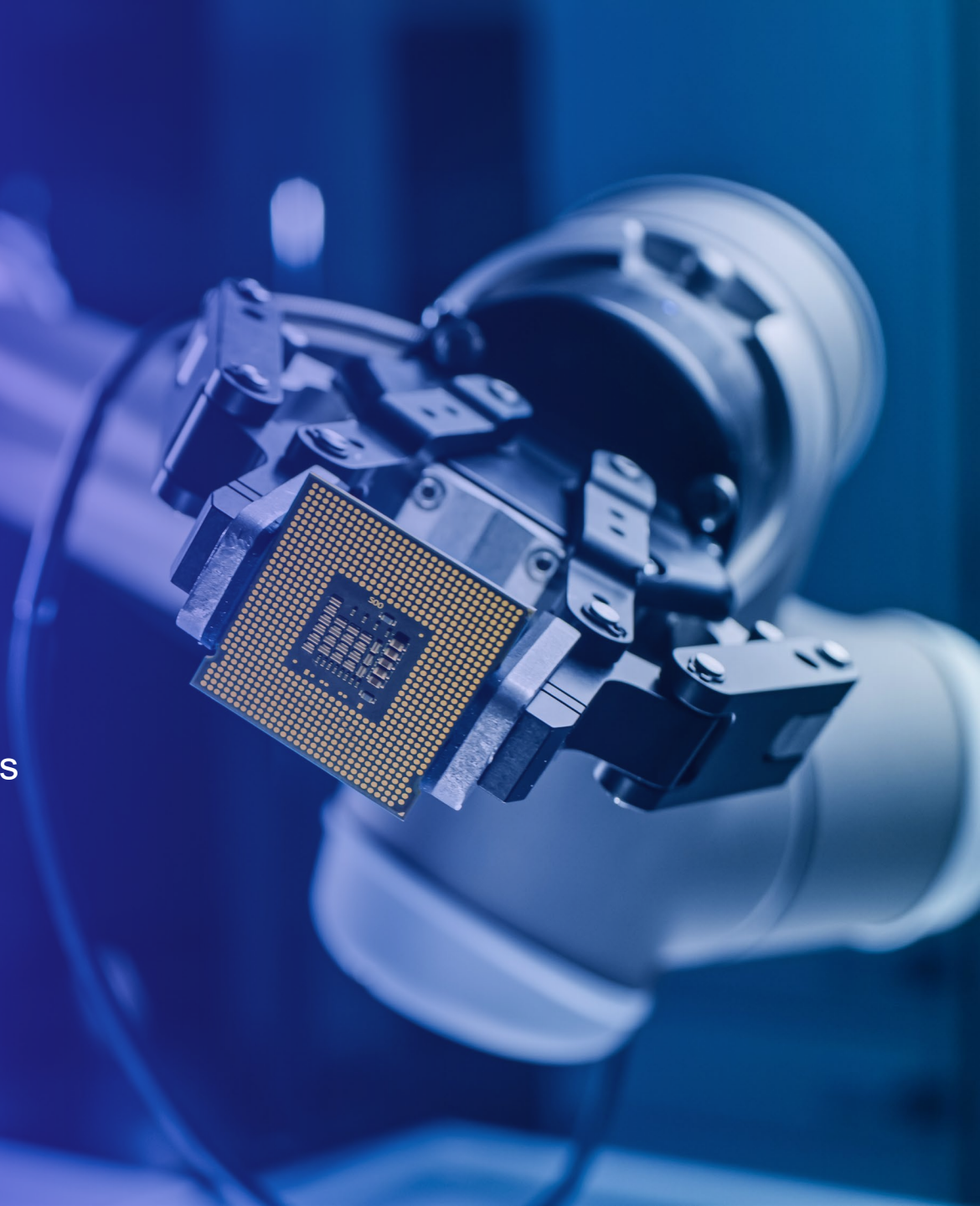
Investing in Germany/Europe

Andreas Glunz, Managing Partner International Business
KPMG in Germany

—

November 2, 2026
Seoul



Agenda

01. Setting the scene – Germany/Europe at a glance

02. Industry Outlook

03. Tailored KPMG services for investors entering Germany/Europe

04. Tax Law – Investments in Germany

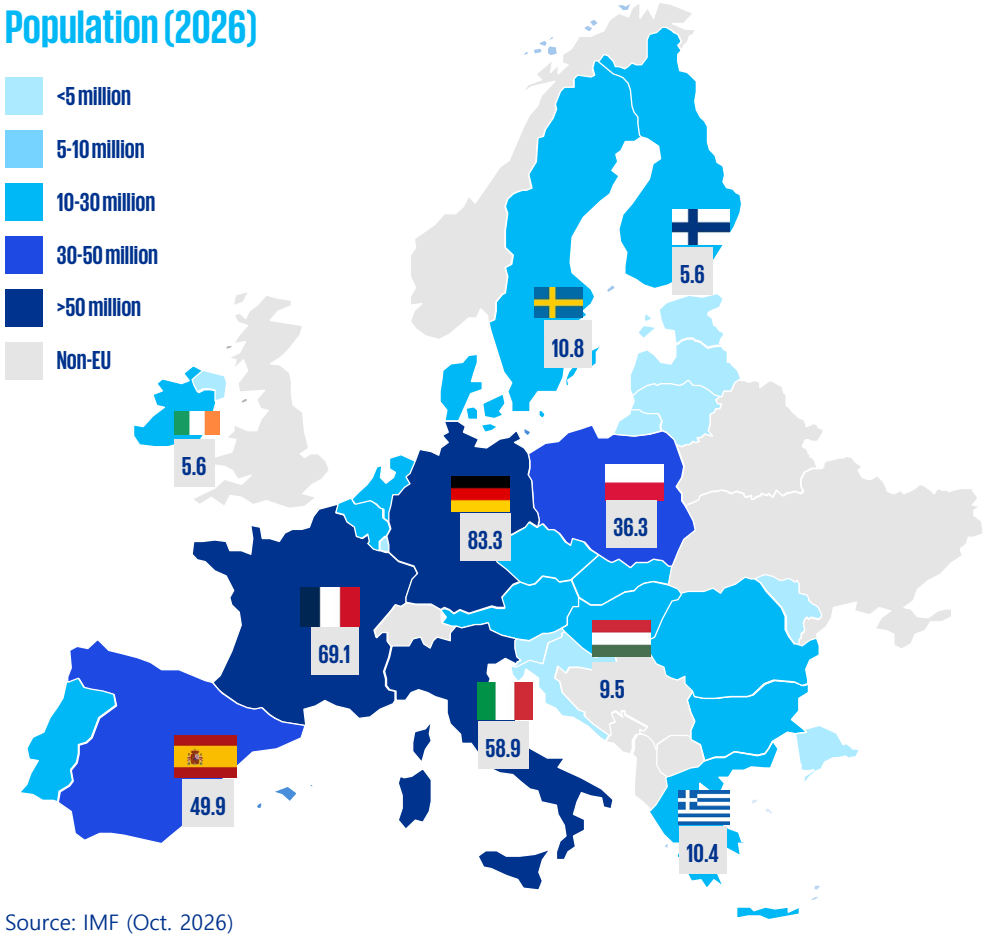


01

Setting the scene – Germany/Europe at a glance

The European Union (EU) at a glance

Population (2026)



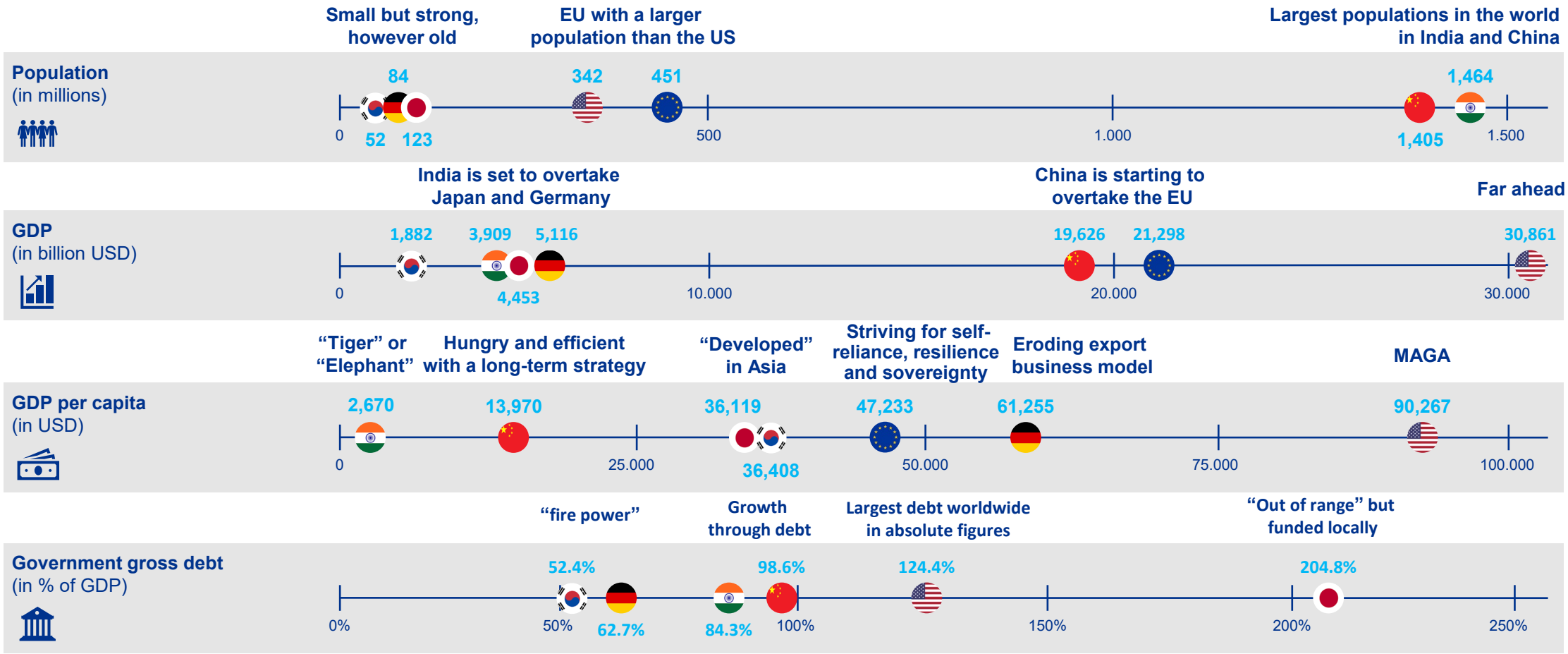
Source: IMF (Oct. 2026)

