

Buying a Residential Property in Germany

Expert knowledge means success

Contents

1. Introduction
1. The Buying Process
2. What are the costs?
3. Where to Buy?
5. Getting a Mortgage in Germany
6. Surveys and Regulations
6. Property Taxes
7. Choosing Your Property
7. Employment, Visas, Residency and Work Permits
8. Property Glossary
10. Recommended Reading
11. Further Information



Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

Germany¹ lies at the heart of modern Europe and its property prices have remained fairly stable (and low) for many years. This has much to do with the fact that the Germans have traditionally been a nation of renters rather than property owner-occupiers. Germany has the lowest rate of home ownership in the European Union: only about 40% of Germans actually own their own homes. A major factor here is that mortgages/home loans have historically been quite hard to get although that is changing. Unlike the UK and USA, Germans tend to buy houses for life rather than regularly upgrading. It is not unusual for would-be homeowners to take up to two years to find their home.

The Buying Process

Here's a quick overview of the house buying process in Germany.

Step	What's involved	Commentary
1. Find a property you want to buy	Property sections can be found in most daily newspapers as well as online and through specialist property publications	
2. Agree the price and payment terms	Negotiating with the seller and verbally agreeing the terms and conditions of sale.	At this stage, there's no legally binding contract.
3. Arranging your mortgage	Getting a loan approved in principle from a bank or other lender	You will need advice from your solicitor (see step 4).
4. Draft contract	Engaging an independent solicitor to oversee the drawing up of an initial contract of sale. Legal checks on the property title etc and searches will be carried out by the solicitor.	The contract will contain all the terms and conditions of sale, the completion date and the price you have agreed to pay. The documents will be in German so you will need an interpreter.
5. The Completion	Completion happens when everything is agreed with the seller and your solicitor has completed the legal work. You will need to hire a Notary. The Notary Public is independent of both the buyer and seller.	To complete the sale, the Notary will oversee the signing of the final contract and register the sale with the Land Registry. You will need to hand over the monies needed to complete the purchase (see step 6)
6. Payment	You will need to have the monies ready to pay for the property. Your mortgage or bank loan will also be completed at this time. You will also need to pay for the costs of the purchase.	You will need to take your passport with you to the Notary together with any other documents requested.

The Process

When you've found a property and the seller has accepted your offer, it would be a good idea to find a Notary – it's best to hire the services of an English-speaking Notary.

Before buying, you should carry out a full examination of the location and check the price of the property.

- Most important is to have the house inspected carefully, if not by you, then by a knowledgeable person in the area. This can be a broker or someone with relevant expertise.
- If in an apartment, a useful exercise is to study the minutes of meetings of all apartment owners in the house/block. The importance of these minutes cannot be underestimated. Any and all problems relating to the house community and the house itself which may incur future costs will be discussed in these meetings and will be reflected in the annual meeting report which needs to be done by the management company responsible for holding these meetings.
- Any renovations or repairs or damages need to be checked.
- The roof should be examined by an expert.
- The age of the heating system is a very important point. Lots of restrictions and new laws have been passed over the last few years. It might be necessary to renew the whole heating system if it is older than ten years.

The purchase contract must show:

- The correct (and full) names and addresses of the parties and details of the property. An error, especially in the property details, could at least partially invalidate the contract;
- The amount of the agreed purchase price and the terms and conditions of payment.
- Stipulations as to what happens in the event either party fails to live up to the terms of the contract.

Other factors to note are:

- The buyer and seller can freely decide on payment terms. The buyer is advised to check the property for any major defects because the Notary is not responsible for this.
- The seller is required to disclose any hidden defects but is not obliged to point out any defects that should have been obvious to the buyer. The Notar is responsible for the legal

Quick overview – where to buy

If you are planning on renting out your property, it's best to think about a city home as many Germans move to the urban centres in pursuit of work. Berlin offers good value for money and finding a tenant **shouldn't be too difficult**. Homes in Munich tend to be the most expensive in the country, whilst Frankfurt, the financial centre of Germany, offers a large choice albeit at slightly high prices. The cities of Cologne, Stuttgart and Dusseldorf are worth considering. Remember, rural properties offer much better value for money, with houses starting from around £53,000.

There are no restrictions for British nationals buying in Germany but if you wish to stay for longer than three months you will need to apply for a residence permit. This can be obtained from the local Foreign Nationals authority at the local town hall or area administration centre, and once obtained is valid for five years.

work and contract obligations, and checks that no liabilities exist.

