



Federal Ministry
of Finance

Extracts from the monthly report

January 2019



Contents

Translated extracts from the Federal Ministry of Finance's January 2019 monthly report

*For a concise overview of the preliminary annual accounts for **fiscal year 2018**, please consult [press release no 1/2019](#). Here are the key figures for December 2018.*

| | |
|--|----------|
| Tax revenue in December 2018 | 3 |
| Trends in general government tax revenue | 3 |
| Borrowing and guarantees | 7 |
| Debt trends for the Federation and its special funds | 7 |
| Guarantees | 8 |
| Calendar | 8 |
| Publication schedule of the monthly reports | 8 |
| Key dates on the fiscal and economic policy agenda | 8 |

Tax revenue in December 2018

Total tax revenue (excluding local authority taxes) was up by 2.5% in December 2018 over the same month in 2017. Revenue from joint taxes rose by 3.0%, with VAT revenue posting substantial growth and wages tax receipts continuing to point upward.

Receipts from taxes accruing solely to the Federation fell slightly compared with the same month in 2017. Receipts from taxes accruing solely to the *Länder* were up 12.0% on the year.

| Tax revenue trends (excluding local authority taxes) ¹ in 2018 | | | | | | |
|---|---------------|---------------------|---------------------|---------------------|-----------------------------|---------------------|
| 2018 | December | Year-on-year change | January to December | Year-on-year change | 2018 estimates ⁴ | Year-on-year change |
| | in €m | in % | in €m | in % | in €m | in % |
| Joint taxes | | | | | | |
| Wages tax ² | 26,024 | +5.2 | 208,231 | +6.5 | 207,800 | +6.3 |
| Assessed income tax | 15,827 | +2.4 | 60,415 | +1.7 | 60,200 | +1.3 |
| Non-assessed taxes on earnings | 1,998 | -6.2 | 23,176 | +10.8 | 23,200 | +10.9 |
| Final withholding tax on interest and capital gains (including the former withholding tax on interest income) | 418 | -54.2 | 6,893 | -6.0 | 7,491 | +2.2 |
| Corporation tax | 7,845 | -9.0 | 33,425 | +14.2 | 33,330 | +13.9 |
| Value added taxes (VAT) | 20,890 | +9.0 | 234,800 | +3.7 | 234,650 | +3.7 |
| Trade tax apportionment | 1,089 | +11.2 | 4,968 | +6.1 | 4,880 | +4.2 |
| Increased trade tax apportionment | 965 | +10.6 | 4,110 | +5.5 | 4,010 | +2.9 |
| Total joint taxes | 75,056 | +3.0 | 576,020 | +5.2 | 575,561 | +5.1 |
| Taxes accruing to the Federation | | | | | | |
| Energy duty | 8,513 | +0.0 | 40,882 | -0.3 | 41,100 | +0.2 |
| Tobacco duty | 1,866 | -0.4 | 14,339 | -0.4 | 14,300 | -0.7 |
| Alcohol duty (formerly spirits duty) | 218 | +13.8 | 2,133 | +1.9 | 2,120 | +1.3 |
| Insurance tax | 651 | -1.2 | 13,779 | +3.8 | 13,700 | +3.2 |
| Electricity duty | 521 | -20.4 | 6,858 | -1.2 | 7,000 | +0.8 |
| Motor vehicle tax | 540 | -4.4 | 9,047 | +1.1 | 9,010 | +0.7 |
| Aviation tax | 130 | +7.2 | 1,187 | +5.9 | 1,175 | +4.9 |
| Nuclear fuel duty | 0 | X | 0 | X | 0 | X |
| Solidarity surcharge | 2,882 | +1.1 | 18,927 | +5.4 | 18,800 | +4.7 |
| Other taxes accruing to the Federation | 138 | -0.8 | 1,436 | -0.7 | 1,447 | +0.1 |
| Total taxes accruing to the Federation | 15,459 | -0.7 | 108,586 | +8.7 | 108,652 | +8.7 |
| Taxes accruing to the <i>Länder</i> | | | | | | |
| Inheritance tax | 657 | +30.8 | 6,813 | +11.4 | 6,470 | +5.8 |
| Real property transfer tax | 1,162 | +7.6 | 14,083 | +7.2 | 13,840 | +5.3 |
| Betting and lottery tax | 149 | -0.2 | 1,894 | +3.1 | 1,872 | +1.9 |
| Beer duty | 37 | -31.9 | 655 | -1.3 | 670 | +0.9 |
| Other taxes accruing to the <i>Länder</i> | 39 | +1.3 | 467 | +3.5 | 464 | +2.9 |
| Total taxes accruing to the <i>Länder</i> | 2,044 | +12.0 | 23,913 | +7.7 | 23,316 | +5.0 |

