receipts are included in the sale price of real estate and the rent and lease payments refer to a period of time when the seller was still the owner.

(2) To receipts from letting and leasing belongs also the utility value of a dwelling transferred to the person liable to taxation entirely or partially free of charge, including any other space and/or garden that may belong thereto.

(3) Receipts of the kind mentioned in paragraphs 1 and 2 shall be added to given categories of income insofar as they are appropriate thereto.

G. OTHER RECEIPTS (ART. 2, PAR. 3, NO. 7)

ART. 22. *Categories of income.*—Other income includes:

1. Recurring receipts, insofar as they do not belong to other categories of receipts (art. 2, par. 3, Nos. 1 to 6) in particular:

(a) Hereditary revenues;

(b) Personal annuities, life-annuities, annuities for a certain number of years, and other non-hereditary revenues;

(c) Subsidiary payments and other privileges granted as recurring revenues. If such granting is voluntary or to a person legally entitled to maintenance, it shall not be charged to the receiver, if the donor is unlimitedly liable to taxation;

2. Receipts from speculative transactions within the meaning of article 23;

3. Receipts from performances, insofar as they belong neither to other categories of income (art. 2, par. 3, Nos. 1 to 6) nor to income within the meaning of No. 1 or No. 2, as for instance, receipts from occasional commissions and from the letting of movable property. Such receipts are not liable to taxation, if they amounted to less than 300 reichsmarks during the calendar year. If professional outlays exceed receipts, the amount in excess shall not be compensated upon determination of the income (art. 2, par. 2).

ART. 23. *Speculative transactions.*—(1) Speculative transactions (art. 22, No. 2) are:

1. Sales transactions, where the period of time between purchase and sale amounts to:

(a) Not more than 2 years, for real estate and titles subject to the provisions of civil law concerning real estate (for instance, building leases which can be inherited or sold, inherited rights or rights of inheritance, mineral exploitation rights);

(b) Not more than 1 year, for other economic goods, in particular for stocks and bonds.

2. Sales transactions, where the sale of the property items takes place prior to the purchase.

(2) Receipts from the sale of the following are not to be considered (as speculative transactions):

1. Debentures and mortgage and annuity bonds of debtors who have their residence, management, or seat in Germany, unless they carry, besides fixed interest, a right of exchange against company shares (convertible loans) or additional interest which depends upon the amount of the profit distribution of the debtor, or have been acquired abroad by the person liable to taxation;

2. Claims registered in a German domestic public debt-book;

3. Preferred shares of stock of the German Federal Railroad Co.

(3) Speculative transactions shall not be considered to comprise the sale of property items, the value of which has to be entered as income within the meaning of article 2, paragraph 3, Nos. 1 to 6.

(4) Profit or loss from speculative transactions is the difference between the sale price on one side and the purchase or production price and the professional outlays on the other side. Profits from speculative transactions remain tax-free, if the total profits made from speculative transactions within the calendar year amount to less than

1,000 reichsmarks. Losses from speculative transactions shall only be compensated up to the amount of the profit from speculative transactions which the person liable to taxation has made in the same calendar year.

#### H. JOINT PROVISIONS

ART. 24.—To receipts within the meaning of Article 2, paragraph 3, belong also:

1. Indemnifications which have been granted:

(a) As compensation for lost receipts or receipts being lost;

(b) For the abandonment or nonperformance of an activity, for the relinquishment of profit-sharing or of a title to the latter.

2. Receipts from a former activity within the meaning of article 2, paragraph 3, Nos. 1 to 4, or from a former contractual relationship within the meaning of article 2, paragraph 3, Nos. 5 to 7, when such receipts accrue to the person liable to taxation as a legal successor.

#### III. ASSESSMENT

ART. 25. *Assessment for the calendar year.*—(1) Assessment for income tax shall be made after expiration of the calendar year for that income which the person liable to taxation has received during that calendar year, unless no assessment is to be made in accordance with article 46.

(2) If the liability to taxation did not exist for the whole calendar year, that income shall be considered which has been received during the period of tax liability. In such a case the assessment may take place immediately after cessation of the liability to taxation.

ART. 26. *Household taxation: Husband and wife.*—(1) Husband and wife shall be assessed jointly, as long as both are unlimitedly liable to taxation and they do not permanently live separated. The joint assessment shall be made for the calendar year for which the conditions of sentence 1 existed for at least 4 months.

(2) For a joint assessment the income of both husband and wife shall be considered together in their total amount.

ART. 27. *Household taxation: Children.*—(1) The head of a household and those of his children for whom he is granted a tax reduction under article 32, paragraph 2, No. 2, will be assessed jointly, as long as he himself and the children are unlimitedly liable to taxation.

(2) In case of joint assessment the income of the head of the household and that of his children shall be considered together in their total amount.

(3) Income from nonindependent work (art. 2, par. 3, No. 4) performed by the children for some other enterprise which does not concern the head of the household shall not be considered for the joint assessment.

ART. 28. *Taxation in case of joint property after succession.*—In case of succession to joint property all receipts from the joint property shall be considered as income received by the surviving husband or wife, if he or she is unlimitedly liable to taxation.

ART. 29. *Average rates.*—(1) Average rates may be fixed:

1. For the determination of the profit from agriculture and forestry, from business enterprise, or from independent work;

2. For the determination of the excess of the income above the expenditures incurred for the acquisition, securing, and maintenance in connection with letting and leasing.

(2) The average rates shall be used:

1. For the determination of profit, if—

(a) The turn-over does not exceed the limits set by the Federal Minister of Finance, and

(b) Proper books have not been kept or the books give reason to suspect that they may present actual inaccuracies;

2. For the determination of receipts from letting and leasing, if no proper record is kept of the professional outlays or the records give reason to suspect that they present actual inaccuracies.

(3) The utility value of residence in one's own house may be determined as a percentage of the last fixed unit value of the real estate.

(4) No objections can be made by the person liable to taxation on the ground that the average rates are considered too high.

ART. 30. *Taxation in case of connections abroad.*—The Provincial Revenue Office may fix a lump sum of income tax for income from agriculture and forestry, from business enterprise, or from independent work, without considering the sum shown (to be real true income), if special direct or indirect economic relations of the enterprise with a person who is not at all or only limitedly liable to taxation in Germany render possible a reduction of the profit. The Provincial Revenue Office will decide at its own discretion.

ART. 31. *Fixed lump-sum taxation.*—The Federal Minister of Finance may—

1. Fix the income tax of persons who through immigration from abroad become unlimitedly liable to taxation, in a fixed lump sum for a period of time up to 10 years following the establishment of the unlimited liability to taxation;

2. Regulate the taxation of officials on duty abroad in deviation from the general provisions and regulations.

#### IV. TARIFF (TAX RATES)

ART. 32. *Table of income tax (rates).*—(1) The income tax to be assessed will be figured in accordance with the table appended hereto as appendix 1 (income-tax table).

(2) For the use of the income-tax table the following shall apply:

1. Single persons are persons liable to taxation who were unmarried at the beginning of the calendar year. However, they shall not be considered single:

(a) If within the calendar year they were married for a period of at least 4 months;

(b) If they were widowed or divorced and a child has been born of their marriage;

(c) If they are entitled to exemptions or reductions for children;

(d) If they are orphans under 25 years of age and are being trained for a profession.

2. A person liable to taxation is entitled to tax reduction for children for those of his minor children who during the period of his liability to taxation, belonged to his household for at least 4 months within the calendar year. The tax reduction for children may, upon application, be granted for children who, no longer minors, at the expense of the person liable to taxation, are being educated or trained for a profession and are still under 25 years of age, even if they do not belong to the household of the person liable to taxation. Children within the meaning of this provision, shall be considered to include

stepchildren, adopted children, and foster-children; and their offspring, as well as the taxpayer's own offspring.

ART. 33. *Special economic conditions.*—Upon assessment, extraordinary economic conditions which considerably influence the tax-paying capacity of the person liable to taxation may, upon application, be considered for a reduction of the income tax, if the income does not exceed 20,000 reichsmarks. This amount is increased to 30,000 reichsmarks for those persons liable to taxation who are granted reductions for more than two children (art. 32, par. 2, No. 2). As extraordinary economic conditions within the meaning of sentence 1 shall be considered unusual burdens arising—

1. Through maintenance of children or needy relatives, even if they do not belong to the household of the person liable to taxation;

2. Through other necessary expenditures which do not belong to the special expenditures within the meaning of article 10, in particular, expenditures on account of sickness, death, or accident.

ART. 34. *Tax rate in case of extraordinary receipts.*—(1) If the income exceeds 6,000 reichsmarks and contains extraordinary receipts, the income tax rate shall be fixed, upon application, for the extraordinary receipts, at from 10 to 25 percent; for single people at from 15 to 35 percent of such extraordinary receipts. For the other receipts the income tax table shall be applied.

(2) Extraordinary receipts within the meaning of paragraph 1 comprise only the following:

1. Receipts representing compensation for an activity extending over a period of a number of years;

2. Sale profits within the meaning of articles 14, 16, 17, and article 18, paragraph 3;

3. Indemnifications within the meaning of article 24, No. 1;

4. Interest received in accordance with articles 14, 34, and 43 of the Law concerning the Redemption of Public Loans, dated July 16, 1924 (Reichsgesetzblatt I, p. 137) upon redemption of the right to participate in drawings.

(3) The tax rates provided for in paragraph 1 shall, upon application, also be applied to receipts of extraordinary yields from forest property, if no survey of the stock in standing timber has been made. Extraordinary yields from forest property shall be considered to include, without regard to the type of enterprise, all yields presented by economic causes which exceed the regular annual yields to be obtained in accordance with the principles of forestry. In connection with forestry yields in consequence of force majeure (ice, storm, snow, insects, or fire) the income tax to be paid under paragraph 1 shall be reduced to one-half.

## V. PAYMENT OF TAXES

### I. PREPAYMENT

ART. 35. *Fixation and discharge of prepayments.*—(1) The person liable to taxation shall make (partial) prepayments on account of his income tax on March 10, June 10, September 10, and December 10. Each (partial) prepayment must be in the amount of one-quarter of the last assessed income tax. Persons liable to taxation, whose income in its major part results from agriculture and forestry, shall pay on March 10 and June 10 one-quarter each, and on December 10 one-half of the last assessed income tax.



(2) If, in the income forming the basis for the assessment, such receipts are contained as are subject to tax deduction (arts. 38 to 45), the prepayments shall be based on that amount by which the fixed income-tax debt exceeds the amount of the tax deductions calculated according to article 47, paragraph 1, No. 2.

ART. 36. *Prepayments in special cases.*—(1) If a tax liability arises only in the course of a calendar year, the (partial) prepayments which must be made after receipt of the first tax notice shall be based upon that income which presumably will be received in the 12 months following the establishment of the tax liability.

(2) If the period of time for which a tax notice is given is less than a calendar year (par. 1), future prepayments shall be fixed in accordance with that tax which would be applicable to a whole year's income calculated at the rate of the income serving as the basis for the tax notice.

ART. 37. *Increase and reduction of (partial) prepayments.*—(1) Prepayments may be increased if the receipts not subject to tax deduction will presumably exceed by more than one-fifth, at least by 2,000 reichsmarks, however, those receipts forming the basis for the last assessment which were not subject to tax deduction.

(2) Prepayments may be reduced if the person liable to taxation proves that his receipts which are not subject to tax reduction will presumably be lower by more than one-fifth, at least, however, by 1,000 reichsmarks, than those receipts forming the basis for the last assessment which were not subject to tax deductions.

## 2. TAX DEDUCTIONS FROM WAGES (WAGE TAX)

ART. 38. *Payment of wage taxes.*—(1) In connection with income from nonindependent work the income tax will be collected through deduction from wages (wage tax). The employer shall deduct the wage tax for the employee from each wage payment and shall remit same to the tax office.

(2) If the wages consist wholly or partially of payments in kind (art. 8) and the wages paid in cash are not sufficient to pay the taxes, the employee has to pay to the employer that amount which will be necessary to cover payment of the wage tax. If the employee should fail to do this, the employer shall retain the respective part of the payment in kind according to his judgment and then pay the wage tax.

(3) The employee, in addition to the employer, shall be liable for the wage tax only—

1. If the employer has not deducted the tax from the wages according to the regulations, or

2. If the employee knows that the employer does not remit the deducted wage tax according to the regulations and does not inform the tax office of this fact immediately.