- In most cases, the financing needs to be secured by the buyer and you must be ready to present a so-called irrevocable acceptance of loan financing by a good bank before signature of contract; or if you have the cash deposit, to bring proof of the existing funds. The seller usually agrees to a priority notice in the land register. This priority notice protects the buyer from other, unexpected sales activities, such as trying to sell the property to other buyers for a better price, by the seller.
- Both parties agree on the notary public date of signing the contract. It is strongly advised that you review the contract carefully and have it translated if necessary.
- At the actual signing ceremony, the Notar reads the contract aloud in German for both parties. If you are non-German speaking, it is advisable to bring a qualified translator. You can at anytime interrupt the proceedings if a clause is not completely understood. It is customary to pay the purchase price into an account maintained by the notary (Notaranderkonto). The money is transferred to the seller only when the land registry entry is complete. **The real estate agent's or broker's commission is also paid at this stage, and so are the Notary and registration fees. The purchase tax or stamp duty needs to be paid within four weeks after the contract was signed.**
- The Notar then makes the application in the so-called Grundbuch – the land title register. The land register is found at the district courthouse and is the central document for a piece of property. A change in ownership occurs only when:
 - an entry has been made in this land register;
 - previous mortgages have been cleared; and
 - the tax office has certified that the seller has no property taxes outstanding.

The Notary

As mentioned in the Table on the previous page, the Notary is independent of both the buyer and the seller. The Notary is a State official and is legally bound to act as an impartial middleperson between buyer and seller. He or she checks the land register to see whether the property can be sold at all and if it can be, whether there are any restrictions on its use. The contract spells out the obligations of each party and the

measures to be taken in the event of default. Once it is signed, the Notary registers the change of ownership with the municipal government and enters the property in the land register. The buyer can choose his or her own Notary. It's really best that you use a Notary who can speak English.

At the actual signing ceremony, the completion meeting, the Notary reads the contract of sale aloud, word for word and is required to be certain that both parties fully understand its content. The buyer may ask questions and interrupt the proceedings if a clause isn't completely understood. Since the reading must be in the German language, the buyer has the right to have a professional interpreter present, although this will be at an additional cost.

It usually takes an average of 41 days to complete all the four procedures needed to register a property in Germany.

Facts on Germany	
Population:	82,329,758 (July 2009 est.)
Religions:	Protestant 34%, Roman Catholic 34%, Muslim 3.7%, unaffiliated or other 28.3%
Government type:	Federal Republic
National capital:	Berlin
States:	Baden-Württemberg, Bayern, Berlin, Brandenburg, Bremen, Hamburg, Hessen, Mecklenburg-Vorpommern, Niedersachsen, Nordrhein-Westfalen, Rheinland-Pfalz, Saarland, Sachsen, Sachsen-Anhalt, Schleswig-Holstein, Thüringen
Currency:	Euro
Railways:	41,896 km of track
Waterways:	7,467km
Airports:	550
Roadways:	644,480 kilometres (12,400 km autobahns) - includes local roads

What are the costs?

The closing costs for the purchase of a property in Germany typically total around 8% - 12% of the purchase price, and usually include:

- Transfer Tax (Grunderwerbsteuer): Approx. 3%
- Notary's Fee: 1.5%
- Estate Agent's fee (6%, shared between seller and buyer)
- Land Tax: 1%
- Wealth Tax for non-residents: 0.5%

Useful contacts

Accountants:
www.globalpropertyguide.com/Europe/Germany/Accountants

Lawyers:
www.globalpropertyguide.com/Europe/Germany/Lawyers

Country website:
www.deutschland.de/Starseite.23+M52087573ab0.0.html

Where to Buy?



Source: Wikipedia

The temperatures change dramatically in Germany from season to season. Weather in the western part of the country is affected by the Atlantic Ocean. The ocean tends to warm the air in winter and cool it in the summer.

The eastern part of the country has a more normal climate with hot summers and cold winters. In the northwestern part of the nation, the average temperature is about fifty degrees Fahrenheit whilst to the south, the temperature is warmer by about three degrees Fahrenheit.

Germany² is made up of sixteen Länder (singular Land, German for "land" or "country"), generally referred to in English as states. In official English translations, the term "land" is commonly used. A Land (colloquially but rarely in a legal context also called Bundesland, for "federal state") is one of the partly sovereign constituent states of the Federal Republic of Germany.

The cities of Berlin and Hamburg are states in their own right, while the State of Bremen consists of two cities, Bremen and Bremerhaven. These three are called Stadtstaaten (city-states). The remaining 13 states are called Flächenländer (literally: area states).