Key analysis

- **The European Union (EU) encompasses 27 nations,** the largest by population and GDP being Germany. UK, Norway, and Switzerland are not Member States of the EU
- **Population** (2026)
  - **EU: 451 million;** the population of total Europe (EU and non-EU) is **739 million**
  - **China: 1.405 million**
  - **US: 343 million**
  - **Korea: 52 million**
- **Median age** (2050)
  - **EU: 48 years**
  - **China: 52 years**
  - **US: 42 years**
  - **Korea: 47 years**
- **Korean communities in Europe** are mainly **concentrated in and around Frankfurt.**

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Europe/Germany in an international comparison



Source: IMF (Oct. 2026); figures for 2025

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Europe in "stress-mode", causing a reset of the EU's regulatory environment

Europe is striving for resilience, autonomy and sovereignty

Particularly due to…

- **Russia's war in Ukraine** (related to **energy** and **defense**)
- **measures taken by the U.S.** (US-tariffs on imports from the EU, US-war in Iran, threat to weaken/exit NATO, …) (related to **defense**)
- supply shortages of **rare earths** from China (related to **raw materials**)
- dependence on **vaccines** from India and China (related to **pharmaceuticals**)

Europe's trade deficit with China is growing

Europe's trade deficit with China has been widening sharply since US President Donald Trump's return to office, due in part to

- the **diversion of Chinese exports from the U.S. to Europe** and
- the **undervalued RMB** (which places European industry at a competitive disadvantage regarding exports to China)

Deindustrialization in Europe

For a decade, gradual but ongoing **deindustrialization in Europe**, driven by various factors including

- rising **energy cost** resulting from an
    - **overemphasis on the goal of climate neutrality** without considering the economic impact on businesses and
    - geopolitical **upheavals** (Russia, Iran)
- postponed **reforms**
- postponed **infrastructure renovations**
- slow **digitalization**
- excessive **bureaucracy**

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Reaction: Draft of recent EU Industrial Accelerator Act (IAA)

- The draft **Industrial Accelerator Act (IAA),** proposed by the **EU Commission** in **March 2026**, is currently under legislative discussion; entry into force may be **middle of 2027**
- **Objectives**: Strengthen key industries in Europe to maintain the EU's economic security and sovereignty, and to safeguard climate targets, economic growth, and employment
- **Key regulatory aspects**
  - **„Made in EU“** and **Low-Carbon Requirements when importing in EU**
  - **Forced Technology Transfer and Joint Ventures**
  - **New FDI conditions (4 out of 6 to be fulfilled)** for FDI > EUR 100 million
    - Mandatory Workforce Localization (Cannot be waived): At least 50% of employees (including management) must be EU citizens or residents
    - Foreign Ownership Cap: Foreign investors are limited to a maximum 49% stake, prohibiting majority control
    - Mandatory Joint Venture Structure: Investments must be structured as joint ventures with EU partners
    - Technology Transfer & IP Licensing: Key IP must be licensed to the EU target, with joint ownership of newly developed technology
    - R&D Investment Commitment: A minimum of 1% of the target's gross annual revenue must be invested in R&D within the EU
    - EU Supply Chain Integration Strategy: Investors must demonstrate a strategy for sourcing at least 30% of manufacturing inputs from the EU

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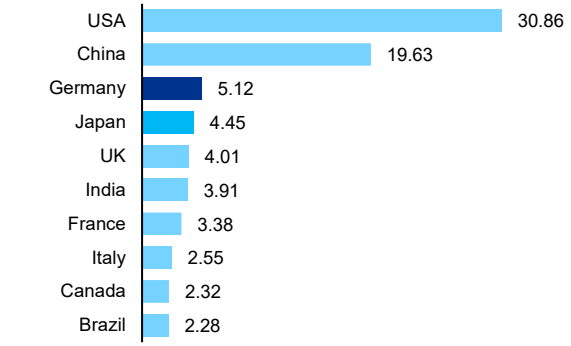
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Economic trends in Germany and Europe (1/3)

Germany is the European powerhouse:

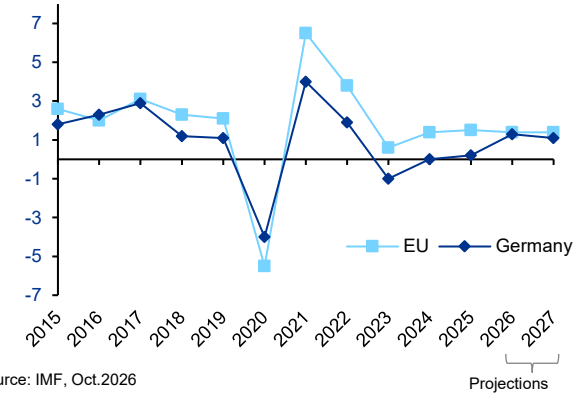
- **3rd largest global economy by GDP** and **number 1 in Europe by GDP and population**
- The **GDP growth forecasts** for the **German economy** currently stand at **+1.3% for 2026** and at **+1.1% for 2027.** The forecasts for GDP growth in the **European Union** for **is +1.4%**, for **2026 and 2027**
- **3rd largest exporter worldwide** after China and the U.S. with leading export goods being machinery, vehicles, chemicals and equipment
- German **exports and imports increased** in 2025. Germany exported goods to the value of € 1,564 billion and imported goods to the value of € 1,362 billion. Compared with the previous year 2024, **exports increased by +0.9% and imports by +4.3%.**
- However, the **trade surplus in 2025 decreased** significantly to € 200.4 billion. In 2024, Germany had exported € 242.9 billion more than it imported.
- **FDI stock in Germany increased slightly in 2025 compared to 2024.** The country's strengths include an efficient and diversified industrial network, a highly qualified workforce with good English skills, a favorable social climate, a stable legal framework and its location at the heart of Europe.

Largest economies by GDP, 2025
(current prices; in trillion USD)



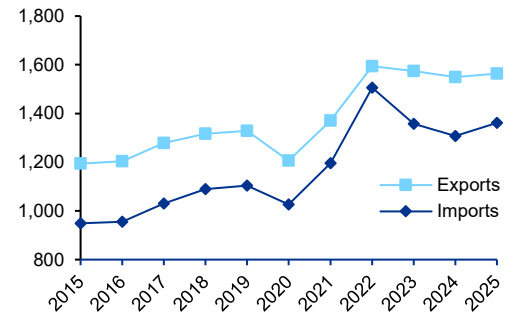
Source: IMF, Oct. 2026

Real GDP growth
(in%)



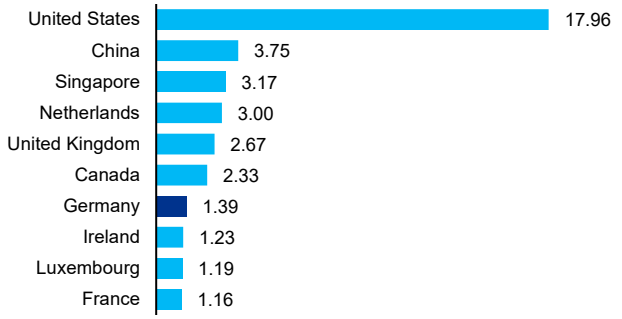
Source: IMF, Oct.2026

German foreign trade
(in billion EUR)



Source: Destatis, 2026

Largest investment destinations, 2025
(FDI inward stock, in trillion USD)



Source: UNCTAD, June 2026

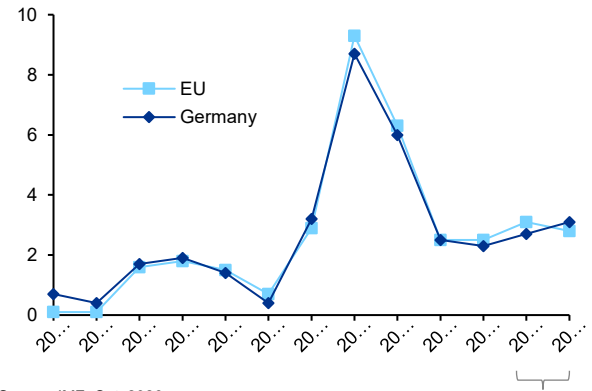
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Economic trends in Germany and Europe (2/3)

Development of relevant KPIs in the EU and Germany:

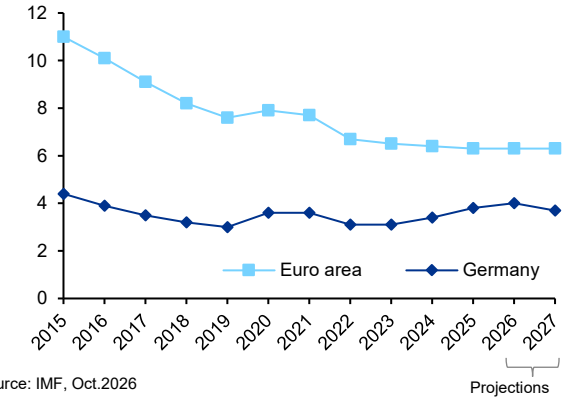
- The increased energy prices resulting from the Middle East conflict are causing a **renewed rise in inflation**. Inflation in the EU is projected to reach +3.1% in 2026, and +2.7% in Germany. Inflation is expected to remain above the European Central Bank's 2% target in 2027.
- The **unemployment rate** of Germany is expected to rise to 4.0% in 2026. However, this remains significantly below the Eurozone unemployment rate of 6.3%.
- **Unit labor costs** in Germany have risen significantly above the euro area level and belong to the highest of the OECD countries.
- **Labor productivity** increased in Germany as well as in the euro area. Germany again exceeded the euro area regarding hourly labor productivity.

