

In profile – Federal Ministry of Finance



Sound public finances

The Federal Ministry of Finance's main duty is to ensure that the German state remains in a financial position to do its job now and in the long term. This gives the Federal Minister of Finance a key role in the German Government. It also explains why the Minister has a right of veto in any Government decisions affecting public finances.

The Ministry manages all of the Government's financial affairs centrally with the overarching aim of ensuring sustainable fiscal policy. This also has the effect of achieving a fair balance between the interests of society's different groups. The constitutional debt-brake rule, the financing of public infrastructure, efficient structures to support the society of tomorrow – these are just some of the fundamental fiscal and macroeconomic issues for which the Ministry develops concepts and strategies. In doing so, it ensures that public finances will always remain on a sound footing.



Wide-ranging tasks

The Finance Ministry's traditional duties lie in the fields of budgetary and tax policy. Today, more than ever, the objective is to consolidate public finances and simultaneously to provide impetus for growth and employment. Financial-market policy and monetary policy are further vital areas for which the Federal Ministry of Finance is responsible. The Ministry provides the framework for stable and efficient financial markets – at both national and international level.

The Federal Ministry of Finance plays a key role in shaping European fiscal policy. It develops and co-ordinates positions on EU budgetary and financial issues. The Ministry is also committed to ensuring EU subsidies are used properly and efficiently.

The Federal Customs Administration, which supports the trade activities of German companies in the international markets and works to combat undeclared work and illegal employment, is also under the Ministry's supervision. Furthermore, the Ministry is responsible for the privatisation of the Federation's assets and the settlement of burdens resulting from the war, as well as being the issuer of all postage stamps bearing the inscription "Deutschland".



Leadership

The **Federal Minister of Finance**, Dr Wolfgang Schäuble, directs the Ministry in line with the policy framework defined by the Federal Chancellor. He is the member of Government responsible for all aspects of Germany's fiscal and tax policy.



Dr Wolfgang Schäuble



Steffen Kampeter



Hartmut Koschyk



Werner Gatzert



Dr Hans Bernhard Beus



Jörg Asmussen

The Minister is assisted in his duties by two **Parliamentary State Secretaries**, Steffen Kampeter and Hartmut Koschyk. In addition to their role in the Ministry, they are Members of the Bundestag and thus ensure a constant flow of information between the Government and Parliament.

The Minister is represented by three permanent State Secretaries: Werner Gatzert, Dr Hans Bernhard Beus and Jörg Asmussen. They coordinate the activities of the directorates-general.

The Ministry has nine such directorates-general alongside the executive management. Each is composed of up to four directorates. Around 1,970 staff work for the Federal Ministry of Finance, spread between its Berlin headquarters and its office in Bonn. The Ministry moved into its present headquarters, the Detlev Rohwedder Building, in 1999 as part of the general relocation of the German Government from Bonn to Berlin. There have been 18 different Finance Ministers at the helm since 1949, three of whom have served since the move to Berlin.



Federal Ministry of Finance and subordinate authorities

Supreme federal authority
Federal Ministry of Finance

Higher federal authorities

Federal Central Tax Office (BZSt)	Federal Office of Central Services and Unresolved Property Issues (BADV)	Federal Equalisation of Burdens Office (BAA)	Federal Spirits Monopoly Administration (BfB)
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Intermediate authorities

5 federal finance offices	Customs Criminological Office (ZKA)
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Local authorities

43 main customs offices	8 customs investigation offices
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Other agencies

Centre for Data Processing and Information Technology (ZIVIT)	Training and Knowledge Centre (BWZ)
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Tasks performed by legally independent entities

Federal Financial Supervisory Authority (BaFin)	Financial Market Stabilisation Fund (Soffin) – Federal Agency for Financial Market Stabilisation (FMStA)	Institute for Federal Real Estate (BImA)	Federal Institute for Special Tasks Arising from Unification (BvS)
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Deutsche Bundespost Federal Posts and Telecommunications Agency (BAnstPT)	Museum Foundation for Posts and Telecommunications (MusStiftPT)	Posts and Telecommunications Accident Insurance Fund (UKPT)	Federal Pensions Service for Posts and Telecommunications (BPS PT)
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Customs Administration