Here is a brief breakdown of each of the key regions in Germany to help in making your decision about where you would like to buy property in Germany:

- **Baden-Württemberg**
Baden Württemberg is at the foothills of the Swiss Alps in the south-west of the country to the east of the Upper Rhine, bordering Alsace (France) to the west, Switzerland to the south, Bavaria to the east and northeast, Hessen to the north, and Rhineland Palatinate to the north west. It is one of the 16 states of Germany. The capital of the region is the city of Stuttgart, which has many open green areas that make the place seem less populated and more relaxed.
- **Bavaria**
Bavaria, formally the Free State of Bavaria, is a state of Germany, located in the south east of the country. It is the largest German state by area, forming almost 20% of the total land area of Germany. The best known cities in this region are Munich (the capital of the state) in upper Bavaria and Nuremberg. Bavaria has a wealth of cultural reminders of **Germany's turbulent history** and overwhelming scenic beauty. The region is near the Mediterranean and influenced by the Mediterranean culture. The Munich October Fest is famous the world over and attracts hundreds of thousands of tourists every year.
- **Black Forest**
The Black Forest (Schwarzwald) is a wooded mountain range in Baden-Württemberg, south-western Germany. Located in Baden-Württemberg state of south-western Germany, Black Forest is surrounded by the Rhine Valley and by the cities, Freiburg and Baden-Baden. The region is the source of the Danube and Neckar rivers. It is also known for its mineral springs.
- **Berlin**
Berlin, located in the north-east is one of 16 states of Germany and is the capital city of the country. The region is covered with numerous lakes and vast woodland making it an unlikely home for the country's largest city. With Berlin's unique history comes an array of architectural splendours and sights. Berlin is subdivided into twelve boroughs. It is the centre of the Berlin-Brandenburg Metropolitan Area, comprising 5 million people. Berlin is influenced by a temperate seasonal climate.
- **Brandenburg**
Brandenburg lies in the east of the country and is one of the sixteen federal-states of Germany. It is one of the new federal states that were re-created in 1990 upon the reunification of the former West Germany and East Germany. The capital is Potsdam. Brandenburg surrounds but does not include the national capital and city-state of Berlin. This region has one of the largest intact natural environments. Brandenburg is steeped in history due to its close proximity to the city of Berlin.

- **Hamburg**
Hamburg the second-largest city in Germany (second to Berlin) and the seventh-largest city in the European Union. The city is home to over 1.8 million people, while the Hamburg Metropolitan Region (including parts of the neighbouring Federal States of Lower Saxony and Schleswig-Holstein) has more than 4.3 million inhabitants. The port of Hamburg is the third-largest port in Europe (third to Port of Antwerp and Rotterdam), and the ninth largest in the world. In the centre of the city is a large **lake which is known as the 'Heart of Hamburg' and built around this is Hamburg's shopping and cultural metropolis.** The surrounding region is covered with many historic old towns with farms that grow fruit.
- **Hesse**
Hesse situated in western-central Germany, has idyllic villages and houses surrounded by hilly countryside. It is a state of Germany with just over six million inhabitants. The state capital is Wiesbaden. Hesse's largest city is nearby Frankfurt am Main. Hesse is Germany's richest forest state with 41% woodland. Natural scenery from heather to moor landscapes, attractive lakes, the Rhine and the Lahn rivers, make Hesse a holiday destination with hundreds of kilometres of beautiful hiking trails, long-distance cycling routes and countless other leisure activities.
- **Lower Saxony**
Lower Saxony lies in north-western Germany and is second in area and fourth in population among the sixteen federal-states of Germany. This region is in contrast to other areas of Germany, mainly because of its huge agricultural background. Lower Saxony has a beautiful landscape dotted with churches, castles and historic gardens. Lower Saxony borders on (from north and clockwise) the North Sea, the states of Schleswig-Holstein, Hamburg, Mecklenburg-Vorpommern, Brandenburg, Saxony-Anhalt, Thuringia, Hesse and North Rhine-Westphalia, and the Kingdom of the Netherlands. In total, Lower Saxony borders more neighboring states than any other federal state. The state of Bremen forms two enclaves within Lower Saxony, one being the city of Bremen, the other its seaport city of Bremerhaven. The state's principal cities include Hanover, Braunschweig, Lüneburg, Osnabrück, Oldenburg, and Göttingen.
- **Mecklenburg**
Mecklenburg is a particularly attractive area with more than 2,000 lakes, numerous waterways and lush green forests and fields. The surrounding countryside is mostly flat, providing good agricultural land to support the main source of employment. It is a historical region in northern Germany comprising the western and larger part of the federal-state Mecklenburg-Vorpommern. The largest cities of the region are Rostock, Schwerin, and Neubrandenburg.
- **North Rhine Westphalia**
North Rhine Westphalia is the westernmost part of Germany. It is the most populous, and the economically most powerful state of Germany. The main (and capital) city of North Rhine Westphalia is Düsseldorf. Düsseldorf has one of the most elegant commercial streets of Europe. Other major cities include Dortmund, Essen, Duisburg, Oberhausen, Aachen, Bielefeld, Bonn, Bochum, Bottrop, Bergisch Gladbach, Mönchengladbach, Mülheim, Münster, Gelsenkirchen, Krefeld, Hagen, Hamm, Herne, Iserlohn, Leverkusen, Neuss, Paderborn, Recklinghausen, Remscheid, Siegen, Solingen, Witten and Wuppertal. The region has 57 towns and villages all with their own unique style and culture. North Rhine-Westphalia has a population of approximately 18 million inhabitants and contributes about 22% to Germany's gross domestic product. It shares borders with Belgium in the southwest and the Netherlands in the west and northwest. It has borders with the German states of Lower Saxony to the north and northeast, Rhineland-Palatinate to the south and Hesse to the southeast.
- **Rhineland**
The Rhineland (Rheinland in German) is in the western part of Germany. It is the general name for areas of Germany along the river Rhine between Bingen and the Dutch border. To the west the area stretches to the borders with Luxembourg, Belgium and the Netherlands; on the eastern side it only encompasses the towns and cities along the river. The Rhine Valley is a fascinating landscape surrounded by mountains and contains some of the most historically significant places in Germany. The region is also famed for its wine making. The southern and eastern parts are mainly hill country (Westerwald, Hunsrück, Taunus and Eifel), cut by river valleys, principally the Rhine and Mosel. The north takes in the Ruhr valley. Some of the larger cities in the Rhineland are Aachen, Bonn, Cologne, Duisburg, Düsseldorf, Koblenz, Krefeld, Leverkusen and Trier.
- **Saarland**
Saarland is one of the sixteen states of Germany. The capital is Saarbrücken. It has just over 1m inhabitants. In both area and population, it is the smallest state in Germany other than the city-states (Berlin, Bremen and Hamburg). Its location on the border between France and Germany has given Saarland a unique history. It is a hilly region mainly covered in forest. There are, however, hidden lakes and river valleys situated in

