

TAX INFORMATION FOR STUDENTS

GENERAL INFORMATION FOR PROSPECTIVE AND CURRENT MASTER'S AND MBA STUDENTS

INITIAL VS. SUBSEQUENT STUDY

German tax law distinguishes between certain educational expenses treated as special expenses (Sonderausgaben) and those that may qualify as income-related expenses (Werbungskosten).

For an initial vocational or academic qualification, qualifying education expenses may, subject to statutory requirements and limits, be treated as special expenses. A subsequent qualification, such as a Master's or MBA completed after a prior degree or vocational qualification, may, in appropriate circumstances, qualify for income-related expense treatment.

This distinction matters because income-related expenses can, subject to the applicable rules, have more favourable loss-relief consequences than special expenses. A particular student's tax treatment depends on their individual circumstances.

EXAMPLES OF POTENTIALLY RELEVANT COSTS

- Tuition and course fees
- Books, study materials, stationery and printing
- Computers and other equipment used for study purposes
- Telephone and internet costs attributable to study-related use
- Certain application, examination and language-test costs
- Certain travel, commuting, relocation or accommodation costs where the relevant statutory requirements are met

The list is illustrative only. Deductibility may depend on the purpose and use of the expense, the student's tax position, supporting evidence and specific statutory rules.

IMPORTANT INFORMATION AND DISCLAIMER

This information sheet is provided by the business school for general educational and informational purposes only. It does not constitute tax, legal or other professional advice. The school does not assess or determine any individual student's tax residence, taxable income, eligibility for deductions or entitlement to a tax refund or loss carryforward.

Tax law, administrative practice and court decisions may change. No assurance is given that the information is complete, current or applicable to any particular student. Students are responsible for their own tax position and should obtain advice from a qualified tax adviser or the competent German tax authorities (Finanzamt) where appropriate.

MASTER'S AND MBA PROGRAMMES

A Master's or MBA following completion of a prior degree or vocational qualification may constitute a subsequent course of study for German tax purposes. Where the statutory requirements are satisfied, qualifying study-related expenses may potentially be treated as income-related expenses and, in appropriate cases, contribute to a tax loss that may be usable in other tax years under German loss-relief rules.

RELEVANT STATUTORY PROVISION

For the treatment of study-related expenses as income-related expenses (Werbungskosten), § 9 Abs. 6 EStG is one of the relevant provisions. It provides that expenses for vocational training or study are only deductible as Werbungskosten if the taxpayer has previously completed an initial vocational qualification (Berufsausbildung or Studium) or if the vocational training or study takes place within an employment relationship (Dienstverhältnis).

This provision is subject to further tax rules and the individual facts of the taxpayer. Its inclusion does not mean that any particular student or expense automatically qualifies for a deduction.

RECORDS AND DEADLINES

Students should retain invoices, receipts, contracts and payment records for expenses they intend to claim. Documents generally do not need to be submitted automatically with a tax return unless requested but should be kept in case the tax authorities ask for evidence.

Voluntary German income tax returns may generally be filed within the applicable statutory period where no filing obligation applies. Different rules may apply to tax-loss determinations and loss carryforwards. Students should check the current deadline for their own circumstances.

PLEASE NOTE

This sheet provides general educational information only. It is not individual tax advice and does not determine whether any particular student or expense qualifies for a tax deduction.