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Incorrect declaration of building area in property tax return

Correction of declared data can lead to significant savings

Although for most taxpayers the property tax reform has long been mentally completed, the extent of the reform is only now becoming apparent through the issuance of property tax notices by municipalities and cities. The sometimes significant increases in property tax are not always solely due to the system change and the revised calculation bases. It is only now becoming clear what material impacts incorrect information provided by taxpayers in their property tax returns can have.

The timely submission of all property tax returns posed significant challenges, especially for taxpayers with a large number of properties. Relevant data, such as the building area, was often not available in suitable quality. Additionally, depending on the assessment method and federal state, distinctions had to be made between gross floor area, usable area, and living area. Experience shows that many taxpayers, out of caution, lack of knowledge, and not least due to time constraints, declared an incorrect and often too large building area. It is precisely the building area that represents one of the largest value drivers of property tax.

In a recent practical case, the taxpayer declared the significantly higher gross floor area for his commercial property in Hesse, where the usable area according to DIN-277 should have been declared. The tax office assessed the data according to the taxpayer's information. The recently issued property tax notice shows that the annual additional burden resulting from the incorrect building area was almost €50,000.

Many property owners are currently asking whether the incorrect information in their property tax return can still be corrected, even if the tax office notice has long been issued and the appeal period has expired. Although a retroactive change is not possible in such a case, the incorrect determination can be corrected for future assessments according to § 222 Abs. 3 of the Valuation Act (analogous regulations in the state property tax laws). The so-called corrective notification is possible within the framework of a new property tax return. Therefore, it is advisable, especially in cases of high property tax burdens, to subject the declared values to a quality check again. In the aforementioned practical case, the property owner did this and is now pleased with significant annual savings on property tax.

Facts

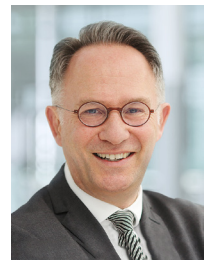
The property tax reform has led to a significant increase in the property tax burden, especially for commercial real estate.

This is often due to inaccurate information provided by the taxpayer, particularly with regard to building areas.

By correcting the incorrect information, the property tax burden can be reduced for the future.

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