



**ACCENTRO**

REAL ESTATE

**BUYER'S GUIDE**  
**FULL BROCHURE 2022**



Why you should rely on ACCENTRO



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# Why you should rely on ACCENTRO

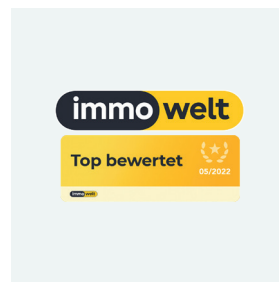
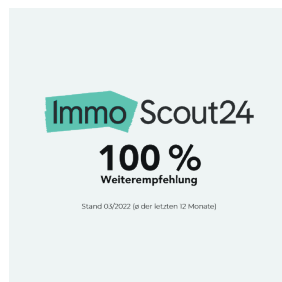
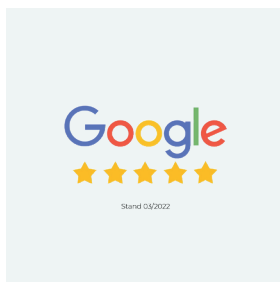
**ACCENTRO**  
REAL ESTATE

# Why you should rely on ACCENTRO

With a real estate portfolio of more than 5,200 units, we are specialized in enabling tenants, owner-occupiers and capital investors to realize their dream of owning their own four walls as a solid investment for the future.



## Ratings and Awards of ACCENTRO:



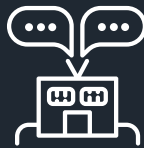


# Introduction to Germany

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Largest economy in Europe



Largest rental market in Europe, 2nd lowest home ownership rate



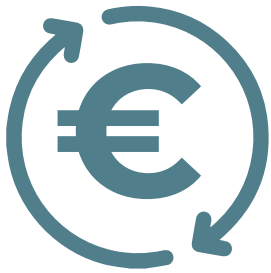
Economy rose for the 10th consecutive year in 2019