Inflation rate
(annual change in %)



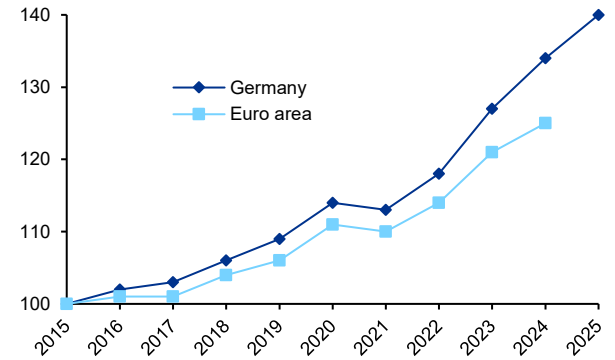
Source: IMF, Oct. 2026

Unemployment rate
(in %)



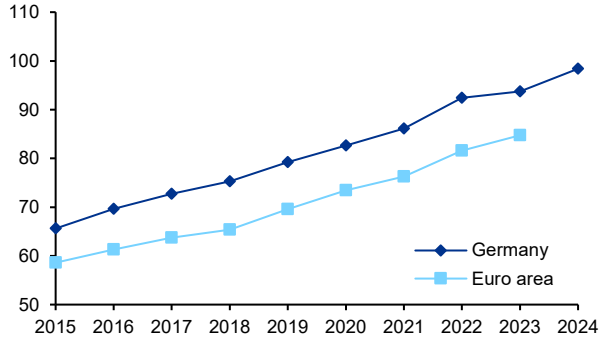
Source: IMF, Oct.2026

Unit labor costs
(seasonally adjusted; current prices; 2015 = 100)



Source: OECD, 2026

Hourly labor productivity (GDP/hour worked)
(USD; PPP converted; current prices)



Source: OECD, 2026

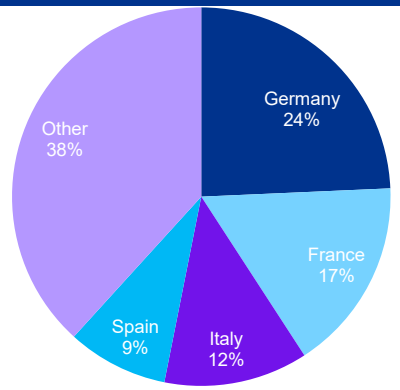
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Economic trends in Germany and Europe (3/3)

Germany as a key member of the EU:

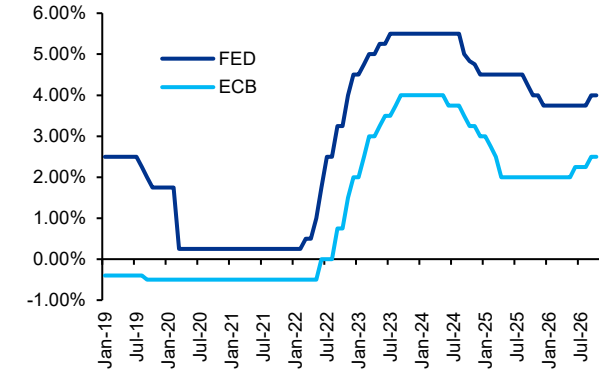
- Operating as a single market with 27 countries, the **EU's GDP** was estimated to be around € 18.8 trillion in 2025, representing around **1/6 of the global economy.** Germany is the EU's largest economy with a GDP of EUR 4.5 trillion in 2025, representing a quarter of the EU's total GDP.
- Over **64% of the EU countries' total trade** is done with other countries **within the EU**. The EU accounts for around 14% of the world's trade in goods.
- Due to rising inflation rates, the ECB has increased its **interest rate** in order to stimulate economic growth again. In October 2026, **the deposit facility** stood at 2.5%. The Fed has also increased interest rates in the US, although at 4.00% the **Federal Funds Rate** is at a significantly higher level.
- Europe as a whole has a projected **budget deficit** of -3.2% in 2026. At -4.3% of GDP in 2026, Germany places slightly above the European average.
- Compared to Europe as a whole (77.5%), Germany has a comparatively low **debt ratio** of 64.6% in 2026.

EU-27 GDP share by country, 2025
(100% = €18,802 bn)



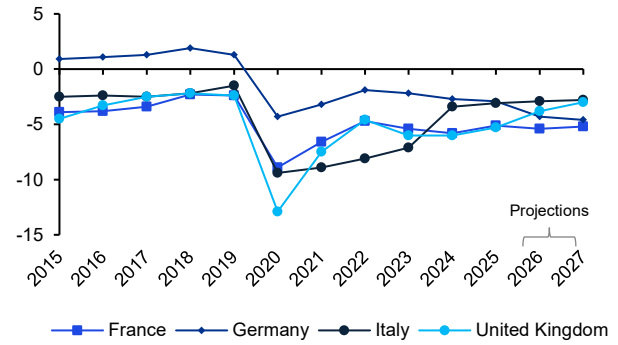
Source: Eurostat, 2026

Central Bank interest rates



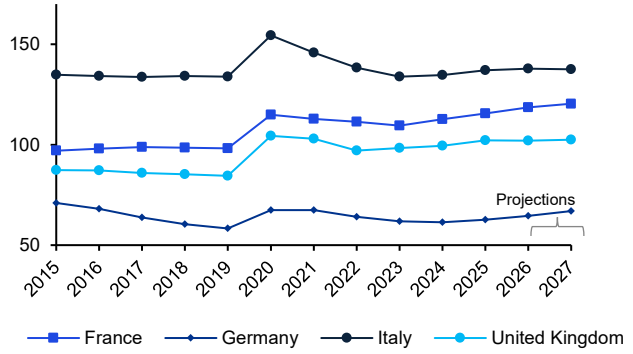
Source: FED, ECB, 2026

General government net lending/borrowing
(in % of GDP)



Source: IMF, Oct. 2026

General government gross debt
(in % of GDP)



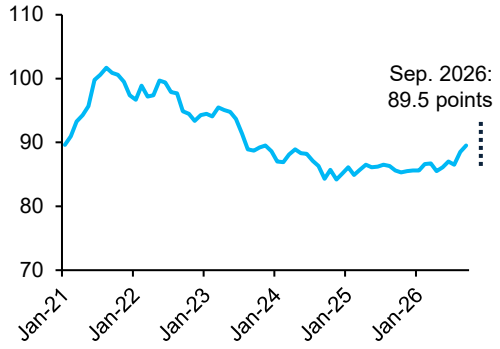
Source: IMF, Oct. 2026

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Business sentiment and expectations in Germany

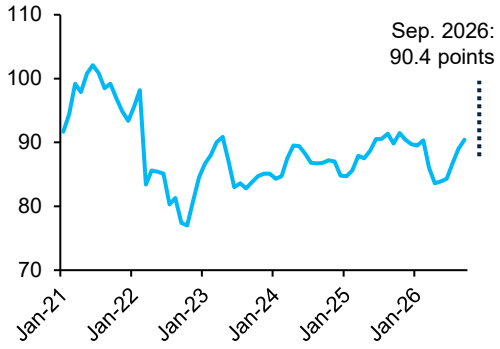
Focus: Corporate sentiment

Business situation



Source: Ifo Institute; 2015=100

Business expectations

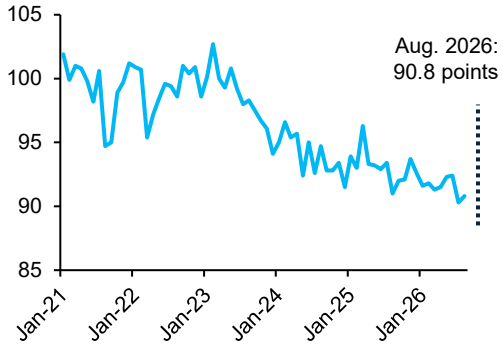


Source: Ifo Institute; 2015=100

- **Business situation**: Sentiment among German companies has stabilized at a low level. Recently, however, it has improved slightly.
- **Business expectations**: After the Iran war led to a slump in business expectations, corporate outlooks have improved again in recent months

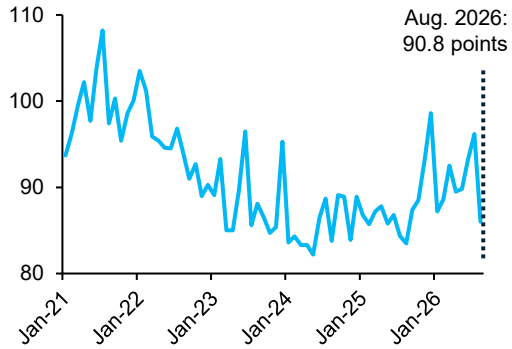
Focus: Manufacturing

Production index



Source: Destatis; calendar and seasonally adjusted; 2021=100

New orders: Volume index



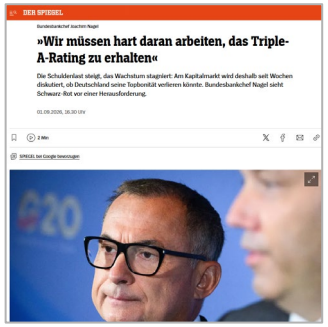
Source: Destatis; calendar and seasonally adjusted; 2021=100

- **Short-term perspective**: The **industrial production** index has **overall declined** in recent years
- **Long-term perspective:** While **new orders** in the manufacturing sector developed extremely positively volume-wise in the second half of 2025, in January 2026 the **index dropped again** but has risen since then – until August 2026 when it dropped again

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Latest headlines from the German business press (September 2026)



"We must work hard to maintain the triple-A rating."



Companies View Bureaucracy as the Biggest Challenge for Germany as a Business Destination



ifo Export Expectations for Germany Fall (September 2026)



German Industry Reports More Orders Than Expected



Significantly Higher Economic Growth Expected



German Labor Market Shows Signs of Slight Stabilization



German Startups Raise Billions

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Study “Business Destination Germany 2026”

In November 2025, KPMG in Germany for the fifth time since 2018 conducted a **survey of 400 CFOs and commercial directors** of **the largest German subsidiaries of international majority shareholders in Germany** representing the **eight most important investor countries in Germany**.



International investors see strong potential in Germany. Discover what drives investment decisions today, which location factors stand out, and where opportunities for future growth are emerging.