ART. 39. *Determination of wage tax.*—(1) The wage tax for wages paid monthly shall be figured according to the table appended hereto as appendix 2 (wage-tax table). If wages are paid for a period of time other than a month, the wage rates and the wage taxes shall be fractions of the amounts of the wage tax table, i. e.:

|  |       |                |
|--|-------|----------------|
| For not more than 4 working hours                              | ----- | $\frac{1}{52}$ |
| For more than 4 working hours, but not more than 1 working day | ----- | $\frac{1}{26}$ |
| For a full working week  | ----- | $\frac{1}{26}$ |

(2) For the adaption of the wage-tax table the following shall apply:

1. Single persons are employees who are not married. The following shall not be considered single:

(a) Widowed or divorced employees from whose marriage a child was born;

(b) Employees entitled to tax reduction for children;

(c) Full orphans (neither of whose parents is living) under 25 years of age who are receiving education or training for a profession or occupation;

2. Employees with minor children belonging to their household (art. 32, par. 2, No. 2) shall be entitled to tax reduction for children. Such reduction may, upon application, also be granted for children no longer minors (art. 32, par. 2, No. 2) who are being trained for a profession or occupation at the expense of the employee and who are under 25 years of age, even when they do not belong to the household of the employee. Tax reduction for children will only be granted for children who are unlimitedly liable to taxation.

(3) For the family status (par. 2), the conditions on the key day of the establishment of the family status before the beginning of the calendar year shall be considered and registered on the tax card (art. 42). Should the number of the members of the family increase, the town or municipal authorities shall, upon application, make the supplementary registration on the tax card. Such supplement shall only be considered upon that payment of wages at which the supplemented tax card is presented.

(4) The Federal Minister of Finance will determine the amount of the wage taxes:

1. If the employee does not hand any tax card to the employer (art. 42);

2. If the employee is at the same time engaged in employment in different places;

3. If the wife of the employee, without being permanently separated from her husband, holds employment;

4. If the period of time for which the wages are paid cannot be determined.

ART. 40. *Determination of wage tax in connection with other receipts.*—If the employee, in addition to the current wages, receives from the same employment other receipts, especially lump sum receipts, such as dividends, bonuses, etc., the wage tax to be levied from such additional receipts shall be:

1. For a single employee (art. 39, par. 2, No. 1) 16 percent;

2. For other employees:

(a) If they are granted no tax reduction for children (art. 29, par. 2, No. 2), 10 percent;

(b) If they are granted tax reduction for children (art. 39, par. 2, No. 2):

For one child, 8 percent.

For two children, 6 percent.

For three children, 3 percent.

For more than three children, 1 percent.

ART. 41. *Consideration of special circumstances.*—(1) Upon application of the employee the following amounts shall be deducted from the wages for the calculation of the wage tax:

1. If the professional outlays (art. 9) which are made in connection with the receipts from nonindependent work, and the special expenditures within the meaning of articles 10, paragraph 1, Nos. 2 to 5, and paragraph 2, in their total, exceed 40 reichsmarks per month, the amount thus exceeding 40 reichsmarks;

2. Special expenditures within the meaning of article 10, paragraph 1, No. 1;

3. If special economic conditions considerably diminish the tax-paying capacity of the employee (art. 33), an amount to be determined by the Federal Tax Office according to its judgment.

(2) The Federal Tax Office will enter on the tax card the amount to be considered for deduction from wages in accordance with paragraph 1 (art. 42). The deduction shall only be made upon that payment of wages at which the employer has been presented the tax card with such entry made thereon.

(3) The employee shall apply for a rectification of his tax card (art. 42), if he dismisses a female domestic servant for whom he receives a tax deduction in accordance with paragraph 1, No. 2, and does not hire a new one within 1 month. The employee is liable for the wage tax which has not been levied in consequence of the tax card not having been rectified.

ART. 42. *Tax card.*—Before the beginning of the calendar year or the taking over of a new position the employee shall, for the fixation of the wage taxes, apply for a tax card from his municipality which tax card he must hand over to the employer. The employer shall keep this tax card during the period of service of the employee and shall return same to the employee at the end of the calendar year or upon termination of the employment. The Federal Minister of Finance may order that a different procedure be followed.

### 3. TAX DEDUCTION FROM CAPITAL YIELD (AT THE SOURCE) (TAX ON CAPITAL YIELD)

ART. 43. *Capital yields subject deduction of tax.*—(1) The following domestic capital yields will be subject to income tax through deduction (at the source) from the capital yield (tax on capital yield):

1. Profit shares (dividends), interest, exploitation and other revenues from stocks and shares, mining shares, profit sharing certificates, shares in limited liability companies, in profit companies and cooperative associations and colonial companies or associations, from shares in the Reichsbank and in mining associations having the rights of a juridical person, with the exception of dividends from preferential shares of the German Federal Railroad Co.;

2. Revenues from partnership in a business enterprise as silent partner.

(2) Capital yields liable to taxation shall also be considered to include remuneration or privileges which are granted in addition to or in lieu of capital yields mentioned in paragraph 1.

(3) Capital yields are to be considered as domestic capital yields, if the debtor has his (its) domicile, management, or seat in Germany.

ART. 44. *Fixation and payment of the tax on capital yield.*—(1) The debtor shall retain for the creditor the tax on capital yield in the amount of 10 percent of the amount of the capital yield. He has to make the tax deduction within that period of time in which the capital yields accrue to the creditor and shall remit the retained tax

amounts to the tax office within 1 week. The tax deduction shall also be made in cases where the capital yields belong to the creditor's revenues in the categories of income from agriculture and forestry, from business enterprises, from independent work, or from letting and leasing.

(2) Tax deduction shall be made from the full amounts of the capital yield without any deduction (or tax-free exemption).

(3) The creditor, in addition to the debtor, shall only be liable for the tax on capital yield:

1. If the debtor has not made the deduction from the capital yield according to the regulations;

2. If the creditor knows that the debtor has not remitted the retained tax on capital yield according to the regulations and has not immediately informed the tax office accordingly.

#### 4. TAX DEDUCTION FROM OTHER REVENUES (AT THE SOURCE)

ART. 45. The Federal Minister of Finance may determine to what extent the tax levy is to be made through deduction (at source) procedure in connection with income other than from nonindependent work (art. 38) and from capital yield (art. 43).

#### 5. ASSESSMENT OF RECEIPTS LIABLE TO TAX DEDUCTION (AT THE SOURCE)

ART. 46. (1) If the income consists totally or partially of receipts which have been subject to tax deduction (at the source), the person liable to taxation shall be assessed upon the income:

1. If the income exceeds 8,000 reichsmarks;

2. If the receipts from which no tax deduction (at the source) has been made exceed 300 reichsmarks;

3. If the person liable to taxation is single and his income includes receipts liable to tax on capital yield in an amount exceeding 1,000 reichsmarks.

(2) If the limits set in paragraph one are not exceeded, no assessment shall take place. The income tax of those receipts which are subject to tax deduction (at the source) shall be considered as cleared off for the drawer of such receipts, if his liability has been terminated (art. 38, par. 3, art. 44, par. 3).

(3) In the assessment, a lump sum of at least 200 reichsmarks shall be deducted for professional outlays in connection with receipts from nonindependent work. Article 10, paragraph 4, shall be applied accordingly.

#### 6. FINAL PAYMENT

ART. 47. (1) To the income tax debt, the following shall be credited:

1. The prepayments made for the calendar year;

2. The amounts retained through tax deduction (at the source) insofar as they refer to income received during the calendar year.

(2) If the amount of the income tax debt is larger than the total of the amounts which are to be credited under paragraph 1, the difference shall be paid within 1 month after receipt of the tax notice (final payment). That part of the final payment which corresponds to prepayments which have fallen due within the calendar year but which have not been paid shall be paid immediately.

(3) If the amount of the income tax debt is smaller than the total of the amounts which are to be credited under paragraph 1, the difference shall be compensated for through credit or refund after receipt of the tax notice. Amounts which have been retained through tax deduction (at the source) will not be restored.

#### VI. TAXATION ACCORDING TO CONSUMPTION

ART. 48. (1) The person liable to taxation may be taxed according to (his) consumption, if such consumption exceeded 10,000 reichsmarks in the calendar year and exceeds the income by at least 50 percent. The amount of 10,000 reichsmarks shall be increased by 2,000 reichsmarks for each child for which the person liable to taxation is granted a reduction for children in accordance with article 32, paragraph 2, No. 2.

(2) Consumption comprises all expenditures which the person liable to taxation has to make for his household, for his standard of living and that of the members of his family.

(3) Consumption shall not comprise:

1. Special expenditures (art. 10, par. 1);
2. Income and property taxes;
3. Expenditures for trousseaus and equipment, insofar as they have not exceeded the standard corresponding to the economic circumstances of the person liable to taxation;
4. Expenditures for political, scientific, artistic purposes, or for charity or public utility;
5. Expenditures caused by sickness, deaths, or accidents, or by physical or mental defects or infirmities;
6. Expenditures resulting from the birth of a child;
7. Extraordinary expenditures caused by the maintenance or education of a child or by the maintenance of a destitute relative;
8. Expenditures from social purposes for employees or former employees or for their relatives;
9. That part of the consumption which the person liable to taxation has covered:

(a) From income on which he has paid tax in the last three years but which he has not used up;

(b) From receipts which according to article 3 are tax-free, or from receipts which according to article 22, No. 1, (c), sentence 2, shall not be taken into consideration for the person liable to taxation.

(4) The income tax based on consumption shall be only one-half of the tax provided for in the income-tax table. If the amount of tax thus calculated is smaller than the amount of tax which would be payable on the basis of the income, then the income, and not consumption, shall be the basis for the taxation.

#### VII. TAXATION OF PERSONS LIMITEDLY LIABLE TO TAXATION

ART. 49. *Income limitedly liable to taxation.*—Domestic receipts within the meaning of the limited liability (provisions) for income taxation (art. 1, par. 2) are:

1. Receipts from agriculture and forestry enterprises operated in Germany (arts. 31 and 14);

2. Receipts from a business enterprise (arts. 15 and 16) for which a place of business is maintained in Germany or a permanent representa-

tive is engaged in Germany, and receipts from the sale of a share in a German capital enterprise (art. 17);

3. Receipts from independent work (art. 18) which has been or is being executed or utilized in Germany;

4. Receipts from nonindependent work (art. 19) which has been or is being executed or utilized in Germany, and receipts drawn from domestic (German) public pay offices including the pay offices of the German Federal Railroad Co. and the Reichsbank resulting from existing or former services;

5. Receipts from capital property within the meaning of article 20, paragraph 1, Nos. 1 and 2, if the debtor has his domicile, management, or main office in Germany and receipts within the meaning of article 20, paragraph 1, Nos. 3 and 4, if the capital property directly or indirectly is secured by domestic (German) real estate, domestic (German) titles subject to the provisions of the civil laws regarding real estate, or by ships registered in a domestic (German) ship register. Dividends from preferential shares of the German Railroad Co. and interest from loans and claims registered in a public debt-book or for which fractional bonds or debentures have been issued are exempt;

6. Receipts from letting or leasing (art. 21) if the immovable property, movable property or titles are situated in Germany or registered in a German public book or register or are utilized in a place of business in Germany;

7. Other receipts within the meaning of article 22, No. 1, insofar as they are subject to tax deduction (at source) (art. 45);

8. Other receipts within the meaning of article 22, No. 2, insofar as they concern speculative transactions with domestic (German) titles which are subject to the provisions of civil laws regarding real estate.

ART. 50. *Special regulations for persons limitedly liable to taxation.*— (1) Persons limitedly liable to taxation are only allowed to deduct professional outlays (art. 9) insofar as these stand in economic conjunction with domestic (German) income. The provisions of article 10 (special expenditures), article 33 (special economic conditions), and article 34 (tax rates for extraordinary receipts) are not applicable.

(2) In connection with receipts subject to tax deduction (at source), and receipts within the meaning of article 20, paragraph 1, Nos. 3 and 4, no compensation with receipts from other categories of income shall be permitted for persons limitedly liable to taxation.

(3) The income tax for persons limitedly liable to taxation, insofar as they are assessed, shall be calculated on the basis of the tax for married persons without children.

(4) The income tax for receipts which are subject to tax deduction from wages or capital yield (at source thereof) shall be considered as already settled through the tax deduction for persons limitedly liable to taxation. The amount of the wage tax will be determined by the Federal Minister of Finance.

(5) The Tax Office may, for persons limitedly liable to taxation, abate the income tax totally or partially or fix a lump sum (tax) if suitable for reasons of national economy or if a specific calculation of the income proves especially difficult.

(6) The Tax Office may levy the income tax on receipts limitedly liable to taxation by means of a tax deduction (at the source), insofar as they are not already subject to tax deduction according to articles 38

to 45, if this seems advisable for the security of the tax claim. The Tax Office will, in this connection, determine the amount of the tax deduction.

