

2. July 2018

GIFT TAX ON HIDDEN PROFIT DISTRIBUTIONS - DOUBLE BURDEN OF INCOME AND GIFT TAX?

NOTWITHSTANDING AN EARLIER STATEMENT, THE FEDERAL FISCAL COURT [*BUNDESFINANZHOF - BFH*] DECIDED IN THREE RULINGS THAT EXCESSIVE PAYMENTS OF REMUNERATION BY A LIMITED LIABILITY COMPANY [*GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG - GMBH*] TO AN AFFILIATED PERSON OF A SHAREHOLDER ARE TO BE RECORDED FOR INCOME BUT NOT FOR GIFT TAX PURPOSES. NEVERTHELESS, A DOUBLE TAX BURDEN CANNOT BE RULED OUT, SINCE THE BFH DOES NOT EXCLUDE A GENEROUS DONATION IN THE RELATIONSHIP BETWEEN THE SHAREHOLDER AND HIS AFFILIATED PERSON. ([more...](#))