amongst the thick trees. Idyllic sleepy villages and old town centres make this area one of true romantic beauty.

- **Saxony**
Saxony is the easternmost state of Germany. The countryside rises gradually from north to south, culminating in the mountain ranges along the Czech border. Saxony offers an above-average number of very well preserved historic little towns and shares its attractive areas with the Czech Republic. The Free State of Saxony is the tenth-largest German state in area and the sixth largest in population (4.3 million), of Germany's sixteen states. Located in the historical heart of German-speaking Europe, the history of the state of Saxony spans more than a millennium. It has been a medieval duchy, an electorate of the Holy Roman Empire, a kingdom and, since 1918, a republic.
- **Saxony-Anhalt**
Saxony-Anhalt is most famous for being the Arts region of Germany. With Bauhaus at its centre, it has produced stunning architecture and fine arts. Along with Brandenburg, Saxony-Anhalt is big on conservation and has an extensive wildlife sanctuary. These things and more make this region very popular. It has a population nearing 3 million and its capital is Magdeburg. It should not be confused with Saxony or Lower Saxony, also German states.
- **Schleswig-Holstein**
Schleswig-Holstein is the northernmost part of Germany. With rolling hills, cliffs, scenic lakes and beautiful bays Schleswig-Holstein has a remarkably diverse natural landscape. The region has taken its influences from both German and Danish culture. It is the northernmost of the sixteen states of Germany, comprising most of the historical duchy of Holstein and the southern part of the former Duchy of Schleswig. Its capital city is Kiel; other notable cities are Lübeck, Flensburg and Neumünster. It borders Denmark to the north, the North Sea to the west, the Baltic Sea to the east, and the German states of Lower Saxony, Hamburg, and Mecklenburg-Vorpommern to the south.
- **Thuringia**
The Free State of Thuringia (German: Freistaat Thüringen) is a state of Germany, located in the central part of the country and is a low land basin of rolling plains nearly surrounded by mountains. The region is dotted with medieval fortresses and castles with many of the houses dating from the Renaissance. The cities of Thuringia are full of historical sites and are very much alive. It has nearly 2.5m inhabitants, making it the sixth smallest by area and the fifth smallest by population of Germany's sixteen states. The capital is Erfurt.

Getting a Mortgage in Germany

German Mortgages: Quick Overview
Typical Interest Rate: 5.2%
Loan purpose: Residential, investment.
Min Loan: €50,000
Max Loan: Usually 50% of purchase price or 60% collateral value. Possible higher LTV (Loan-to-Value) considered on a case by case basis.
Income Multiple: Maximum loan is normally capped at 3 times regular earnings.
Term: 30 years
Max Age: 65
Repayment method: Capital and Interest
Currency: Euro

If you aren't sure of your options you should take advice from an overseas mortgage specialist.

