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Summary of the substantial changes of the German Real Estate Transfer Tax Act

Summary of the substantial changes of the German Real Estate Transfer Tax Act as set forth in article 19 of the draft of 8th of May 2019 by the German Federal Ministry of Finance for the Annual Tax Act 2019

1. Amendments to section 1 para 2a of the German Real Estate Transfer Tax Act

Section 1 para 2a of the German Real Estate Transfer Tax Act Draft (referred to hereinafter as "GrEStG-D") includes now direct and indirect changes of partners in a partnership, owning domestic real estate, in the amount of 90% (before 95%) within a period of 10 years (before 5 years). This section simulates the transfer of the domestic real estate from the partnership in its old partner structure to the partnership in its new partner structure. In the course of the amendment, the structure of this section has not changed substantially. According to the legislative justification, the reduction of the participation quota from 95% to 90% as well as the extension of the time limit from 5 to 10 years shall narrow the structuring possibilities and therewith restrict abusive avoidance of taxation.

The transitional provisions to this section are complex.

Pursuant to section **23 para 17 GrEStG-D** the new section 1 para 2a GrEStG-D shall firstly be applicable to acquisitions, which will be realised after 31st of December 2019 through changes of partners in a partnership. All acquisitions realised before 1st of January 2020 shall not be covered. A change of partners is triggering the preconditions of this section when the transaction in rem has taken place.

Pursuant to section **23 para 18 GrEStG-D** section 1 para 2a GrEStG-D shall not count in such changes of partners from 1st of January 2020 onwards, which shall not qualify as "new partners" at the end of 31st of December 2019 pursuant to 1 para 2a GrEStG, currently in force. Therefore, such changes of partners shall not count, which took place more than 5 years ago, and where according to the old provision due to the expiration of 5 years the respective partner can qualify as an "old partner". An "old partner" does not turn into a "new partner" in course of the extension of the time limit.

Example 1	A becomes a "new partner" in a partnership in 2014 with a participation quota of 5%. After 1st of January 2020 he increases his participation quota to 89.9% (or 90%) by way of top-up purchase.
Solution	A will qualify as an "old partner" on the 1st of January 2020 when the new provision comes into force. The 5 years' time limit has already expired. The new acquisition does not turn A into a "new partner" and therefore does not underlie the new provision. The increase of a participation quota of an "old partner" after 31st of December 2019 is not subject to the new section 1 para 2a GrEStG-D, even though the participation quota reaches an amount of over 90%. Nevertheless, section 1 para 3 GrEStG-D or section 1 para 3a GrEStG-D may cause a taxation since the 5 years' period does apply to these sections and the 90% quota, which is also set forth in these sections, is reached or exceeded.

It becomes complicated with changes on an indirect level. The law differentiates between partnerships and corporations participating indirectly in a partnership. In principle, a look-through-approach applies for partnerships participating indirectly in a partnership holding real estate.

Example 2 In 2016, A becomes a "new partner" with a participation quota of 5%. In 2022, he increases his participation quota to over 90% by way of top-up purchase.

Solution A remains to be a "new shareholder" when the new provision comes into force on 1st of January 2020 since the old 5 years' time limit has not yet been expired. The 5 years' time limit will expire in 2022 when A increases his participation quota. Anyhow, this will not help A as when the new provision comes into force the old time limit will be expanded to 10 years. The top-up purchase in 2022 underlies section 1 para 2a GrEStG-D.

It becomes complicated with changes on an indirect level. The law differentiates between partnerships and corporations participating indirectly in a partnership. In principle, a look-through-approach applies for partnerships participating indirectly in a partnership holding real estate.

Example 3 Since 2014, A is a partner of a partnership (X-KG) holding 5% in X-KG. X-KG holds 100% of another partnership (Y-KG) which holds real estate. In 2020, A increases his participation quota in X-KG to 98%.

Solution Same as in example 1, A is an indirect "old partner" when the new provision comes into force. The top-up purchase is not subject to section 1 para 2a GrEStG-D but may be subject to section 1 para 3 or 3a GrEStG-D.

Pursuant to section 23 para 18 sentence 2 GrEStG-D, with respect to corporations participating in partnerships holding real estate, section 1 para 2a sentences 3 to 5 GrEStG (old) shall be applicable for the calculation of the change of partners' participations regarding participation transfers, which have been taken place before 1st of January 2020. Thus, indirect changes on the level of the indirect participating corporation are not taken into account, which do not define as a qualified change of partners, i.e. have not reached 95%. The directly participating corporation can only be qualified as a "new partner", if its shareholders have changed by 95%.

