



U.S. ARMY



Home Based Business USAG Bavaria

**Employment Readiness Program
Army Community Service**

Version Number
As of 6 JAN 22

UNCLASSIFIED



Objectives

- Gain an understanding of the legal frameworks governing HBBs and their interfaces.
- Gain an understanding of the legal aspects of your enterprise.
- Gain an understanding of the potential tax consequences of your enterprise.





HBBs and the greater legal framework

NATO-SOFA

- Exempts government pay from taxation
- Does allow for taxation of non-government, Germany-sited income = no tax exemption for income derived from private business activities
- Makes no further stipulation with regards to taxation

USAREUR/AF Reg

- Binds certain members of the force / civilian component
- Interface to HN law
- Applies to business activities in government housing (incl. hobbies intended for profit)
- Does not apply to recreational hobbies not for profit.

HN Tax Law

- Taxation based on residence or situs of income
- Only non-hobby activities are taxable
- Hobby = infrequent, irregular, nexus to leisure activities, lacks intent to create profit

US Tax Law / IRS Stipulations

US-German Tax Treaty

Relevant due to US Military

Relevant regardless of US Military





HBBs and HN Tax Law (1 of 2)

HN Tax Law

Nice to Know

- AE Reg can be more or less strict than HN law
- Hobby determination should be made based on quantitative and qualitative factors
- A “Gewerbeschein” (trade registration) at a town hall is not a tax registration and says nothing about the tax qualification of your income
- If you opt to file as an OR (certain requirements need to be met) you qualify for more deductions AND German Kindergeld (tax-free). However, you will need to provide additional information (worldwide income, spouse's income...)

Common Misperceptions

- I do not make more than
German income tax and VAT law are different systems.
- My profit is less than €410.
This option is likely not available to you
- I only work for donations....
A donation is not a tax-free payment
- I just invoice through my US-LLC...
Your LLC might have moved with you
- I do not exceed the German “Grundfreibetrag”
This option depends on your filing status and other circumstances





HBBs and HN Tax Law (2 of 2)

HN Tax Law

Common Misperceptions

- My neighbor, friend... did not register

Your neighbor's, friend's.... filing / registration status has no bearing for your situation

- German taxes are robbery. I am not paying 40%

German taxes are levied on net figures. A 40% tax rate requires around €325,000 gross income.

- My neighbor will help me free of charge to register and “with my business”

That will work well for you if your neighbor is a German international tax professional

- Why is this so difficult?

You are navigating NATO-SOFA, AE Reg, IRS code and rules, HN Tax Law and US-German Tax Treaty.





Business Plan Template

General Information

Name	
Owner	
Address	
Non-German business infrastructure (y/n)	
Starting date	
Goods & services provided	
Main clients/customers	
Number of sale transactions per month	
Number of purchase transactions per month	





Home Based Business Program and Commercial Solicitation Program (HBB/CS)

Intent to create profit (2 of 2)

Income & Expense Information

Income & Expense Information	2021		2022		2023		2024			
	EUR	USD	EUR	USD	EUR	USD	EUR	USD		
	FX-rate		0,88		0,89		0,91		0,92	
Income / revenue (planned p.a., average)										- €

Expenses (planned p.a., average)

Bank charges									
Business lunches with current customers									
Business lunches with prospective customers									
Consultant and attorney fees									
Expenses for business related travel (hotel....)									
External services from 3rd parties									
Insurance costs									
Interest on HBB related student debt									
Internet expenses (not covered by Housing)									
International moving expenses*									
IT supplies									
Leasing fees									
Mailing expenses (not APO)									
Marketing expenses (HP, Ads...)									
Office supplies									
Phone costs									
Professional subscriptions and magazines									
Professional training (online, on-site...)									
Purchase of items for sale (not PX/Commissary)									
Utilities (not covered by Housing)									
	- €		- €		- €		- €		- €