continued: Tax revenue trends (excluding local authority taxes)¹ in 2018

| 2018 | December | Year-on-year change | January to December | Year-on-year change | 2018 estimates ⁴ | Year-on-year change |
|---|---------------|---------------------|---------------------|---------------------|-----------------------------|---------------------|
| | in €m | in % | in €m | in % | in €m | in % |
| EU own resources | | | | | | |
| Customs duties | 417 | -1.2 | 5,057 | -0.1 | 5,050 | -0.2 |
| VAT-based own resources | 201 | +1.9 | 2,385 | +1.0 | 2,410 | +2.0 |
| GNI-based own resources | 2,730 | +68.5 | 21,147 | +48.3 | 21,180 | +48.6 |
| Total EU own resources | 3,348 | +49.5 | 28,589 | +31.9 | 28,640 | +32.1 |
| Federation³ | 43,012 | -4.1 | 322,359 | +4.2 | 323,820 | +4.7 |
| Länder³ | 39,745 | +7.4 | 314,058 | +5.2 | 311,576 | +4.4 |
| EU | 3,348 | +49.5 | 28,589 | +31.9 | 28,640 | +32.1 |
| Local authorities' share of income and value added tax | 6,873 | +4.5 | 48,571 | +7.6 | 48,542 | +7.5 |
| Total tax revenue (excluding local authority taxes) | 92,977 | +2.5 | 713,576 | +5.8 | 712,579 | +5.6 |

¹ Methodology: Total cash income from the various taxes is recorded and allocated to the various government levels as stipulated by law. Tax amounts actually received in the current month by individual government levels may differ from the target amounts for technical reasons.

² After deduction of child benefit refunds by the Federal Central Tax Office

³ After supplementary grants; any discrepancies with the table on trends in federal revenue are due to the methodology used (see footnote 1).

⁴ Results of the Working Party on Tax Revenue Estimates of November 2018

Source: Federal Ministry of Finance

EU own resources

Transfers of own resources to the EU, including customs duties, stood at approximately €3.3bn in December 2018, up 49.5% over the same month in 2017. Transfers to the EU were based on the planned financial framework for 2018. Fluctuations over the course of the year depend on the EU's financing needs at any given time.

Overview of fiscal year 2018

In fiscal year 2018, total tax revenue (excluding local authority taxes) posted a year-on-year gain of 5.8%. Broken down by category, revenue from joint taxes was up by 5.2%, receipts from federal taxes were up by 8.7%, and the yield from *Länder* taxes increased by 7.7%.

Distribution among the Federation, Länder and local authorities

The Federation's tax receipts (after accounting for supplementary federal grants to the *Länder*) were down by 4.1% on the year in December 2018. In contrast, *Länder* tax receipts recorded a year-on-year gain of 7.4%. This was mainly due to a change in the distribution of VAT revenue that occurred in December 2018. Specifically, new legislation was adopted in late 2018 that (a) extended and adjusted federal support for the *Länder* and local authorities to help them pay for refugee-related costs and (b) adjusted revenue distribution arrangements

between the Federation and *Länder* following the financial closure of the German Unity Fund. The new rules modified the vertical distribution of VAT revenue, benefiting the *Länder* and reducing the Federation's revenue by roughly €1.6bn. Moreover, *Länder*-only taxes saw strong revenue gains (+12.0%), while the growth in the Federation's tax receipts was further tempered by a fall in revenue from Federation-only taxes and by higher transfers of EU own resources. The local authorities' take from joint taxes was up by 4.5% on the year.

Joint taxes

Wages tax

Growth in wages tax continued to be strong in December 2018 with gross revenue climbing by 4.3% compared to December 2017. This reflected continuing employment growth and rising incomes in Germany. Child benefit payments – which are financed from wages tax receipts – fell by 1.9% on the year in December 2018. One Land is experiencing problems with preparing the underlying data for child benefit payments, which continues to skew this figure. However, this effect had no impact on cash receipts. On balance, cash receipts from wages tax increased by 5.2% on the year in December 2018. Taken cumulatively, cash receipts from wages tax were up by 6.5% on the year in fiscal year 2018.