Federal revenue administration (narrowly defined)

Successor organisations of the former state postal service

Ministry's wider portfolio

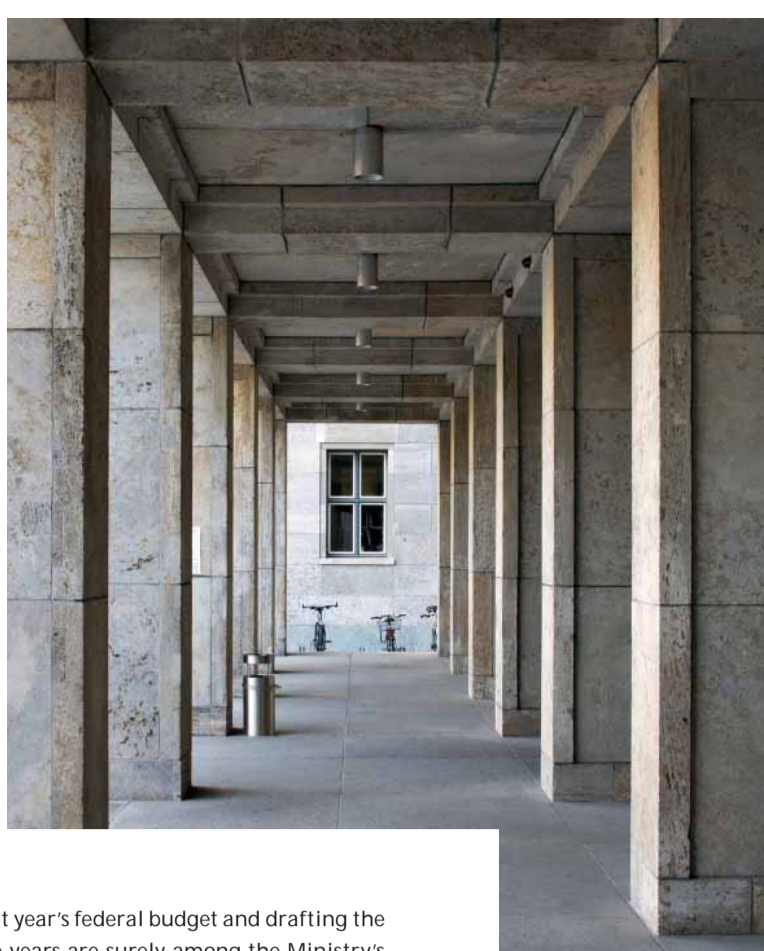
The Ministry and its subordinate authorities

The Federal Revenue Administration in the narrow sense encompasses the Federal Ministry of Finance as the supreme federal authority, as well as a number of other authorities and agencies. The Ministry's wider portfolio also includes the public-law agencies and corporations that are under its supervision (for example, BaFin, the financial regulator).

The Ministry and its specialist work

General policy issues

The constitutional debt-brake rule, the financing of public infrastructure and the need for efficient structures to support the society of tomorrow – these are just some of the fundamental fiscal and macroeconomic issues for which the Ministry develops concepts and plans. Some examples include strategies to secure sound public finances on a permanent basis – the debt brake comes to mind here – or efforts to realise potential efficiencies in energy or climate policy. Producing reports on subsidies and subsistence income also comes within the Ministry's array of responsibilities.



Federal budget

The annual tasks of preparing next year's federal budget and drafting the financial plan for the coming five years are surely among the Ministry's best-known duties. The draft budget is the product of intensive negotiations with all the government departments. In the course of these negotiations, each area's activities that have an impact on the budget are analysed to assess whether they are economically efficient, whether they can be financed and whether they comply with the formal requirements for inclusion in the budget.

Once the draft budget has been adopted by the Cabinet, the Federal Ministry of Finance supports and accompanies the parliamentary process in the Bundestag and Bundesrat.