#### VIII. TRANSITIONAL AND FINAL PROVISIONS

ART. 51. (1) The law shall be applied for the first time to assessments for the calendar year 1934. For assessments for the calendar years 1934 and 1935 the following substitutions shall be made in article 13, paragraph 3: The amount of 8,000 reichsmarks shall be replaced by 12,000 reichsmarks; the amount of 3,000 reichsmarks shall be replaced by 6,000 reichsmarks.

(2) The regulations regarding the wage tax shall be applied to those wages which are paid for services rendered after December 31, 1934.

(3) The regulations regarding the tax deduction from capital yield and other income shall be applied to receipts which accrue to the person liable to taxation after December 31, 1934.

ART. 52. (1) The provisions regarding the marriage subsidy (tax) levied from employees receiving wages or salary (sec. V of the Law for the Alleviation of Unemployment, of June 1, 1933, Reichsgesetzblatt I, p. 323) shall not be applied in connection with wages received after December 31, 1934.

(2) The marriage subsidy (tax) levied from assessed persons (sec. V of the Law for the Alleviation of Unemployment, of June 1, 1933, Reichsgesetzblatt I, p. 323) shall not be levied on those receipts which form the basis for the assessment for the calendar year 1934 or a later calendar year.

(3) The marriage subsidy (tax) already paid for the calendar year 1934 shall be credited to the income tax debt fixed for the calendar year 1934.

ART. 53. (1) For those persons liable to taxation for whom, on the basis of the Law Regarding Income Taxation for 1933, of December 21, 1933 (Reichsgesetzblatt 1934, pt. I, p. 1), the income tax has been based on a tax period deviating from the calendar year 1933, the income tax debt shall be increased for the calendar year 1934 by one-twelfth for each month elapsed from the end of the tax period 1932-33 until December 31, 1933.

(2) The following shall be credited against the tax debt increased under paragraph 1:

1. Prepayments on income tax and marriage subsidy (tax) of the assessed persons, made for the period between the end of the tax period 1932-33 and the end of the calendar year 1934;

2. Amounts retained through tax deduction (at source), insofar as they pertain to receipts drawn during the period between the end of the tax period 1932-33 and the end of the calendar year 1934.

ADOLF HITLER,  
*The Leader and Chancellor.*  
GRAF SCHWERIN VON KROSIGK,  
*The Federal Minister of Finance.*

BERLIN, October 16, 1934.

## 2. ACT OF FEBRUARY 1, 1938, AMENDING THE INCOME TAX LAW

(Translation source: Reichsgesetzblatt, part I, No. 9, February 4, 1938.)

The government of the Reich has passed the following law, which is hereby promulgated:

## SECTION 1

The Income Tax Law of October 16, 1934 (Reichsgesetzblatt, Part I, p. 1005), is amended as follows:

## 1. In Article 4

(a) the following sentences are inserted as paragraph 2:

(2) The taxpayer may alter the statement of his resources and liabilities (balance sheet) even after its presentation at the tax office if it should not correspond to the principles of proper bookkeeping in accordance with the provisions of this law. Otherwise any alteration of the statement of resources and liabilities (balance sheet) is permissible only with the approval of the tax office or, in any legal procedure, only with the approval of the respective legal authority;

(b) paragraphs 2 and 3 become paragraphs 3 and 4.

2. Article 5 is amended to read as follows:

## ARTICLE 5

## PROFIT IN CONNECTION WITH ACCREDITED MERCHANTS

For business men whose firms are entered in the Commercial Register such working assets are to be considered at the end of the year of operation (Art. 4, par. 1, sent. 1) as are indicated in accordance with the principles of proper bookkeeping. The provisions relating to withdrawals from and additions to working assets (Art. 4, par. 1), the permissibility of altering the balance sheet (Art. 4, par. 2), operating expenses (Art. 4, par. 4), and valuation (Art. 6) shall be adhered to.

## 3. In Article 10, par. 1

(a) cipher 3 is amended to read as follows:

3. Taxes levied by semi-governmental religious communities (church taxes). The deduction may not exceed two percent of the total income (after writing off losses):

(b) the following cipher 6 is inserted:

6. for bookkeeping farmers and foresters and for business men who keep books in accordance with the provisions of the Commercial Code, the losses arising from agriculture or forestry or the conduct of the business in the two preceding years of operation, insofar as these have not been written off or deducted in the assessment for the preceding calendar years. The amount of the loss is to be ascertained in accordance with the provisions of Arts. 4 to 7.

4. Article 32 is amended to read as follows:

## ARTICLE 32

## INCOME TAX SCALE

The income tax to be assessed shall be calculated in accordance with the table appended hereto as Appendix 1 (income tax scale). This shall be in accordance with the following provisions:

1. Single persons for this purpose are persons who were not married at the beginning of the calendar year or for a period of at least four months during the calendar year. Exceptions are:

(a) Persons who are entitled to reductions for children;

(b) Men who completed their 65th year at least four months before the end of the calendar year, and widowed and divorced men from whose marriage a child which is not a Jew has resulted or who have completed their 50th year at least four months before the end of the calendar year;

(c) Women who at least four months before the end of the calendar year have borne a child which is not a Jew or have completed their 50th year;



(d) Orphans who have not yet completed their 25th year and are being trained for a vocation. These conditions must have existed simultaneously for at least four months in the calendar year.

2. The taxpayer is entitled to reduction for children who, during his liability to taxation, were minors for at least four months in the calendar year and belonged to his household during this time. A reduction for children will be granted on application for children, no longer minors, who have been trained for a vocation at the expense of the taxpayer for at least four months in the calendar year and during this time have not completed their 25th year. Children in the meaning of this provision shall be considered to include, besides offspring, also stepchildren, adopted children, and foster-children and their offspring. The tax reduction for adoptive children and foster-children may not exceed 720 reichsmarks for each child in the case of taxpayers who would otherwise be considered as single.

3. For children who are Jews no reduction for children shall be granted.

5. Article 33 is amended to read as follows:

#### ARTICLE 33

##### EXTRAORDINARY ENCUMBRANCES

In making the assessment, extraordinary encumbrances which have unavoidably arisen for the taxpayer and which materially impair his taxpaying capacity will, upon application, be taken into consideration by a reduction of the income tax.

6. In Art. 34, par. 1 is amended to read as follows:

(1) If the income exceeds 6000 reichsmarks and contains extraordinary receipts, the income tax on the extraordinary receipts shall, upon application, be fixed at from 10 to 25 percent of such receipts. The income tax scale shall be applied to the other receipts.

7. In Art. 36, par. 1 is amended to read as follows:

(1) If tax liability arises only in the course of a calendar year, the advance payments which are to be made up to the receipt of the first tax notice shall be fixed according to the amount of tax which would presumably result at the first assessment in accordance with Art. 25 and allowing for tax which has been deducted from wages or salary.

8. Art. 37 is amended to read as follows:

#### ARTICLE 37

##### INCREASE AND REDUCTION OF ADVANCE PAYMENTS

(1) The advance payments may be increased if the income tax as reduced by the tax which has been deducted from wages or salary will presumably be more than one fifth, but at least 300 reichsmarks, greater than the income tax which was last determined, as reduced by the tax deducted from wages or salary.

(2) The advance payments may be reduced if the taxpayer makes it appear probable that the income tax, as reduced by the tax deducted from wages or salary, will be more than one fifth, but at least 100 reichsmarks, lower than the income tax which was last determined, as reduced by the tax deducted from wages or salary.

9. In Art. 39, par. 2 and par. 3, sent. 1 are amended to read as follows:

(2) For the application of the wage tax scale the following shall apply:

1. Single persons are employees who are not married. Exceptions are:

(a) Persons entitled to reduction for children;

(b) Men who have completed their 65th year, and widowed or divorced men from whose marriage a child which is not a Jew has resulted or who have completed their 50th year;

(c) Women who have borne a child which is not a Jew or have completed their 50th year;

(d) Orphans who have not yet completed their 25th year and are being trained for a vocation.

2. An employee is entitled to a reduction for children for such minor children as belong to his household. A reduction for children will be granted on application for children, no longer minors, who are being trained for a vocation at the expense of the employee and have not completed their 25th year. Children in

the meaning of this provision shall be considered to include, besides offspring, also step-children, adoptive children, and foster-children and their offspring.

3. For children who are Jews no reduction for children shall be granted.

(3) For determining the family status (par. 2) in making out the tax card the conditions on the key day of the registering of personal status preceding the beginning of the calendar year shall be valid. These conditions shall be entered on the tax card (Art. 12).

10. In Art. 41, par. 1, cipher 3 is amended to read as follows:

3. If extraordinary encumbrances have unavoidably arisen for the taxpayer and materially impair his taxpaying capacity (Art. 33), a sum to be fixed by the tax office at its discretion.

11. In Art. 49, cipher 5, the following sentence is added:

Income from bonds, however, is subject to limited tax liability if, besides the fixed interest, they involve a right to conversion into stocks (convertible bonds) or additional interest determined by the amount of the distribution of profits by the debtor (profit obligations), and if the debtor has a residence, business headquarters, or seat in Germany.

12. In Art. 50, pars. 3 and 4 are amended to read as follows:

(3) For persons liable to limited taxation who are assessed, the income tax shall be determined according to Column 4 of the income tax scale (Appendix I). But it shall amount to at least 10 percent of the income.

(4) For persons liable to limited taxation, the income tax for income subject to deduction of tax from wages or from yield on capital shall be regarded as fully paid by such deduction, if the income is not the operating income of a domestic enterprise. The amount of the wage tax shall be determined by the Reich Minister of Finance.

#### SECTION II

Appendices 1 and 2 to the Income Tax Law (income tax scale and wage tax scale) are amended as follows:

1. For incomes exceeding 100,000 reichsmarks (mean sum) the assessible income tax shall be in accordance with Appendix I.

2. In the wage tax scale, wage bracket No. 1; "more than 80.08-91 RM" (monthly wage), is replaced by "more than 81.50-91 RM".

#### SECTION III

Art. 6, cipher 1, sent. 4 of the Income Tax Law shall apply only to items of property which were ordered before October 1, 1937.

#### SECTION IV

(1) This law shall be applied for the first time at the assessment for the calendar year 1937, except that Section 1, cipher 3, letter b shall be applied for the first time at the assessment for the calendar year 1938.

(2) For deduction of tax from wages, the provisions of Section I cipher 3 letter a, cipher 9, and cipher 10 and Section II shall be applied for the first time to the wage payment for wage periods ending after December 31, 1937.

#### SECTION V

The Reich Minister of Finance is empowered to republish the Income Tax Law in amended form.

ADOLF HITLER,

*The Fuehrer and Reich Chancellor.*

COUNT SCHWERIN VON KROSIGK,

*The Reich Minister of Finance.*

BERLIN, February 1, 1938.