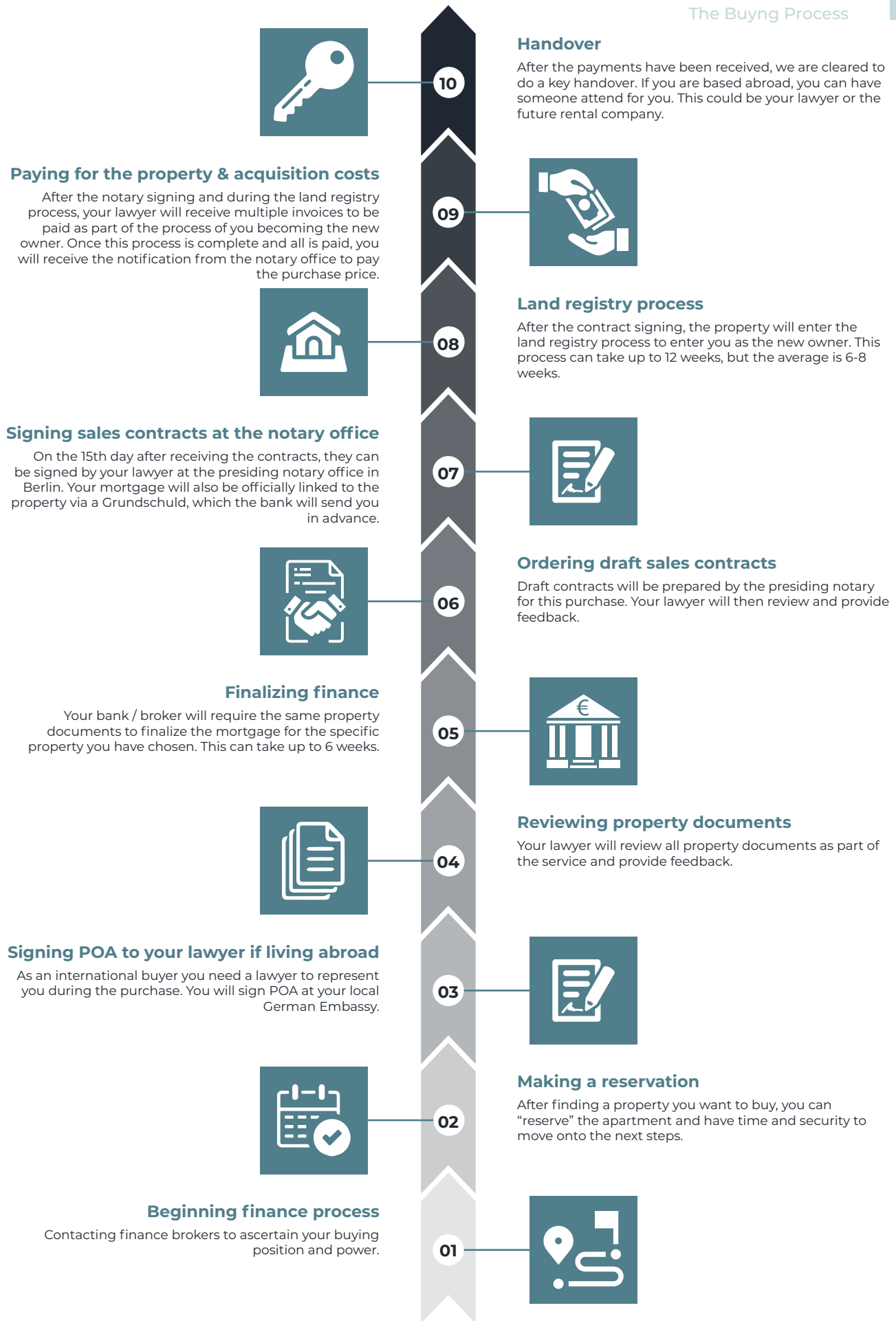
Safe haven for international finance



Private landlords make up 80,6 % of all apartments in Germany



# The Buying Process







# How to plan your budget

# What additional costs can I expect?

When buying real estate, one or the other additional costs should be considered and planned for. These differ from country to country – but in Germany they also differ state to state. As an international buyer, you can click below to get more information on what things play a role in addition to the purchase price.

## **Property Transfer Tax (Stamp Duty)**

The transfer of property in Germany is subject to a transfer tax (Grunderwerbsteuer). The percentage varies between the German states – ranging between 3.5% (Bavaria, Saxony) and 6.5% (Schleswig-Holstein). In Berlin, it is currently 6% of the purchase price as it is in Frankfurt (Hessen). There are exemptions, mostly for the transfer of property within the family.

## **Notary & land registry fees**

Purchase contracts in Germany must be signed in the presence of a notary, who also records the property sale in the land registry. The overall cost of this service is usually around 1.5-2% of the purchasing price. This will involve an approximately 1% invoice paid directly to the notary office after signing contracts; and approximately 0.5-1% spread over three separate invoices during the land registry process – removing the old name and entering you as the registered owner.

## **Translator at contract signing**

This is only applicable when living in Germany and attending the notary appointment in person. It does not apply to those using a lawyer to represent them. The costs of this service is around €290 + VAT.

## **Lawyer fee**

As an international buyer, it is a legal requirement that a German lawyer acts on your behalf. The total cost of this service is usually 1% VAT of the purchase price; though for higher value acquisitions a flat fee agreement is common.

## **Agency commission**

Depending on who you are buying through, there is often a commission involved. Since 2021, commissions must be split equally by the buyer and the seller. This means you will pay commission when you buy, and when you sell (if using an agent). Luckily, at Accentro, we do not charge commission on our self-owned apartments so your acquisition commission is 0%. When buying or selling through an agency, you will usually pay between 1.5-3% plus VAT of the purchase price.



