



# taxfix

## A Tax Guide for Students

What to consider before filing your taxes



# Contents

- 03** Who should use this guide
- 03** Study states
  - Primary
  - Secondary
- 04** Types of student jobs
  - Mini Jobs
  - Working Student
  - Internship
  - Dual Studies
  - Vocational Training
- 06** Deductions for students
- 08** Loss carryforward explained
- 09** Deducting your commute
- 10** Studying abroad
- 11** Parents & deductions
- 12** Scholarships & other aid

# Who should use this guide?

We know many students in Germany work while they are studying. So, we created this guide to help you understand how to file your taxes successfully and get the maximum return. This guide provides helpful advice for students, including those in dual studies or vocational trainee programs. It can also be used by parents to help your children file their taxes.

# Do I need to file taxes?

If you earn any money while you are studying, it's beneficial for you to file a tax return. But beyond that, there are numerous factors that can affect exactly how or how much you can benefit from your filing taxes, such as:

- your “study state”
- the type of job you have
- your amount of income

# What is a “study state”?

In Germany, your tax filing status or “study state” as a student depends on where you are in your education. The state of study matters when you are filing your taxes, so it's important to choose the right one.

Your “study state” is defined by one of two categories:

## Primary degree

This category applies to the first degree you obtain and must be achieved over a period of at least 12 months, including a written, verbal or practical test to complete the degree.

### Secondary degree

This category applies to every additional degree you pursue after you obtain a primary degree.

## Does it make any sense to file a tax return?

If you are getting your primary/first degree and are not working, then there is no reason to file your taxes. But if you are getting a secondary degree and not working, then it's probably a good idea to file your taxes because you might be eligible for a loss carryforward. We will explain what a loss carryforward is later in this guide.

If you are studying to achieve your first or secondary degree and working, while paying taxes during the year, you would also probably benefit from filing a tax return. Most students, who have taxable jobs, have their taxes automatically taken out of their paychecks every month. Then, at the end of the tax year, students have the opportunity to use the expenses from their study programs to offset their tax liability and are often able to get money back.

## Does it matter what type of job I have?

Yes, your job or "working state" matters.

There are many advantages to being a student and working in Germany. But it's also important that you are aware of the following restrictions:

**Income threshold:** As a student working in Germany you can earn a certain

amount of money each year, tax-free. The government determines this figure and it changes every year – so it's important to check. If you earn less than the designated annual amount, you do not owe any taxes.

**Work-hour threshold:** To maintain your “student status” and all the benefits associated with it, you can only work a limited amount of hours. Usually, regardless of the kind of job you have, your work is limited to 20 hours per week. There are some exceptions, so it's important you confirm the approved amount of time you are allowed to work with your school or your specific program.

## What kind of work can I do as a student?

There are lots of different ways you can work while you are studying. Here are some of the most common options:

### Mini Jobs

A mini-job is a good choice if you want to lightly supplement your studies with income. This includes work like a holiday job or temporary job. As a student, you're entitled to earn up to €450 euros per month or €5400 per year, completely tax-free. However, if you earn more than this, your job category and corresponding tax liability changes.

### Working student

As a working student, you can have a job that is separate from your studies. The work itself doesn't have to be related to your studies, because unlike an internship or dual studies program, your work doesn't count towards your program. The main goal of being a working student is to earn money from a job while you are in school.

### **Internship**

Internships are sometimes part of educational programs and are usually related to your studies, but still separate from school. In Germany, internships are usually paid.

### **Dual studies**

This education/study program works in cooperation with a place of employment and is offered as an option by many German universities. Dual studies degrees are often awarded through an equal assessment of both your coursework and your professional work, in combination.

### **Vocational training:**

Similar to the concept of dual studies, vocational training results in a different kind of degree. Vocational training may involve earning a certificate for future work that is less theoretical and more practical. Vocational training may be required for jobs like trade work, nursery caregiving, retail, office clerk, craftsman, mechanics – and more.

## **What deductions are important for students?**

As a student, there are many things you need to pay for yourself that can be deducted against your tax liability. Understanding what qualifies as a deduction cost can help you to get more of your money back while you are in school.

Here are of some of the most common deductions for students:

**Tuition fee:** The money or fees that you pay directly to any school, university or course provider in exchange for being able to study there.

**Course and exam fees:** Money that you pay to your educational institutions for courses or exams to complete your studies.

**Literature:** Money you pay for course-related reading materials during the duration of your studies, including things like textbooks, specialist literature or other educational materials.