Corporation tax

Gross receipts from corporation tax fell by 8.9% in December, although this is a month when prepayments are due and revenue therefore usually tends to be high. It should be noted, however, that, due to a special factor, the receipts from corporation tax were significantly higher than usual in December 2017. Cumulative cash receipts from corporation tax grew by 14.2% in year-on-year terms in fiscal year 2018

Assessed income tax

Gross receipts from assessed income tax were up by 2.3% in December, a month when prepayments are due and revenue therefore tends to be high. Overall, growth in gross revenue from assessed income tax was sluggish in fiscal year 2018. However, employee refunds were also slightly higher this year; once these refunds are subtracted from the gross figure, net cash receipts from assessed income tax posted an increase of 2.4%. In cumulative terms, cash receipts from assessed income tax were up by 1.7% on the year in 2018.

Non-assessed taxes on earnings

December 2018 saw a 13.1% year-on-year drop in gross receipts from non-assessed taxes on earnings. Combined with the decline in refunds paid out by the Federal Central Tax Office, which are financed from this revenue, cash receipts from non-assessed taxes on earnings were down by 6.2% in December 2018. Overall, the trend in revenue from non-assessed taxes on earnings was very volatile over the course of the year. The cumulative result provides a more solid basis for analysis: cash receipts from non-assessed taxes on earnings were up by 10.8% on the year in fiscal year 2018.

Final withholding tax on interest and capital gains

Revenue from final withholding tax on interest and capital gains saw a sharp year-on-year drop of 54.2% in December 2018, likely due to a decline in tax revenue from capital gains. Cash receipts from final withholding tax on interest and capital gains were down by 6.0% in fiscal year 2018.

■ Value added taxes (VAT)

The yield from value added taxes posted a rise of 9.0% on the year in December 2018. Receipts from domestic VAT surged by 10.5%, while import VAT revenue climbed by 4.7%. Cash receipts from VAT in fiscal year 2018 were up by 3.7%, reflecting robust consumption throughout the overall economy.

■ Taxes accruing to the Federation

In December 2018, revenue from federal taxes was 0.7% below last year's level due to year-on-year drops in revenue from electricity duty (-20.4%) and motor vehicle tax (-4.4%). However, solidarity surcharge and alcohol duty posted year-on-year revenue gains in December 2018 (up by 1.1% and 13.8%, respectively). Trends in revenue from other taxes had only a minor impact on the overall results for federal taxes. For fiscal year 2018 as a whole, revenue from federal taxes was up by 8.7% in year-on-year terms, though refunds of nuclear fuel duty totalling €7.3bn in 2017 distort the year-on-year comparison.

■ Taxes accruing to the *Länder*

The yield from taxes accruing solely to the *Länder* was up by 12.0% on the year in December 2018. This outcome was driven mainly by higher receipts from inheritance tax (up by 30.8%) and real property transfer tax (up by 7.6%). Revenue gains were also recorded for fire protection tax (up by 1.4%). Receipts from beer duty were down 31.9% on the year.

