

Main characteristics of the House Building Premium under the German House Building Premium Act (Wohnungsbauprämienengesetz, WoPG)

The house building premium is a state premium granted as tax free surplus to certain expenditures made for housing.

1. Beneficiary

Entitled to obtain this premium are

- all natural persons aged 16 or more who are unlimited liable to income tax in Germany, or
- orphans,

if their taxable income does not exceed 25.600 € (single household) respectively 51.200 € (married couple) and the housing expenditures made by them do not fall under the category of savings products for which the payer is entitled to claim the employee savings bonus.

2. Requirements

As a general rule, the house building premium will be granted only to the following expenditures made for housing:

- Payments to building societies aimed at obtaining a home loan and which at least amount up to 50 € per year;
- Payments for the first acquisition of shares of a cooperative building association or a residential building cooperative;
- Payments in the context of a 3 – 6 years savings contract with a credit institute and the accumulated sum is used for the acquisition or construction of an owner occupied home or of a permanent right of abode similar to home ownership;
- Payments in the context of a 3 – 8 years savings contract with a fixed savings rate and the savings contract is concluded with a housing firm or housing cooperative and and the accumulated sum is used for the acquisition or construction of an

owner occupied home or of a permanent right of abode similar to home ownership.

3. Amount

The amount of the premium to be granted per year adds up to 8.8 % of the expenditures made for housing. However, the ceiling for which the house premium can be claimed is fixed at 512 € for a singles respectively 1024 € for a married couple. This means that the maximum house building premium which can be claimed per year amounts up to 45,06 € for singles and 90,11 € for married couples.