**Writing materials:** Money you pay for items required to facilitate your coursework, such as pencils, writing paper, printer paper, staplers, paperclips, copying costs etc.

**Equipment:** Money for any equipment you need for your studies, including things like laptops, printers, desk chairs, monitors, etc.

**Ride costs:** Depending on your student status (full-time student or any kind of study degree that also includes working), a portion of the money you spend on getting to destinations linked to your education such as libraries, study groups and your campus.

**Accommodation costs:** If you live in a dormitory or apartment while attending school, rather than your parent's or another primary residence, the money you spend on your secondary residence is deductible as a study cost. You can also deduct the cost of trips between your student apartment and your main place of residence – such as your parents' house.

To claim accommodation costs as a result of having a primary residence you must be:

- Studying for your first degree (this can be claimed as a special expense)
- Studying for a secondary degree and paying at least 10% of the costs of that primary residence (this can be claimed as a job-related expense)

**Student loan:** The interest from any financial support, in the form of student loans that must be repaid, can be deducted.

**Legal fees:** You can deduct your expenses for lawyer fees, filing and other court fees that are related to study matters as a study cost on your tax return.

**Thesis:** The printing costs and the expenses for binding of a diploma, bachelor's, master's or doctoral thesis are deductible.

**Student associations:** Membership fees for alumni associations or student associations are deductible.

## What does “loss carryforward” mean?

If the expenses you had to pay to generate income are greater than the income itself, you have a loss. In certain cases, the law allows you to carry that loss forward into a year in the future when you make more money. This allows you to offset your future tax liability.

## If I am in my primary studies, can I use loss carryforward?

The Federal Constitutional Court has ruled (Az: 2 BvL 22/14 and others) that expenses for first degree and initial training can not be claimed as business or work-related expenses. Instead, these costs are considered “special expenses” and are limited to 6,000 euros annually. Special expenses only have a tax effect if there is taxable income in the same year. Therefore loss carry forward no longer applies to students who are currently pursuing their first degree.

There is one exception to this: if the student is pursuing their primary degree in a **dual study** or **vocational training program**, the costs do count as work-related

expenses and can be deducted as such. In this case, it would be possible to take advantage of a loss carryforward.

## If I am in my secondary studies, am I eligible for a loss carryforward?

If you are pursuing your secondary degree or you are in a dual study or vocational training program, you might be eligible for a loss carryforward. In the case of a dual study program or vocational training, you can deduct your costs relating to the study or training as an unlimited amount of work-related expenses. In the case of a secondary degree, all related costs also apply. This is a very good reason for students in these programs, and who are completing their post-graduate work, to file tax returns as the loss carryforward can be taken with you into your working life after graduation to lessen your future tax liability.

## How much can I deduct as commuting costs?

In Germany, the amount you can deduct for your commute or travel to and from school depends on whether or not you are a full-time student.

**Full-time study:** If you are in full-time studies, you can deduct 30 cents/kilometer for each way to your school or university. This applies regardless of how you travel including car, train, bike, or even walking.

**Part-time study:** As a part-time student, you can deduct 30 cents/kilometer for each way to your school or university, but only if you drive your car. Otherwise, all transport costs, like train tickets, must be itemized individually and verified separately.

# What about expenses while studying abroad?

Semesters abroad can be expensive but you can deduct expenses, like rent or meals, from your tax liability. These deductible costs are known as “double housekeeping”.

Here are a few important things to understand about these deductions:

**Accommodation costs:** If you spend part of your studies abroad, you can claim costs for lodging on your tax return. This is particularly beneficial if your place of residence near your studies can be declared as a second home.

**Proof of primary residence:** In order to be eligible to deduct the costs of your second place of residence, you must have a primary place of residence in Germany. The tax office may need you to verify that the “center of your life” is, in fact, in Germany. To do this, you must pay at least 10% of the running costs at this residence, and have documents to prove this such as train tickets, fuel receipts and registration certificate of your primary residence. This is, again, only for those who are pursuing a secondary degree.

**Other deductible costs:** If the tax office recognizes your primary and secondary residence, you qualify for “double household” and can also deduct the following costs:

- Travelling expenses
- Accommodation costs
- Food costs

**Travel expenses:** To claim travel expenses while studying abroad, you must be enrolled as a full-time student. If you have to fly to your place of study, you must keep your flight tickets as proof. You can prove the costs of your accommodation with a (sub) rental contract.

**Food costs:** You don't need to retain receipts for the food you eat while abroad because it can be deducted as a lump sum under "additional expenses".