APPENDIX I. *Income-tax table (as amended by the Act of February 1, 1938)*

(See art. 32 of the German income-tax law)

[All amounts in reichsmarks]

| Income (art. 2, par. 2) |                | The income-tax amounts in case of—   |   |                             |            |            |            |       |            | For each additional child the following amounts are subtracted from the tax shown in column 9 |
|-------------------------|----------------|--------------------------------------|---|-----------------------------|------------|------------|------------|-------|------------|---|
| Brackets                | Average amount | Persons who are considered as single | Persons who are not considered as single, if they |                             |            |            |            | 10    |            |   |
|                         |                |                                      | Are allowed to deduct. for children               | Are allowed deductions for— |            |            |            |       |            |   |
|                         |                |                                      |   | 1 child                     | 2 children | 3 children | 4 children |       | 5 children |   |
| 1                       | 2              | 3                                    | 4   | 5                           | 6          | 7          | 8          | 9     | 10         |   |
| More than—              |                |                                      |   |                             |            |            |            |       |            |   |
| 500 to 675              | 600            | 10                                   |   |                             |            |            |            |       |            |   |
| 675 to 825              | 750            | 27                                   |   |                             |            |            |            |       |            |   |
| 825 to 975              | 900            | 16                                   |   |                             |            |            |            |       |            |   |
| 975 to 1,125            | 1,050          | 65                                   | 25  |                             |            |            |            |       |            |   |
| 1,125 to 1,275          | 1,200          | 84                                   | 38  | 10                          |            |            |            |       |            |   |
| 1,275 to 1,425          | 1,350          | 104                                  | 50  | 22                          |            |            |            |       |            |   |
| 1,425 to 1,575          | 1,500          | 125                                  | 62  | 34                          | 10         |            |            |       |            |   |
| 1,575 to 1,725          | 1,650          | 165                                  | 74  | 46                          | 22         |            |            |       |            |   |
| 1,725 to 1,925          | 1,800          | 205                                  | 88  | 58                          | 34         |            |            |       |            |   |
| 1,925 to 2,250          | 2,100          | 250                                  | 118   | 82                          | 51         | 14         |            |       |            |   |
| 2,250 to 2,550          | 2,400          | 304                                  | 148   | 112                         | 81         | 38         |            |       |            |   |
| 2,550 to 2,850          | 2,700          | 360                                  | 178   | 138                         | 101        | 62         | 5          |       |            |   |
| 2,850 to 3,150          | 3,000          | 420                                  | 215   | 164                         | 120        | 78         | 29         |       |            |   |
| 3,150 to 3,450          | 3,300          | 486                                  | 254   | 189                         | 140        | 91         | 49         |       |            |   |
| 3,450 to 3,800          | 3,600          | 563                                  | 294   | 215                         | 159        | 104        | 55         |       |            |   |
| 3,800 to 4,250          | 4,000          | 640                                  | 342   | 249                         | 185        | 122        | 63         | 13    | 13         |   |
| 4,250 to 4,750          | 4,500          | 736                                  | 416   | 293                         | 225        | 152        | 73         | 15    | 15         |   |
| 4,750 to 5,250          | 5,000          | 832                                  | 490   | 344                         | 265        | 182        | 90         | 17    | 17         |   |
| 5,250 to 5,750          | 5,500          | 928                                  | 565   | 418                         | 316        | 212        | 107        | 19    | 19         |   |
| 5,750 to 6,250          | 6,000          | 1,024                                | 640   | 492                         | 376        | 242        | 124        | 21    | 21         |   |
| 6,250 to 6,750          | 6,500          | 1,144                                | 715   | 566                         | 436        | 272        | 141        | 24    | 24         |   |
| 6,750 to 7,250          | 7,000          | 1,264                                | 790   | 640                         | 496        | 302        | 158        | 28    | 28         |   |
| 7,250 to 7,750          | 7,500          | 1,384                                | 865   | 715                         | 556        | 332        | 175        | 30    | 30         |   |
| 7,750 to 8,250          | 8,000          | 1,504                                | 940   | 790                         | 616        | 362        | 192        | 32    | 32         |   |
| 8,250 to 8,750          | 8,500          | 1,624                                | 1,015   | 865                         | 685        | 392        | 210        | 72    | 72         |   |
| 8,750 to 9,250          | 9,000          | 1,744                                | 1,090   | 940                         | 750        | 424        | 230        | 120   | 120        |   |
| 9,250 to 9,750          | 9,500          | 1,864                                | 1,165   | 1,015                       | 815        | 484        | 316        | 170   | 170        |   |
| 9,750 to 10,250         | 10,000         | 1,984                                | 1,240   | 1,090                       | 910        | 544        | 376        | 220   | 220        |   |
| 10,250 to 10,750        | 10,500         | 2,128                                | 1,315   | 1,165                       | 985        | 604        | 436        | 270   | 270        |   |
| 10,750 to 11,250        | 11,000         | 2,272                                | 1,420   | 1,240                       | 1,060      | 670        | 496        | 328   | 328        |   |
| 11,250 to 11,750        | 11,500         | 2,416                                | 1,510   | 1,330                       | 1,135      | 745        | 556        | 388   | 388        |   |
| 11,750 to 12,500        | 12,000         | 2,560                                | 1,600   | 1,420                       | 1,210      | 820        | 616        | 448   | 448        |   |
| 12,500 to 13,500        | 13,000         | 2,848                                | 1,780   | 1,600                       | 1,383      | 970        | 730        | 568   | 568        |   |
| 13,500 to 14,500        | 14,000         | 3,136                                | 1,960   | 1,780                       | 1,564      | 1,120      | 910        | 700   | 700        |   |
| 14,500 to 15,500        | 15,000         | 3,488                                | 2,180   | 1,960                       | 1,744      | 1,276      | 1,090      | 850   | 850        |   |
| 15,500 to 16,500        | 16,000         | 3,840                                | 2,400   | 2,180                       | 1,924      | 1,456      | 1,210      | 1,000 | 1,000      |   |
| 16,500 to 17,500        | 17,000         | 4,192                                | 2,620   | 2,400                       | 2,136      | 1,636      | 1,384      | 1,150 | 1,150      |   |
| 17,500 to 18,500        | 18,000         | 4,544                                | 2,840   | 2,620                       | 2,356      | 1,816      | 1,564      | 1,312 | 1,312      |   |
| 18,500 to 19,500        | 19,000         | 4,960                                | 3,100   | 2,840                       | 2,576      | 2,004      | 1,744      | 1,492 | 1,492      |   |
| 19,500 to 20,500        | 20,000         | 5,376                                | 3,360   | 3,100                       | 2,796      | 2,224      | 1,924      | 1,672 | 1,672      |   |
| 20,500 to 21,500        | 21,000         | 5,792                                | 3,620   | 3,360                       | 3,048      | 2,444      | 2,136      | 1,852 | 1,852      |   |
| 21,500 to 22,500        | 22,000         | 6,208                                | 3,880   | 3,620                       | 3,308      | 2,664      | 2,356      | 2,048 | 2,048      |   |
| 22,500 to 23,500        | 23,000         | 6,624                                | 4,180   | 3,880                       | 3,568      | 2,892      | 2,576      | 2,268 | 2,268      |   |
| 23,500 to 24,500        | 24,000         | 7,168                                | 4,480   | 4,180                       | 3,828      | 3,152      | 2,796      | 2,488 | 2,488      |   |
| 24,500 to 25,500        | 25,000         | 7,448                                | 4,780   | 4,480                       | 4,120      | 3,412      | 3,048      | 2,708 | 2,708      |   |
| 25,500 to 26,500        | 26,000         | 8,128                                | 5,080   | 4,780                       | 4,420      | 3,672      | 3,308      | 2,914 | 2,914      |   |
| 26,500 to 27,500        | 27,000         | 8,698                                | 5,430   | 5,080                       | 4,720      | 3,940      | 3,568      | 3,204 | 3,204      |   |
| 27,500 to 28,500        | 28,000         | 9,248                                | 5,780   | 5,430                       | 5,020      | 4,210      | 3,828      | 3,464 | 3,464      |   |
| 28,500 to 29,500        | 29,000         | 9,808                                | 6,130   | 5,780                       | 5,360      | 4,540      | 4,120      | 3,724 | 3,724      |   |
| 29,500 to 30,500        | 30,000         | 10,368                               | 6,480   | 6,130                       | 5,710      | 4,840      | 4,420      | 4,000 | 4,000      |   |
| 30,500 to 31,500        | 31,000         | 10,928                               | 6,830   | 6,480                       | 6,060      | 5,150      | 4,720      | 4,300 | 4,300      |   |
| 31,500 to 32,500        | 32,000         | 11,488                               | 7,180   | 6,830                       | 6,410      | 5,500      | 5,020      | 4,600 | 4,600      |   |
| 32,500 to 33,500        | 33,000         | 12,048                               | 7,530   | 7,180                       | 6,760      | 5,850      | 5,360      | 4,900 | 4,900      |   |
| 33,500 to 34,500        | 34,000         | 12,608                               | 7,880   | 7,530                       | 7,110      | 6,200      | 5,710      | 5,220 | 5,220      |   |
| 34,500 to 35,500        | 35,000         | 13,168                               | 8,230   | 7,880                       | 7,460      | 6,550      | 6,060      | 5,570 | 5,570      |   |
| 35,500 to 36,500        | 36,000         | 13,728                               | 8,580   | 8,230                       | 7,810      | 6,900      | 6,410      | 5,920 | 5,920      |   |
| 36,500 to 37,500        | 37,000         | 14,288                               | 8,930   | 8,580                       | 8,160      | 7,250      | 6,760      | 6,270 | 6,270      |   |
| 37,500 to 38,500        | 38,000         | 14,848                               | 9,280   | 8,930                       | 8,510      | 7,590      | 7,110      | 6,620 | 6,620      |   |
| 38,500 to 39,500        | 39,000         | 15,408                               | 9,630   | 9,280                       | 8,860      | 7,950      | 7,460      | 6,970 | 6,970      |   |
| 39,500 to 40,500        | 40,000         | 15,968                               | 9,980   | 9,630                       | 9,210      | 8,300      | 7,810      | 7,320 | 7,320      |   |
| 40,500 to 41,500        | 41,000         | 16,528                               | 10,330  | 9,980                       | 9,560      | 8,650      | 8,160      | 7,670 | 7,670      |   |
| 41,500 to 42,500        | 42,000         | 17,088                               | 10,680  | 10,330                      | 9,910      | 9,000      | 8,510      | 8,020 | 8,020      |   |

APPENDIX I. *Income-tax table—Continued*

[All amounts in reichsmarks]