Example 4 A and B-GmbH each hold 50% of X-KG, which itself holds real estate. A purchased his participation in 2019, the B-GmbH in 2000. Shareholders of the B-GmbH are C (5.1%) and D (94.9%). D purchased his GmbH-shares also in 2019. D purchases in 2020 shares from C and then owns 99% of the GmbH.

Solution As a result of the level-by-level approach, B-GmbH is only considered as a "new partner" if pursuant to the old provision the shareholding structure has changed in a way, that 95% of the shares are affected by such changes. This precondition was not met on 1st of January 2020 wherefore B-GmbH is to be qualified as an "old partner". As regards the question, whether changes in the shareholding structure after 1st of January 2020 will cause B-GmbH to be qualified as a "new partner", changes before 1st of January 2020 have not to be taken into account. The previous purchase of D's 94.9% shareholding has no impact after 31st of December 2019 according to section 1 para 2a GrEStG-D. The top-up purchase of 4.1% in 2020 would be taken into account but has not to be summed up with the previous purchase in of 94.9%. Only in case there will be further transfers of shares to other shareholders, the said 4.1% may need to be taken into account by calculating the relevant 90%.

In this context, the new opinion of the German Tax Authority with respect to the changes of a corporation participating in a partnership is important, which should be applicable concerning section 1 para 2a GrEStG-D as well as section 1 para 2b GrEStG-D. In number 5.2.3.1 of the identical ordinances of 12th of November 2018 under the headline "old and new partners of a corporation in relation to the real estate holding partnership" there is set forth that the 5 years' time limit is not applicable with regards to the question whether there has been a qualified change of shareholders (95% of the shares) on the level of corporation, i.e. there is no time limit on the level of the corporation. The tax authorities are thus of the opinion that all changes of the past have to be taken into account regarding the question if a qualified change of shareholders has been taken place. This opinion seems to be abstruse since the clear wording of section 1 para 2a sentence 1 GrEStG is as follows: "[…] and do the partners change within 5 years directly or indirectly". Anyhow, the opinion of the tax authorities is of a high practical importance as regards the notification duties. The analysis regarding the question whether taxes are triggered is rather

Example 5 Since 2000, B-GmbH is the only limited partner of X-KG, which owns real estate. In 2005, A, the previous single shareholder of B-GmbH, transferred 50% to B. In 2018, A transfers the remaining 50% to C.

Solution According to the opinion of the tax authorities the shareholder change in 2018 causes the legal fiction that B-GmbH has to be qualified as a "new partner" of X-KG and the requirements of section 1 para 2a GrEStG are met. The fact that the purchase of B was more than 5 years ago does not bother the tax authorities.

Example 6 Since 2000, B-GmbH is the only limited partner of X-KG, which owns real estate. In 2005, A, the previous single shareholder of B-GmbH, transferred 50% to B. In 2020, A transfers the remaining 50% to C.

Solution According to section 23 para 18 sentence 2 GrEStG-D, with respect to the question if the shareholder changes after 1st of January 2020 let B-GmbH qualify as a "new partner", changes before 1st of January 2020 have not to be taken into account (same as in example 4). The transitional provision of section 23 para 18 sentence 2 GrEStG-D therefore restricts the opinion of the tax authorities.

Section 23 para 19 GrEStG-D contains another application guideline regarding section 1 para 2a GrEStG-D, which meaning is, at a first glance, not clear. Pursuant to this provision, inter alia, section 1 para 2a GrEStG (current version) is applicable until 31st of December 2024 for changes of partners. This provision aims such cases, where within the 5 years' period before January 2020 partner changes have taken place, which only led to a change of 90% to 94.9% of the participation quota and therefore did not lead to a taxation according to the current section 1 para 2a GrEStG. Without the transitional provision of section 23 para 19 GrEStG-D another partner change of up to 100% of the participation quota could take place, which would not be taxable according to section 1 para 2a GrEStG-D. The reason is that the tax-triggering limit of 90% (new) would have already been reached before this partner change wherefore this limit cannot be reached by this partner change again.