The deductible lump sum amount may vary depending on the country you are in and is updated every year by the Federal Ministry of Finance. These packages are only recognized for the first 3 months of your stay, but during this time, a few thousand euros can be collected and claimed for tax purposes, so it's definitely worth looking into.

## Can my parents deduct anything?

When it comes to taxes, parents may be able to take some deductions on their own tax returns, depending on their level of financial support for you while you are in school. There are a few common rules for eligible deductions for parents.

**Tax-free allowance deduction:** Your parents get a tax-free allowance for supporting you while you study. This amount is €924 annually. To enable your parents to take this deduction, you must:

1. Be at least 18 years old, but younger than 25.
2. Be in a full-time study program. If it's after your first degree, you cannot work more than 20 hours/week (exception: dual study/vocational training).
3. Live at a second residence (not with your parents) such as dormitory or apartment near your school.
4. Have an income under €624 (any income above this level will reduce lump sum eligibility).

If your parents are no longer entitled to receive monthly child benefits for you, it is possible for them to get a deduction if they're financially supporting you. Additionally, they can deduct any payments to your basic health insurance.

# How does my scholarship affect my declaration?

Scholarships and other financial aid help students in Germany pursue primary and secondary degrees.

Here's how some of the most common kinds of aid affect your tax return:

## **Federal Training Assistance Act –BAföG**

BAföG aims to support the training of young people, regardless of their social and economic position. It is not used to finance education, but rather to support students in paying their living costs during their studies. It is not a wage for training and is not taxable income. As a result, you do not have to declare this income on your tax return.

Only interest costs on certain loans can be claimed. Since you as a student only have to repay half of the BAföG and this part is free of interest, you cannot deduct it.

If you receive BAföG support and you have a job, depending on how much you earn in your employment, it can lower your ability to receive BAföG. Check the limits with your BAföG representative if you are unsure.

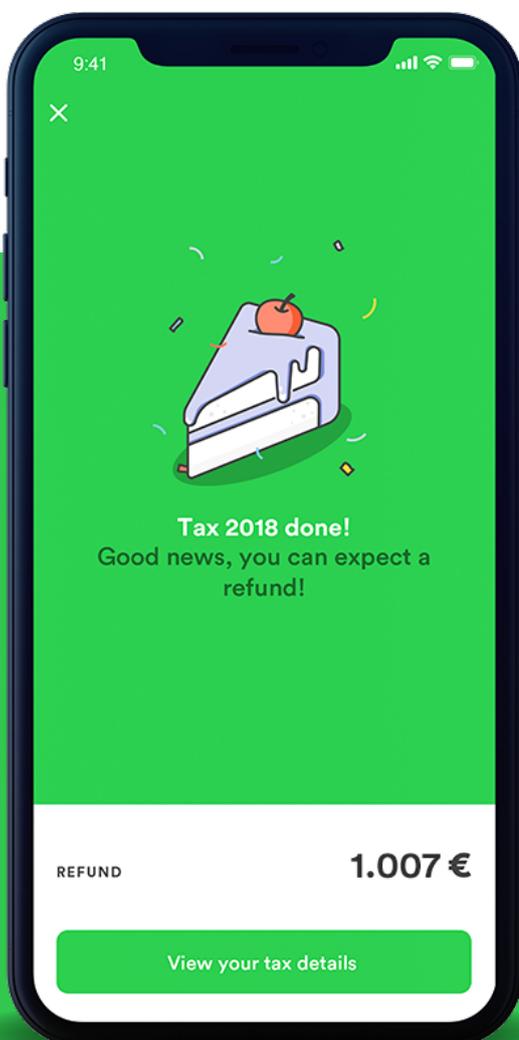
## **Other scholarships**

If you receive a Fulbright scholarship (§3 section 42 Einkommensteuergesetz) or a scholarship that corresponds to the German Stipendium (§3 section 44 Einkommensteuergesetz), it's tax-free. This means, if it meets the above-mentioned criteria, you do not need to include it in your tax return.

# Ready to take the next steps?

Hopefully, this guide has helped you to better understand how to file taxes in Germany as a working student, dual studies or vocational trainee, or parent of a student. Although it is normal for every individual to have questions that are specific to their unique situation, we hope you found interesting information here that was able to answer some of your most general questions.

If you're ready to file your taxes, we're here to help. We designed our Taxfix app with students in mind, to make filing easy, especially for first-timers.



## Make filing a snap with our app.

Get the free Taxfix app now.

Questions? Or need more information? No problem. Contact us at [support@taxfix.de](mailto:support@taxfix.de)