| Income (art. 2, par. 2) |                | The income-tax amounts in case of—   |  |                             |            |            |            |            |            | For each additional child the following amounts are subtracted from the tax shown in column 9 |            |
|-------------------------|----------------|--------------------------------------|--|-----------------------------|------------|------------|------------|------------|------------|---|------------|
| Brackets                | Average amount | Persons who are considered as single | Persons who are not considered as single, if they— |                             |            |            |            | 4 children | 5 children |   |            |
|                         |                |                                      | Are allowed no deductions for children             | Are allowed deductions for— |            |            |            |            |            |   |            |
|                         |                |                                      |  | 1 child                     | 2 children | 3 children | 4 children |            |            |   | 5 children |
| 1                       | 2              | 3                                    | 4  | 5                           | 6          | 7          | 8          | 9          | 10         |   |            |
| More than—              |                |                                      |  |                             |            |            |            |            |            |   |            |
| 42,500 to 43,500        | 43,000         | 17, 648                              | 11, 030  | 10, 680                     | 10, 260    | 9, 350     | 8, 860     | 8, 370     | 490        |   |            |
| 43,500 to 44,500        | 44,000         | 18, 208                              | 11, 380  | 11, 030                     | 10, 610    | 9, 700     | 9, 210     | 8, 720     | 490        |   |            |
| 44,500 to 45,500        | 45,000         | 18, 768                              | 11, 730  | 11, 380                     | 10, 960    | 10, 050    | 9, 560     | 9, 070     | 490        |   |            |
| 45,500 to 46,500        | 46,000         | 19, 328                              | 12, 080  | 11, 730                     | 11, 310    | 10, 400    | 9, 910     | 9, 420     | 490        |   |            |
| 46,500 to 47,500        | 47,000         | 19, 888                              | 12, 430  | 12, 080                     | 11, 660    | 10, 750    | 10, 260    | 9, 770     | 490        |   |            |
| 47,500 to 48,500        | 48,000         | 20, 448                              | 12, 780  | 12, 430                     | 12, 010    | 11, 100    | 10, 610    | 10, 120    | 490        |   |            |
| 48,500 to 49,500        | 49,000         | 21, 008                              | 13, 130  | 12, 780                     | 12, 360    | 11, 450    | 10, 960    | 10, 470    | 490        |   |            |
| 49,500 to 50,500        | 50,000         | 21, 568                              | 13, 480  | 13, 130                     | 12, 710    | 11, 800    | 11, 310    | 10, 820    | 490        |   |            |
| 50,500 to 51,500        | 51,000         | 22, 208                              | 13, 880  | 13, 480                     | 13, 060    | 12, 150    | 11, 660    | 11, 170    | 490        |   |            |
| 51,500 to 52,500        | 52,000         | 22, 848                              | 14, 280  | 13, 880                     | 13, 410    | 12, 500    | 12, 010    | 11, 520    | 490        |   |            |
| 52,500 to 53,500        | 53,000         | 23, 488                              | 14, 680  | 14, 280                     | 13, 800    | 12, 850    | 12, 360    | 11, 870    | 490        |   |            |
| 53,500 to 54,500        | 54,000         | 24, 128                              | 15, 080  | 14, 680                     | 14, 200    | 13, 200    | 12, 710    | 12, 220    | 490        |   |            |
| 54,500 to 55,500        | 55,000         | 24, 768                              | 15, 480  | 15, 080                     | 14, 600    | 13, 550    | 13, 060    | 12, 570    | 490        |   |            |
| 55,500 to 56,500        | 56,000         | 25, 408                              | 15, 880  | 15, 480                     | 15, 000    | 13, 900    | 13, 410    | 12, 920    | 490        |   |            |
| 56,500 to 57,500        | 57,000         | 26, 048                              | 16, 280  | 15, 880                     | 15, 400    | 14, 300    | 13, 800    | 13, 270    | 490        |   |            |
| 57,500 to 58,500        | 58,000         | 26, 688                              | 16, 680  | 16, 280                     | 15, 800    | 14, 700    | 14, 200    | 13, 640    | 510        |   |            |
| 58,500 to 59,500        | 59,000         | 27, 328                              | 17, 080  | 16, 680                     | 16, 200    | 15, 100    | 14, 600    | 14, 010    | 560        |   |            |
| 59,500 to 60,500        | 60,000         | 27, 968                              | 17, 480  | 17, 080                     | 16, 600    | 15, 500    | 15, 000    | 14, 440    | 560        |   |            |
| 60,500 to 61,500        | 61,000         | 28, 608                              | 17, 880  | 17, 480                     | 17, 000    | 15, 900    | 15, 400    | 14, 840    | 560        |   |            |
| 61,500 to 62,500        | 62,000         | 29, 248                              | 18, 280  | 17, 880                     | 17, 400    | 16, 300    | 15, 800    | 15, 240    | 560        |   |            |
| 62,500 to 63,500        | 63,000         | 29, 888                              | 18, 680  | 18, 280                     | 17, 800    | 16, 700    | 16, 200    | 15, 640    | 560        |   |            |
| 63,500 to 64,500        | 64,000         | 30, 528                              | 19, 080  | 18, 680                     | 18, 200    | 17, 100    | 16, 600    | 16, 040    | 560        |   |            |
| 64,500 to 65,500        | 65,000         | 31, 168                              | 19, 480  | 19, 080                     | 18, 600    | 17, 500    | 17, 000    | 16, 440    | 560        |   |            |
| 65,500 to 66,500        | 66,000         | 31, 808                              | 19, 880  | 19, 480                     | 19, 000    | 17, 900    | 17, 400    | 16, 840    | 560        |   |            |
| 66,500 to 67,500        | 67,000         | 32, 448                              | 20, 280  | 19, 880                     | 19, 400    | 18, 300    | 17, 800    | 17, 240    | 560        |   |            |
| 67,500 to 68,500        | 68,000         | 33, 088                              | 20, 680  | 20, 280                     | 19, 800    | 18, 700    | 18, 200    | 17, 640    | 560        |   |            |
| 68,500 to 69,500        | 69,000         | 33, 728                              | 21, 080  | 20, 680                     | 20, 200    | 19, 100    | 18, 600    | 18, 040    | 560        |   |            |
| 69,500 to 70,500        | 70,000         | 34, 368                              | 21, 480  | 21, 080                     | 20, 600    | 19, 500    | 19, 000    | 18, 440    | 560        |   |            |
| 70,500 to 71,500        | 71,000         | 35, 008                              | 21, 880  | 21, 480                     | 21, 000    | 19, 900    | 19, 400    | 18, 840    | 560        |   |            |
| 71,500 to 72,500        | 72,000         | 35, 648                              | 22, 280  | 21, 880                     | 21, 400    | 20, 300    | 19, 800    | 19, 240    | 560        |   |            |
| 72,500 to 73,500        | 73,000         | 36, 288                              | 22, 680  | 22, 280                     | 21, 800    | 20, 700    | 20, 200    | 19, 640    | 560        |   |            |
| 73,500 to 74,500        | 74,000         | 36, 928                              | 23, 080  | 22, 680                     | 22, 200    | 21, 100    | 20, 600    | 20, 040    | 560        |   |            |
| 74,500 to 75,500        | 75,000         | 37, 568                              | 23, 480  | 23, 080                     | 22, 600    | 21, 500    | 21, 000    | 20, 440    | 560        |   |            |
| 75,500 to 76,500        | 76,000         | 38, 208                              | 23, 880  | 23, 480                     | 23, 000    | 21, 900    | 21, 400    | 20, 840    | 560        |   |            |
| 76,500 to 77,500        | 77,000         | 38, 848                              | 24, 280  | 23, 880                     | 23, 400    | 22, 300    | 21, 800    | 21, 240    | 560        |   |            |
| 77,500 to 78,500        | 78,000         | 39, 488                              | 24, 680  | 24, 280                     | 23, 800    | 22, 700    | 22, 200    | 21, 640    | 560        |   |            |
| 78,500 to 79,500        | 79,000         | 39, 500                              | 25, 080  | 24, 680                     | 24, 200    | 23, 100    | 22, 600    | 22, 040    | 560        |   |            |
| 79,500 to 80,500        | 80,000         | 40, 000                              | 25, 480  | 25, 080                     | 24, 600    | 23, 500    | 23, 000    | 22, 440    | 560        |   |            |
| 80,500 to 81,500        | 81,000         | 40, 500                              | 25, 880  | 25, 480                     | 25, 000    | 23, 900    | 23, 400    | 22, 840    | 560        |   |            |
| 81,500 to 82,500        | 82,000         | 41, 000                              | 26, 280  | 25, 880                     | 25, 400    | 24, 300    | 23, 800    | 23, 240    | 560        |   |            |
| 82,500 to 83,500        | 83,000         | 41, 500                              | 26, 680  | 26, 280                     | 25, 800    | 24, 700    | 24, 200    | 23, 640    | 560        |   |            |
| 83,500 to 84,500        | 84,000         | 42, 000                              | 27, 080  | 26, 680                     | 26, 200    | 25, 100    | 24, 600    | 24, 040    | 560        |   |            |
| 84,500 to 85,500        | 85,000         | 42, 500                              | 27, 480  | 27, 080                     | 26, 600    | 25, 500    | 25, 000    | 24, 440    | 560        |   |            |
| 85,500 to 86,500        | 86,000         | 43, 000                              | 27, 880  | 27, 480                     | 27, 000    | 25, 900    | 25, 400    | 24, 840    | 560        |   |            |
| 86,500 to 87,500        | 87,000         | 43, 500                              | 28, 280  | 27, 880                     | 27, 400    | 26, 300    | 25, 800    | 25, 240    | 560        |   |            |
| 87,500 to 88,500        | 88,000         | 44, 000                              | 28, 680  | 28, 280                     | 27, 800    | 26, 700    | 26, 200    | 25, 640    | 560        |   |            |
| 88,500 to 89,500        | 89,000         | 44, 500                              | 29, 080  | 28, 680                     | 28, 200    | 27, 100    | 26, 600    | 26, 040    | 560        |   |            |
| 89,500 to 90,500        | 90,000         | 45, 000                              | 29, 480  | 29, 080                     | 28, 600    | 27, 500    | 27, 000    | 26, 440    | 560        |   |            |
| 90,500 to 91,500        | 91,000         | 45, 500                              | 29, 880  | 29, 480                     | 29, 000    | 27, 900    | 27, 400    | 26, 840    | 560        |   |            |
| 91,500 to 92,500        | 92,000         | 46, 000                              | 30, 280  | 29, 880                     | 29, 400    | 28, 300    | 27, 800    | 27, 240    | 560        |   |            |
| 92,500 to 93,500        | 93,000         | 46, 500                              | 30, 680  | 30, 280                     | 29, 800    | 28, 700    | 28, 200    | 27, 640    | 560        |   |            |
| 93,500 to 94,500        | 94,000         | 47, 000                              | 31, 080  | 30, 680                     | 30, 200    | 29, 100    | 28, 600    | 28, 040    | 560        |   |            |
| 94,500 to 95,500        | 95,000         | 47, 500                              | 31, 480  | 31, 080                     | 30, 600    | 29, 500    | 29, 000    | 28, 440    | 560        |   |            |
| 95,500 to 96,500        | 96,000         | 48, 000                              | 31, 880  | 31, 480                     | 31, 000    | 29, 900    | 29, 400    | 28, 840    | 560        |   |            |
| 96,500 to 97,500        | 97,000         | 48, 500                              | 32, 280  | 31, 880                     | 31, 400    | 30, 300    | 29, 800    | 29, 240    | 560        |   |            |
| 97,500 to 98,500        | 98,000         | 49, 000                              | 32, 680  | 32, 280                     | 31, 800    | 30, 700    | 30, 200    | 29, 640    | 560        |   |            |
| 98,500 to 99,500        | 99,000         | 49, 500                              | 33, 080  | 32, 680                     | 32, 200    | 31, 100    | 30, 600    | 30, 040    | 560        |   |            |
| 99,500 to 100,500       | 100,000        | 50, 000                              | 33, 480  | 33, 080                     | 32, 600    | 31, 500    | 31, 000    | 30, 440    | 560        |   |            |
| 100,500 to 101,500      | 101,000        | 50, 500                              | 33, 880  | 33, 480                     | 33, 000    | 32, 200    | 31, 700    | 31, 140    | 560        |   |            |
| 101,500 to 102,500      | 102,000        | 51, 000                              | 34, 280  | 33, 880                     | 33, 400    | 32, 600    | 32, 100    | 31, 840    | 560        |   |            |
| 102,500 to 103,500      | 103,000        | 51, 500                              | 35, 580  | 35, 180                     | 34, 700    | 33, 600    | 33, 100    | 32, 540    | 560        |   |            |
| 103,500 to 104,500      | 104,000        | 52, 000                              | 36, 280  | 35, 880                     | 35, 400    | 34, 300    | 33, 800    | 33, 200    | 560        |   |            |
| 104,500 to 105,500      | 105,000        | 52, 500                              | 36, 980  | 36, 580                     | 36, 100    | 35, 000    | 34, 500    | 33, 940    | 560        |   |            |
| 105,500 to 106,500      | 106,000        | 53, 000                              | 37, 680  | 37, 280                     | 36, 800    | 35, 700    | 35, 200    | 34, 640    | 560        |   |            |

APPENDIX I. *Income-tax table*—Continued

[All amounts in reichsmarks]

| Income (art. 2, par. 2) |                | The income-tax amounts in case of—   |  |                             |            |            |            |        | For each additional child the following amounts are subtracted from the tax shown in column 9 |
|-------------------------|----------------|--------------------------------------|--|-----------------------------|------------|------------|------------|--------|---|
| Brackets                | Average amount | Persons who are considered as single | Persons who are not considered as single, if they— |                             |            |            |            | 10     |   |
|                         |                |                                      | Are allowed no deductions for children             | Are allowed deductions for— |            |            |            |        |   |
|                         |                |                                      |  | 1 child                     | 2 children | 3 children | 4 children |        |   |
| 1                       | 2              | 3                                    | 4  | 5                           | 6          | 7          | 8          | 9      | 10  |
| More than—              |                |                                      |  |                             |            |            |            |        |   |
| 106,500 to 107,500      | 107,000        | 53,500                               | 38,380   | 37,980                      | 37,500     | 36,460     | 35,900     | 35,340 | 560   |
| 107,500 to 108,500      | 108,000        | 51,900                               | 39,080   | 38,680                      | 38,200     | 37,160     | 36,600     | 36,040 | 560   |
| 108,500 to 109,500      | 109,000        | 51,500                               | 39,780   | 39,380                      | 38,900     | 37,860     | 37,300     | 36,740 | 560   |
| 109,500 to 110,500      | 110,000        | 55,000                               | 40,480   | 40,080                      | 39,600     | 38,560     | 38,000     | 37,440 | 560   |
| 110,500 to 111,500      | 111,000        | 55,500                               | 41,180   | 40,780                      | 40,300     | 39,260     | 38,700     | 38,140 | 560   |
| 111,500 to 112,500      | 112,000        | 56,600                               | 41,880   | 41,480                      | 41,000     | 39,960     | 39,400     | 38,840 | 560   |
| 112,500 to 113,500      | 113,000        | 56,500                               | 42,586   | 42,180                      | 41,700     | 40,660     | 40,100     | 39,540 | 560   |
| 113,500 to 114,500      | 114,000        | 57,000                               | 43,280   | 42,880                      | 42,400     | 41,360     | 40,800     | 40,240 | 560   |
| 114,500 to 115,500      | 115,000        | 57,500                               | 43,980   | 43,580                      | 43,100     | 42,060     | 41,500     | 40,940 | 560   |
| 115,500 to 116,500      | 116,000        | 58,000                               | 44,680   | 44,280                      | 43,800     | 42,760     | 42,200     | 41,640 | 560   |
| 116,500 to 117,500      | 117,000        | 58,500                               | 45,380   | 44,980                      | 44,500     | 43,460     | 42,900     | 42,340 | 560   |
| 117,500 to 118,500      | 118,000        | 59,000                               | 46,080   | 45,680                      | 45,200     | 44,160     | 43,600     | 43,040 | 560   |
| 118,500 to 119,500      | 119,000        | 59,500                               | 46,780   | 46,380                      | 45,900     | 44,860     | 44,300     | 43,740 | 560   |
| 119,500 to 120,500      | 120,000        | 60,000                               | 47,480   | 47,080                      | 46,600     | 45,560     | 45,000     | 44,440 | 560   |
| 120,500 to 121,500      | 121,000        | 60,500                               | 48,180   | 47,780                      | 47,300     | 46,260     | 45,700     | 45,140 | 560   |
| 121,500 to 122,500      | 122,000        | 61,000                               | 48,880   | 48,480                      | 48,000     | 46,960     | 46,400     | 45,840 | 560   |
| 122,500 to 123,500      | 123,000        | 61,500                               | 49,200   | 49,180                      | 48,700     | 47,660     | 47,100     | 46,540 | 560   |
| 123,500 to 124,500      | 124,000        | 62,000                               | 49,600   | 49,600                      | 49,400     | 48,360     | 47,800     | 47,240 | 560   |
| 124,500 to 125,500      | 125,000        | 62,500                               | 50,000   | 50,000                      | 50,000     | 49,060     | 48,500     | 47,940 | 560   |
| 125,500 to 126,500      | 126,000        | 63,000                               | 50,400   | 50,400                      | 50,400     | 49,760     | 49,200     | 48,640 | 560   |
| 126,500 to 127,500      | 127,000        | 63,500                               | 50,800   | 50,800                      | 50,800     | 50,160     | 49,600     | 49,040 | 560   |
| 127,500 to 128,500      | 128,000        | 64,000                               | 51,200   | 51,200                      | 51,200     | 51,160     | 50,600     | 50,040 | 560   |
| 128,500 to 129,500      | 129,000        | 61,500                               | 51,600   | 51,600                      | 51,600     | 51,600     | 51,300     | 50,740 | 560   |
| 129,500 to 130,500      | 130,000        | 65,000                               | 52,000   | 52,000                      | 52,000     | 52,000     | 52,000     | 51,440 | 560   |
| 130,500 to 131,500      | 131,000        | 65,500                               | 52,400   | 52,400                      | 52,400     | 52,400     | 52,400     | 52,140 | 560   |
| 131,500 to 132,500      | 132,000        | 66,000                               | 52,800   | 52,800                      | 52,800     | 52,800     | 52,800     | 52,800 | 560   |
| 132,500 to 133,500      | 133,000        | 66,500                               | 53,200   | 53,200                      | 53,200     | 53,200     | 53,200     | 53,200 | 560   |
| 133,500 to 134,500      | 134,000        | 67,000                               | 53,600   | 53,600                      | 53,600     | 53,600     | 53,600     | 53,600 | 560   |
| 134,500 to 135,500      | 135,000        | 67,500                               | 54,000   | 54,000                      | 54,000     | 54,000     | 54,000     | 54,000 | 560   |

