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INCONGRUENT PROFIT DISTRIBUTIONS

INCONGRUENT PROFIT DISTRIBUTIONS AND THEIR TAX RECOGNITION ARE A PERENNIAL TOPIC IN CASE LAW AND CONSULTING PRACTICE. WHILE THE TAX AUTHORITIES TEND TO CLASSIFY DEVIATING RESOLUTIONS ON THE DISTRIBUTION OF PROFITS AS AN ABUSE OF THE TAX SYSTEM (§ 42 GERMAN FISCAL CODE (ABGABENORDNUNG - AO)), ACCEPTANCE IS MUCH GREATER IN THE CASE LAW OF THE TAX COURTS. THIS HAS NOW BEEN CONFIRMED ONCE AGAIN BY THE MÜNSTER FISCAL COURT IN A RECENT RULING. [\(more...\)](#)