In addition, the Ministry is responsible for general legislation on Germany's national budget system and is called upon to make important case-by-case decisions in matters of budget execution. It is also in charge of cash management and accounting, as well as drawing up the annual budgetary and property accounts.



Customs and excise

The Ministry's wide-ranging mandate includes legislating on customs and excise. Some areas covered by this are the collection of duties, security (such as the customs investigation service and issues covered by the Customs Administration Act) and safeguarding Germany's social systems (for example, by means of legislation to combat illegal work).

Ministry staff also ensure that international agreements and conventions are implemented, and represent Germany's interests in international forums. The Ministry is further responsible for coordinating the work of around 38,000 customs officers, who bring in around half of the Federation's tax revenue.



Taxes

Among the Ministry's core tasks is the drafting of Acts, ordinances, administrative regulations and decrees in many areas of taxation. Examples of taxes involved include income tax, wages tax, corporation tax, trade tax, VAT, inheritance tax, real property tax, motor vehicle tax and insurance tax. The Federal Ministry of Finance is responsible for issues relating to the principles of taxation, as well as the fields of law affecting tax procedure, tax consulting and criminal tax offences. Its mandate also covers international tax law, which encompasses in particular Germany's double taxation agreements with other countries. The Ministry monitors the implementation of the law to make sure it is applied in a uniform manner throughout Germany, works together with the revenue authorities of the Länder, Germany's federal states, to modernise the taxation process and cut bureaucracy, and exercises legal and operational supervision over the Federal Central Tax Office (Bundeszentralamt für Steuern).



Federal financial relations, public law and legal matters

Another key area of work is the central government's financial relations with the Länder and the municipalities. This includes questions concerning constitutional provisions on finance, issues of public law and issues surrounding the modernisation of Germany's federal system. The Ministry also has a role in proceedings before the Federal Constitutional Court (Bundesverfassungsgericht) and the European courts, and deals with matters of European law. Even today, a number of property issues remain unresolved as a result of the war and the division of Germany. There are still financial consequences of the war that need to be worked through, while German reunification has led to property-related legal issues that require resolution.



Financial-market policy

The worldwide economic and financial crisis has clearly shown that a stable financial system is pivotal to the health of the economy in Germany. The main players on the financial markets are banks, insurance firms and financial services companies. Part of the Finance Ministry's job is to create the legal framework needed to ensure the financial markets can fulfil their function in the economy as a whole.

Financial-market policy must keep pace with the dynamic developments that have taken place over recent years. The Ministry therefore has the important job of driving reforms in financial-market regulation and supervision at national, European and global levels. At the same time, the Ministry is looking into the question of how the financial sector can be called upon to help meet the cost of overcoming the crisis.



Privatisation, company holdings and federal real estate

Within the Government, the Federal Ministry of Finance is tasked with the step-by-step privatisation of companies wholly or partly owned by Germany and the formulation of core policy on privatisation and government holdings. To ensure good governance in the public sector, uniform standards for public corporate governance have been created. These are applied to companies in which the Government holds a stake.

In another area, follow-up work is still underway to complete the tasks started by the Treuhandanstalt, an agency set up in the 1990s to privatise former East German state-run companies. The Ministry is also in charge of real estate owned by the Federation. Its main activity in this area is the supervision of the Institute for Federal Real Estate (BlmA). The Ministry is responsible for managing the Government's holdings in Deutsche Post AG, Deutsche Telekom AG and other companies, as well as preparing and carrying out their privatisation.



European policy

As Europe becomes increasingly integrated, more and more economic and financial policy decisions are taken in Brussels. The Federal Ministry of Finance is involved in this decision-making process.

The Ministry comes up with and co-ordinates positions on EU budgetary and financial issues, in particular the EU budget and the multiannual financial framework. The purpose of this is to align Germany's contribution to the EU budget with current fiscal-policy requirements. The Ministry also presses for EU subsidies to be used properly and efficiently.

Further information about the Ministry's duties, organisation and individual areas of work is available online at www.bundesfinanzministerium.de

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