For higher incomes the average amount (in thousands of reichsmarks) is to be computed as in the corresponding columns 1 and 2.

Examples:

- Income RM. 135,700      Average amount RM. 136,000.
- Income RM. 136,300      Average amount RM. 136,000.
- Income RM. 136,500      Average amount RM. 136,000.
- Income RM. 136,550      Average amount RM. 137,000.

For taxpayers considered as single the income tax rate is 50 percent; for all other taxpayers the rate is 40 percent of the average amount.



|    |                |        |        |       |       |      |
|----|----------------|--------|--------|-------|-------|------|
| 30 | 455 to 468     | 70.98  | 29.90  | 14.80 | 7.28  | 1.56 |
| 31 | 468 to 481     | 73.38  | 31.98  | 15.08 | 7.54  | 1.56 |
| 32 | 481 to 494     | 76.18  | 33.80  | 15.86 | 8.06  | 1.56 |
| 33 | 494 to 507     | 78.52  | 35.88  | 16.64 | 8.84  | 1.56 |
| 34 | 507 to 520     | 81.12  | 37.96  | 17.42 | 9.10  | 1.56 |
| 35 | 520 to 533     | 83.46  | 39.78  | 18.20 | 9.62  | 1.56 |
| 36 | 533 to 546     | 86.06  | 41.86  | 19.24 | 10.14 | 1.82 |
| 37 | 546 to 559     | 88.18  | 43.84  | 20.28 | 10.92 | 1.82 |
| 38 | 559 to 572     | 92.30  | 46.02  | 21.06 | 11.18 | 1.82 |
| 39 | 572 to 585     | 95.42  | 47.84  | 21.84 | 11.70 | 1.82 |
| 40 | 585 to 598     | 98.54  | 49.92  | 23.14 | 12.22 | 2.34 |
| 41 | 598 to 611     | 101.66 | 51.48  | 23.92 | 12.74 | 2.34 |
| 42 | 611 to 624     | 104.78 | 53.04  | 24.44 | 13.52 | 2.34 |
| 43 | 624 to 637     | 107.90 | 54.60  | 25.48 | 14.04 | 2.34 |
| 44 | 637 to 650     | 111.02 | 56.08  | 26.26 | 14.56 | 2.60 |
| 45 | 650 to 663     | 114.14 | 57.56  | 26.78 | 15.08 | 2.60 |
| 46 | 663 to 676     | 117.26 | 58.58  | 27.32 | 15.60 | 2.60 |
| 47 | 676 to 689     | 120.38 | 62.40  | 28.08 | 15.60 | 2.60 |
| 48 | 689 to 702     | 123.50 | 64.30  | 28.86 | 16.12 | 3.12 |
| 49 | 702 to 715     | 126.62 | 66.30  | 29.64 | 16.64 | 3.12 |
| 50 | 715 to 728     | 129.74 | 68.12  | 30.42 | 17.16 | 3.12 |
| 51 | 728 to 741     | 132.86 | 70.30  | 31.20 | 17.42 | 3.20 |
| 52 | 741 to 754     | 135.98 | 72.28  | 31.72 | 17.94 | 3.20 |
| 53 | 754 to 767     | 139.10 | 74.10  | 32.80 | 18.24 | 3.20 |
| 54 | 767 to 780     | 142.22 | 76.18  | 33.80 | 20.54 | 3.20 |
| 55 | 780 to 793     | 145.34 | 78.18  | 35.36 | 21.84 | 3.20 |
| 56 | 793 to 806     | 148.46 | 80.08  | 36.92 | 23.14 | 3.20 |
| 57 | 806 to 819     | 151.58 | 81.90  | 38.48 | 24.44 | 3.20 |
| 58 | 819 to 832     | 154.70 | 83.98  | 40.04 | 26.16 | 3.20 |
| 59 | 832 to 845     | 157.82 | 85.80  | 41.60 | 27.36 | 3.20 |
| 60 | 845 to 858     | 160.94 | 87.88  | 43.16 | 28.56 | 3.20 |
| 61 | 858 to 871     | 164.06 | 89.70  | 44.72 | 30.08 | 3.20 |
| 62 | 871 to 884     | 167.18 | 91.78  | 46.28 | 32.24 | 3.20 |
| 63 | 884 to 897     | 170.30 | 93.60  | 47.84 | 33.80 | 3.20 |
| 64 | 897 to 910     | 173.42 | 95.68  | 49.40 | 35.36 | 3.20 |
| 65 | 910 to 923     | 176.54 | 97.50  | 50.96 | 36.92 | 3.20 |
| 66 | 923 to 936     | 179.66 | 99.50  | 52.52 | 38.48 | 3.20 |
| 67 | 936 to 949     | 182.78 | 101.40 | 54.08 | 40.04 | 3.20 |
| 68 | 949 to 962     | 185.90 | 103.48 | 55.58 | 41.60 | 3.20 |
| 69 | 962 to 975     | 189.02 | 105.30 | 57.08 | 43.16 | 3.20 |
| 70 | 975 to 988     | 192.14 | 107.58 | 58.64 | 44.72 | 3.20 |
| 71 | 1,001 to 1,014 | 195.26 | 109.20 | 61.88 | 46.56 | 3.20 |
| 72 | 1,014 to 1,027 | 198.38 | 111.28 | 63.96 | 47.84 | 3.20 |
| 73 | 1,027 to 1,040 | 201.50 | 113.10 | 65.78 | 49.40 | 3.20 |
| 74 | 1,040 to 1,053 | 204.62 | 115.18 | 67.56 | 50.96 | 3.20 |
| 75 | 1,053 to 1,066 | 207.74 | 117.04 | 70.08 | 52.52 | 3.20 |
| 76 | 1,066 to 1,079 | 211.86 | 118.04 | 73.48 | 54.08 | 3.20 |
| 77 | 1,079 to 1,118 | 222.04 | 125.84 | 78.78 | 58.56 | 3.20 |

<sup>1</sup> In case of single (male) employees with no children to art. 30, par. 2, subsec. 1, sentence 2, of the law are to be considered as single, the wage tax in column 5 is to be applied, if the employee is not entitled to deductions for children. If the employee is entitled to deductions for children, then the wage tax in column 6 is to be applied, if the employee is

APPENDIX II. Wage tax table (on monthly wage payments), as amended by the Act of February 1, 1938—Continued

[All amounts in reichsmarks and reichspfennige]