Borrowing and guarantees

| Debt trends for the Federation and its special funds (in €m) | | | | | |
|---|------------------|-------------------------|---------------------------------|------------------|--------------------------------------|
| | Debt level | Borrowing (increase) | Debt repayment (decrease) | Debt level | Change in debt level (balance) |
| | 30 November 2018 | December 2018 | December 2018 | 31 December 2018 | December 2018 |
| Budget borrowing | 1,086,349 | 4,142 | -20,337 | 1,070,154 | -16,195 |
| broken down by purpose | | | | | |
| Federal budget | 1,044,626 | 2,022 | -18,172 | 1,028,475 | -16,150 |
| Financial Market Stabilisation Fund | 22,618 | 810 | -815 | 22,613 | -5 |
| Investment and Redemption Fund | 19,105 | 1,311 | -1,350 | 19,066 | -39 |
| broken down by debt type | | | | | |
| Federal securities | 1,073,829 | 4,142 | -20,037 | 1,057,934 | -15,895 |
| Federal bonds | 710,570 | -462 | - | 710,108 | -462 |
| 30-year federal bonds | 217,986 | -39 | - | 217,947 | -39 |
| 10-year federal bonds | 492,584 | -423 | - | 492,161 | -423 |
| Inflation-linked federal securities | 64,666 | -19 | - | 64,647 | -19 |
| 30-year inflation-linked federal bonds | 7,718 | 5 | - | 7,723 | 5 |
| 10-year inflation-linked federal bonds | 56,948 | -24 | - | 56,924 | -24 |
| Federal notes | 182,448 | 400 | - | 182,847 | 400 |
| Federal Treasury notes | 96,776 | 2,233 | -13,000 | 86,009 | -10,767 |
| Treasury discount papers issued by the Federation | 17,979 | 1,991 | -7,021 | 12,949 | -5,030 |
| Other federal securities | 1,390 | - | -16 | 1,374 | -16 |
| Securitised loans | 8,045 | - | -300 | 7,745 | -300 |
| Other loans and ordinary debts | 4,475 | - | - | 4,475 | - |
| broken down by maturity | | | | | |
| up to one year | 155,322 | | | 150,466 | -4,855 |
| one to four years | 342,066 | | | 330,652 | -11,414 |
| over four years | 588,962 | | | 589,036 | 75 |
| Additional information¹ | | | | | |
| Liabilities from the indexing of inflation-linked federal securities | 4,968 | | | 5,139 | 172 |
| Reserves in accordance with the Final Payment Financing Act (<i>Schlusszahlungsfinanzierungsgesetz</i>) | 3,516 | | | 3,516 | - |

¹ Liabilities resulting from indexing include the amount by which the original issuance price has increased due to inflation between the start date and the specified reference date. In contrast, reserves include only the increases that are noted on coupon payment dates (15 April of every year) (section 4(1) of the Final Payment Financing Act) and on reopening dates for inflation-linked securities (section 4(2) of the Final Payment Financing Act).
Any discrepancies in totals are due to rounding.
Source: Federal Ministry of Finance

| Guarantees | | | |
|--|-------------------|--|--|
| | Authorised amount | Amount allocated as of 31 December 2018 | Amount allocated as of 31 December 2017 |
| in €bn | | | |
| Export credit guarantees | 153.0 | 120.7 | 121.0 |
| Loans to foreign debtors, foreign direct investment, EIB loans | 65.0 | 42.7 | 44.3 |
| Financial cooperation projects | 28.5 | 22.8 | 19.6 |
| Food stockpiling | 0.7 | 0.0 | 0.0 |
| Domestic guarantees | 158.0 | 104.7 | 103.1 |
| International financial institutions | 66.0 | 60.1 | 60.1 |
| <i>Treuhandanstalt</i> successor organisations | 1.0 | 1.0 | 1.0 |
| Interest compensation guarantees | 15.0 | 15.0 | 15.0 |

Calendar

Publication schedule¹ of the monthly reports

| Monthly report | Reporting period | Publication date |
|----------------------|------------------|-------------------|
| February 2019 issue | January 2019 | 21 February 2019 |
| March 2019 issue | February 2019 | 21 March 2019 |
| April 2019 issue | March 2019 | 23 April 2019 |
| May 2019 issue | April 2019 | 20 May 2019 |
| June 2019 issue | May 2019 | 20 June 2019 |
| July 2019 issue | June 2019 | 22 July 2019 |
| August 2019 issue | July 2019 | 22 August 2019 |
| September 2019 issue | August 2019 | 20 September 2019 |
| October 2019 issue | September 2019 | 21 October 2019 |
| November 2019 issue | October 2019 | 21 November 2019 |
| December 2019 issue | November 2019 | 20 December 2019 |

¹ In accordance with the IMF's Special Data Dissemination Standard Plus (SDDS Plus); see <http://dsbb.imf.org>
Source: Federal Ministry of Finance

Key dates on the fiscal and economic policy agenda

| | |
|---------------------|---|
| 11–12 February 2019 | Eurogroup and ECOFIN Council meetings in Brussels |
| 11–12 March 2019 | Eurogroup and ECOFIN Council meetings in Brussels |
| 11–12 April 2019 | Meeting of G20 finance ministers and central bank governors in Washington, D.C. |
| 12–14 April 2019 | Spring Meetings of the IMF and World Bank in Washington, D.C. |
| 16–17 May 2019 | Eurogroup and ECOFIN Council meetings in Brussels |

[federal-ministry-of-finance.de](https://www.federal-ministry-of-finance.de)