Current Tax and Fiscal Policy

BDI

BRITACOM Advisory Board Meeting,
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Federation of German Industries (BDI)

BDI MISSION

"We are part of democratic opinion-forming and stand for a fact-based and fair culture of debate."

- BDI communicates the positions of a **wide range of industrial sectors** and industry-related service providers to NGOs, civil society and academia.
- We explain **how economic policy affects society** and provide information and economic policy advice on all industry-relevant issues.
- BDI positions are **based on the principles of the social market economy** and on the interests of its member associations and their member companies.

OUR MANDATE

BDI is the voice of the German Industry

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Industry associations

The BDI is the umbrella organization of German industry and industry-related service providers

+100.000

Companies

With more than 100.000 large, medium and small companies, the success of German industry is built on its deep industrial value chains.

+8.000.000

Employees

The represented companies have more than eight million employees in total.

ASSOCIATION WORK

How do we represent the interests of our members?

Regular activities:

- Position papers / submissions / letters
- Hearings in the Finance Committee
- Brochures / flyers / website content
- Circulars / newsletters
- Articles in specialist publications
- Dialogue with policymakers, institutions and companies

Media / communications:

- Web talks
- Congresses / conferences / expert presentations

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German Industry

Federation of German Industries (BDI)
Tax and Fiscal Policy Department

Economic Forecast for Germany

The German economy is facing a crisis and requires decisive reforms.

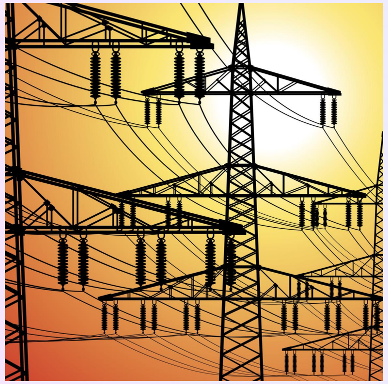
„*The crisis is here to stay.*
“

Michael Hüther, October 2025

Director of the Cologne Institute for Economic Research

Weak growth

- **BDI** estimates our **potential growth** at max. 0,2 **percent**
- **Private investment** is declining
- **Exports** are expected to fall (around 0,5 percent)



Deep structural challenges

- High energy **costs**
- **Excessive bureaucracy**
- **High insecurity**: Return of war
- **Demographic Challenge**: Insufficient Labor Supply

Urgent need for action

- We need structural change and a breakthrough
- We need a boost for our competiveness

A uniquely strong industrial base in Europe

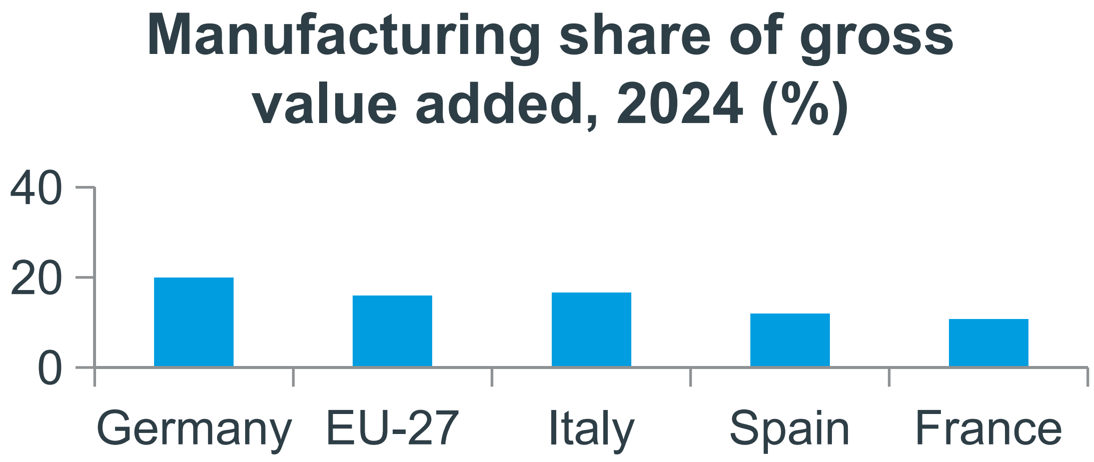
Manufacturing carries a larger share of value creation in Germany than in most other major European economies.

19.9%
Germany
Manufacturing share of GVA, 2024

15.9%
EU-27
EU average, 2024

16.6%
Italy
Large EU economy comparison

10.7%
France
Large EU economy comparison



Strategic strength

Germany's industrial base is broad, diversified and embedded in Europe — a key advantage for technology leadership, supply-chain resilience and high-quality employment.

A strong manufacturing base is a foundation for innovation-led growth — not a legacy model.

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Source: Destatis/Eurostat, gross value added manufacturing 2024; Destatis EU industry comparison.