# Mortgages in Germany

# Mortgages in Germany

## Can I get a mortgage as an international buyer?

So-called “Steuerausländer” (tax foreigners) or “Gebietsfremde” (non-residents) can apply for a loan from a German bank. Non-residents and tax foreigners are – whatever their nationality is – all those persons who are not liable to pay taxes in Germany.

The amount you can borrow, and your achievable interest rate, will depend on many things – like personal income, employment status, age, country of residence and nationality.

Since the “Wohnimmobilienkreditrichtlinie” (Mortgage Credit Directive) passed into law in March 2016, many banks have switched to financing tax foreigners only if they live within the EU and earn their salary in euros. For people who live and work in Sweden, for example, this makes real estate financing in Germany very difficult, but not impossible.

**Do not fear!** Even though the choice of possible lenders, financing products, and interest rate conditions are limited, experience shows that non-residents and tax foreigners can obtain financing with an LTV of up to a maximum of 70 percent of the purchase price. However, the amount of equity always plays a role, of course. It depends – as so often – on the personal and financial situation of the applicant for the mortgage.

We find that the tipping point is usually 54% LTV which allows for the best interest rates, and the best chance of successful applications.

The experienced Hypofriend advisors will be happy to help to advise you in detail about your options.



## Can I get a mortgage in Germany as an expat?

The question regularly arises whether people without German citizenship can buy a property in Germany and thus fulfill their dream of owning their own home. The good news: Yes, they can!

However, there are some limiting factors that restrict the maximum loan amount and the number of German banks that can provide you with financing. In this article, we give a general overview of the financing possibilities depending on the residence permit in Germany.

If you need help to find the optimal mortgage feel free to contact Hypofriend. The Berlin-based online mortgage advisor will navigate you through the whole process and help you understand your mortgage options. At Hypofriend they use superior technology to predict bank decisions and analyze your optimal finance strategy. Their best-in-class expert advisors walk you through the entire process to get you the best mortgage that is right for you.

## How much money can I borrow from the bank?

Before we look at the different residence permits and how they influence how much you can borrow, we would like to briefly discuss the most important basics of real estate financing in Germany. Therefore, we will focus on the so-called “Beleihungsauslauf” (Loan-to-Value, LTV), which influences how much money the bank will provide for the mortgage and how much equity you have to bring into the financing.

The Loan-to-Value, or Loan-to-Value-Ratio, indicates the ratio of the loan to the value of the property. However, each bank calculates the LTV according to its own criteria. The basic rule is that banks do not use the price the seller is asking for the property, but the value of the property. This is the so-called “Beleihungswert” (mortgage lending value or collateral value). In other words, the mortgage lending value does not have to be equal to the purchase price. German banks are quite conservative and risk-averse when it comes to estimating property values. Therefore, they sometimes value real estate 10-30% less than the real estate price.

The LTV indicates the ratio between the loan taken out and the mortgage lending value and is expressed as a percentage. The bank uses this percentage to determine the interest rate for the loan. The lower the LTV the less risky a bank considers a loan. Therefore, they offer you a better interest rate for a loan with a lower LTV. You can reduce the LTV by increasing the down payment.

## How does the residence permit affect the mortgage?

As an EU citizen, you have the right to come and work in Germany without a visa. In addition, you will be legally equal to German citizens in almost every respect. For this reason, authorities do not issue a residence permit. Your identity card or passport is sufficient to prove that you are allowed to live and work in Germany.

Unlike citizens from non-EU countries, people from the EU can purchase real estate in Germany without any problems if they work and live here. Banks then assess the credit risk similarly to German citizens, and they will finance a 100% LTV.

For non-EU residents with a temporary residence permit (e.g. a Blue Card EU), the bank applies higher risk assessments. This naturally also has an impact on the LTV. As a non-EU citizen with a temporary residence permit such as a Blue Card EU, you can expect banks to finance a maximum LTV of 90%. In addition, unfortunately, there are only a few banks that generally accept such a risk and qualify non-EU residents for their mortgage products.