Therefore, such cases shall be covered where the participation change would have triggered tax under the current legislation. This objective will be achieved by further application of the current legislation (95% limit, 5 years' time limit) for those cases where – in spite of the partner changes – due to the new 90% limit a taxation would not take place. This transitional provision can be dropped after 5 years since section 1 para 2a GrEStG-D will from thenceforth cover all cases.

Example 7 In 2018, A acquired from B a 94.9% limited partnership interest in the A-KG, which owns real estate. In 2022, he increases his acquisition to 100%.

Solution The preconditions of the new section 1 para 2a GrEStG-D are not met because A already had a participation of more than 90% on 1st of January 2020. However, under the old provision of section 1 para 2a GrEStG, which is applicable here, the acquisition is nevertheless realised in accordance with this section 1 para 2a GrEStG.

However, the continued applicability of the previous law is only applied in a subsidiary manner. Pursuant to section 23 para 19 sentence 2 GrEStG-D, the old version of section 1 para 2a GrEStG is not applicable, if the transaction has caused a taxation pursuant to section 1 para 1, 2, 2a or 3 GrEStG-D or a previous transaction was taxable pursuant to section 1 para 2a GrEStG.

Section 23 para 22 GrEStG-D contains a special provision, by which protection of legitimate expectations shall be granted within the scope of section 1 para 2a GrEStG-D. The background to this is the fact that the decisive point in time for the realisation of the taxable event is the transfer of shares under civil law, i.e. the transaction in rem, but not the underlying civil obligation thereto. If the parties involved could still rely on the existence of the current regulation when concluding the civil obligation contract, the old regulation with its limit of 95% should still be applicable even if the execution in rem takes place after the new regulation has come into force. This is subject to the condition that the civil obligation contract was concluded within one year prior to the day on which the bill was submitted to the German parliament (Bundestag) and is fulfilled within one year after the day on which the bill was submitted to the German parliament (Bundestag).

2. The new section 1 para 2b GrEStG

After para 2a the following section 1 para 2b new shall be inserted.

> *"If the assets of a corporation include domestic real estate and the number of shareholders changes directly or indirectly within ten years in such a way that at least 90 per cent of the company's shares are transferred to new shareholders, this shall be deemed to be a legal transaction aimed at the transfer of real estate to a new corporation. Indirect changes in the number of shareholders of partnerships participating in a corporation are taken into account by multiplying the percentages of the company's shares on a pro rata basis. If a corporation has a direct or indirect interest in a corporation, sentences 4 and 5 shall apply. A corporation with a direct interest shall be deemed to be a new shareholder in its entirety if at least 90 percent of its shares are transferred to new shareholders. In the case of multi-level participations, sentence 4 shall apply mutatis mutandis at the level of each indirectly participating corporation. In determining the percentage rate, the acquisition of shares by reason of death shall not be taken into account."*

According to the legislative justification, the new provision of section 1 para 2b GrEStG-D is intended to cover changes of shareholders in corporations with domestic real estate under the same conditions as section 1 para 2a GrEStG-D in order to prevent abuse. Tax is levied on the corporation which, due to the change of shareholders, is no longer to be regarded as the same corporation under real estate transfer tax law.

One of the same preconditions as in para 2a is that every change at the direct level of shareholding underlies this provision. This also applies if a wholly-owned subsidiary takes over the former direct shareholding of the parent company. In our opinion, this is not a taxable transaction. In the cases of section 1 para 2a GrEStG, section 6 para 3 GrEStG can often be used to help in these cases, because the company's property is fictitiously transferred from one partnership to another. The benefits under section 6 para 3 GrEStG only apply to partnerships, but not to corporations wherefore this "emergency exit" remains blocked in section 1 para 2b GrEStG. The implementation of section 1 para 2b GrEStG-D will significantly reduce the scope of application of section 1 para 3 no. 3 GrEStG-D in cases of corporations holding real estate. The reason is that section 1 para 2b GrEStG-D replaces section 1 para 3 and 3a GrEStG-D in its scope of application (similar as it has already been the case with section 1 para 2a GrEStG). Nevertheless, cases will continue to be covered by the scope of section 1 para 3 no. 3 GrEStG-D. This is, for example, due to the different calculation method for the necessity of the 90 percent limit in section 1 para 2b GrEStG-D (calculation method for partnerships, level-by-level approach for corporations) and section 1 para 3 no. 3 GrEStG-D (only level-by-level approach across all levels of participation) or to the qualification as an old or new shareholder required within the framework of section 1 para 2b GrEStG-D, which leads to the fact that after the expiry of now five, later ten years a sum-up acquisition to or above the 90% percent mark can no longer be covered by section 1 para 2b GrEStG-D.

