

1 Introduction

If you offer sex services, this leaflet explains your tax liability.

The income from the provision of sex services is subject to taxation.

For taxation it is relevant whether you pursue the activity as an employee or as a self-employed person.

Depending on your classification either income tax, trade tax and value added tax (VAT) or wages tax can be due.

2 Activity as an employee

Prostitutes are employees, if they are fully integrated into the organisation of a business establishment and with regard to time, duration, place and manner of execution are subject to the instructions of an operator.

If you are an employee, your employer is liable to pay wages tax for you.

For this purpose, you must provide your tax identification number as well as your date of birth to your employer and indicate, whether this is your first and only employment so far.

You receive the tax identification number in written form from the Federal Central Tax Office ("Bundeszentralamt für Steuern - BZSt"). But this is subject to the condition, that you are registered in Germany with your sole or main residence. Should this not be the case, please contact your local tax office.

In addition, the employer has to withhold and pay statutory social security contributions (health insurance, pension insurance and unemployment insurance).

After the end of the calendar year you receive a wage and tax statement from your employer.

Thereafter, you have to submit a tax return in consideration of your income-related, wage-reducing expenses (e. g. rent payments, costs for journeys to and from work, condoms) to the competent local tax office.

3 Self-employed activity

If you offer sex services as a self-employed activity, you run a business and you are liable to pay income tax, VAT and, if necessary, trade tax.

In this case, the following tax obligations apply to you:

- You have to inform the tax office about the start of your activity. The tax office provides you with a tax number.
- Any revenue and expenditure have to be recorded on a **daily basis**.
- These records, invoices, rental agreements and other documents are to be retained for a period of **ten years**.

You have to file the following documents to the tax office:

- **monthly** (for the previous month): a turnover tax advance return
- **annually** (for the previous month): an annual value added tax return, an income tax return, and, if necessary, a trade tax return

The above tax returns including the calculation of profit have to be transmitted to the tax office electronically. In exceptional cases they are accepted in paper version too.

You can transmit tax returns electronically free of charge via www.elster.de/eportal. There you find detailed instructions for setting up a user account.

Value added tax (VAT)

Your earnings are subject to VAT. The tax rate is currently 19 %. To determine the tax base the VAT is to be deducted from the gross revenues.

Example:

You earn € 200 for your services. From these 200 € 19 %, equivalent to € 31.93, are to be deducted as VAT, (€ 200 divided by 119 multiplied by 19 equals € 31.93).

You earn (gross)	€ 200.00
- 19 % VAT	€ 31.93
Net amount	€ 168.07

If you had expenses in connection with your activity and you can present a document (e. g. invoice or rental agreement) with separately listed VAT, you can deduct this tax as so-called input tax ("Vorsteuer").

Example:

You pay € 50 per day for your room:

Rent (net)	€ 42.02
+ 19 % VAT	€ 7.98
Gross amount	€ 50.00

Payable to the tax office:

Example:

VAT	€ 31.93
- input tax	€ 7.98
payable	€ 23.95

Income tax

To calculate your income tax the profit from your business activity is decisive:

$$\begin{array}{l} \text{Revenue} \\ - \text{Expenditure} \\ = \text{Profit} \end{array}$$

The expenditure must be related to your activity (for example: rental payments, journeys to work, condoms).

After the filing of your tax return and calculation of profit the tax office will inform you on the amount of tax to pay.

Trade tax

Should your taxable profit plus certain additions and deductions be over € 24.500, trade tax will be levied, too.



For further questions, please contact your local tax office or the info hotline of the tax offices in Lower Saxony:



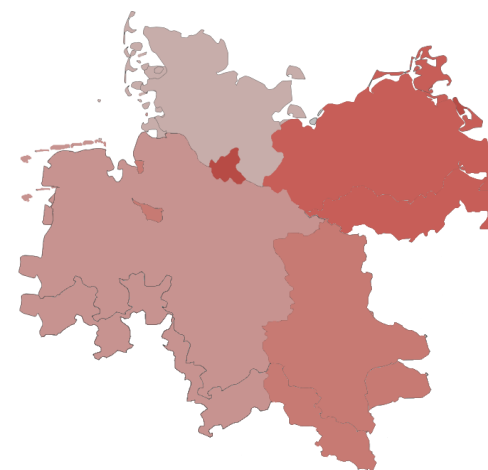
Published by:

- The Finance Senator of the Free Hanseatic City of Bremen
- Revenue Authority of the Free and Hanseatic City of Hamburg
- Tax administration -
- Ministry of Finance of the Land of Mecklenburg-Western Pomerania
- Regional Finance Office (LStN) of the Land Lower Saxony
- Ministry of Finance of the Land of Saxony-Anhalt
- Ministry of Finance of the Land of Schleswig-Holstein

June 2019

Basic information:

Taxation of sex services



Bremen



Hamburg



Mecklenburg-Western Pomerania



Lower Saxony



Saxony-Anhalt



Schleswig-Holstein