

BMF Publishes Fact Sheet on the Transaction Matrix

On April 2, 2025, the German Federal Ministry of Finance (BMF) published a fact sheet on the so-called transaction matrix pursuant to Section 90 (3) Sentence 2 No. 1 in conjunction with Section 90 (4) Sentence 3 of the Fiscal Code (AO), in which it sets out its interpretation of the specific format.



Revision of Record-Keeping Obligations

The Fourth Bureaucracy Reduction Act revised the transfer pricing record-keeping obligations under Section 90 (3) and (4) AO. Section 90 (3) AO now explicitly categorizes these obligations into three components: the transaction matrix, factual documentation, and arm's length documentation.

As of January 1, 2025, the transaction matrix ("IC matrix") has been introduced. This IC matrix is a tabular overview of cross-border business relationships with related parties and permanent establishments abroad.

It is used for the risk-oriented selection of audit cases during tax audits and must be submitted to the tax authorities automatically and without prior notice within 30 days of the initiation of an external tax audit.

Components of a Transaction Matrix

The IC matrix must include the following information:

- Type and subject of the transactions
- Parties involved, specifying both the service provider and the recipient
- Volume and remuneration in euros
- Contractual basis (title only, no attachments)
- Transfer pricing method used
- Tax jurisdictions involved and
- Information on preferential taxation (e.g. licence boxes)

Economically comparable transactions with related parties or permanent establishments may be grouped (Section 2 (3) Profit Deferral Recording Ordinance (GAufzV)).

The tax authority may permit alternative formats for the IC matrix, particularly if prior agreements exist, for example as part of a tax audit. If the taxpayer requests a different format of the IC matrix, this must be communicated and justified within the 30-day deadline.

For illustration purposes, two examples of an IC matrix are included as appendices the letter.

Temporal Application

The new provisions of Section 90 AO generally apply from January 1, 2025. The BMF expressly points out that an IC matrix must also be prepared retroactively for previous years if an audit order issued in 2025 also covers periods prior to 2025.

In addition, according to the BMF, the IC matrix must be submitted within 30 days even if the audit order was issued before January 1, 2025, as long as the request for submission is made in 2025.

Sanctions for Non-Submission

If the IC matrix is not submitted, a penalty of EUR 5,000 will be imposed in accordance with Section 162 (4) Sentence 1 AO. Additional penalties may apply due to non-compliance with cooperation duties in cross-border cases (Section 90 (2) AO).

Recommendation

Companies should begin preparing transaction matrices for past assessment periods as early as possible and adjust their documentation processes accordingly. Due to frequent overlaps between tax audit periods and years prior to 2025, proactive preparation is essential to avoiding missed deadlines and potential penalties.

Do you have any questions on this topic?

Do you need support? Please contact our expert Henning Straeter. He will be pleased to explain our services to you.

Contact person

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