Pursuant to the new section 13 no. 7 GrEStG-D, in the event of a change in the shareholder structure of a corporation within the meaning of section 1 para 2b GrEStG-D, the corporation is subject to tax. This provision complies with the provisions of section 1 para 2a GrEStG-D (see section 13 no. 6 GrEStG-D).

According to an amendment to section 6a sentence 1 GrEStG-D, the tax exemption of section 6a GrEStG-D is in principle also applicable if the direct or indirect changes to new shareholders, which meet the preconditions of section 1 para 2b GrEStG, are based in whole or in part on a conversion or contribution.

According to section 19 para 1 sentence 1 no. 3b GrEStG-D, the direct and indirect changes in the shareholder structure of a corporation, which have led to the transfer of 90 per cent of the company's shares to new shareholders within ten years, must be reported by the participants if the corporation's assets include domestic real estate.

Pursuant to section 23 para 17 GrEStG-D, section 1 para 2b GrEStG-D is to be applied for the first time to acquisitions carried out after 31st of December 2019. All shareholder changes prior to 1st of January 2020, which would have been taxable under section 1 para 2b GrEStG-D, remain unaffected. In the (unlawful) opinion of the tax authorities, however, earlier indirect changes at the level of a corporation shall remain significant with no time limit.

As with section 1 para 2a GrEStG-D, the draft law also sees a need for a confidence-protecting transitional regulation for section 1 para 2b GrEStG-D, which was included in section 23 para 23 GrEStG-D. The transitional provision is structured in the same way as the one for section 1 para 2a GrEStG-D in section 23 para 22 GrEStG-D so that reference can be made to the reasons given there.

3. Amendments to section 1 para 3 GrEStG-D

In the numbers 1 to 4 of section 1 para 3 GrEStG-D, "95 per cent" is replaced by "90 per cent" to prevent abuse. Structurally, however, the provision has remained unchanged. Despite the 90 per cent limit, the law assumes a complete transfer of the company's real estate and sets forth the approach of the full real estate value *(Grundbesitzwert)*. The draft law includes complex transitional provisions.

Pursuant to section 23 para 17 GrEStG-D, section 1 para 3 GrEStG-D is to be applied for the first time to acquisitions carried out after 31st of December 2019. All acquisitions realised before 1st of January 2020 shall remain unaffected.

Pursuant to section 23 para 20 sentence 1 GrEStG-D, section 1 para 3 nos. 1 and 2 GrEStG and the notification obligations pursuant to section 19 para 1 sentence 1 nos. 4 and 5 GrEStG in the version applicable on 31st of December 2019 (old version) shall continue to apply to acquisitions carried out after 31st of December 2019. The prerequisite is that on 31st of December 2019, directly or indirectly, less than 95% and at least 90% of the Company's shares were held by the acquirer or by controlling and dependent companies or dependent persons or by dependent companies or dependent persons alone. With the exception of the temporal limitation, which is not appropriate here, the provision corresponds to the new transitional provision to section 1 para 2a GrEStG-Din section 23 para 19 GrEStG-D and is also intended to prevent a further change in shareholders of up to 100% percent under the new law without the new provision triggering tax.

Pursuant to section 23 para 20 sentence 2 GrEStG-D, when determining the shares of the company united in one hand alone, "those shares shall also be taken into account for which the acquirer or the controlling and dependent companies or dependent persons or the dependent companies or dependent persons have concluded a legal transaction prior to 1st of January 2020, which entitles the acquirer to transfer one or more of these shares". Section 23 para 20 sentence 2 GrEStG-D also clarifies that by including those shares of the company in the investment corridor of 90 percent to 95 percent, which have not yet been acquired by the acquirer on the reporting date, but for which a claim to transfer has already been established on the reporting date. Ultimately, the provision expresses that the determination of the shares in the company must be based on the civil obligation transaction.

The provision in section 23 para 20 GrEStG-D is of subsidiary significance compared to the new provision and is not applicable pursuant to section 23 para 20 sentence 3 GrEStG-D if the transaction to be assessed is otherwise taxable pursuant to section 1 para, 2, 2a, 2b, 3 or 3a GrEStG-D. If the shares fall below 90 per cent after 31st of December 2019, sentences 1 and 2 shall not apply to subsequent acquisitions.

