

Press Release / 01. August 2024

German withholding tax: Foreign authors despair

Foreign authors must apply to the German Federal Central Tax Office for an exemption so that the German publisher is not forced to reduce the royalty payment by 15% withholding tax for licenses. However, since the application must be submitted digitally, processing times have become extremely long. Waiting times of up to 12 months for the exemption notice are the order of the day. Naturally, payments are also delayed for this period. For some authors, having to wait up to 12 months for their royalties is a matter of survival.

In the meantime, a broad alliance of publishers in Germany has come together under the leadership of the German Publishers and Booksellers Association, which has presented the problem in detail in a [position paper](#) and submitted proposals for a solution. Publishers and other users of intellectual property rights are also suffering from this situation. On the one hand, this involves up to six-figure royalty provisions and the loss of image among authors abroad due to German bureaucracy. This is damaging to the business of publishers and the entire cultural and creative economy.

Unfortunately, we are observing an overwhelming lack of information among German games publishers about the legal possibilities of the existing *simplified procedure*, but in individual cases they are also acting against their better judgement and thus to the harm of authors. Since the beginning of 2024, the annual exemption limit for royalty payments without exemption has been raised from € 5,000 to € 10,000. In our industry, this sum should at least be sufficient for most advance payments, but also for many subsequent license payments. Unfortunately, many game publishers are still not taking advantage of this opportunity.

The Game Designers Association would very much welcome it if the game publishers would also actively participate in the lobbying efforts of the other exploiters to clear the backlog of applications and to find a constructive solution at the German Federal Central Tax Office. In addition, we ask the game publishers who have not yet utilised the statutory exemption limit of € 10,000 for advance and royalty payments ([see point 5 of the BZSt leaflet](#)) to apply this limit and to transfer outstanding payments immediately.

The Game Designers Association supports the demands from the above-mentioned position paper of the exploiters of intellectual property rights as well as the corresponding [paper of the Federation of German Industries \(BDI\) from July 2023](#). We call on the Federal Government to examine in particular the implementation of the following measures: a) the further increase of the exemption limit in the simplified procedure without the need for an exemption application and b) simplifying the exemption procedure, e.g. by issuing a one-time personal identification number to authors abroad in order to avoid constant new applications for exemption, their individual examination and the renewal procedure. This would also make a significant contribution to reducing bureaucracy at an already overburdened authority and to implementing the German government's coalition agreement, which aims to digitalise and reduce bureaucracy in tax administration.

The Game Designers Association (SAZ) is the interest and professional association of game authors with 700 members, almost 200 of whom are not resident in Germany and are directly affected by the problems described above, along with many other authors abroad who publish in Germany.