

**THE ECONOMIC MODEL FOR AGRICULTURAL LAND IN GERMANY
RESULTING FROM THE LEASE AND TAXATION SITUATION**

by Max V. ELVERFELDT

Roughly half of Germany's total land area is used for agriculture. Of the total 16.6 million hectares, about 60 percent are leased land. The leasing market in Germany is largely liberal. The landowner can freely decide on the tenant, the lease amount, and the lease duration. Due to land competition and European agricultural payments, lease prices have significantly increased in recent years. Lease income is exempt from value added tax and subject to regular income tax. A discounted municipal property tax applies, which can usually be passed on to the tenant. For inheritance tax, the deduction for agricultural land is 85%. By meeting certain conditions, this exemption deduction can even be 100%. The capital return on agricultural land ranges from 1-3%, with trading being quite regulated to prevent concentration.



Mini CV :

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