

WEBINAR

Personal Finance & Tax for NRIs in Germany

Budgeting

Investing

NRI essentials

German tax

ABOUT ME

Sathish

ENGINEER · INVESTOR · TAX SUPPORT

- 1 Living in Germany for the last 12 years
- 2 Automotive engineer by profession
- 3 Freelancing
- 4 Supporting a tax lawyer with Steuererklärung for NRIs
- 5 Certified Mutual Fund Distributor in India

Disclaimer



**Sharing my
personal experience**



**Not any financial or
tax advice**

Agenda

- 1 Personal Finance & Budgeting
- 2 Saving vs Investing
- 3 Important things to take care of as an NRI
- 4 German Tax Filings
- 5 Q&A

PART 1

Personal Finance & Budgeting

ஆகாறு அளவிட்டி தாயினுங் கேடில்லை
போகாறு அகலாக் கடை .

A small income does no harm, as long as you live within it.

— THIRUVALLUVAR

$$\text{Income} - \text{Spending} = \text{Saving}$$

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- 1 Have a budget!
- 2 Save at least 10% of your income every month. The more, the better!
- 3 Keep 6 months of expenditure as an emergency fund
- 4 Automate as much as possible

Your monthly budget on one sheet

Income	€ / month
Salary	-----
Bonus	-----
Kindergeld	-----
Total income	-----

Fill it once with real numbers from your bank statements. Then review it every quarter.

Outgo	€ / month
EMI / Miete	-----
Electricity (Strom)	-----
Property tax (Grundsteuer)	-----
Schmutzwasser + Niederschlagswasser	-----
Gas	-----
Frischwasser	-----
Telekom + mobile	-----
Rundfunkbeitrag	-----
Legal insurance	-----
Building insurance	-----
Contingency	-----
Total outgo	-----

Why the bucket never fills

Increase the income

Increase the income sources

Optimise the expenses

Three habits that do the heavy lifting

10%+

Save first

At least 10% of net income every month. More is better.

6×

Emergency fund

Six months of expenses parked in a Tagesgeld account. Back to our opening question.

Auto

Automate

Automate the savings plan

Protect the plan before you grow it



Risikolebensversicherung (pure term life)

Protects the family if you die. Cheap when bought young.



Privathaftpflicht

Damage you cause to others. Very low cost, very high value.



Hausratversicherung

Theft, fire and water damage to your household contents.



Rechtsschutzversicherung

Legal costs in job, tenancy or traffic disputes.



Have adequate insurance cover before start investing.

PART 2

Saving vs Investing

Keep the seeds, or sow them?

Saving

Investing

Saving vs investing: what inflation does to money that only waits

€10,000 kept in cash buys less every year. After 20 years, what it can buy shrinks to:

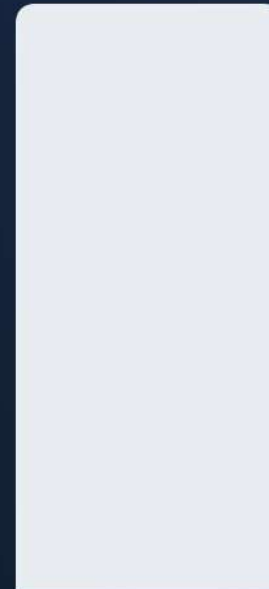
Saving

Makes your money **secure**. Right for the emergency fund.

Investing

Makes your money **grow** above inflation. Right for goals five or more years away.