4. Amendment to section 1 para 3a GrEStG

Same as in section 1 para 3 GrEStG-D the figure "95 per cent" is replaced by the figure "90 per cent". The reduced tax triggering limit of 90 percent also applies here. The significance of section 1 para 3a GrEStG-D has diminished considerably as a result of the insertion of section 1 para 2b GrEStG-D and the change in case-law regarding the interposition of a partnership (cf. Federal Fiscal Court *(Bundesfinanzhof, BFH)* judgment II R 41/15).

Essentially, only those cases can be considered for section 1 para 3a GrEStG-D, in which, as a result of the levelby-level approach in section 1 para 2a GrEStG-D (only for corporations) and section 1 para 3 GrEStG-D, Mini Participations "fall by the wayside", which are, however, included in the calculation method generally prescribed by section 1 para 3a GrEStG across all participation levels, and thus the necessary quantity of 90 percent is achieved overall.

According to section 23 para 17 GrEStG-D, section 1 para 3a GrEStG-D in its amended version is to be applied for the first time to acquisition transactions carried out after 31st of December 2019. All acquisition transactions realised before 1st of January 2020 remain unaffected.

Furthermore, section 23 para 21 GrEStG-D contains a transitional provision for section 1 para 3a GrEStG-D, which corresponds to the provision already mentioned for section 1 para 2a GrEStG-D and for section 1 para 3 GrEStG-D and is intended to prevent a tax gap arising in the event of an economic interest of less than 95% and at least 90% in a company whose assets include domestic real estate and a further increase in the interest shall take place after 31st of December 2019. The old regulation shall continue to apply in such case.

5. Amendments to section 5 and 6 GrEStG

In section 5 para 3 and section 6 para 3 sentence 2 GrEStG-D, the word "five" shall be replaced by the word "ten". This amendment is based on the defence against abuse. In general, section 5 para 3 and section 6 para 3 sentence 2 GrEStG-D have the character of preventing abuse. The extension of the deadlines is related to the participation limits lowered in the provisions of section 1 GrEStG-D and the deadline extended in section 1 para 2a GrEStG-D. This ensures that in any case a time horizon of at least 10 years is required in order to achieve (partial) tax exemption for a change of shareholder.

The new section 6 para 4 GrEStG shall be as follows:

> *"*
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> *The provisions of paragraphs 1 to 3 shall not apply to the extent that:*
>
> 1. *a joint owner (Gesamthänder) – in the case of succession his legal predecessor – has acquired his share of the joint ownership (Gesamthand) by legal transaction between living persons within ten years before the acquisition transaction, or*
> 2. *the settlement quota deviating from the shareholding ratio has been agreed within the last ten years prior to the dissolution of the joint ownership (Gesamthand), or*
> 3. *in the case of an acquisitions within the meaning of section 1 para 3 no. 1 or no. 2 or para 3a GrEStG-D the acquirer - in the case of succession his legal predecessor – has acquired his share in the assets of the partnership by legal transaction between living persons within 15 years before the acquisitions, unless one of the acquisitions of the shares in the partnership assets by this acquirer – in the case of succession by his legal predecessor - has led to a taxable acquisition transaction pursuant to section 1 para 2a."*

Whilst nos. 1 and 2, with the exception of the deadline extended to ten years, correspond almost verbatim to the previous sentences 1 and 2 of the provision, section 6 GrEStG-D is again significantly extended by section 6 para 4 no. 3 GrEStG-D. The regulation applies to the following constellation:

Currently, often only 94.9% of a partnership holding real estate are initially acquired and then after five years the remaining 5.1% are acquired. Although this second acquisition fulfils the requirements of section 1 para 3 no. 1 or no. 2 GrEStG as an association of shares, these provisions do, however, feign the acquisition of the company properties by the sole partner from the partnership, which is 94.9% tax-exempt pursuant to section 6 para 2 GrEStG.

The new provision is intended to make it considerably more difficult for transaction, which aim to obtain tax benefits through a timely extended acquisition of shares in the assets of a partnership holding real estate. This difficulty is achieved by extending the reservation period to 15 years, e.g. in cases in which a change of partners in a partnership holding real estate is not covered by section 1 para 2a GrEStG-D because the necessary 90% have not been reached and, after expiry of the (five or ten year) period, a further increase acquisition leads to an association of shares subject to real estate transfer tax pursuant to section 1 para 3 no. 1 or no. 2 or 3a GrEStG-D.