## How can I improve my chances?

One way to increase the number of German banks and a higher LTV (up to 100 %) a temporary resident qualifies for is to apply for a “Niederlassungserlaubnis” (permanent residence permit).

Residents who have had a temporary permit for at least 5 years can directly apply for a permanent residence permit with the “Ausländerbehörde” (Foreigners' Registration Office). In addition to having your primary residence registered in Germany and having a sustainable income, you will also need to show proof of sufficient German language skills (B1) to get approved for a permanent residency permit.

An EU Blue Cardholder may get a permanent residence permit when they have been in Germany for more than 33 months or with good German skills only 21 months.

A non-EU foreigner who graduated from a German University or comparable institution in Germany may get a permanent residence permit when they have held a work permit for at least 2 years after graduation.

If you are married to a German national (i.e. someone with German citizenship) or are a parent to an underage German you can have a permanent residence permit issued to you when you have been in Germany for 3 years and are still living with the German spouse or child.

## What documents are required?

German banks are very meticulous when it comes to paperwork. They will require you to submit both personal documents and property documents. Here's the list of documents you will need to have ready if you want to apply for a German mortgage:

### General documents for everybody

1

Copy of your Passport

2

Proof of residence („Meldebescheinigung“) – this document shows the German address you are currently registered at and can be obtained from the „Bürgeramt“

3

Proof of equity – bank account statement showing the amount of money you will put down (not necessary for getting mortgage pre-approval)

4

Temporary residence permit, e.g. Blue Card („Aufenthaltstitel“) or permanent residence permit („Unbefristete Aufenthaltserlaubnis“)

5

Proof of German pension scheme („Rentenbescheid / Renteninformation“) – you will receive this automatically after having worked in Germany for at least 5 years. Alternatively, this document can be obtained directly by the German pension insurance

If you are an employee, you also need to submit your payslips for the last three months and your income tax certificate or your payslip from last December. If you are a freelancer or self-employed business owner, you can read about the special documents you need to submit here.



In addition to the personal documents, you will also need to provide specific documents about the property you are looking to buy.

### Property documents

- 1 Current extract of land registration (“Grund-buchauszug”) – you can receive this document directly from the land office (“Grundbuchamt”) or a notary of your choosing will do it for you
- 2 Floor plan with measurements (“bemaßter Grundriss”) – you will get this from the seller or the real estate agent
- 3 Draft of the purchase contract (“Kaufvertrags-entwurf”) – a notary of your choosing will draft the purchase contract
- 4 Declaration of division (“Teilungserklärung”) – the seller/ real estate agent should provide this
- 5 Floor area calculation („Wohnflächenberechnung“) – you will get this from the seller or the real estate agent

If you buy a new-built property you also need a description of construction („Baubeschreibung“) which will be provided by the project developer. If you buy an existing property you have to provide an “Expose” with current photos of the property.

### How long does the application process take?

The general processing time for a mortgage application depends on many factors. For example, how quickly all the documents for the bank are ready or whether there are still open questions to be clarified.

Once the mortgage application has been submitted to the bank, it depends on the bank how quickly the financing request is processed. For most German lenders, it is still a manual and human process to check and verify the application. Direct banks like ING and DKB tend to process applications within 2-4 business days, while other banks like Deutsche Bank or Sparkasse tend to process between 5-10 business days. In some cases, it may take longer due to higher demand or lower availability of loan specialists.

In cooperation with Hypofriend.





# Taxation

# Taxation

## The tax system in Germany

The tax system in Germany is very comprehensive and aims to tax workers according to their financial success, while allowing enough income for business investments in work and capital. As a result of this and for fairness, the tax system in Germany is fairly complex and this document can only really be a brief overview and does not replace thorough professional consultation. Assessing a tax situation in detail requires looking at the priorities of each client and finding the best solution with regard to the different taxes, taking into account effort and the costs of setup and management.