| No. | Brackets            | The wage tax amounts in case of—                      |                                   |         |            |            |            |            |            |            |            |            |             |
|-----|---------------------|---|-----------------------------------|---------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
|     |                     | Employees to whom deductions for children are allowed |                                   |         |            |            |            |            |            |            |            |            |             |
|     |                     | Single employee                                       | Married employee with no children | 1 child | 2 children | 3 children | 4 children | 5 children | 6 children | 7 children | 8 children | 9 children | 10 children |
|     | Monthly wage        | 3   | 4                                 | 5       | 6          | 7          | 8          | 9          | 10         | 11         | 12         | 13         | 14          |
|     | More than—Continued |   |                                   |         |            |            |            |            |            |            |            |            |             |
| 78  | 1,118 to 1,144      | 228, 28   | 142, 48                           | 130, —  | 114, 92    | 82, 68     | 65, —      | 48, 62     | 34, 84     | 21, 32     | 9, 62      | —          | —           |
| 79  | 1,144 to 1,170      | 234, 32   | 146, 64                           | 133, 64 | 118, 82    | 86, 58     | 68, 90     | 51, 74     | 37, 96     | 23, 92     | 12, 22     | —          | —           |
| 80  | 1,170 to 1,196      | 240, 76   | 150, 28                           | 137, 80 | 122, 72    | 90, 48     | 72, 80     | 56, 58     | 41, 08     | 27, 04     | 14, 22     | —          | —           |
| 81  | 1,196 to 1,222      | 247, —  | 154, 18                           | 141, 44 | 126, 62    | 94, 38     | 76, 70     | 59, 28     | 43, 20     | 30, 16     | 17, 42     | —          | —           |
| 82  | 1,222 to 1,248      | 253, 24   | 158, 08                           | 145, 60 | 130, 52    | 98, 28     | 80, 60     | 63, 18     | 47, 32     | 33, 28     | 20, 02     | —          | —           |
| 83  | 1,248 to 1,274      | 259, 48   | 162, 24                           | 149, 24 | 134, 42    | 102, 18    | 84, 50     | 67, 08     | 50, 44     | 36, 40     | 22, 62     | —          | —           |
| 84  | 1,274 to 1,300      | 265, 72   | 165, 88                           | 153, 40 | 138, 32    | 105, 08    | 88, 40     | 70, 98     | 53, 56     | 39, 52     | 25, 48     | —          | —           |
| 85  | 1,300 to 1,326      | 271, 96   | 170, 04                           | 157, 04 | 142, 22    | 109, 98    | 92, 30     | 74, 88     | 57, 46     | 42, 04     | 28, 60     | —          | —           |
| 86  | 1,326 to 1,352      | 278, 20   | 173, 68                           | 161, 20 | 146, 12    | 113, 88    | 96, 20     | 78, 78     | 61, 36     | 45, 76     | 31, 72     | —          | —           |
| 87  | 1,352 to 1,378      | 284, 44   | 177, 84                           | 164, 84 | 150, 02    | 117, 78    | 100, 10    | 82, 68     | 65, 26     | 48, 88     | 34, 84     | —          | —           |
| 88  | 1,378 to 1,404      | 290, 68   | 181, 48                           | 169, —  | 153, 92    | 121, 68    | 104, —     | 86, 58     | 69, 16     | 52, —      | 37, 96     | —          | —           |
| 89  | 1,404 to 1,430      | 296, 92   | 185, 61                           | 172, 64 | 157, 82    | 125, 68    | 107, 90    | 90, 48     | 73, 06     | 55, 38     | 41, 08     | —          | —           |
| 90  | 1,430 to 1,456      | 303, 16   | 189, 28                           | 176, 80 | 161, 72    | 129, 48    | 111, 80    | 94, 38     | 76, 96     | 59, 28     | 44, 20     | —          | —           |
| 91  | 1,456 to 1,482      | 309, 40   | 193, 44                           | 180, 44 | 165, 62    | 133, 28    | 115, 70    | 98, 28     | 80, 86     | 63, 18     | 47, 32     | —          | —           |
| 92  | 1,482 to 1,508      | 315, 64   | 197, 08                           | 184, 60 | 169, 52    | 137, 28    | 119, 60    | 102, 18    | 84, 76     | 67, 08     | 50, 44     | —          | —           |
| 93  | 1,508 to 1,534      | 321, 88   | 201, 24                           | 188, 24 | 173, 42    | 141, 18    | 123, 50    | 105, 08    | 88, 66     | 70, 98     | 53, 56     | —          | —           |
| 94  | 1,534 to 1,560      | 328, 12   | 204, 88                           | 192, 40 | 177, 32    | 145, 08    | 127, 40    | 109, 98    | 92, 56     | 74, 88     | 57, 46     | —          | —           |
| 95  | 1,560 to 1,586      | 334, 36   | 209, 04                           | 196, 04 | 181, 22    | 148, 98    | 131, 30    | 113, 88    | 96, 46     | 78, 78     | 61, 36     | —          | —           |
| 96  | 1,586 to 1,612      | 340, 60   | 212, 68                           | 200, 20 | 185, 12    | 152, 88    | 135, 20    | 117, 78    | 100, 36    | 82, 68     | 65, 26     | —          | —           |
| 97  | 1,612 to 1,638      | 346, 84   | 216, 84                           | 203, 84 | 189, 02    | 156, 78    | 139, 10    | 121, 68    | 104, 26    | 86, 58     | 69, 16     | —          | —           |
| 98  | 1,638 to 1,664      | 353, 08   | 220, 48                           | 208, —  | 192, 92    | 160, 68    | 143, —     | 123, 68    | 108, 10    | 90, 48     | 73, 06     | —          | —           |
| 99  | 1,664 to 1,690      | 359, 32   | 224, 64                           | 211, 64 | 196, 82    | 164, 38    | 146, 90    | 126, 48    | 112, 00    | 94, 38     | 76, 96     | —          | —           |
| 100 | 1,690 to 1,716      | 365, 56   | 228, 28                           | 215, 80 | 200, 72    | 168, 48    | 150, 80    | 133, 38    | 115, 96    | 98, 28     | 80, 86     | —          | —           |
| 101 | 1,716 to 1,742      | 371, 80   | 232, 44                           | 219, 44 | 204, 62    | 172, 38    | 154, 70    | 137, 28    | 119, 86    | 102, 18    | 84, 76     | —          | —           |
| 102 | 1,742 to 1,768      | 378, 04   | 236, 08                           | 223, 60 | 208, 52    | 176, 28    | 158, 60    | 141, 18    | 123, 76    | 106, 08    | 88, 66     | —          | —           |
| 103 | 1,768 to 1,794      | 384, 28   | 240, 24                           | 227, 24 | 212, 42    | 180, 18    | 162, 40    | 145, 08    | 127, 66    | 109, 98    | 92, 56     | —          | —           |
| 104 | 1,794 to 1,820      | 390, 52   | 243, 88                           | 231, 40 | 216, 32    | 181, 08    | 166, 40    | 148, 98    | 131, 56    | 113, 88    | 96, 46     | —          | —           |
| 105 | 1,820 to 1,846      | 396, 76   | 248, 04                           | 235, 04 | 220, 22    | 183, 98    | 170, 30    | 152, 88    | 135, 46    | 117, 78    | 100, 36    | —          | —           |
| 106 | 1,846 to 1,872      | 403, —  | 251, 68                           | 239, 20 | 224, 12    | 191, 88    | 174, 20    | 156, 78    | 139, 36    | 121, 08    | 104, 26    | —          | —           |
| 107 | 1,872 to 1,898      | 409, 24   | 255, 84                           | 242, 84 | 228, 02    | 195, 78    | 178, 10    | 160, 68    | 143, 26    | 125, 68    | 108, 16    | —          | —           |
| 108 | 1,898 to 1,924      | 415, 48   | 261, 48                           | 247, —  | 231, 92    | 199, 68    | 182, —     | 164, 58    | 147, 16    | 129, 48    | 112, 06    | —          | —           |



|     |                |         |         |         |         |         |         |         |         |         |         |         |         |
|-----|----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 109 | 1,924 to 1,950 | 421, 72 | 263, 64 | 250, 64 | 235, 82 | 203, 58 | 185, 90 | 168, 48 | 151, 06 | 133, 38 | 115, 96 | 98, 54  | 80, 86  |
| 110 | 1,950 to 1,976 | 427, 96 | 267, 28 | 258, 80 | 239, 72 | 207, 48 | 189, 80 | 172, 38 | 154, 96 | 137, 28 | 119, 86 | 102, 44 | 84, 76  |
| 111 | 1,976 to 2,002 | 434, 20 | 271, 44 | 258, 44 | 243, 62 | 211, 38 | 193, 70 | 176, 28 | 158, 86 | 141, 18 | 123, 76 | 106, 34 | 88, 66  |
| 112 | 2,002 to 2,028 | 440, 44 | 275, 08 | 262, 60 | 247, 52 | 215, 28 | 197, 60 | 180, 18 | 162, 76 | 145, 08 | 127, 66 | 110, 24 | 92, 56  |
| 113 | 2,028 to 2,054 | 449, 80 | 281, 06 | 268, 32 | 253, 50 | 221, —  | 203, 58 | 185, 90 | 168, 48 | 151, 06 | 133, 38 | 115, 96 | 98, 54  |
| 114 | 2,054 to 2,080 | 462, 28 | 288, 60 | 276, 12 | 261, 30 | 228, 80 | 211, 38 | 193, 70 | 176, 28 | 158, 86 | 141, 18 | 123, 76 | 106, 34 |
| 115 | 2,132 to 2,184 | 471, 76 | 296, 66 | 283, 92 | 269, 10 | 236, 00 | 219, 18 | 201, 50 | 184, 08 | 166, 06 | 148, 98 | 131, 56 | 114, 14 |
| 116 | 2,184 to 2,236 | 487, 24 | 304, 46 | 291, 72 | 276, 90 | 244, 40 | 226, 98 | 209, 30 | 191, 88 | 174, 46 | 156, 78 | 139, 36 | 121, 94 |
| 117 | 2,236 to 2,288 | 499, 72 | 312, 26 | 299, 52 | 282, 50 | 252, 20 | 234, 78 | 224, 90 | 207, 48 | 182, 26 | 164, 58 | 147, 16 | 129, 74 |
| 118 | 2,288 to 2,340 | 512, 20 | 320, 06 | 307, 82 | 292, 50 | 260, —  | 242, 58 | 224, 90 | 207, 48 | 190, 06 | 172, 38 | 154, 96 | 137, 54 |
| 119 | 2,340 to 2,392 | 524, 68 | 327, 86 | 315, 12 | 300, 30 | 267, 80 | 250, 38 | 232, 70 | 215, 28 | 197, 86 | 180, 18 | 162, 76 | 145, 34 |
| 120 | 2,392 to 2,444 | 537, 16 | 335, 66 | 322, 92 | 308, 10 | 275, 60 | 258, 18 | 240, 50 | 223, 08 | 205, 66 | 187, 98 | 170, 56 | 153, 14 |
| 121 | 2,444 to 2,496 | 549, 64 | 343, 46 | 329, 32 | 315, 90 | 283, 40 | 265, 98 | 248, 30 | 230, 88 | 213, 46 | 195, 78 | 178, 36 | 160, 94 |
| 122 | 2,496 to 2,548 | 562, 12 | 351, 26 | 338, 52 | 323, 70 | 291, 20 | 273, 78 | 256, 10 | 238, 68 | 221, 26 | 203, 58 | 186, 16 | 168, 74 |
| 123 | 2,548 to 2,600 | 574, 00 | 359, 06 | 346, 32 | 331, 50 | 299, —  | 281, 58 | 263, 90 | 246, 48 | 229, 06 | 211, 38 | 193, 96 | 176, 54 |
| 124 | 2,600 to 2,652 | 587, 08 | 366, 86 | 354, 12 | 339, 30 | 306, 80 | 290, 38 | 271, 70 | 254, 28 | 236, 86 | 219, 18 | 201, 76 | 184, 34 |
| 125 | 2,652 to 2,704 | 599, 36 | 374, 06 | 361, 32 | 347, 10 | 314, 00 | 297, 18 | 279, 50 | 262, 08 | 244, 66 | 226, 98 | 209, 56 | 192, 14 |
| 126 | 2,704 to 2,756 | 612, 04 | 382, 46 | 369, 72 | 354, 90 | 322, 40 | 304, 98 | 287, 30 | 269, 88 | 252, 46 | 234, 78 | 217, 36 | 199, 94 |
| 127 | 2,756 to 2,808 | 624, 52 | 390, 26 | 377, 52 | 362, 70 | 330, 20 | 312, 78 | 295, 10 | 277, 68 | 260, 26 | 242, 58 | 223, 06 | 207, 74 |
| 128 | 2,808 to 2,860 | 637, —  | 398, 06 | 385, 32 | 370, 50 | 338, —  | 320, 58 | 302, 90 | 285, 48 | 268, 06 | 250, 38 | 232, 06 | 215, 54 |
| 129 | 2,860 to 2,912 | 649, 48 | 406, 86 | 393, 12 | 378, 30 | 345, 80 | 328, 38 | 310, 70 | 293, 28 | 275, 80 | 258, 18 | 240, 70 | 223, 34 |
| 130 | 2,912 to 2,964 | 661, 96 | 413, 66 | 400, 92 | 386, 10 | 353, 60 | 336, 18 | 318, 50 | 301, 08 | 283, 66 | 265, 98 | 248, 36 | 231, 14 |
| 131 | 2,964 to 3,016 | 674, 44 | 421, 46 | 408, 72 | 393, 90 | 361, 40 | 343, 98 | 326, 30 | 308, 88 | 291, 46 | 273, 78 | 256, 36 | 239, 94 |
| 132 | 3,016 to 3,068 | 686, 92 | 429, 26 | 416, 52 | 401, 70 | 369, 20 | 351, 78 | 334, 10 | 316, 68 | 299, 26 | 281, 58 | 264, 16 | 246, 74 |

In the case of higher monthly wages the tax is measured as follows—

|        | Of the monthly wage reduced by— |        |        |        |         |         |         |         |         |         |         |      |      |
|--------|---------------------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|------|------|
|        | 2 24                            | 2 15   | 2 15   | 2 15   | 2 15    | 2 15    | 2 15    | 2 15    | 2 15    | 2 15    | 2 15    | 2 15 | 2 15 |
| 43, 16 | 27, 04                          | 39, 78 | 54, 60 | 87, 10 | 104, 52 | 122, 20 | 139, 62 | 157, 04 | 174, 72 | 192, 14 | 209, 56 |      |      |

1 Percent.

In the case of an employee with more than 10 children, no wage tax is levied.

## 3. CORPORATION TAX LAW .

The Federal Government has enacted the following law which is hereby promulgated.

## SECTION I. LIABILITY TO TAXATION

ARTICLE 1. *Unlimited liability to taxation.*—(1) The following corporations, associations of persons, and incorporated estates (Vermögensmassen), which have their management or their seat in Germany, are unlimitedly liable to the corporation tax:

1. Capital enterprises (stock companies, special limited liability stock companies, limited liability companies, colonial companies, mining enterprises);

2. Profit societies and cooperative associations;

3. Mutual insurance associations;

4. Other juridical persons in civil law;

5. Societies not registered as juridical persons, institutions, endowments, and other property deeded for a particular purpose;

6. Commercial enterprises belonging to corporations in public law.

(2) The unlimited liability to the corporation tax extends to all income.

ART. 2. *Limited liability to the tax.*—The following are limitedly liable to the corporation tax:

1. Corporations, associations of persons, and incorporated estates (Vermögensmassen) which have neither their management nor their seat in Germany, on their income in Germany;

2. Corporations, associations of persons, and incorporated estates, which are not unlimitedly liable to taxation, on their income in Germany from which a tax deduction (at the source) is made.

ART. 3. *Delimitation of the personal liability to taxation.*—Societies not registered as juridical persons, institutions, endowments, and other property deeded for a particular purpose are liable to the corporation tax when their income is not directly subject to taxation through an other entity (or person) liable to taxation under either this law or the Income Tax Law.

