

New Developments for External Audits: What You Must Know

Concerning external tax audits, numerous new regulations went into effect as of the 1st of January 2025. Adjustments already decided upon in 2022 are to speed up external tax audits and will particularly impact the duty of the taxpayer to cooperate.



Effective date of new regulations

The new tax-related regulations valid for external government audits dealing with taxes apply as of the 1st of January 2025. They are to be applied even if the taxes were incurred before the 1st of January 2025, but the tax audit was not decreed until after the 31st of December 2024.

Speeding up external tax audits

In order to speed up the government audit process in the future, a tax audit should be decreed by the end of the subsequent financial year after a tax assessment notice has been issued. Should a tax assessment notice be, for example, issued in 2025, the tax audit must be decreed by the 31st of December 2026.

Commencement of external tax audits

The external tax audit is generally to commence at the point in time when the tax inspector begins specific audit activities after a tax audit has been decreed. In the case of migrating data, the external tax audit begins at the latest when the data are examined and assessed. Should important reasons arise, the tax audit team can apply for a postponement of the time slots scheduled for the tax audit.

The right and duty to cooperate

For government field audits or tax audits performed by government auditors or tax inspectors of the Finance Administration, the taxpayer has various duties to cooperate. This includes providing a suitable room or workplace as well as all required aids. This also includes having to have the entire range of relevant documents made available, providing all of the information requested and explaining all accounting records required.

When data and records are stored electronically, the government auditors or tax inspectors must be granted free access to the relevant software tools. In addition, the government auditors or tax inspectors have the right to inspect and use data stored in the taxpayer's EDP system. If required, the taxpayer's system must be made available and instructions on their use must be given.

Furthermore, the taxpayer may be required to provide data in a machine-readable format on request, for example on a data storage device or a data exchange platform. Finally, the government auditor or tax inspector must be informed of all significant findings in the sense of § 199 of the German Fiscal Code.

On the 17th of February 2025 the Federal Ministry of Finance published updated information about the rights and duties of taxpayers during government field audits or tax audits. These instructions are to be appended when the tax audit or the government field audit is decreed.

Qualified requests for cooperation

Six months after a tax audit or a government field audit has been decreed, the tax authorities can address a qualified request for cooperation to the taxpayer, provided that the taxpayer has been informed of the possibility of such a request in advance and has still not fulfilled their duty to cooperate. This is an enforceable administrative act that is possible to issue without any separate justification.

The consequence of a qualified request for cooperation not being complied with is that the five-year suspension period for the statute of limitations is extended or even abrogated [§ 200a (4) of the Fiscal Code] and a penalty fee for delaying cooperation or an increase in the penalty fee for delaying cooperation is imposed.

Penalty fee for delaying cooperation

Should the request not be complied with, a penalty fee of up to EUR 11,250 can be imposed for delaying cooperation.

In the event of repeated cases of non-compliance or if there is a concern that the taxpayer will not meet the duty to cooperate arising from a qualified request owing to their economic capacity, this amount can be increased by an additional charge of up to EUR 25,000 for each day of delay but not exceeding 150 calendar days.

Note: Should the government field auditor or tax inspector and the taxpayer already have set a framework of conditions for the government field audit or tax audit and the taxpayer has fulfilled the obligations thereto, it is not permissible for the tax authorities to issue a qualified request for cooperation.

Issuing a partial final assessment

In order to speed up the audit process, it is now possible that a partial final assessment may be issued as of the 1st of January 2025.

Individual tax bases determined and defined for the audit period in the course of a government field audit or tax audit may be established separately (partial final assessment) as long as no audit report has been issued in accordance with § 202 (1) of the Fiscal Code.

At the taxpayer's request, a partial final assessment notice is to be issued if the taxpayer has a substantial interest in this and can credibly justify it.

This is supported by a newly introduced option for arranging interim meetings, in which the government field auditor or tax inspector and the taxpayer discuss the facts established and their possible tax implications.

Adjusting the suspension of the statute of limitations

The regulations concerning the suspension of the statute of limitations have also been adjusted. In the future it will end no later than five years after a government field audit or tax audit has been decreed. Should a government field audit or a tax audit not be decreed within the deadline, the period begins at the end of the financial year following the enforceability of the tax assessment – provided that the tax authorities are responsible for the late notification.

The suspension of the statute of limitations is advantageous because the deadline for the final determination for the tax burden is determined at the time a tax audit is announced.



Tightening the duty to report

The duty of the taxpayer to report and to correct have been tightened.

Should the tax authorities take the tax audit findings into consideration in a tax assessment notice and this becomes final, taxpayers must correct their tax returns for other types of tax or taxation periods as well if the tax audit findings have an impact on them and the matter is not yet past the statute of limitations.

Note: This results in a higher volume of work not only for the taxpayer but also for the taxpayer's tax consultant.

Do you have any questions on this topic?

Do you need support? Simply get in touch with your personal contact or your local office. We will be happy to help you.

Our offices

Berlin

T: +49 30 8857790

E: berlin@nexia.de

Chemnitz

T: +49 371 383810

E: chemnitz@nexia.de

Dresden

T: +49 351 8118030

E: dresden@nexia.de

Düsseldorf

T: +49 211 171700

E: duesseldorf@nexia.de

Frankfurt

T: +49 69 1700000

E: frankfurt@nexia.de

Halle/Leipzig

T: +49 345 4700400

E: halle@nexia.de

Koblenz

T: +49 261 304280

E: koblenz@nexia.de

Köln

T: +49 221 207000

E: koeln@nexia.de

Mannheim

T: +49 621 40549900

E: mannheim@nexia.de

München

T: +49 89 290640

E: muenchen@nexia.de

You can also visit us on



www.linkedin.com/company/nexia-germany



www.xing.com/pages/nexia-germany



www.instagram.com/nexia_gmbh

www.nexia.de

Imprint

Publisher

Nexia GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Georg-Glock-Str. 4
40474 Düsseldorf
www.nexia.de

Responsible according to press law

Dr. Dominic Paschke
c/o Nexia GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Ulmenstraße 37-39
60325 Frankfurt am Main

Date 03/2025

All of the texts in this document serve as general guidance in matters of interest to the reader and are not a substitute for individual advice. Liability for any actions taken owing to the use of the information offered is strictly excluded. All of the contents of this document have been prepared with the greatest of care and to the best of the knowledge and information at hand. No liability is assumed for accuracy, completeness, or timeliness.

Nexia GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft is a member of Nexia, a leading, global network of independent accounting and consulting firms that are members of Nexia International Limited. Nexia International Limited, a company registered in the Isle of Man, does not provide services to clients. Please see <https://nexia.com/member-firm-disclaimer> for further details.

© 2025 Nexia GmbH. All rights reserved.