Download now

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Main reasons to invest in Germany: reforms, transformations and packages

Top 5 reasons to invest in Germany in the next 5 years



Source: KPMG in Germany, 2025, figures in percent, n=105; three answers possible

Reform agenda of the new German Federal Government

- **Modernization agenda** for state and administration
- **Reduction of bureaucracy:** amongst others speeding up approval processes and streamlining administrative procedures
- **Social reform** and **Tax reform**
- Reform of the **Building Modernization Act**

Major transformations in Germany

- **Energy transition,** (E-mobility, battery storage systems, smart meters and grids – all with a focus on climate neutrality)
- **Digitization, Data center, AI infrastructure, Chip industry**
- **Physical infrastructure modernization**
- Step-up of **defense capabilities**
- Independence and resilience of **pharmaceutical sector**
- **Reduce dependencies** from rare earths, e.g. through circular economy
- **High tech**, comprising especially AI, quantum, microelectronic/chips, fusion and biotech

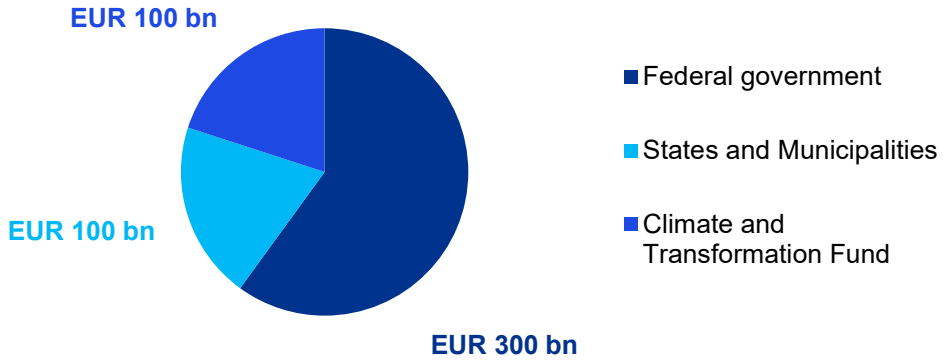
> € 1,000 billion infrastructure and defense package

- **Modernization of physical and digital infrastructure** and conversion to climate neutrality
- **Step-up of defense capabilities** including modern equipment, space, drones, infrastructure and personnel

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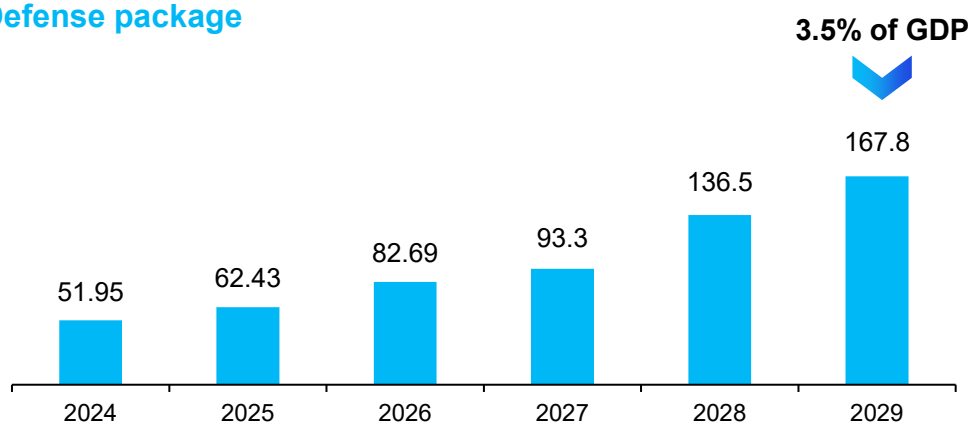
Opportunities for investors in Germany

Infrastructure package



- **EUR 500 billion** for infrastructure and achieving climate neutrality

Defense package



- **~ EUR 600 billion** from 2024-2029 to strengthen defense capabilities

Enties for sale at attractive prices

- A growing number of entities are in a **critical financial situation** and **for sale**. This is caused by the **unfavorable market environment in certain industries**, rising production cost, increasing competition caused by imports at lower prices and delayed restructuring efforts to decrease cost as well as improve the efficiency and profitability.

Succession of Family-owned business

- Many family enterprises **move from being family-run operating businesses** to enterprises owned by companies

Source: KPMG (Global Family Business Report 2026)

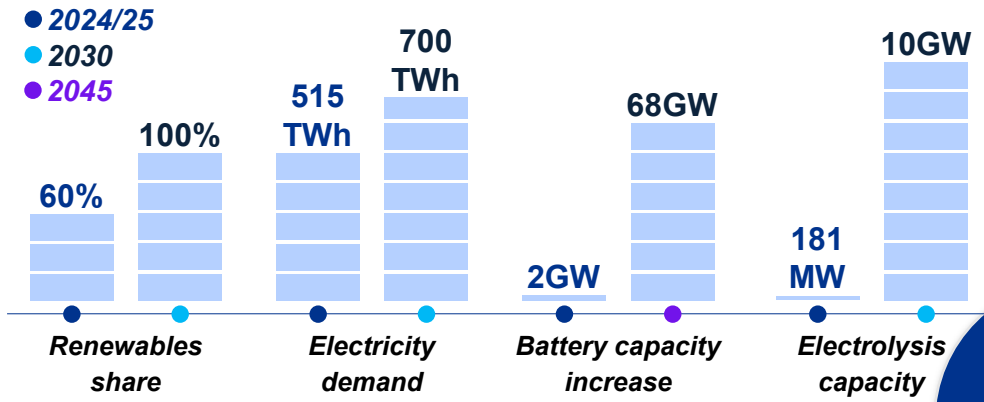
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02
Industry Outlook

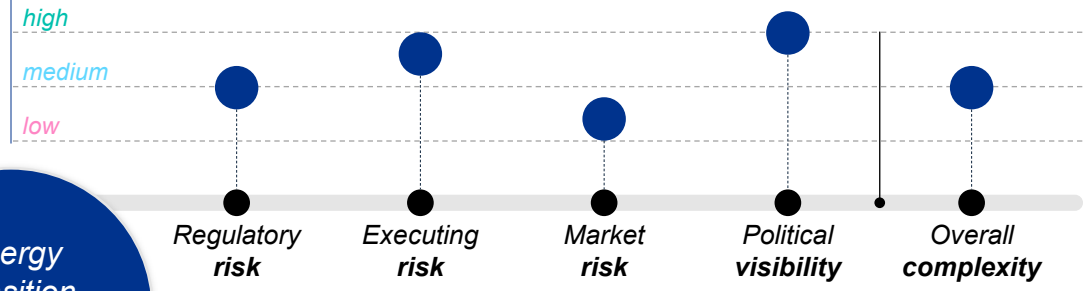
Strong policy support and clear regulation enable large-scale, financeable projects for industrial and financial investors in the grid and power markets

Growth trends



Regulatory & risk environment

Highly regulated but politically prioritized sector with stable, **predictable returns**, facing **high execution complexity** from large-scale projects, supply-chain and labor constraints



Energy transition & grid expansion

Investment appeal

Financial investors
Regulated, long-term cash flows; large, predictable investment needs; government-backed frameworks

Strategic industrial player
Core business with strong growth outlook; regulatory investment obligations; scale advantages

Technology & software provider
Increasing digitalization needs; long procurement cycles; regulatory constraints

Manufacturing & OEMs
Strong demand driven by grid expansion, storage, and hydrogen technology; product differentiation

Project developer & EPC
Full project pipelines; high utilization; predictable large-scale projects

Engineering & advisory services
High demand for planning, permitting, and system integration; shortage of skilled labor

Investment needs

~€365-392 bn.[1)]
until 2037/2045 with very high public funding intensity

Bankability: high
Regulated or quasi-guaranteed cash flows; ideal for large-scale private capital crowd-in

CAPEX sources

- **KTF: €35-45 bn. annually**
- **SVIK: €500 bn. till 2037**
- **German funds leveraging ~€130 bn. In private capital**
- **EU programs:** Connecting Europe Facility, IPCEI Hydrogen

Players

amprion · 50hertz (Elia Group) · TenneT · EnBW · TRANSNET BW · SIEMENS energy · e·on · Hitachi Energy

Strong growth · Growth · Moderate growth

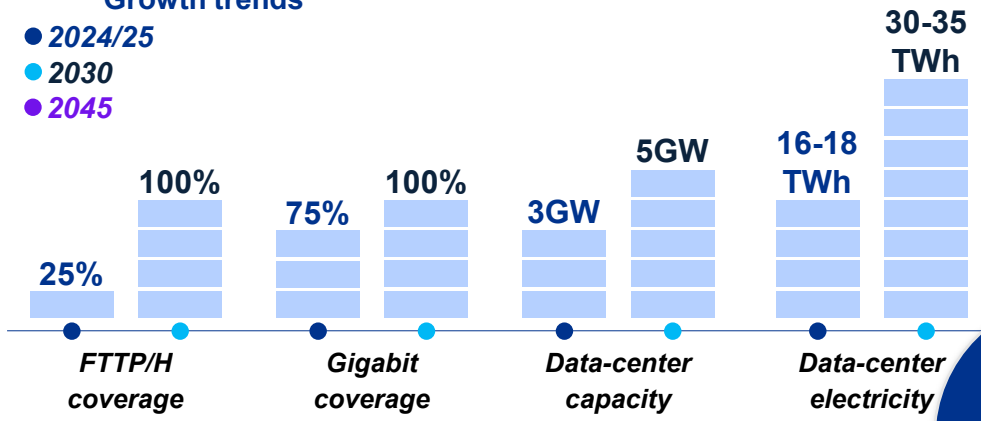
Notes: 1) 'Net Development Plan' - NEP 2037/2045 (2025)

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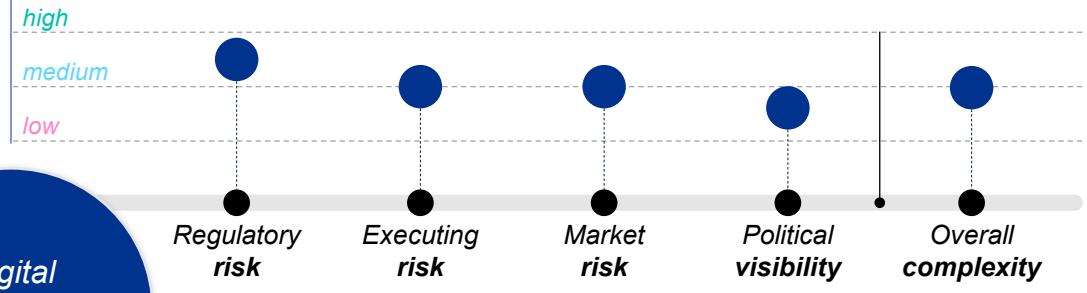
Rising data consumption turns digital infrastructure into a resilient, demand-anchored growth platform

Growth trends



Regulatory & risk environment

Capital-intensive but modular sector with solid structural demand, balanced by rising regulatory and sovereignty constraints, competitive pressure & moderate execution risk



Digital infra-structure

Investment appeal

Financial investors
Long-term, (quasi)-contracted cash flows (fiber, data centers); scalable platforms; strong demand visibility

Strategic industrial player
Core growth sector with strong scale effects, vertical integration, and direct monetization of traffic and data

Technology & software provider
Cloud, edge, AI, and network software drive high-margin growth with short innovation and monetization cycles.