TOTAL PROFIT

- €





HBBs and HN Tax Law (1 of 5)

TAX EXAMPLE non-OR (reduced reporting requirements)	2021	2022	2023	2024	2025	
	EUR	EUR	EUR	EUR	EUR	
Income / revenue (planned p.a., average)	2.200 €	6.000 €	6.200 €	3.500 €		17.900 €
Expenses (planned p.a., average)						
Total	- 5.130 €	- 3.825 €	- 4.039 €	- 5.044 €	- 900 €	
Profit	- 2.930 €	2.175 €	2.161 €	- 1.544 €	- 900 €	- 1.038 €
German Income Tax		353 €	350 €		- 703 €	
German VAT Tax	- €	- €	- €	- €	- €	
Financial Benefit After Tax						- 335 €





HBBs and HN Tax Law (2 of 5)

TAX EXAMPLE non-OR (reduced reporting requirements)	2021	2022	2023	2024	2025	
	EUR	EUR	EUR	EUR	EUR	
Income / revenue (planned p.a., average)	2.200 €	6.000 €	6.400 €	3.500 €		18.100 €
Expenses (planned p.a., average)						
Total	- 5.130 €	- 3.825 €	- 4.039 €	- 5.044 €		
Profit	- 2.930 €	2.175 €	2.361 €	- 1.544 €	- €	62 €
German Income Tax	- €	353 €	350 €	- €		
German VAT Tax	- €	- €	- €	- €		
Financial Benefit After Tax						- 641 €





HBBs and HN Tax Law (3 of 5)

TAX EXAMPLE non-OR (reduced reporting requirements)	2021	2022	2023	2024	2025	
	EUR	EUR	EUR	EUR	EUR	
Income / revenue (planned p.a., average)	125 €	1.500 €	1.725 €	450 €		3.800 €
Expenses (planned p.a., average)						
Total	- 135 €	- 1.535 €	- 1.749 €	- 460 €		
Profit	- 10 €	- 35 €	- 24 €	- 10 €	- €	- 79 €
German Income Tax	- €	- €	- €	- €	- €	
German VAT Tax	- €	- €	- €	- €	- €	
Financial Benefit After Tax						- 79 €





HBBs and HN Tax Law (4 of 5)

TAX EXAMPLE non-OR (reduced reporting requirements)	2021	2022	2023	2024	2025	
	EUR	EUR	EUR	EUR	EUR	
Income / revenue (planned p.a., average)	9.000 €	18.000 €	23.000 €	15.000 €		65.000 €
Expenses (planned p.a., average)						
Total	- 5.130 €	- 3.825 €	- 4.039 €	- 5.044 €		
Profit	3.870 €	14.175 €	18.961 €	9.956 €	- €	46.962 €
German Income Tax	693 €	3.328 €	4.705 €	2.193 €		
German VAT Tax	- €	- €	- €	2.850 €		
Financial Benefit After Tax						33.193 €





