

## **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.