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German Tax and Legal News

Domestic royalty WHT will not be applied to cross-border payments for online ads

Tax authorities abandon plans to apply domestic WHT rules to payments to nonresidents for online advertising.

In a press release published by the Ministry of Finance of the state of Bavaria on 14 March 2019 on behalf of the German federal states, followed by a decree issued by the Federal Ministry of Finance dated 3 April 2019 and published on 10 April 2019, the German tax authorities confirmed that payments for online advertising to nonresident recipients are not subject to German withholding tax.

The publications confirm that the German tax authorities will not move forward with their initial plans to apply the domestic royalty withholding tax rules to cross-border payments for online advertising, which would have imposed a form of domestic digital services tax (for further details, see GTLN dated 20 February 2019).

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