Real estate in Germany can either be financed through a mortgage bank (*Kreditbank*) or most other banking and financial institutions. In order to qualify for financing by a German bank or financial institution, it is (usually) necessary to show a history of regular monthly savings (up to six years).

It is unusual for German banks to lend more than 60% - 70% of the property value and they generally don't offer small loans (say €50,000 or less). This means that any property purchase costing less than around €75,000 will usually need to be a cash purchase. Also, the value of the property is only one factor the banks take into account – you won't get a loan if your income is too low to service the mortgage repayments irrespective of the deposit you can put up.

If you are thinking of buying a German property as an investment, i.e. to let, any rental income you receive only counts towards your income to the tune of 80% of the rental received.

German mortgages, especially for non-nationals, tend to be repayment only (capital and interest payments each month). Mortgages in Germany may be obtained from banks or from specialised loan institutions.

First time borrowers in Germany will find that getting a mortgage is not easy due to the risk perceived by banks in sanctioning such a loan. But there are a number of banks and other financial institutions available for this purpose. The majority of mortgages are given

by savings banks and credit cooperatives which only operate within small geographic locations.

UK buyers might find it best to raise finance in the UK - from a remortgage on a UK property or other secured loan.

Surveys and Regulations

By law, houses older than 25 years must have new roofing, new windows and a new heating system. A professional survey on the standard of the property in question will help avoid unforeseen costs. An official surveyor (amtlich vereidigter Sachverständiger) from the local building office (Bauamt) can be engaged for this task.

The process of having a property surveyed may differ from state to state within Germany. It is also possible, and often less expensive, to use an architect privately to survey the property.

A public Notary will then check whether there are any restrictions on the sale and use of the property. If both parties agree to the terms of the contract, the notary submits the change of ownership to the government books and the transaction is noted in the land register.

Construction Laws

The responsibility for public construction law in Germany is divided between federal and state governments.

- Zoning law (*Bauplanungsrecht*) is federal law. It determines the purpose for which a property may be used and whether a building project fits into its surroundings.
- Building regulations laws (*Bauordnungsrecht*) determine how buildings may be designed and constructed in order to meet planning law requirements. Each state issues its own building regulation. However, most of the states have adopted a specimen building regulation issued by the state ministries which also makes provision for certain standardisation within this field.
- A building permit (*Baugenehmigung*) is required for the construction, alteration, demolition, or change in use of a building. The building permit is granted if the project complies with the planning and building regulation law as well as with all other applicable laws (such as environmental

laws). An application for a building permit must be submitted to the local building authority or the building supervisory authority (*Bauamt*). The application must include a detailed plan of the project, accompanied by necessary supporting documentation such as site plan, construction drawings, building specifications, and, where applicable, documentation regarding heating, noise prevention, and fire protection plans. The documentation required for the application must also be presented to adjacent property owners.

Property Taxes

German tax law is among the most complex in the world. It is strongly recommended that you seek appropriate professional advice on taxation in Germany and how it will affect you.

Taxation in Germany occurs at a national and municipal level. The Ministry of Finance controls the taxation regime and any individual moving to Germany must register with the local registration office.

Unlike the UK, there is no system of self-assessment in Germany and individuals are required to file a tax return and will subsequently receive a tax assessment from the tax authorities.

In 2010, the German income tax rates for an individual taxpayers range from 14% to 45%. For a brief overview of the taxes payable in Germany, please go to: www.worldwide-tax.com/germany/germany_tax.asp

Tax %	Tax Base (in Euros)
0%	Up to €8,004
14%	€8,005-€52,881
42%	€52,882-€250,730
45%	€250,731 and over

Note: The rates are before solidarity tax, all individuals, and business tax-for business income. Members of the church pay 8%-9% church tax.

Real Property Transfer Tax (Stamp Duty) on Buying a Property

When residential real estate in Germany is sold or changes owner, a real property transfer tax (Grunderwerbsteuer) of 3.5% of the purchase price is levied if the purchase price or consideration exceeds €2,500. Real property transfer tax is usually paid by the buyer. The rate of tax is between 3.5% and 4.5%. The tax also applies when buying at

least 95% shares of a company owning real estate.

The real property transfer tax is due about four weeks after the notary deed has been signed by buyer and seller.

Annual Property Tax

Every property owner in Germany is liable to pay real property tax (Grundsteuer). The tax rate depends on the type of real property which is split into two distinct categories:

- Real property tax "A" - Real property used for agriculture and forestry.
- Real property tax "B" - Constructible real property or real property with buildings.