International Tax Policy

Federation of German Industries (BDI)

Tax and Fiscal Policy Department

EU Tax Policy: FOCUS 2024-2029

Competitiveness

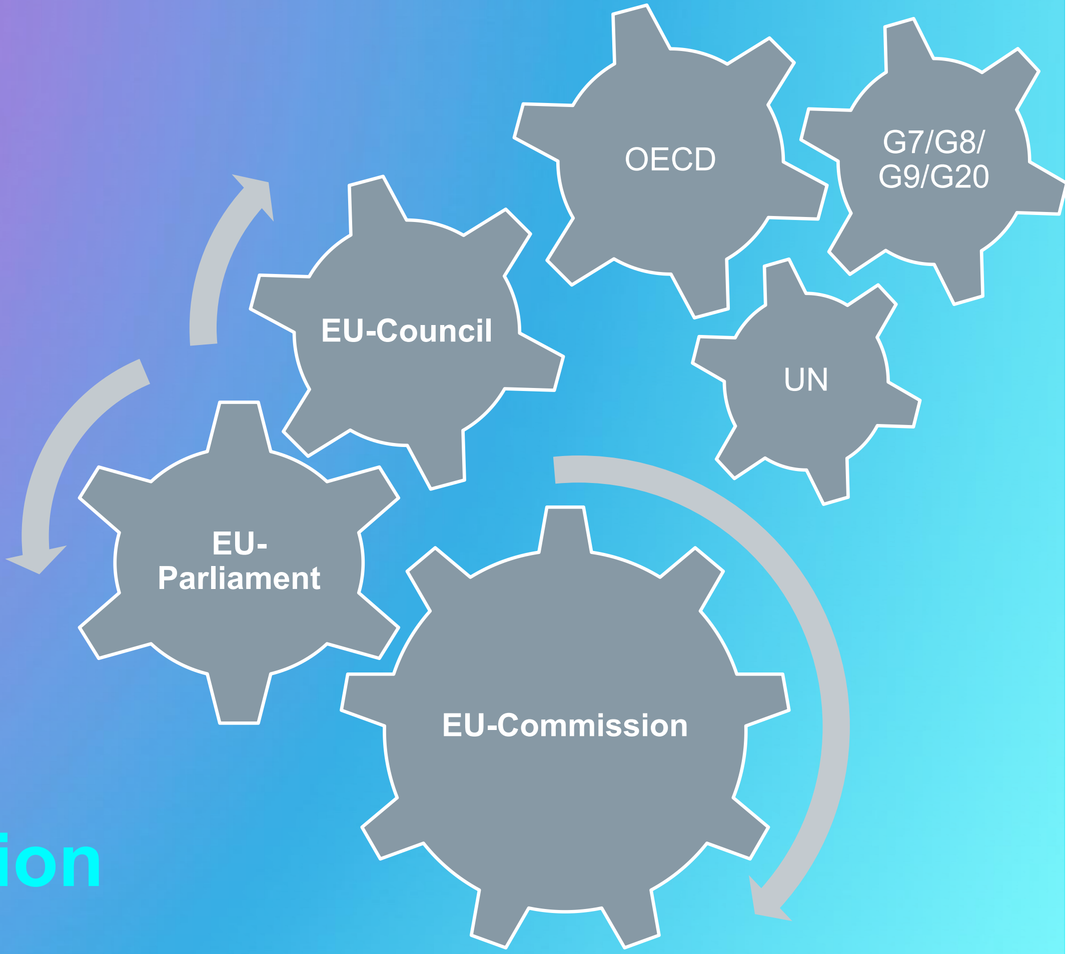
- Simplification/Tax Decluttering
- Tax incentives
- Tackling obstacles of cross border working

Justice

- Tax evasion, avoidance, and planning
- Wealth – taxation of high net worth assets (G20 project)

Sustainability and Digitalization

- Energy Taxation Tax
- VAT



Tax policy priorities for industrial competitiveness

***What German industry needs from a modern international tax environment*.**

Certainty

Clear, predictable rules and early dispute prevention for cross-border business.

Simplicity

Reduce compliance burdens, documentation complexity and duplicate reporting.

Investment incentives

Support transformation through competitive depreciation rules and innovation-friendly taxation.

International cooperation

Strengthen practical dialogue among tax administrations and business, especially in supply-chain-intensive sectors.

➢ **Tax policy is an industrial policy lever: it shapes where companies invest, innovate and build resilient value chains.**

BDI priorities in international tax policy

International tax rules must support competitiveness, legal certainty and investment in industrial value chains

Avoid double taxation

Clear allocation of taxing rights and effective dispute prevention / resolution.

Reduce complexity

Pillar Two, transfer pricing and EU reporting rules must be administrable in practice.

Strengthen tax certainty

More bilateral / multilateral APAs, effective MAPs, ICAP and joint audits.

Level playing field

No unilateral rules or extraterritorial measures that disadvantage European industry.

Digitalization

Standardised processes, electronic filings and fast communication with competent authorities.

Investment focus

Tax rules must enable transformation, R&D and resilient supply chains – not absorb resources in compliance.

➢ **Tax certainty and administrative simplicity are not technical details — they are key location factors for industrial investment**

BRITACOM: where cooperation can make a difference

Practical tax administration cooperation can turn high-level standards into certainty for companies.

1. Faster APAs

Dedicated competent-authority capacity, clear milestones and more bilateral / multilateral APA cases.

2. Effective MAPs

Access without unnecessary barriers, timely resolution and arbitration where treaty disputes remain unresolved.

3. Common documentation standards

Risk-based transfer pricing documentation and no duplicative reporting requests.

4. Pillar Two pragmatism

Safe harbours, coordinated guidance and avoidance of parallel compliance layers.

5. Cooperative compliance

Expand ICAP, joint audits and early risk-assessment formats for trusted cross-border dialogue.

6. No double taxation

Make avoidance and elimination of double taxation the core performance metric for international tax cooperation.

➢ **German industry supports fair taxation — but fair taxation must also be predictable, administrable and free of double taxation.**