## Limited taxation

If you are in Germany less than 184 days per year and do not reside in Germany, you fall under limited taxation in Germany. This means that you are only taxed on your German income. The income considered to be 'German income' depends primarily on the double taxation treaty which is valid between Germany and your home country. Income from tenancies of German real estate is usually considered to be 'German income'.

Under limited taxation, owners of real estate property do not benefit from tax free amounts (eg, in the case of unlimited taxation, tax free is income of €8652 (2016) and inheritance or gifts to children/spouses of €400,000/€500,000, respectively).



## Deduction of property costs and depreciation

Profits made from real estate are taxed as ordinary income. For determining what is actual taxable income, owners can deduct the interest on bank loans that financed the purchase and other expenses and property related costs (eg, management fees, insurance, legal fees, etc). Moreover, a depreciation of 2% of the building value per year (2.5% for properties built before 1925) can be deducted from the profit. As a result of the various deductions, the ongoing taxable income from an apartment is usually quite low.

## Income tax for individuals owning property

For individuals, the taxable income is subject to a progressive income tax rate from 14-42%. Taking into account the depreciation (see above), the tax rate on the rental income is effectively lower.

The profits from the sale of properties held as private assets (held by a private person which has sold less than 3 properties in the last 5 years) are currently exempt from tax if the property was owned for over 10 years. Other special exemptions can apply if the apartment was used by the owners, themselves. If none of these tax exemptions apply, the profit from the sale is taxable like ongoing income. This tax exemption is only applicable for privately owned and sold properties, not for those sold by commercial companies such as a GmbH.

## Income tax and capital gains tax for corporations

For corporations, the taxation follows a different pattern than it does with individuals. Generally, the taxation takes place on two levels:

1. The company pays 15.825% income tax (Körperschaftsteuer); commercial tax can usually be avoided if the company is only holding real estate, depending on the setup of the company, the properties and the usage of the properties.
2. For a German corporation, the profits paid to an individual as a shareholder is taxed with capital gains tax (26.375%) paid by the company. Depending on the respective double taxation treaty and the individual income situation, a reduced tax rate may be applicable (eg, 5-10%). Also, foreign companies may offer better tax rates.

## Stamp Duty / Real Estate Transfer Tax

The transfer of property in Germany is subject to a transfer tax (Grunderwerbsteuer). The percentage varies between the German states – ranging between 3.5% (Bavaria, Saxony) and 6.5% (Schleswig-Holstein). In Berlin, it is currently 6% of the purchase price as it is in Frankfurt (Hessen). There are exemptions, mostly for the transfer of property within the family.

## Inheritance Tax / Gift Tax

Inheritances and gifting are subject to the same tax rates. The tax rates differ depending on the closeness of the family relationship between the heir and the deceased/donor and the amount transferred. For this purpose, the law distinguishes between 3 classes of relation:

**Class 1** Spouse, children, grandchildren, parents and grandparents (ie, direct line relatives)

**Class 2** Siblings, nieces and nephews

**Class 3** Non-related

## Real Estate Tax

German property is subject to a real estate tax (Grundsteuer), levied annually. The tax base is the 'assessed value' (Einheitswert). The tax depends on several factors, including location, size and use. It also depends on the German State (Bundesland) in which the property is located. The owner pays it directly to the tax authority but, under most rental contracts, it can be recovered from the tenant. Typically, for a 1-bedroom apartment in Berlin, the tax will be around €150-250 per year which is comparatively low, compared to other countries.

In cooperation with VPMK





Do I need  
a lawyer?

# Do I need a lawyer?

As an International buyer, not domiciled in Germany, you need a local lawyer to oversee the purchase. The lawyer will provide an extensive service for you, not just reviewing legal documents.

## Registered Address

It is a pre-requisite that all buyers are required to have an address in Germany to receive all legal documentation. Your appointed lawyer will act as your legal recipient of all documents during the buying process and beyond.

## Document review & summary

Your lawyer will receive and review all the legal documents including the sales contracts, and declaration of division to check all is in order, and provide you with a summation. They will be able to answer any questions you have about the contract and the procedure in general.