Manufacturing & OEMs
Solid equipment demand (cooling, power, network hardware), but exposed to pricing pressure and technology cycles

Project developer & EPC
High rollout activity (fiber, data centers), but margin pressure and cyclicality once peak expansion normalizes

Engineering & advisory services
Strong demand for planning and integration, offset by intense competition and limited scalability.

Investment needs

~€100-150 bn.
until 2030 for fiber rollout, 5G densification and data centers

Bankability: high
Market-driven sector; private capital invests largely without guarantees

CAPEX sources

- **Federal gigabit funding programs (~€12 billion)**
- **5G innovation programs**
- **EU funding (RRF[1]), CEF Digital) & EIB loans**
- **Growing international capital / FDI**

Players

Telefónica · Deutsche Telekom · NTT · vodafone · Microsoft · Google · aws · Vantage Towers

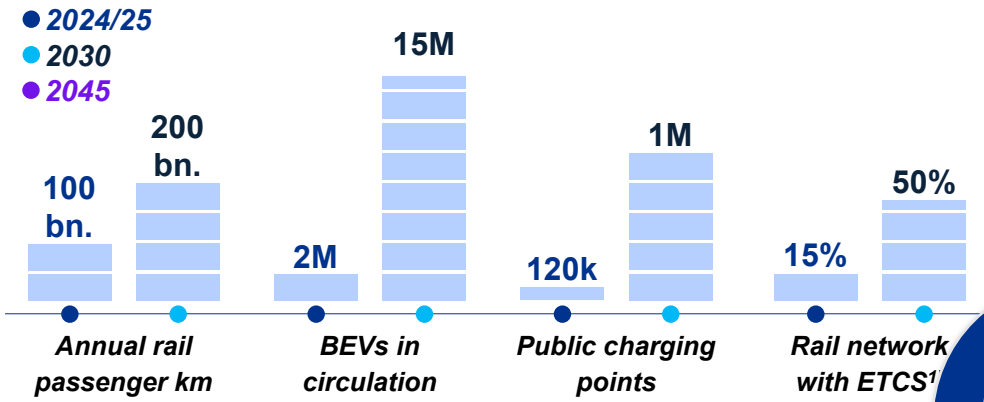
Strong growth · Growth · Moderate growth

Notes: 1) RRF = Recovery and Resilience Facility

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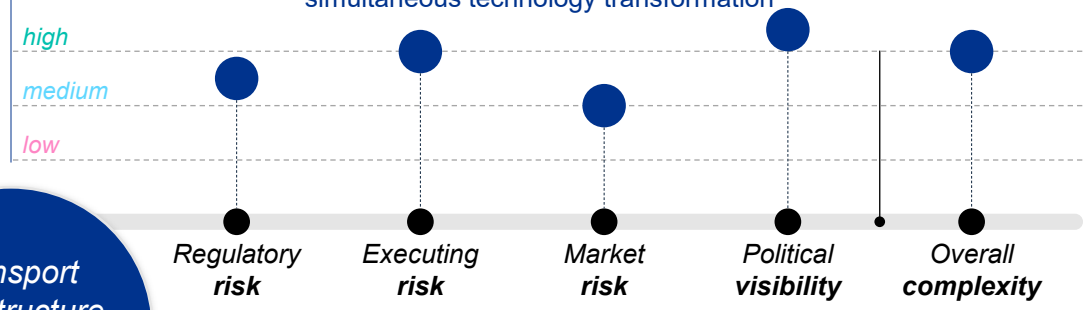
Transport investment remains robust as aging infrastructure and electrification needs drive continuous replacement and upgrade cycles

Growth trends



Regulatory & risk environment

Germany's transport and mobility ecosystem combines strong political backing and structural demand with very high execution complexity due to brownfield assets and simultaneous technology transformation



Transport infrastructure & mobility ecosystems

Investment appeal

Financial investors
Attractive in regulated or availability-based assets (rail, roads, charging), but execution risk is elevated

Strategic industrial player
Core sector for mobility transition; large investment needs across vehicles, infrastructure, and digital systems

Technology & software provider
Software-defined vehicles, traffic management, and mobility platforms create new value pools with scalability

Manufacturing & OEMs
Multi-year capex cycles from fleet and infrastructure renewal support resilient equipment demand

Project developer & EPC
Large brownfield renewal programs, but long lead times, capacity constraints, and margin pressure

Engineering & advisory services
Persistent demand for planning and integration, but limited operating leverage and high competition

Investment needs

~€450-500 bn.
until 2030 with moderate to high public funding intensity

Bankability: mid-high
anchored by public funding and PPPs, complemented by more selective mobility & OEM investments

CAPEX sources

- Federal transport budget
- SVIK: €500 bn. till 2037
- State-owned entities (DB InfraGO)
- EU CEF Transport & RRF grants
- Infrastructure funds
- PPPs / OEM balance sheets

Players

DB · BMW · Mercedes-Benz · Die Autobahn · vossloh · PowerCo · VINCI · CATL · HOCHTIEF · ALSTOM

Strong growth · Growth · Moderate growth

Notes: 1) ETCS = European Train Control System

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The German Start-Up scene

Key takeaways

- Germany has become a popular destination for **international start-up investors** over the past decade.
- **Artificial Intelligence** has become a key growth driver. Approximately 45% of German start-ups identify AI as a core component of their products or services, highlighting the rapid integration of AI into business models.
- **DeepTech** is gaining momentum, with around 31% of founders classifying their companies as DeepTech start-ups, reflecting the increasing importance of research-based innovation
- **Public funding** remains a critical financing source. More than half of founders consider public funding relevant, while access to venture capital continues to be limited
- **Emerging sectors** such as AI, DeepTech, DefenseTech, Green Economy and Life Sciences continue to attract strong investor and entrepreneurial interest.

Start-ups in Germany: A success story

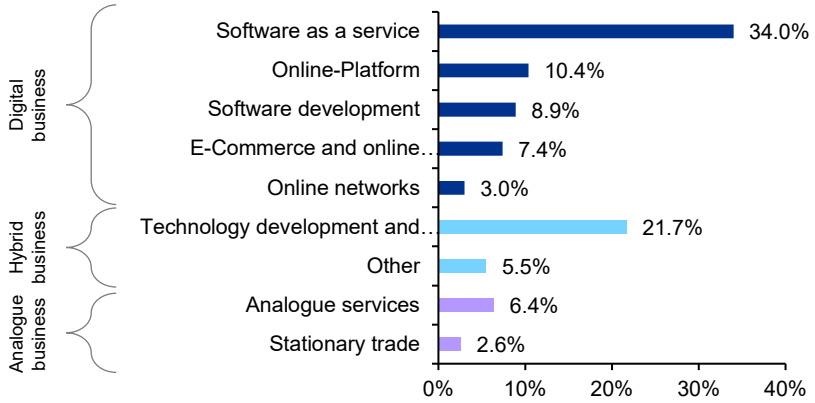
€ 8 bn
total **investment** in start-ups in 2025

45%
of start-ups consider **AI** a core component of their products

75%
of start-ups plan to **raise external capital** within the next 12 months

Source: Deutscher start-up Monitor 2025

Top business models (2025)



Source: Deutscher start-up Monitor 2025

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03

Tailored KPMG services for investors entering Germany/Europe

Market entry strategies

Possible market entry options

Build/invest (Greenfield)

1. Assess strategic fit & market attractiveness
2. Design market entry & positioning logic
3. Define business model & required capabilities
4. Commit capital & approve market entry
5. Scale presence & build long-term portfolio

Joint venture/PPP

1. Evaluate need for partnership & risk sharing
2. Design partnership & ecosystem strategy
3. Structure governance, roles & value creation
4. Commit under shared control & public alignment
5. Manage partnership & preserve strategic options

Buy/acquire (M&A/brownfield)

1. Define strategic role of M&A in market entry
2. Formulate entry thesis & target strategy
3. Screen, prioritize & position entry options
4. Secure control & commit capital
5. Integrate, scale & expand the platform

1 Assessing

- Market access constraints assessment
- Political and regulatory risk evaluation
- Rationale for shared control
- Strategic role definition (financial vs industrial)

2 Designing

- Partner archetype definition (public, private, operator)
- Governance principles (control, veto, economics)
- Risk-sharing philosophy
- Strategic alignment testing

3 Structuring

- JV/PPP entry thesis
- Value creation logic by partner
- Governance and decision-rights design
- Exit and flexibility logic

4 Committing

- Strategic evaluation of concession/JV terms
- Risk-adjusted return assessment
- Stakeholder and public alignment
- Final entry decision

5 Scaling

- Ongoing partner management
- Strategic option development (step-in, step-out, expansion)
- Performance and alignment monitoring
- Re-positioning or consolidation logic

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KPMG helps with greenfield investments and market entries

Modular support of KPMG tailored to specific demands of international investors and their suppliers

Pre-phase — Planning, designing and implementing of greenfield invest

Location Assessment and Planning	**Foundation Services**[a] & **Contract Assistance**[a]	**Legal services**[a] (Employm. Law, Legal Real Estate, Environm. and Planning Law, Legal Financing Assistance and Public Procurem. Law)	**Debt Financing/Raising** (Optimizing/securing sources of financing)	**Construction Advisory** (Project mgt., cost mgt., mechanic. & electric cost mgt.)
Subsidy Application and Management[a]	**Business Planning Support**		**Capital raising**	**Construction Withholding Tax**

