

Explanations

According to my records you have received pension payments from Germany.

Since 2005, such payments can result in a tax liability in Germany. Not every pension payment is affected by this.

In order that your specific case may be checked, I have called upon you to declare your income from Germany on the German forms meant for this (Vordruck ESt1C, Anlage R). Please fill out the income tax return and send it to

Finanzamt Neubrandenburg (RiA)
Postfach 11 01 40
17041 Neubrandenburg

You may find the forms and further explanations on the Internet at <http://www.finanzamt-rente-im-ausland.de>.

Upon request, the forms can also be sent by post.

Please note:

The question of taxation depends on the agreements in force between your country of residence and Germany. The type of pension involved can also play a rôle.

As a rule, only your German income is liable to taxation in Germany. The tax is calculated by a percentage. In this case, there is no tax threshold or basic personal allowance which applies. The technical term for this is “**limited** tax liability”, that is, the German revenue authorities limit themselves to taxing only German income.

It could be in your interest to make an application to be treated as a person subject to “**unlimited** tax liability”. For one thing, in that case more tax allowances can apply to you. However, you must then also declare your non-German income for the purposes of the calculation of the tax rate. As a rule, however, you would end up paying less tax this way. The option of choosing “**unlimited**” tax liability is available only under certain conditions:

1. You have mostly German income (at least 90 per cent of your income is German income) or
2. You have only a small amount of foreign income, about €6100 – €7800 (the allowances have been increasing since 2005). These exemption limits may also be lower in countries with a low level of income.

In order that the Tax Office may check whether you are permitted to make use of this option, you must fill out either the “EU/EEA” Certificate (if you live in the EU) or the “Non-EU/EEA” Certificate (in all other cases). You can find the form in various languages in the Internet form centre of the federal revenue administration (<https://www.formulare-bfinv.de>). Please have this form filled out by your Tax Office of residence and submit it with the tax return. If your Tax Office of residence refuses to certify the form by putting its official seal and signature on it, you may submit some other kind of evidence, such as, for example, the tax assessment notice issued to you by your country of residence.

Please note that according to my records you are under legal obligation to submit a tax return. After your return is received you will be sent a tax assessment notice. If you do not submit any documents, the tax assessment notice will be issued based on the figures available to the revenue authorities.

Please state where you had your last place of residence in Germany; this is so that tax revenue can be correctly distributed among the federal states (*Länder*).

Thank you for your assistance.