## Signing Contracts at the notary

As previously mentioned, once the POA is signed and returned, the lawyer can act on your behalf to sign the sales contracts at the notary office. Not only does this save you the time and inconvenience, it also means you do not need to travel to Germany – again saving you time & money.

As a buyer living in Germany, you do not legally require the services of a lawyer. Often, the notary will produce the sales contract in both English & German, and the notary themselves can answer most contract related questions. You will however, need the services of a sworn translator at the contract signing, unless you speak fluent German.

## Signing Power of Attorney (POA)

In Germany, the sales contracts are presided over by an independent notary. At the signing of the purchase agreement, the notary will read aloud the entire sales contract, in German – a process that can take a number of hours. To negate the need for your presence (and avoid all travel costs!) the lawyer can sign these contracts on your behalf. They will provide you with a personalised POA agreement, which you need to have signed and witnessed at your local German Embassy, or by a local German Notary office if you can.

## Eskrow Account

Your lawyer will also set you up a personal Eskrow account in which to transfer your mortgage deposit and additional purchasing costs, and will then disperse the money as and when invoices are received – on your approval.



# Finding your ideal property

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# € Ongoing costs



# Ongoing costs

Once you have purchased your property, the fun doesn't stop there. There are a number of ongoing costs relating to taxes and property / building management that you need to consider.

## **Income tax for rented apartments**

Rental income is counted as personal income and is taxed progressively as per German law. When calculating your taxable income, there are a number of deductions you can make, including: mortgage interest, repairs and maintenance and depreciation...

## **Annual property tax**

This is a nominal annual taxation based on a multitude of factors: building age, location, size, condition, floor etc. Depending on the size of the apartment, this can range from €100 per year to €500 per year. These costs can also be passed on to the tenant if specifically mentioned in the rental contract.

## **Housing insurance (Optional)**

Buildings in Germany must have a general insurance covering the building itself. This is called Wohngebäudeversicherung. This is arranged by the Hausverwaltung, and included in your monthly Hausgeld payments.

It is advisable to also take out contents insurance if renting out furnished. This covers you in the event of damage to your furniture and belongings in the event of accidental damage such as leaks. A typical policy starts around €80 per year. As a landlord, it is also advisable to take out Rechtsschutz - legal assistance insurance - to help you in the event of legal disputes with tenants. This is typically around €20-30 per month.

## **Property management fee**

It is advisable as an international buyer to employ a manager for your apartment. The prices for these can range from €25-70 per month, depending on the level of service required.



# Selling your apartment

# Selling your apartment

Current German law states, as an individual owner, you can sell your rental investment apartment after 10 years of ownership, and pay 0% tax on any profit that you have made. It is currently the only asset class offering this. This law is reduced to just 2 years if you have lived in the apartment yourself and not rented it out.

Due to recent legal changes, the buyer and the seller must now split the sales commission 50/50. As a seller, your percentage can range from 1.5- 3.5%, depending on the commission level that the selling agent charges their clients.





## FAQs

# FAQs

## **Do I need to speak German?**

While of course it would help, it is certainly not required to speak German to any degree. Throughout the process you will be consulted in English, and important documents such as the sales contract will be provided in an English translation.

## **Are there any restrictions for international buyers?**

No, there are no restrictions on purchasing, but there are some limitations on financing based on where you live & earn your income.

## **Do I need to fly to Germany?**

No, it is possible to purchase a property without ever visiting Germany. The only time you would need to visit is if your financing bank required you to identify yourself in person – though this is rare.

## **Do I need a german bank account?**

It is definitely beneficial, though not always a prerequisite. You will require a european bank account when taking financing from a german bank. When buying cash, your lawyer will set up an eskrow account for you to transfer the money to, so that they can disburse as required.

