

Tax Benefits for University Students in Germany

The information below is for general assistance and Goethe Business School does not assume liability for its completeness and accuracy. Furthermore, given that the individual taxation cases of taxpayers differ significantly depending on their specific personal situation, taxpayers are advised to discuss their specific situation with a tax consultant.

Tax deductions available in conjunction with academic studies reduce current or future tax obligations of individuals studying in Germany while they also lower the financial burdens students incur for their studies overall. To take advantage of these benefits, all deduction eligible costs have to be submitted with the annual income tax declaration (*Lohnsteuerjahresausgleich*) for the year in which the costs incurred.

Income related costs, on the other hand, are fully tax deduction eligible and reduce the income from employment relationships (wages/salaries) the taxes due are based upon. If the income related costs exceed the income earned in any given year or if the student did not have any such income, the remaining balance of these costs will be carried forward to the following years when the taxpayer generates taxable income. Hence, these costs reduce the future tax debt.

Principally, the following expenses are tax deductible:

- Tuition and semester fees (incl. interest paid on student loans)
- Supplies like computers, books, writing instruments, paper and copies, telephone and internet use
- Application costs such as examination fees e.g. language tests, cost for notarization, postage etc.
- Travel expenses such as commuter expenses for residencies, hotel costs etc.

The before mentioned tax benefits apply exclusively to income that is taxable in Germany.

The tax practices in other countries may be different. Evidence of the costs incurred has to be compiled and submitted to the German internal revenue service office along with your tax return (contracts, invoices, receipts, statements of account, etc.). Tax returns for any given year have to be submitted at the latest by May 31 of the subsequent year. The deadline for taxpayers who use the services of a tax consultant is 9 months longer; i.e. the return has to be submitted by February 28 of the second year after the tax year. If taxable income was not generated it is possible to submit retroactive tax returns for the past 4 years.