ART. 4. *Personal exemptions.*—(1) The following are exempted from the corporation tax:

1. The Federal Postal System, the German Federal Railroad Company, the "Federal Super-Highways," the Federal Monopolies, and the State lotteries;

2. The Reichsbank, the German Rentenbank, the German Rentenbank-Kreditanstalt;

3. State banks, insofar as they perform functions in the nature of state political economy;

4. Public savings banks or savings banks under state supervision, insofar as they serve regular savings purposes;

5. Forestry associations, certain kinds of agricultural associations connected with forestry, and similar communities holding rights on common land. If they maintain an enterprise which exceeds the scope of a subsidiary enterprise, or if they have leased such an enterprise, they are to that extent liable to taxation;

6. Corporations, associations of persons, and incorporated estates (Vermögensmassen) which under their statutes or bylaws, endowment or other (form of) constitution (or articles of incorporation)

and in their actual operation, serve religious, public utility or charitable purposes exclusively and directly. If they maintain an economic enterprise which exceeds the scope of the administration of an estate, they are to that extent liable to taxation;

7. Funds for the payment of pensions, allowances to widows and orphans, death and sickness benefits, and relief, having the character of juridical persons, and other relief funds for destitution or unemployment having the character of juridical persons, according to more detailed regulations issued by the Federal Minister of Finance.

(2) The exemptions under paragraph 1 are not applicable insofar as the domestic income is subject to tax deduction (art. 2, No. 2).

(3) The exemptions under paragraph 1, Nos. 3 to 7, are not applicable to persons limitedly liable to taxation (art. 2, No. 1).

## SECTION II. INCOME

### I. GENERAL

ART. 5. (1) The corporation tax shall be calculated upon the income that the entity liable to taxation has received during a calendar year.

(2) In the case of entities liable to taxation which are obliged to keep books according to the provisions of the Commercial Code and which do actually keep such books regularly, if the business year for which the books are regularly closed deviates from the calendar year, the profit from the enterprise shall be considered as having been made in the calendar year in which the business year ends. This holds accordingly for entities liable to taxation which are engaged in agricultural and forestry enterprises and which keep books.

ART. 6. What constitutes income and how the income is to be determined shall be governed by the provisions of the Income Tax Law and articles 7 to 16 of this (the present) law. Concealed distributions of profits are to be taken into consideration in this connection.

ART. 7. In the determination of the income it is immaterial whether the income is distributed or not. Distributions of any kind on profit sharing certificates which carry a right to participation in the profits or in the liquidation proceeds of the capital enterprises may not be used to diminish the income.

### 2. MATERIAL EXEMPTIONS

ART. 8. *In the case of associations of persons.*—In the case of associations of persons which are unlimitedly liable to taxation, the dues levied from the members by virtue of the constitution (or articles of incorporation) are immaterial to the determination of the income.

ART. 9. *In the case of holding companies.*—(1) If a capital enterprise unlimitedly liable to taxation actually participates in the capital stock of another capital enterprise unlimitedly liable to taxation through holding stocks, mining shares, or other shares amounting to at least one quarter thereof continuously from the beginning of the business year, the part of the profits of all kinds accruing to those shares is immaterial. If there is no stock capital, the assets that were determined in the last assessment for the property take its place.

(2) Insofar as the share of the profits is immaterial, the tax deduction from the capital yield shall not be made.

(3) These provisions shall hold accordingly when the Reich, the states, communities, and associations of communities or enterprises

of domestic corporations in public law participate in capital enterprises unlimitedly liable to taxation.

ART. 10.—*Capital administration societies (brokerage and capital investment companies).*—(1) The Federal Minister of Finance may issue special regulations for capital administration societies.

(2) Capital administration societies within the meaning of paragraph 1 are capital enterprises which handle exclusively the purchase, administration, and sale of stocks, mining shares, shares or profit participation certificates of other capital enterprises, or of bonds and debentures.

### 3. DEDUCTIBLE EXPENDITURES

ART. 11. In the calculation of the income the following amounts shall be deducted, if not already rendered deductible by the other provisions of the Income Tax Law:

1. For capital enterprises, the cost of issuing stocks and other shares in the enterprise insofar as they can not be covered by emission premiums;

2. For insurance companies, additions to technical insurance reserves, insofar as they are necessary for performance required by insurance contracts current on the date of the balance sheet;

3. For special limited liability stock companies, that part of the profit which is distributed to personally liable partners on their investments made other than in the capital stock, or as remuneration (bonus) for management services;

4. Increases of assets resulting from the partial or total remission of debts for the purpose of reorganization.

### 4. NON-DEDUCTIBLE EXPENDITURES

ART. 12. The following are not deductible:

1. Expenditures for the performance of duties of the entity liable to taxation prescribed by the endowment, bylaws, or other constitution (or articles of incorporation);

2. Income and property taxes;

3. Remuneration of any kind granted to members of the board of directors, administrative board, mining directorate, or other persons charged with control of the management;

4. Expenditures for public utility, charitable, religious, and similar purposes.

### 5. PARTIAL DEDUCTIONS

ART. 13. If the income is only partially liable to taxation, expenditures may be deducted only insofar as they stand in direct economic conjunction with income liable to taxation. If the income consists only of income from which a deduction is to be made (art. 2, No. 2) no deduction from expenditures is permissible.

### 6. DISSOLUTION AND LIQUIDATION

ART. 14. (1) If a capital enterprise which has decided upon its dissolution is liquidated, the profit made during the period of liquidation shall form the basis for the taxation. The tax period shall not exceed 3 years.

(2) For the determination of the profit within the sense of paragraph 1, the assets to be divided (final liquidation assets) shall be

entered against the assets at the close of the business year preceding the liquidation (original assets preceding liquidation).

(3) From the final liquidation assets there shall be deducted those tax-free increases in assets that have accrued to the entity liable to taxation during the liquidation period.

(4) The original assets preceding liquidation are the working assets that formed the basis for the assessment of the corporation tax at the close of the preceding business year. If a value for the working assets did not form the basis of the last assessment, there shall be used in lieu thereof the amount of the paid-in capital, or, if this does not exist, the amount of the investment or the purchase price or cost of manufacture within the meaning of the Income Tax Law. The original assets prior to liquidation shall be reduced by the amount of the profit from the previous business year that has been distributed during the period of liquidation.

(5) For the determination of the profit in other respects the otherwise applicable provisions shall be applied.

#### 7. FUSION, MERGERS, AND REORGANIZATIONS

ART. 15. (1) If the assets of a capital enterprise are transferred to another, with or without liquidation, article 14 shall be applied accordingly. For the determination of the profit, the value of the compensation granted for the transfer of the assets according to their status at the time of the transfer shall be used in lieu of the assets to be distributed in liquidation.

(2) The profit resulting from the transfer shall not be considered for taxation, insofar as the following provisions are fulfilled:

1. The assets of a domestic capital enterprise must be transferred as a whole to another domestic capital enterprise against the granting of corporative (participation) rights in the latter;

2. It must be made certain that this profit will later be subject to the corporation tax.

#### 8. TRANSFER OF MANAGEMENT ABROAD

ART. 16. (1) If a capital enterprise unlimitedly liable to taxation transfers its management and its seat or either one of them abroad from Germany and thereby becomes no longer unlimitedly liable to taxation, article 14 shall be applied accordingly. (In such a case) the common value of the existing assets replaces the distributable assets.

(2) Paragraph 1 shall be applied accordingly if the domestic place of business or manufacture of a capital enterprise limitedly liable to taxation is dissolved or is transferred abroad from Germany or its assets are transferred to another as a whole.

#### 9. MINIMUM TAXATION

ART. 17. (1) The following shall form the basis for taxation as minimum income:

1. Distributions (including concealed distributions of profit), insofar as they amount to more than 4 percent of the paid-in capital or, if the latter does not exist, of the assets determined by the last assessment for the property tax, regardless of the sources of the amounts distributed;

2. Remuneration of any kind granted to members of the board of directors, administrative board, mining, directorate, or other persons charged with control of the management;

3. Remuneration of any kind granted to members of the board of managing directors, or other executives for their activity, insofar as the remuneration is not commensurate with the services rendered.

(2) Minimum taxation shall be levied only if the total sum of the minimum income is higher than the income determined according to article 6.

#### SECTION III. TAX RATES

ART. 18. *Rounding off.*—In the calculation of the corporation tax the income shall be rounded off downward to the nearest (multiple of) 10 reichsmarks.

ART. 19. *Tax rates.*—(1) The corporation tax shall be 20 percent of the income.

(2) The corporation tax shall be 10 percent of the income of the following:

1. Credit institutions in public law, for income from long-term community credit, real property credit, and agricultural improvement credit business;

2. Mortgage banks (handling mortgages only), mixed mortgage banks for the income from transactions named in article 5 of the Mortgage Bank Law, bottomry bond banks.

(3) The corporation tax on incomes subject to the tax deduction (at the source) shall be considered as having been paid, if the drawer of the income is only limitedly liable to the corporation tax and the income is not derived from a domestic business, agricultural, or forestry enterprise.

#### SECTION IV. ASSESSMENT AND PAYMENT OF THE TAX

ART. 20. *General.*—For the assessment for the corporation tax and for the payment of the corporation tax the provisions that hold for the income tax shall be applied appropriately.

ART. 21. *Lump-sum taxation.*—The Revenue Office can fix the corporation tax in a lump sum if the income liable to taxation is apparently of minor importance and the precise determination of this income would involve a disproportionately large amount of administrative work.

#### SECTION V. TRANSITIONAL AND FINAL PROVISIONS

ART. 22. *Extension of the category of entities liable to taxation.*—The Federal Minister of Finance is empowered to declare unlimitedly liable to taxation other associations of persons than those named in article 1 and to regulate taxation of them.

ART. 23. *Cooperative associations.*—The Federal Minister of Finance is empowered to prescribe an exemption from the corporation tax or application of a reduced tax rate for certain groups of cooperative associations for business or profit and to regulate particularly the determination of their income.

ART. 24. *Entry into force.*—(1) The law is to be applicable for the first time to assessments for the calendar year 1934.

(2) The Federal Minister of Finance is empowered to bring individual provisions of the law into force only for later assessments, and to permit continued application of the provisions of the Corporation Tax Law of August 10, 1934 (RCB1.1, p. 208) for the transitional period.

ART. 25. (1) In the case of entities liable to taxation for which the corporation tax was calculated upon a period deviating from the calendar year 1933, the corporation tax debt for the calendar year 1934 shall be increased by one twelfth for each month that elapsed between the end of the tax period 1932-33, and December 31, 1933. \*

(2) The following shall be credited against the tax debt increased under paragraph 1:

1. The prepayments made for the period from the end of the tax period 1932-33 to the end of the calendar year 1934;

2. The amounts withheld through tax deduction (at the source) insofar as they derived from income drawn during the period from the end of the tax period 1932-33 to the end of the calendar year 1934.

ADOLF HITLER,

*The Leader and Chancellor.*

COUNT SCHWERIN VON KROSIGK,

*The Federal Minister of Finance.*

BERLIN, October 16, 1934.

#### 4. ACT OF AUGUST 27, 1936, AMENDING THE CORPORATION TAX LAW

(Translation from original printed in Reichsgesetzblatt, 1936, pt. I, p. 701.)

The Government of the Reich has adopted the following law which is hereby promulgated:

ARTICLE 1. *Change of the tax rate.*—Article 19 of the Corporation Tax Law of October 16, 1934 (Reichsgesetzblatt, pt. I, p. 1031) is amended as follows:

1. In paragraph 1, the words "20 percent" are replaced by the words "30 percent."

2. In paragraph 2, the words "10 percent" are replaced by the words "15 percent."

ART. 2. *Application of the tax rate.*—Article 19 of the Corporation Tax Law as amended by Article 1 of the present law is also applicable to those corporations, associations of persons, and assets, for which application of the provisions of the Corporation Tax Law of August 10, 1925, (Reichsgesetzblatt, pt. I, p. 208) was permitted.

ART. 3. *Special provision for 1936.*—In deviation from article 1, the Corporation Tax for the calendar year 1936 will be assessed at the following rates:

1. Under article 19, paragraph 1, of the Corporation Tax Law, 25 percent.

2. Under article 19, paragraph 2, of the Corporation Tax Law, 12.5 percent.

ART. 4. *Advance payments.*—Advance payments falling due between September 19, 1936, and issuance of the notice of assessment for 1936 are to be increased by one-half.

ART. 5. *Entry into force.*—This act will first become applicable to assessments for the calendar year 1936.

ADOLF HITLER,

*The Leader and Reich Chancellor.*

COUNT SCHWERIN VON KROSIGK,

*The Reich Minister of Finance.*

BERCHTESGADEN, August 27, 1936.