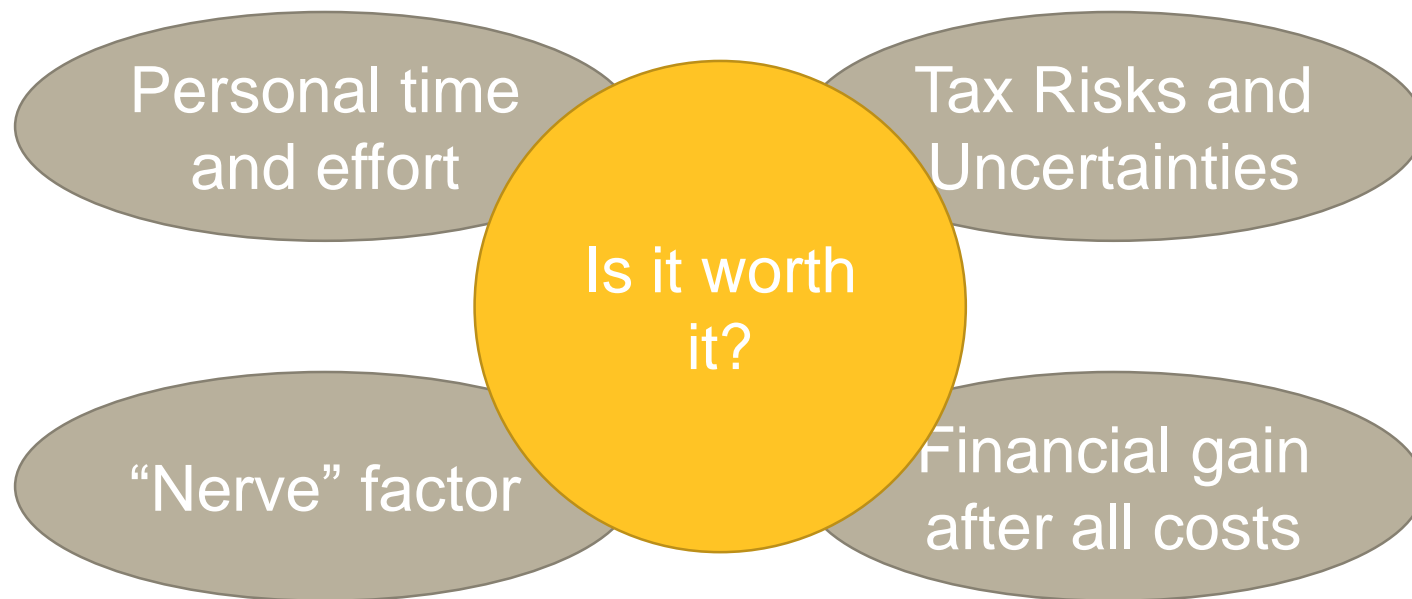
HBBs and HN Tax Law (5 of 5)

TAX EXAMPLE OR (increased reporting requirements)	2021	2022	2023	2024	2025	
	EUR	EUR	EUR	EUR	EUR	
Income / revenue (planned p.a., average)	9.000 €	18.000 €	23.000 €	15.000 €		65.000 €
Expenses (planned p.a., average)						
Total	- 5.130 €	- 3.825 €	- 4.039 €	- 5.044 €		
Profit	3.870 €	14.175 €	18.961 €	9.956 €	- €	46.962 €
German Income Tax	- €	763 €	1.939 €	- €		
German VAT Tax	- €	- €	- €	2.850 €		
Financial Benefit After Tax						41.410 €





Decision-making Environment





4 Steps to the HBB/CS Process



Step 1

Attend HHB briefing at ACS (**or complete virtual training on MS Teams**) and obtain signature from ERP rep

Step 2

Research required docs licenses / certificates / hygiene, sanitation, Safety and risk, RMP) Contact agency reps/ signatures.

Step 3

Schedule an appointment with ERP HBB Rep

Step 4

Obtain final GC approval process can take up to 30 days.





USAG Bavaria Legal Office

- Cannot provide German Tax advice or translate any Government Forms.
 - Army regulation prohibits Legal Assistance from assisting with matters related to private businesses.
 - HBB program manager will answer questions and coordinate with Garrison Legal Advisor to address any questions/concerns during the application process.





HBB POC ACS CENTERS



Send your questions to

usarmy.Bavaria.id-europe.mbx.acs-hbb@army.mil

ROSE BARRACKS

7:30 am – 4:30 pm

Bldg. 322

(CIV) 09641.70.599.1101

(DSN) 599..1101

TOWER BARRACKS

7:30am – 4:30pm

Bldg. 244

(CIV) 09641.70.526.4403

(DSN) 526.4403/4405

HOHENFELS

8:00am – 4:00pm

Bldg. 10

(CIV) 09641.708.4860

(DSN) 522.4860



Questions?

