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Certificate in German Taxation Laws

## Tax Compliance and Reporting

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Tax compliance and reporting are critical aspects of any taxation system, and Germany is no exception. The following is a detailed explanation of key terms and vocabulary for tax compliance and reporting in the context of the Certificate in German Taxation Laws.

1. **Taxable Person:** A taxable person is any individual or entity that is liable to pay taxes in Germany. This includes German residents and non-residents who have taxable income in Germany.
2. **Taxable Income:** Taxable income is the amount of income that is subject to German income tax. It includes employment income, business income, rental income, and investment income.
3. **Progressive Tax System:** Germany has a progressive tax system, which means that the tax rate increases as the taxable income increases.
4. **Income Tax Rates:** The income tax rates in Germany range from 14% to 45%, depending on the taxable income.
5. **Tax-free Allowance:** Every taxpayer in Germany is entitled to a tax-free allowance, which is the amount of income that is not subject to tax.
6. **Church Tax:** In addition to income tax, German residents who are members of a religious community may also be required to pay church tax.