Build-Phase — Preparation for regular operation

Core business processes			Support processes			
Procurement & Inbound Logistics	**Production**	**Sales & Outbound Logistics**	**HR**	**Finance and accounting**	**Tax**	**IT**
Development of **Sourcing strategy**	Planning, Build-up and Optimization of **Production Process**	**Sales Channel** Optimization	**Cultural Trainings**	Analysis of **GAAP Differences**	**Customs** and **Duties**	Design and Implementation of **Digital/IT Strategy**
Digital Contracting Lifecycle Mgmt.		Build-up of **Key-account Management**	**Global Mobility** Services	Implementation of **Reporting Structures** (financial and non-financial/CSRD)	**VAT/Indirect** Taxes	**Cloud** & **Technology Sourcing**
Inbound Logistics			**Work from Anywhere**		**CBAM** Management	
Build-up of **Procurement Department** (including processes, controls and tools)	**Cyber Security** Advisory in **Production Process**	**Distribution** Logistics	Development of **Recruiting Strategy**	**Bookkeeping** support: **Continuous** und **Ramp-Up**	**Tax CMS**	**Implementation** of **IT systems** and **Modules**
		Aftersales & **Other Services**	Build-up of **HR function**	**Accounting** Advisory	**Corporate** Tax	
			External Staff-Management-System*		**Transfer Pricing**	
			Implementation of **Shared/Outsourced** Services			

Note: (a) Legal services are provided by KPMG Law

Note: various of the above services are offered as managed services (depending on auditor status of KPMG)

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M&A target research – What you can expect from us

Illustrative/detailed scope to be agreed with client

DEFINE UNIVERSE

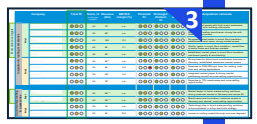


- **Understand** your **ambition**
- **Define** target search **parameters** together with your management
- **Screen** initial **company universe** to derive long list

COMPRESS LONG LIST TO COMPANY PROFILES



- Derive of short list out of initial long list based on **target identification funnel process**
- **Filter company universe** based on predefined quantitative criteria



- **Identify short list** based on initial long list and prioritize companies
- **Assess overall fit** based on strategic, financial and operational criteria



- **Detail company profiles** for each short list company
- **Deliver comprehensive data** on business scope, financials, operating footprint and organizational structure

ASSESS OPTIONS & RECOMMEND ACTIONS



- Discuss and **assess fit** of targets to your **overall company strategy**
- **Cluster** short list companies in different **investment classes**



- **Provide final assessment** on each short list option
- **Recommend most suitable option(s)** including suggested **next steps** and **acquisition strategy**

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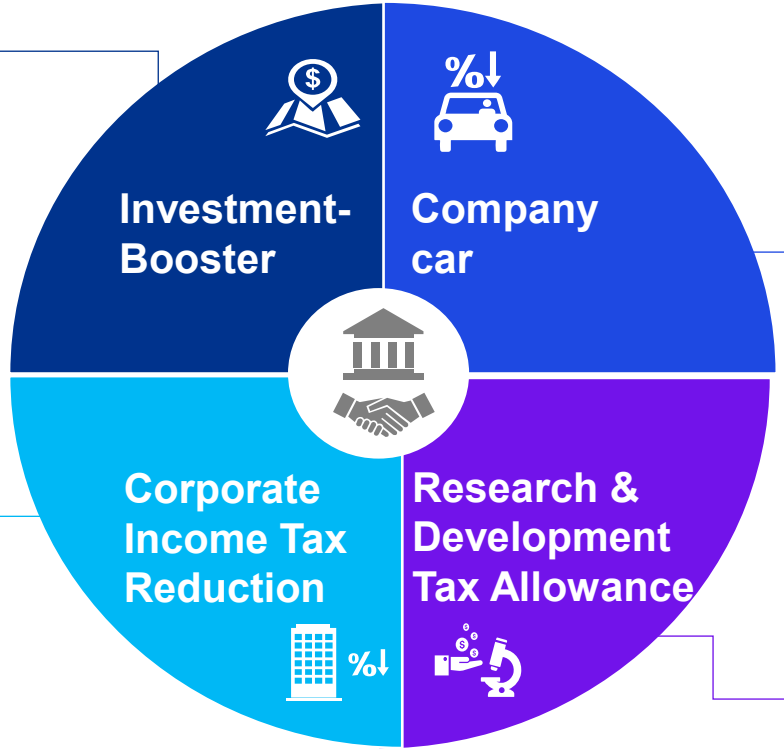
04

Tax Law – Investments in Germany

Immediate Tax Investment Programme by new German Federal Government in 2025

Investment-Booster

- Re-introduction and increase of the **degressive depreciation on movable assets**
- Movable fixed assets acquired/ manufactured after 30 June 2025 and before 01 January 2028
- Maximum **of 3 times of linear depreciation**; maximum **30 % annually**



Tax relief for company cars

- **Increase in gross list price limit** for the preferential treatment of pure EVs (EUR 70k → **EUR 100k**)
- Applied to pure EVs acquired **after 30 June 2025 and prior 1 January 2028**
- Arithmetic-degressive depreciation (75%/ 10%/ 5%/ 5%/ 3%/ 2%)

Gradual reduction of corporate income tax rate

- From: **01 January 2028** reduction from 15% to 10% in 5 steps **(1% point/** year)
- From **2032**: **10%**

Extension of the R&D Tax Allowance

- Extension of research allowance to **overhead and operating costs** incurred in context of preferential research and development project began after 31 December 2025
- **Flat rate of 20%** of eligible expenditure incurred during FY (overhead and operating costs)
- Increase of assessment basis for eligible expenses incurred after 31 December 2025 -> **12 mio. EUR (R&D Allowance 3 mio. EUR max.)**

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Top 8 Tax Initiatives based on Coalition Agreement

Immediate Tax Investment Program published in Federal Gazette on 18 July 2025

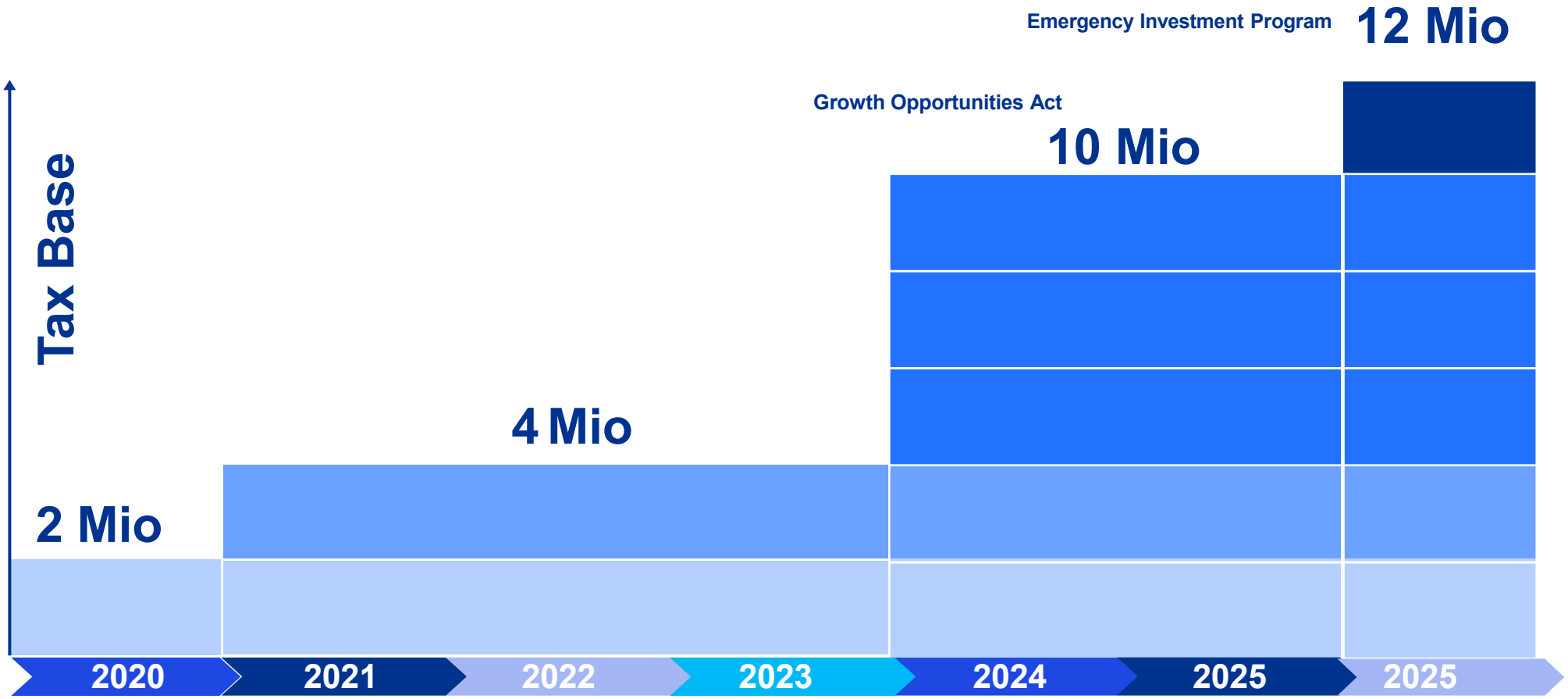
1. **Reduction of corporate income tax**
2. **(Re-) Introduction of a degressive depreciation rate**
3. **Significant Extension of R&D Tax Allowance**
4. Advocate for **common corporate tax base in EU** to prevent unfair tax competition.
5. **Retention of solidarity surcharge** in its current form, i.e. levy on high income and corporate taxes.
6. **Increase in minimum trade tax** rate from 7% to at least 9.8% (depending on respective city).
7. **Tax exemption for overtime bonuses**
   &
   Tax-free annual salary of EUR 24k for retirees (FY 2026)
8. **Reduction of electricity taxes** to minimum amount possible **and network charges** as soon as possible.

Government draft as of 14 January 2026

Published on 22 December 2025

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Significant Increase of tax base since introduction



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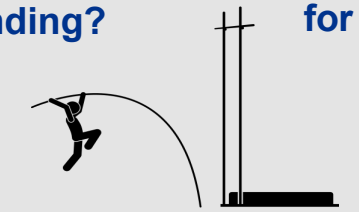
R&D Allowance application is 2-stage process

Stage 1 until 31 December 2026 for projects in 2022

Federal Certification Office (BSFZ) Application

Is company eligible for funding?

Is project eligible for funding?