## **What are the additional costs when buying an apartment in Germany?**

There are additional costs when purchasing a property in Germany. There is 6% Tax, 1.5-2% Notary & Land Registry Fees, plus the cost of a lawyer, approx 1.19%. You will also need to pay commission to your real estate agent – unless you buy through Accentro!

## **Do I need a Lawyer?**

As an international buyer, you will need a lawyer to oversee the purchase. They will act as your registered address for all paperwork, review the contracts and sign them on your behalf at the notary office using a POA.

## **What is the difference between the notary and a lawyer?**

Your lawyer is working for you directly, whereas a notary is an independent body who creates a fair and balanced sales contract, and mediates the sale. They do not work for either buyer or seller, and it is their duty to ensure a fair sale for all.

# FAQs

## What level of finance can I get from a German bank?

As an international client, or tax foreigner, you can apply for finance up to a maximum of 70% of the purchase price; though typically it is easier to achieve up to 60%, and the interest rate will decrease too.

## Can I get a residency permit through buying an apartment?

No, this is not possible in Germany.

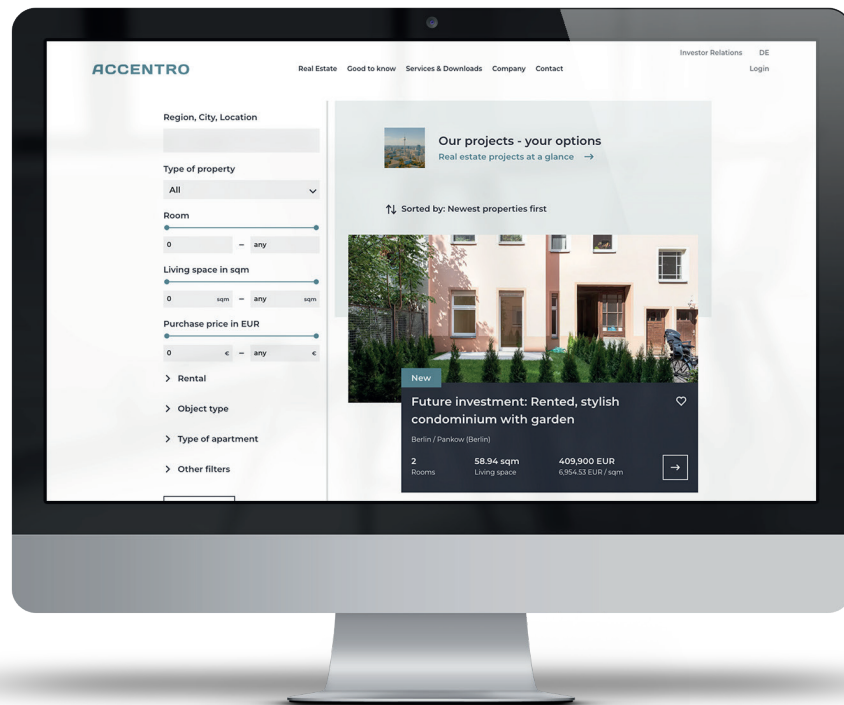
## What is the tax situation like for foreigners?

You will pay income tax on your NET rental income progressively from 15-45%; the same as a local. You can deduct mortgage interest, depreciation, taxes, repairs etc from your taxable income – so often you will find you pay almost no income tax at the end of each year.



# Finding your ideal property

Even the grandest journey starts with the smallest step! To start your property adventure, take your first small step below and search for your dream property.



Please feel free to get in touch now to

[find out more](#)



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*The information herein was researched to the best of our knowledge and belief. It reflects the factual and legal state of affairs at the time of compilation. Possible changes in actual circumstances and/or jurisdiction, laws and/or administrative practice of the competent regulatory authorities (e. g. on the part of the building supervisory authority) after this time may apply retroactively, and this could result in disadvantages for the buyer. Potential ramifications are impossible to predict or gauge. Accordingly, we urgently recommend to seek legal counsel and tax law advisory before buying an apartment if necessary.*