The real property tax, payable annually, is calculated by multiplying the following:

- the assessed value (Einheitswert) of the real property - determined by the tax authorities according to the German Assessment Code (Bewertungsgesetz)
- the real property tax rate - depends on the type of real property, location, size and use.
- the municipal multiplier - Municipalities determine a municipal multiplier for both real property tax "A" and real property tax "B", with the rate for "B" usually being higher.

Tax on rental income

If a property owner rents out property, tax must be paid on the rent received. Rental income tax is calculated on a sliding scale. On top of this, an additional rental income tax must be paid. This extra tax, based on the rental income tax, is known as "Soli", and goes toward rebuilding the former Eastern part of Germany. Advertising and management expenses as well as interest and depreciation costs can be deducted from this rental tax when filing tax returns.

Tax on Sale of Property

Capital gains tax is charged at normal tax rates on real estate sold within ten years of purchase. There is no capital gains tax if the real estate is held for more than ten years. The German capital gains tax will be 25% plus an add-on tax called Solidaritätszuschlag - to finance the 5 eastern states of Germany - Mecklenburg-Western Pomerania, Saxony-Anhalt, Thuringia and Brandenburg, and the cost of the reunification plus Kirchensteuer (church tax) effectively coming to about 28% in total.

Choosing Your Property³

German houses and flats show a number of differences from English dwellings. For one thing, many (particularly old) German flats are located in courtyards (der Hof) that lie back from the main road. When reading accommodation adverts for such buildings, you must check whether the flat is located in the building that faces the road (das Vorderhaus), the building behind the courtyard (das Hinterhaus) or in one of the side wings of the building (der Seitenflügel).

A large number of residences also have roll-down shutters (der Rollladen) outside the windows which provide added security and also serve to insulate the property.

The British fixation with wall-to-wall carpeting is not replicated in Germany. Instead parquet flooring (das Parkett; der Parkettboden) is much more common, as are wooden floors. In keeping with the Germans' pronounced environmental awareness, energy-saving measures are widely-used. Thus a number of residences employ under-floor heating and have a high standard of insulation. You may well see buildings with solar panels on their roof in an attempt to harness solar energy (die Solarenergie).

And a major difference that you cannot "see" but definitely need to be aware of is the difference in voltage between Britain and Germany. All electrical power points in Germany are designed for 220 volts, 50 Hz. AC and two-point plugs. Any adapters you may need can be bought in electrical shops either in Britain or in Germany.

Employment, Visas, Residency and Work Permits

People from EU member countries are entitled to work in Germany without a work permit and EU nationals do not require a visa to enter Germany.

As a general rule⁴, foreigners now have the right to become naturalised after eight years of habitual residence in Germany, provided they meet the relevant conditions, instead of the fifteen years previously required.

Employees are usually required to work a 35 to 40 hour week. There is a minimum of 25 days annual holiday entitlement (it could be as high as 30 days). In addition, workers receive nine bank holidays per year.

Social Security ("Sozialversicherung")⁵

In the Federal Republic, democracy and the state welfare system are closely interlinked. The fundamental principles of the welfare state are solidarity, on the one hand, and personal responsibility, on the other. To realise these principles, Germany has created a broad-based network of social services. All employees are compulsorily insured. Both employers and employees pay around 20% of their gross monthly salary into the country's social security scheme, which covers healthcare, unemployment benefits, accident and sick pay and pensions. Employees are exempt from pension contributions if they work less than 15 hours a week or work on short-term contracts.

The "Sozialversicherung" has five pillars:

- **"Rentenversicherung"** - Pension insurance
- **"Arbeitslosenversicherung"** - Unemployment insurance
- **"Krankenversicherung"** - Health insurance
- **"Pflegeversicherung"** - Nursing care insurance
- **"Unfallversicherung"** Accident insurance

On taking up employment for the first time you will receive an insurance registration number ("Versicherungsnummer" comparable to the NI number in the UK), under this the pension insurance institution will record your periods of insurance and the income on which your pension contributions will be calculated ("Rentenberechnung"), as well as your future labour market situation. Once you have been allocated with an insurance registration number, the relevant social security institution will issue a social security identity card ("Sozialversicherungsausweis").

Following recent reforms, tax and national insurance rates are similar to those in the UK. Income tax is on a progressive scale from 20% to 42% and National Insurance is paid both by the employer and employee. A foreign resident who is employed in Germany pays tax only on income earned in Germany.