€10,000



Today

€6,730

20 yrs at 2% inflation

€5,537

20 yrs at 3% inflation

Start early, and never interrupt the compounding

Person 1

pays in, age 25–35

no new payments, money keeps growing

Person 2

not investing yet

pays in every month from 35 to 60

age 25

35

60

Person 1 pays in €36,000 · value at 60

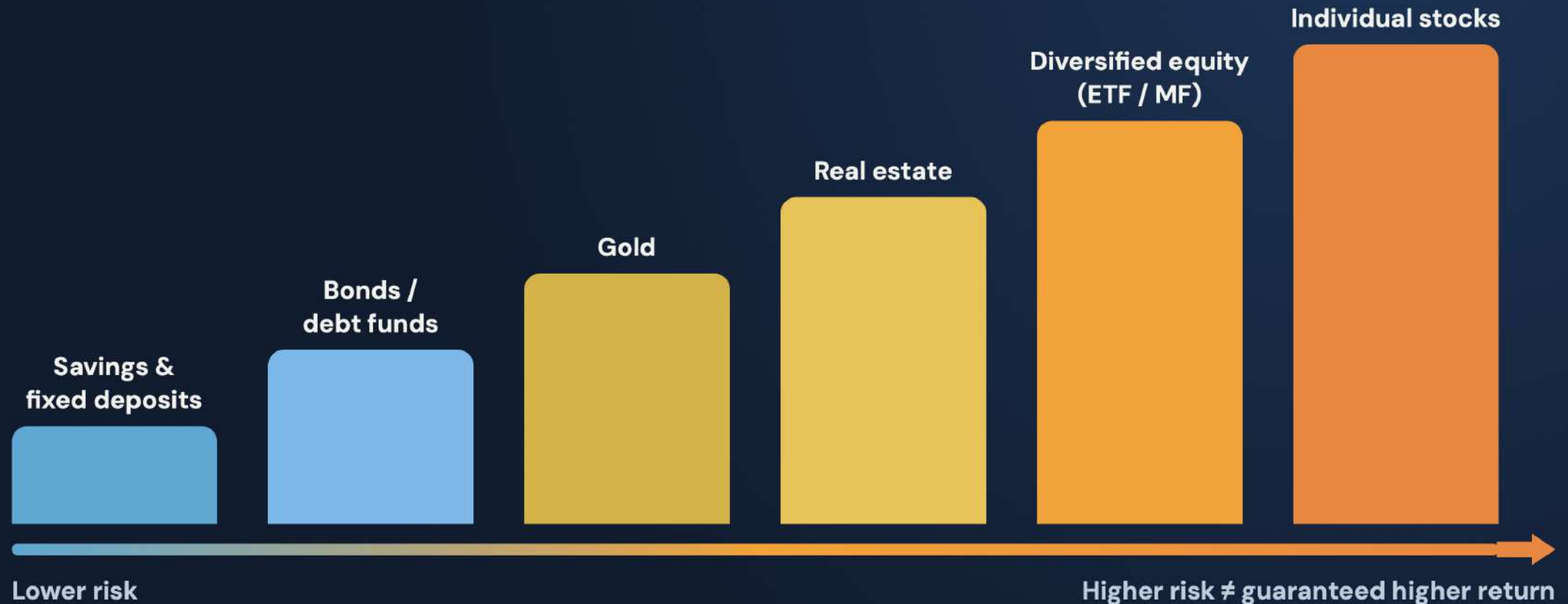
≈ €299,000

Person 2 pays in €90,000 · value at 60

≈ €244,000

Both invest €300 a month. Illustration at 7% a year, monthly compounding, before tax and costs.

Investment options by risk level



Four asset classes, compared..

	Gold	Real estate	Funds / ETFs	Individual stocks
Risk & volatility	Medium	Medium	Medium	High
Return	Around inflation	Moderate	Market	Wide range
Costs	Higher	Highest	Low (ETF lowest)	Low
Liquidity	Easy	Difficult	Easy	Easy

Favourable

Neutral

Watch out

Simpler ways to own the same assets

INSTEAD OF

Picking single stocks



CONSIDER

Low-cost ETF or index fund

Hundreds of companies, one purchase

INSTEAD OF

A second flat as investment



CONSIDER

REIT (Real Estate Investment Trust)

Property income without tenants or repairs

INSTEAD OF

Jewellery and coins



CONSIDER

Gold ETF or gold savings fund

No making charges, no locker, easy to sell

PART 3

Important things to take care of as an NRI

When you became an NRI, your Indian accounts had to change too

1

Savings account

Resident account → redesignate as NRO. FEMA expects it once you move abroad.

2

Indian mobile number

Keep it active. OTPs for banking and KYC depend on it.

3

Demat & trading

Convert to NRI status: NRO non-PIS, or NRE with PIS.

4

Mutual fund folios

Update tax status to NRI and add your German address (KYC).

5

FATCA / CRS

Submit the self-declaration to each bank and fund house.

6

PPF

No new account as NRI. An existing one runs to maturity, without extension.

NRE, NRO, FCNR: which money goes where

NRE

Non-Resident External

WHAT GOES IN

Earnings from abroad

CURRENCY

Indian rupee

TAKING MONEY OUT

Fully repatriable

Interest tax-free in India

NRO

Non-Resident Ordinary

WHAT GOES IN

Income earned in India: rent, dividends, pension

CURRENCY

Indian rupee

TAKING MONEY OUT

Up to USD 1 million a year, with Form 15CA/15CB

Interest taxable, TDS deducted

FCNR (B)

Foreign Currency Non-Resident

WHAT GOES IN

Earnings from abroad, kept in foreign currency

CURRENCY

EUR, USD, GBP and others

TAKING MONEY OUT

Fully repatriable

Interest tax-free in India



German tax: interest from all three accounts is taxable in Germany

PART 4

German Tax Filings

The Finanzamt can already see your Indian accounts.