Pursuant to section 23 para 17 GrEStG-D, the amendments in sections 5 para 3, 6 para 3 sentence 2 and para 4 GrEStG-D are to be applied for the first time to acquisitions carried out after 31st of December 2019. Section 23 para 24 GrEStG-D clarifies that, for reasons of constitutional protection of legitimate expectations, the extension of the periods from five to ten or to 15 years may not lead to the fact that periods which have already expired begin to run again and that therefore the substantive provisions on preferential treatment (section 5 para 1 and 2, section 6 para 1, 2 and 3 first sentence and section 7 para 1 and 2 GrEStG-D) are retroactively subject to the provisions to prevent abuse. Accordingly, section 23 para 24 GrEStG-D sets forth that the extended time limits shall not apply if the (five-year) time limits under previous law had already expired at the time the new law came into force.

6. Amendments to section 7 para 3 sentences 1 and 2 GrEStG

In this provision, the previous 5-year period has been extended to 10 years in order to prevent abuse.

7. Amendments to section 8 GrEStG

As for the other provisions of section 1 GrEStG, the amended version of section 8 para 2 sentence 1 no. 3 GrEStG-D stipulates that the basis of assessment for the new provision of section 1 para 2b GrEStG-D is the property value *(Grundbesitzwert)* in the meaning of section 151 para 1 sentence 1 no. 1 in conjunction with section 157 para 1 to 3 of the Valuation Act *(Bewertungsgesetz, BewG)*.

A new no. 4 shall be inserted in section 8 para 2 sentence 1 GrEStG-D. Accordingly, despite the existence of a payment, the tax will then also be assessed on the basis of the property value within the meaning of section 151 para 1 sentence 1 no. 1 in conjunction with section 157 para 1 to 3 of the Valuation Act *(Bewertungsgesetz, BewG)*,

> *"*
> *if an acquisition pursuant to section 1 para 1 no. 1 GrEStG is carried out between the legal entities involved in a conversion within the retroactive effect period pursuant to sections 2, 20 para 6 or section 24 para 4 of the Conversion Tax Act, if the value of the payment is less than the property value pursuant to section 151 para 1 sentence 1 no. 1 in conjunction with section 157 para 1 to 3 of the Valuation Act and if the conversion would have triggered taxation pursuant to section 1 para 1 no. 3, para 3 or para 3a without this acquisition ".*

para 1 sentence 1 no. 1 in conjunction with section 157 para 1 to 3 of the Valuation Act *(Bewertungsgesetz, BewG)*, Real estate, which is transferred to a new legal entity in the course of a conversion process, is valued at the property value (section 8 para. 2 no. 2 GrEStG-D). In order to avoid this legal consequence, in practice the real estate of a company is not transferred in the course of the conversion, but sold in the retroactive effect period under income tax law within the meaning of sections 2, 20 para 6 and section 24 para 4 Conversion Tax Act *(Umwandlungsteuergesetz, UmwStG)* at a price (in some cases far) below the real property value. Pursuant to section 8 para 1 GrEStG-D, the real estate transfer tax for such an acquisition transaction is calculated on the basis of the value of the consideration (purchase price), which is often significantly lower than the real estate value. The required compensation then takes place as part of the conversion process, which, however, has no further tax consequences. The new section 8 para 2 sentence 1 no. 4 GrEStG is intended to counter these arrangements and to ensure that in the course of a conversion the property value is always used as consideration for transferring real estate of a company.

Section 19 para 1 no. 9 GrEStG-D sets forth an obligation to notify in the case of conversions if an acquisition pursuant to section 1 para 1 no. 1 GrEStG-D is carried out within the retroactive effect period within the meaning of sections 2, 20 para 6 or section 24 para 4 of the Conversion Tax Act and the conversion would have triggered taxation pursuant to section 1 para 1 no. 3, para 3 or 3a GrEStG-D without this acquisition.

Pursuant to section 19 para 6 GrEStG-D, the limitation of the amount of the delay surcharge pursuant to section 152 para 10 of the General German Fiscal Code *(Abgabenordnung, AO)* to a maximum of € 25,000 does not apply.

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