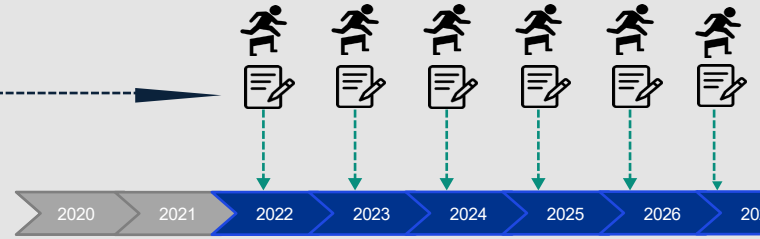


filing period expired

1 application/ project for entire duration of project

Tax Application

Companies in Financial Difficulty/ Annual Costs?



filing period expired

One application per fiscal year for pro-rata costs of all projects approved by BSFZ

Stage 1 until 31 December 2026 for projects in 2022

Eligibility

- **Tax-deductible wage costs** (incl. employee social benefits) for R&D projects incurred after 31 Dec 2025
- **depreciation expense** for project-related movable assets from 2024 onwards

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Scope of R&D Allowance

What kind of R&D qualifies for R&D Allowance ?

Basic/ Elementary Research

- **Basic/ elementary research:** experimental or theoretical work that primarily serves to gain new knowledge about fundamental causes of phenomena/ observable facts, without seeking specific application or benefit
- **Example:** Research on HIV or cancer

Industrial Research

- **Industrial research:** original work aimed at obtaining new knowledge, aimed at achieving specific practical objective or result.
- **Example:** Research into drugs against HIV with aim of developing drugs for treatment

Experimental Development

- **Experimental development:** systematic work based on existing knowledge from research and practice with aim of producing new products or processes or improving existing products or processes.
- **Example:** Improvement of drugs/ active ingredients (e.g. reduction of side effects) up to cure

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Examples for Eligible R&D Projects

German R&D Tax Allowance has much wider range than one might think !

Simplified examples for eligible innovations	
New patent	plan to patent printing process
High added value	New combination of production processes have not yet been used and save CO2
New product	Unlike previous medications, new drug can treat headaches/ stomach problems at the same time
Key differences	New product differs from conventional product in 1 essential point: …
IT projects	Digitalization of production, logistics, control of machinery or payment systems, implementing AI (tools)
New development	Development of new algorithms, new (financial) mathematical methods and new software components

vs.

Simplified examples for non-eligible innovations	
Further development	New generation of smartphones has better camera and more storage space
Not sufficiently improved	Combination of production methods leads to increase in production of cars
User-friendly	New remote is more convenient to use
Cost optimization	With newly developed window glass, current state of art can be achieved at lower costs
Functional copies	Development of vacuum cleaner robot is new for company but there are already similar devices on market

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Contact

KPMG AG
Wirtschaftsprüfungsgesellschaft



LinkedIn

Andreas Glunz
T +49 211 475-7127
aglunz@kpmg.com



LinkedIn

Barbara Sillich
T +49 173 576-4534
BSillich@kpmg.com



E-Mail

Dong Ik Lee
T +49 160 9032-7488
+82 010 5366-9324
dongiklee1@kpmg.com

International Business - KPMG in Germany

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KPMG Law

New EU-AML-Regulation



Implications for Groups outside the EU
KPMG in Germany

November 2, 2026
Seoul

Overview: EU-AML-Package | AML-Regulation (AMLR)

Main changes

1. AMLR is directly applicable in all EU member countries
2. Cash limit: 10,000 EUR
3. Change in the group of obliged entities
4. Harmonization of UBO Identification

New supervisory authority

- Anti-Money Laundering Authority (AMLA) as the new central European supervisory authority
- Headquarter in Frankfurt am Main, Germany
- Main responsibility: Coordinating the national supervisory authority in the prevention of money laundering
- Direct supervision of a selected group of obligated entities
- Development of Regulatory Technical Standards (RTS) as Second Layer Law

Obliged entites (OEs)

New entities subject to the AMLR

- Credit institutions
- Financial institutions
- Notaries, Lawyers undertaking certain high-risk activities
- Non-financial mixed activity holding companies;
- Football agents
- Professional football clubs in respect of certain transactions
- Trust or company service providers
- Auditors, external accountants and tax advisors or any other person undertaking assistance in tax matters
- Estate agents and other real estate professionals
- Crowdfunding service providers and crowdfunding intermediaries
- Providers of gambling services
- Persons trading precious metals and stones, high-value goods, or cultural goods
- Persons storing or acting as Intermediaries of cultural goods
- Credit intermediaries for mortgage and consumer credits,
- Investment migration operators

- **Effective as of July 10, 2027**
- **Effective for football agents and professional football clubs as of July 10, 2029**

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01. AMLR creates new obligations for groups operating in the EU

- AMLR establishes a single framework across the European Union and substantially expands requirements for certain sectors.
- For groups headquartered outside the EU, the key question is not whether the parent company is directly regulated by the AMLR (it is generally not).
- The relevant question is: Does the group's EU footprint create AMLR obligations?

Organisations should therefore assess:

(1) Does the group operate through EU subsidiaries or branches?

(2) Are any EU entities within scope of the AMLR?

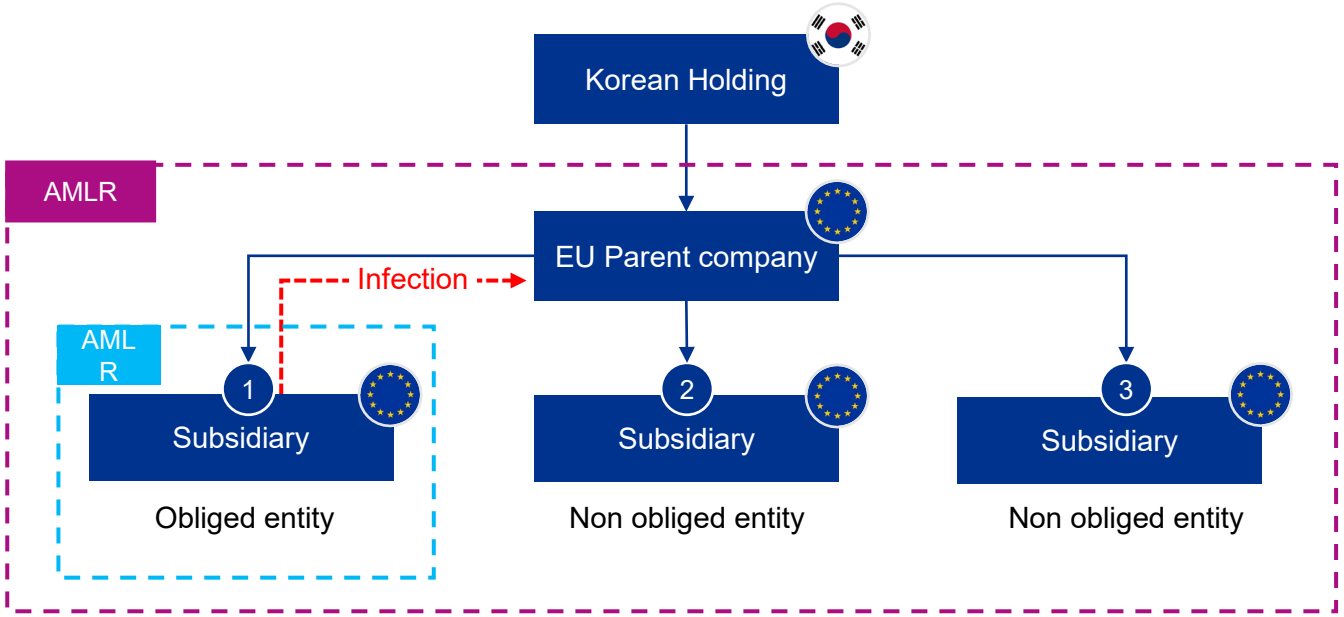
(3) Could group-wide AML requirements arise?

A non-EU head office may remain outside the direct scope of the AMLR, while its EU operations might create significant regulatory obligations.

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02. Infection | EU Parent company as obliged entity



- The parent company is the obligated party in the form of
  1) a “financial institution” if the obligated subsidiary is a credit institution or a financial institution, or
  2) a “non-financial mixed activity holding company” if the subsidiary is otherwise considered an obliged entity (e.g., a dealer in high-value goods)
- A “financial institution” may also exist if the Parent company’s primary activity consists of acquiring equity interests (new: elimination of the industrial holding company exemption)

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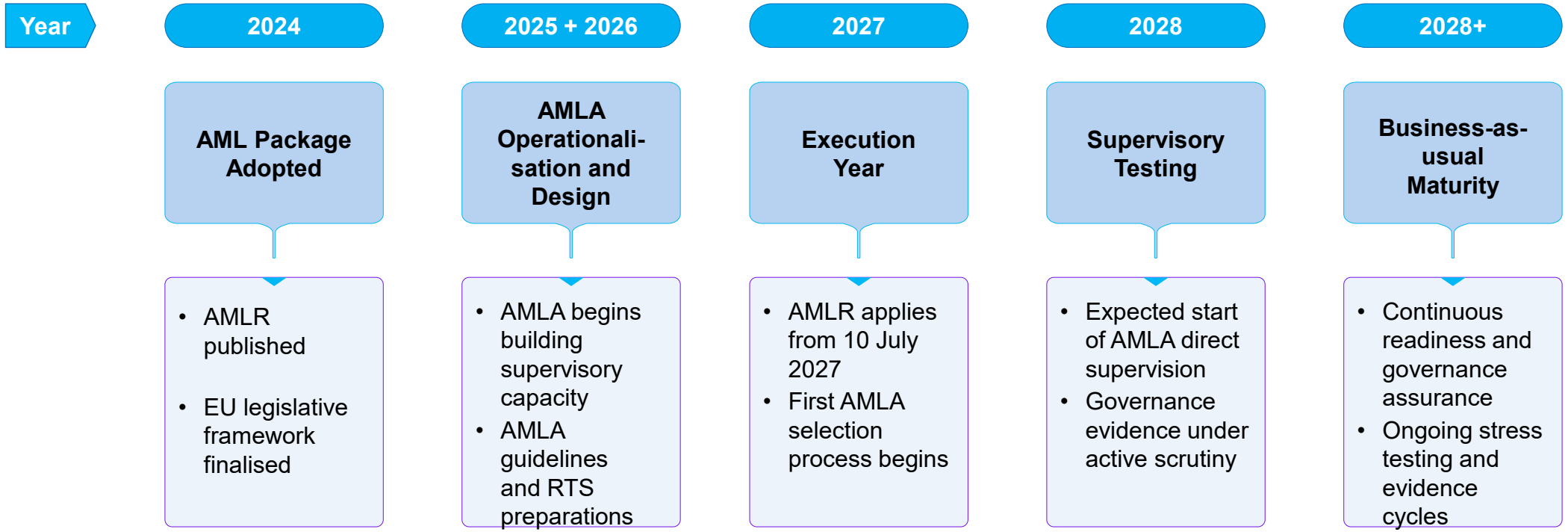
02. Infection | Consequences under AMLR

- A subsidiary subject to anti-money laundering regulations always has an impact on the parent company. The parent company itself becomes subject to those obligations.
- The applicable group-wide obligations generally cover all subsidiaries (including those in Non-EU-Countries).
- All companies within a group must be reclassified due to the new definitions of obligated entities that will take effect in July 2027.
- A reorganization of the anti-money laundering framework is necessary, particularly when entities that were not previously subject to these requirements are now required to comply.