Under the Common Reporting Standard (CRS), Indian banks and fund houses report accounts held by German tax residents: balances, interest, dividends and sale proceeds.

Declare: interest

Dividends

Mutual fund gains

Rent from India

How India taxes an NRI's mutual funds

12.5%

**Equity fund, held over
12 months**

On long-term gains above ₹1.25
lakh per financial year

20%

**Equity fund, held up to
12 months**

Flat rate on short-term gains

Slab

**Debt fund, any
holding period**

Gains taxed at your income-
tax slab rate

For NRIs the fund house deducts TDS at redemption. File an Indian return (ITR) to get any excess back. For treaty (DTAA) relief, keep a German tax residency certificate and Form 10F ready.

One gain, two tax returns



You redeem an Indian mutual fund

In India

TDS is deducted at redemption. File an ITR for the final tax and any refund.

In Germany

Declared as foreign fund income (Anlage KAP / KAP-INV). Check with DTAA whether the Indian tax can be credited.

Cross the €1,230 line and every euro counts

Commute: 15 km × 220 days × €0.38

€1,230 Arbeitnehmer-Pauschbetrag

you get this even with zero receipts

= €1,254

From 2026: €0.38 per km from the first kilometre. Beyond the line, everything else adds up:

Homeoffice: €6 a day, up to €1,260

Arbeitsmittel: laptop, desk, phone share

Fortbildung & job-related courses

Umzugskosten for a job move

Doppelte Haushaltsführung

Kontoführung: €16 flat

Bewerbungskosten

Supporting parents in India? That can be deductible

2026 CAP PER SUPPORTED PERSON

€12,348

reduced for India by the BMF country group

≈ €3,087*

per parent, as an außergewöhnliche Belastung

WHAT THE FINANZAMT WANTS TO SEE

- ✓ Transfers by bank to your parents' account, not cash
- ✓ Unterhaltserklärung (official bilingual form), confirmed by an Indian authority
- ✓ Parents have little own income or assets
- ✓ Amount reasonable for your own income
- ✓ Claimed in Anlage Unterhalt

*1/4 of the cap if India is in Ländergruppe 4. Check the current BMF Ländergruppeneinteilung for your tax year.

Other Deductions...

80%

Kinderbetreuung

Kita, Tagesmutter, Hort: up to €4,800 per child under 14

30%

Schulgeld

Private school fees, up to €5,000 per child

20%

Haushaltsnahe Dienste

Cleaning, garden, Hausmeister: 20% of labour off your tax, up to €4,000

20%

Handwerker

Repairs and maintenance labour, up to €1,200 off your tax

Let the tax code co-invest with you

1 Freistellungsauftrag

€1,000 single, €2,000 married: capital income tax-free. Split it across your German banks.

2 Teilfreistellung

30% of gains and distributions from equity ETFs are tax-free.

3 Riester and Rürup

State allowances (Riester) or high deductible limits (Rürup). Compare costs carefully first.

Buying a flat to rent out: the tax side

DEDUCTIBLE EVERY YEAR

1 **Loan interest**
Interest on the mortgage is deductible (repayments are not).

2 **Depreciation (AfA)**
Building value only, not the land: 2% a year (built 1925–2022), 3% (completed from 2023), 2.5% (before 1925).

3 **Running costs**
Repairs, non-recoverable Hausgeld, insurance, management fees, trips to the flat.

4 **Purchase costs**
Grunderwerbsteuer, notary and broker are added to the building cost and depreciated.

GOOD TO KNOW

New builds
5% degressive AfA, plus 5% Sonder-AfA for 4 years (§7b) if conditions are met.

Losses help
A rental loss reduces the tax on your salary: often a refund.

Big renovations
Over 15% of the building value within 3 years must be depreciated, not deducted at once.

Selling
Gain is tax-free after 10 years of ownership.

SUMMARY

Eight things to remember

1 Spend what is left after saving

2 Keep a budget to see your cash flow

3 Save at least 10% every month

4 Have adequate insurance cover

5 Diversify by your risk profile

6 Low-cost ETFs or index funds for equity

7 Never interrupt compounding

8 Declare Indian income, claim
German deductions

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Questions?

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