Property Glossary

- Abstellraum (AR) - Storage room
- Altbau (AB) - Period property
- amtlich vereidigter Sachverständiger - Official surveyor
- Anbieter - Vendor
- Appartement - a one-room or studio apartment/flat
- Architekt - Architect
- Aufzug (Aufz) - Lift/Elevator
- Ausstattung (Ausst) - Furnishings, equipment
- Autostellplatz (Kfz) - Car parking space
- Bad - Bathroom
- Balkon (Blk) - Balcony
- Bauamt - Department of Housing and Urban Development: the local building office
- Bauausführung - Building construction
- Baujahr (Bj) - Year of construction
- Baufälligkeit - Dilapidations
- Belastungen - Charge or encumbrance on a property
- Bewertung - Valuation
- Bezirk - Borough, City District
- Bezugsfertig (Bezugsf) - Ready for occupancy
- Brandversicherung - Fire insurance
- Buchführer - Accountant
- Dachgeschoss - Penthouse apartment
- Dachgeschoss (DG) - Attic
- Dachgeschossausbau - Rooftop development
- Denkmalschutz - Protected /Listed historical building
- Doppelgarage (DoGa) - 2-car garage
- Doppelhaushälfte (DHH) - Semi-detached house/Duplex
- Dusche (Du) - Shower
- Eigentumsübertragung - Conveyancing
- Einbauküche (EBK) - Built-in kitchen
- Einfamilienhaus (EFH) - Single-family house
- Einliegerwohnung (ELW) - Small apartment/flat in a house, granny flat
- Elektroheizung (E-Hzg) - Electric heating
- Enovierungsbedürftig (ren.-bed.) - In need of renovation

- Erdgeschoss (EG) - Ground floor
- Erlaubt (Erl) - Permitted, allowed
- Erstbezug (EB) - First occupancy (new)
- Etagenheizung (ETH) - Floor heating
- Etagenwohnung (ETW) - Suite (on one floor)
- Fahrradraum (F-Raum) - Cycle storage
- Festpreis (FP) - Fixed price
- Finanzamt - Tax office
- Freistehend (Freist) - Free-standing, Detached
- Fußbodenheizung (FB-Hz) - Underfloor heating
- für Schnellentschlossene - "Priced for a quick sale"
- Gartenanteil (Garten-Ant) - Small garden/yard
- Gartenmitbenutzung (Garten-Mitben) - Shared garden
- Gäste-WC (G-WC) - Guest toilet
- Gaszentralheizung (GZ-Hz) - Gas central heating
- Gebäudeversicherung - Property insurance (the building)
- Gebühreneinzugszentrale (GEZ) - Collection centre for TV and radio license fees
- Glasdach (GD) - Skylight, glass roof
- grosszügige Räume - Meaning "large rooms" or "very spacious."
- Grundbuch - Land title registry
- Grunderwerbsteuer - Stamp Duty
- Grunderwerbsteuergesetzes - The rules governing the creation and execution of property contracts are covered by the federal property acquisition tax law
- Grundriss - Floorplan
- Grundsteuer - Land tax, rates
- Haftpflichtversicherung - Liability insurance.
- Hausratversicherung - Household contents insurance
- Hypothek - Mortgage
- Immobiliengeschäft (Immo-Ges) - Property/real estate agency
- Immobilienmakler (or Immobilienhändler) - Estate agent/Real estate Agent
- Inklusive - Including
- Isolierverglasung (ISO) - Insulating glass
- Jahresmiete (JM) - Annual rent
- Jährlich (Jährl) - Annual
- Kabelanschluss (Kabel) - Cable TV
- Katasteramt - Land Registry
- Käufer - Buyer/purchaser
- Kaufpreis (KP) - Sale price
- Kautions (KT/Kt) - Deposit
- Kellergeschoß - Basement
- Kochnische (KoNi) - Kitchenette
- Kreditnehmer - Borrower
- Küche, Dusche, Bad (KDB) - Kitchen, shower, bath
- nach Vereinbarung (n.V.) - As agreed
- Neubau (NB) - New house, new construction
- Notar - the Notary Public
- Notaranderkonto - Notary's Bank Account
- Nummer (Nr) - House number
- Nutzfläche (Nfl) - Usable or net, floor area
- Obergeschoss (OG) - Upper floor
- Ölzentralheizung (ÖZ-Hz) - Central heating oil
- Parterre - Ground floor
- Planung Genehmigung - Planning permission
- Postleitzahl (Plz) - Postal/ZIP code
- Provisionsfrei (prov.-frei) - No commission fee
- Rechnungsprüfer - Accountant
- Rechtsanwalt - A Solicitor or Lawyer (also called an Attorney)
- Reihenendhaus (REH) - Townhouse/End house
- Reihenhaus (RH) - Townhouses
- Reihenmittelhaus (RMH) - Middle row house/townhouse
- Sachverständiger - Expert
- Satellitenanlage (Sat) - Satellite TV system
- Schätzer - Valuer
- Schlafzimmer (SZ) - Bedroom(s)
- Steuerberater - Tax consultants
- Steuererklärung für beschränkt Steuerpflichtige - Annual tax declaration (tax return form)
- Straße (Str.) - Street
- Strukturelle Erhebung - Structural survey
- Telefonnummer (Tel.) - Telephone number
- Terrasse (Terr.) - Terrace, patio
- Tiefgarage (TG) - Underground parking
- Tiefgarage für Pkws (TG-Pkw.) - Underground car space