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03. The 2026-2028 window is the only strategic transformation period before supervisory testing hardens

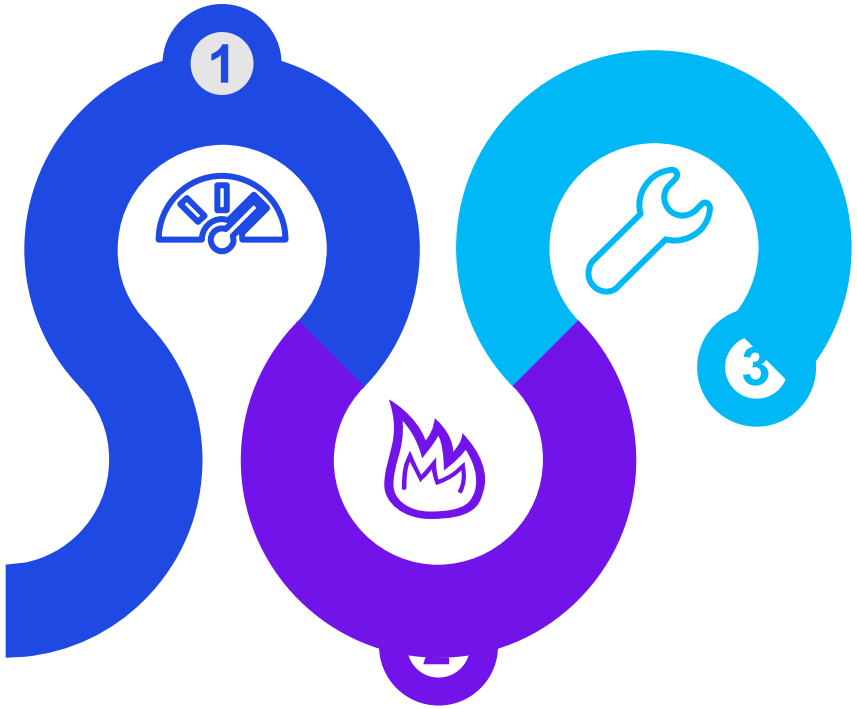


Strategic timing logic:
The Regulation applies directly without national transposition on 10 July 2027. A compressed 2027 build creates avoidable execution and regulatory risk. Therefore, risk assessment and potential transformation must start in 2026.

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04. AMLR-Readiness with KPMG



1 **Gap-Analysis & Readiness Assessment**

Analysis of (upcoming) regulatory requirements and a comparison of target performance with regard to existing processes and controls

2 **Risc-Analysis**

Conducting a risk analysis on the topics of money laundering/terrorist financing, sanctions, and the supply chain

3 **Design and Implementation**

Design, implementation, and integration of processes for holistic, integrated AML-compliance

KPMG supports clients from initial impact assessment through to implementation and operationalization of AMLR requirements.

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KPMG Law



Arndt Rodatz
Partner
German attorney–at–law, German Tax Advisor
Legal Regulatory & Compliance Services

T +49 89 5997606–1042
M +49 174 30042380
arodatz@kpmg–law.com

KPMG Law
Rechtsanwaltsgesellschaft mbH
Friedenstraße 10
81671 Munich
Germany



Stephanie Haslinger
Senior Manager
German attorney–at–law, Certified Specialist in Tax Law
Legal Regulatory & Compliance Services

T +49 89 5997606–1029
M +49 160 93 525670
stephaniehaslinger@kpmg–law.com

KPMG Law
Rechtsanwaltsgesellschaft mbH
Friedenstraße 10
81671 Munich
Germany

kpmg-law.de

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Regulatory & Compliance Relevance Analysis on Digital Gateway

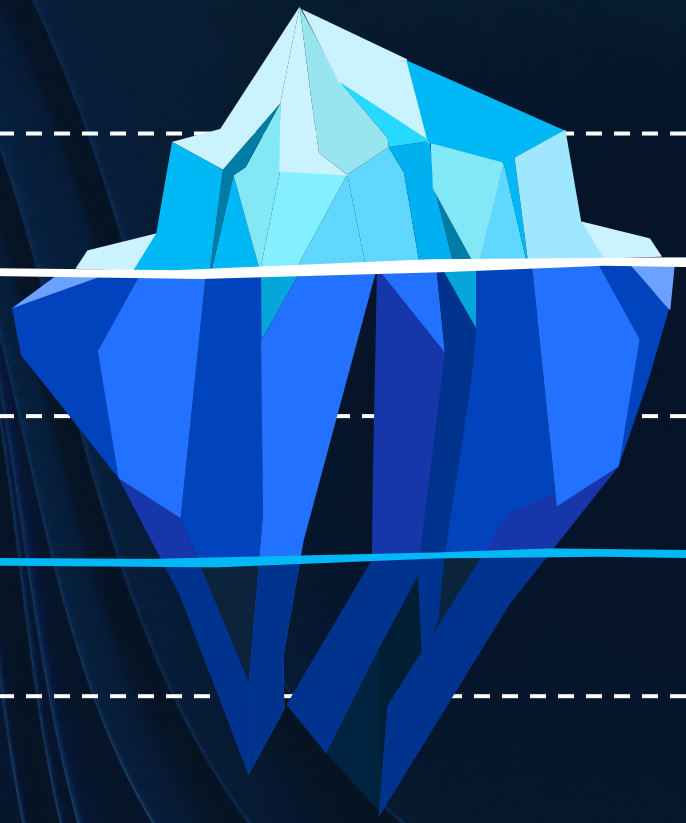
A global platform solution, ready for roll-out and local adaptation in multiple jurisdictions.

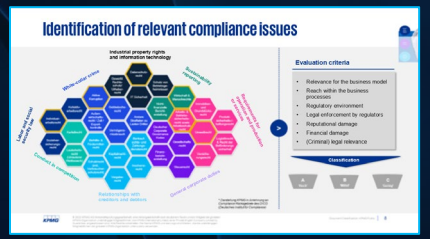
Regulatory & Compliance Relevance Analysis, Legal Horizon Scanning & Derivations

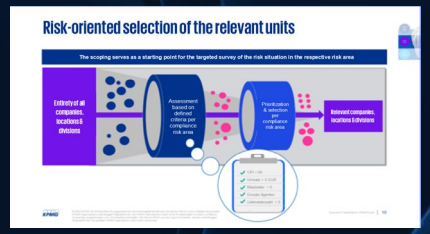
Level 1: Regulatory & Compliance Relevance Analysis

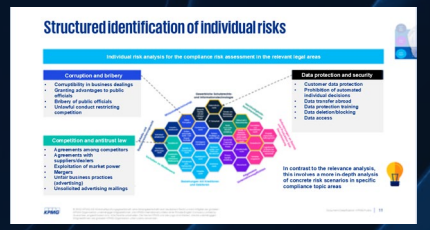
Level 2: Legal Horizon Scanning

Level 3: Legality Control Derivations like Risk Analysis, Policies









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Regulatory & Compliance Relevance Analysis on Digital Gateway – KPMG Global Legal Approach



RA on DG

3 simple steps to our client´s relevant fields of law – worldwide

Our clients are facing an increasing **density of regulations** at both the national and international level. This growing volume of regulation further increases the **liability risk** of corporate management in cases of **insufficient legal steering and control**. However, not all legal regulations are equally relevant for every business. The **duty to ensure legality control** obliges the management to take appropriate measures to ensure that all company-related actions comply with applicable law.

The structured identification of all **fields of law relevant to our client´s business and their governance** is necessary for a clear allocation of roles and an effective delegation of duties within the client´s organization as basis of an **efficient, risk-based compliance management**

DG Online Survey

- **Client Set-up for KPMG Digital Gateway**
- **Online survey** on the relevance of **37 standards fields of law** on Digital Gateway in a 3-step-approach

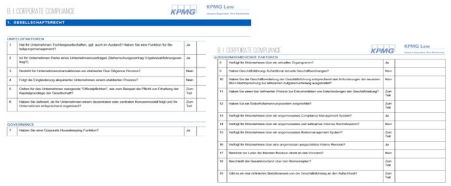


1

Workshop-based Validation

Top-down **validation** of the results via **workshop** with the organization's **competent stakeholders.**

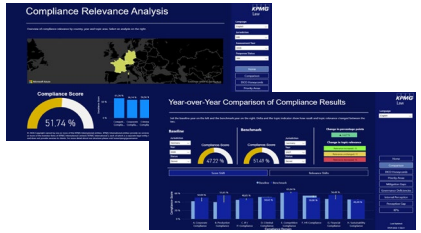
- Analysis of the organization's business processes for **relevant fields of law** with the risk owners.
- Identification of **existing governance**



2

Dash-Board-Evaluation & Report

- **Regulatory & Compliance Relevance Analysis report** per investigated unit/investigated cluster
- **Recommendations** for action with regard to the **further CMS organization** and the **prioritization of risk analyses**



3

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KPMG Law



Dr. Bernd Federmann, LL.M.
Partner
German attorney-at-law
Head of Legal Regulatory & Compliance Services

KPMG Law Rechtsanwaltsgesellschaft mbH
Theodor-Heuss-Straße 5, 70174 Stuttgart
Germany

T +49 711 78192-3418
M +49 174 3318315
bfedermann@kpmg-law.com



Arndt Rodatz
Partner
German attorney-at-law, German Tax Advisor
Legal Regulatory & Compliance Services

KPMG Law Rechtsanwaltsgesellschaft mbH
Friedenstraße 10, 81671 Munich
Germany

T +49 5997606-1042
M +49 174 3004280
arodatz@kpmg-law.com

kpmg-law.de

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