- **Unbedenklichkeitsbescheinigung**
- A tax clearance certificate issued by the tax office
- **Untergeschoss (UG)** - Basement
- **Verhandlungsbasis (VB)** - Best offer price (negotiable)/Asking Price
- **Verhandlungssache (VS)** - Subject to negotiation
- **Verkäufer** - Seller
- **Verkehrswert** - Market value of a property
- **Verpachtung** - Leasehold
- **Versicherung** - The general term for insurance
- **Voll Möbliert (voll möbl.)** - Fully furnished
- **Wertgutachten** - Valuation Report
- **Wohnfläche (Wohnfl.)** - Living area/space
- **Wohnküche** - Combined living-room and kitchen, a lounge-diner or an open-plan living-room and kitchen
- **Wohnung** - an Apartment
- **Wohnung (Whg.)** - Apartment
- **Zentralheizung** - Normally used to describe the heating system in a multi-dwelling building
- **Zimmer (Zi.)** - Room/rooms
- **Zinssatz** - Interest rate

Recommended Reading

- **Living and Working in Germany**, (Paperback) by Pamela Wilson, 476 pages, Publisher: Survival Books; 3rd Revised edition (15 Sep 2007); ISBN-10: 190530336X, ISBN-13: 978-1905303366
- **Germany - Culture Smart!: the Essential Guide to Customs & Culture**, (Paperback), by Barry Tomalin, 168 pages, Publisher: Kuperard; Reprinted edition (27 Mar 2003); ISBN-10: 1857333063, ISBN-13: 978-1857333060
- **Germany (Lonely Planet Country Guide)**, (Paperback), by Andrea Schulte-Peevers, Paperback: 844 pages. Publisher: Lonely Planet Publications; 6th edition (1 Mar 2010); ISBN-10: 1741047811, ISBN-13: 978-1741047813
- **Michelin Germany Tourist Guide (Michelin Green Guides)**, (Paperback), 576 pages, Publisher: Michelin Apa Publications Ltd (9 Jan 2009); ISBN-10: 1906261385, ISBN-13: 978-1906261382
- **Munich, Bavaria and the Black Forest (Lonely Planet Country & Regional Guides)**, (Paperback), by Andrea Schulte-Peevers, Kerry Walker, 360 pages, Publisher: Lonely Planet Publications; 3rd Revised edition (1 May 2008); ISBN-10: 1741046718, ISBN-13: 978-1741046717
- **Living and Working in Germany: A Survival Handbook (Living & Working in Germany)** (Paperback), by Nick Daws (Author), Dan Finlay (Editor), Jim Watson (Illustrator), 476 pages, Publisher: Survival Books; 2nd illustrated edition (23 Oct 2003); ISBN-10: 1901130576, ISBN-13: 978-1901130577
- **Real Estate Investments in Germany: Transactions and Development**, (Hardcover), by Michael Mütze (Editor), Thomas Senff (Editor), Jutta C. Möller (Editor), 362 pages, Publisher: Springer, 2nd printing edition (26 Jun 2007); ISBN-10: 3540721789, ISBN-13 978-3540721789



Further Information

This guide is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

References and Acknowledgements:

¹ For detailed information on Germany, go to:
www.auswaertiges-amt.de/diplo/en/WillkommeninD/D-Informationen/DInfos.html
www.tatsachen-ueber-deutschland.de/en/inhaltsseiten-home/zahlen-fakten/bundesrepublik-deutschland.html

² This and the next paragraph in the text are derived from Wikipedia

³ This section is attributed to: <http://userweb.port.ac.uk/~joyce1/abinitio/>

⁴ For further information, see:
www.auswaertiges-amt.de/diplo/en/WillkommeninD/EinreiseUndAufenthalt/Staatsangehoerigkeitsrecht.html#t2

⁵ Sources for information about social security and taxes include:
www.britishgermanassociation.org/special.php?pageno=186
www3.uni-bonn.de/institutions/welcome-centre/services/guide/chapter-8

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