

Rewilding in Germany

Tax Implications

*A cloudy sky at dawn reflected in the waters of the Latzigsee. Vorpommern-Greifswald, Mecklenburg-Western Pomerania, Germany.
Florian Möllers / Rewilding Europe*

Core topics

- Tax treatment of rewilding under German law
- Deductions and non-profit status
- Subsidies and compensation schemes
- Potential tax risks and implications of rewilding

Key takeaways

- 1 There are no specific tax benefits for rewilding, but subsidies and other mechanisms may be available to support such projects.
- 2 Whether tax applies or deductions are available depends on who carries out the actions (individual, company, non-profit) and how the land is used.
- 3 Integrating rewilding into an existing business may trigger unexpected tax liabilities, such as capital gains tax on hidden reserves.
- 4 Practitioners may benefit from non-profit status, but the administrative burden is high and may not always be worthwhile.
- 5 The sale of "Ökopunkte" and the grant of subsidies can have VAT and income tax implications, and expert advice is crucial before starting a rewilding project.
- 6 Early guidance helps avoid costly surprises. Before engaging in rewilding activities, practitioners should seek professional tax advice.

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1. What are general considerations about the tax system in Germany?

The German tax system does not provide for specific benefits in relation to rewilding activities as such. In fact, tax incentives are, in general, limited. Public support for eligible measures/projects is more commonly provided through subsidies, or via non-profit organisations which may themselves benefit from tax privileges.

Where rewilding activities are carried out, financial support is typically offered through subsidies rather than tax relief. For example, there is a particular focus at the moment on subsidising peatland restoration projects.

Even if certain rewilding activities could be classified as agricultural or forestry activities for income tax purposes, this does not automatically grant tax advantages. Historically, agriculture and forestry enjoyed special tax treatment in Germany, but many of these privileges have been phased out.

Today, these activities are largely treated like regular business operations for tax purposes, though some exceptions still apply (for example, under trade tax law, and in the calculations of income and assets' values).

Whether tax advantages apply to rewilding activities depends on who is undertaking the activity – an individual, a company, a non-profit organisation, or a public body – and the specific context. Rewilding activities can have both positive and negative tax implications depending on the type of tax involved.

This note provides a high-level overview of relevant tax issues across different tax types. Practitioners are strongly advised to seek tailored tax and legal advice before starting a rewilding project to ensure their specific circumstances are properly considered.

2. What tax rules might apply to rewilding?

2.1 Current Developments

Whilst there are still no dedicated tax rules to support rewilding, the new government has signalled broader environmental ambitions in its coalition agreement. These include commitments to:

- Create a reliable framework for farmers irrespective of the size of their respective farmlands;
- Establish a specific framework to support nature protection and climate action, aimed at funding existing subsidy schemes;

- Expand programmes for natural climate protection, such as peatland restoration, by promoting voluntary participation, incentives and payments for ecosystem services; and

Support the implementation of the new EU Nature Restoration Regulation¹ by working closely with landowners and focusing on practical feasibility.

However, these commitments are political intentions only, as the coalition agreement is not legally binding. Therefore, any concrete legislative or tax-related changes remain to be seen and will need to be monitored closely.

2.2 Are there other measures that could support rewilding projects?

Rewilding may qualify as a charitable activity under German law, specifically under the category of environmental protection. If so, such activities may be conducted by a non-profit organisation, which would benefit from substantial tax benefits. Nevertheless, certain taxes remain payable irrespective of the non-profit status.

However, non-profit status also comes with restrictions. In particular, such status may limit the ability to generate profit from rewilded land, removing this potential advantage (depending on the project's goals).

Aside from tax exemptions, there are various subsidies available to support environmental initiatives, including some specifically designed for rewilding. One example is the German "Ökopunkte" (eco-points) system, which may be relevant when planning a rewilding project (see section 10). Most of these subsidies are available for both non-profit and for-profit rewilding activities, but some are reserved exclusively for non-profit entities. The specific eligibility criteria and conditions should be carefully reviewed before applying.

2.3 Will project expenses be tax deductible?

For individual practitioners, the most favourable tax treatment is usually achieved when the project is

classified as farming or forestry, rather than as a commercial business. In this case:

- Project expenses may be tax deductible;
- Any income may be assessed using a simplified deemed profit system (instead of actual profits), which may result in taxable profits being lower than the actual profits²;
- The resulting (deemed) profit is taxed at a standard individual income tax rate: up to 45%, plus a 5.5% solidarity surcharge thereon and an additional 8% or 9% church tax thereon, if applicable; and
- Trade tax (normally levied on commercial business income) does not apply³.

However, whether a rewilding activity qualifies as farming/forestry or as a commercial business depends on the specific circumstances. This assessment must be made on a case-by-case basis and obtaining professional tax advice before starting a project is strongly advised.

2.4 Could rewilding affect the tax status of an existing business?

If a rewilding project is introduced within an existing business, there may be unintended tax consequences, of which additional consideration is needed.

One key risk is the potential taxation of "hidden reserves" (*stille Reserven*). These arise when an asset's market value (i.e. the value a third-party purchaser would pay for an asset) is higher than its book value (i.e. the value recorded in the tax balance sheet). Normally, hidden reserves are not taxed unless the asset is sold or otherwise disposed of.

However, if part of a business is converted to rewilding, this may be seen as a partial closure of the business (*Betriebsaufgabe*). As a result, any hidden reserves (including any hidden reserves in the [partial] property to be rewilded) are taxed as profits from abandonment, in a manner similar to the taxation that would have applied if the assets had been sold.

Further, some tax reliefs are only available to ongoing businesses. Starting a rewilding project may result in the business no longer meeting these requirements, meaning certain tax benefits could be lost.

Since there are no court decisions or official tax authority guidance on how rewilding is treated in this context, it is strongly recommended to apply for a binding tax ruling in advance, in consultation with a German tax advisor.

3. What is important to know about Income Tax?

3.1 Who and what is subject to income tax?

German income tax applies to individuals (natural persons) in two main cases:

- **Residents:** if a person has their domicile or usual place of residence in Germany, they are taxed on their income (including income from any rewilding activities) regardless of where the income is from.
- **Non-residents:** if a person does not live in Germany, they are generally only taxed on German-based income (domestic income)⁴. Whether income from rewilding counts as such depends on the type of activity and its connection to Germany.

If the income from a rewilding project qualifies as farming or forestry (see section 3.2), it is generally considered domestic, so long as the relevant land is located in Germany.

If, instead, the income qualifies as income from a commercial business, then – for it to be taxable in Germany – the business must have a permanent establishment (like an office or base of operations) or a permanent representative in Germany.

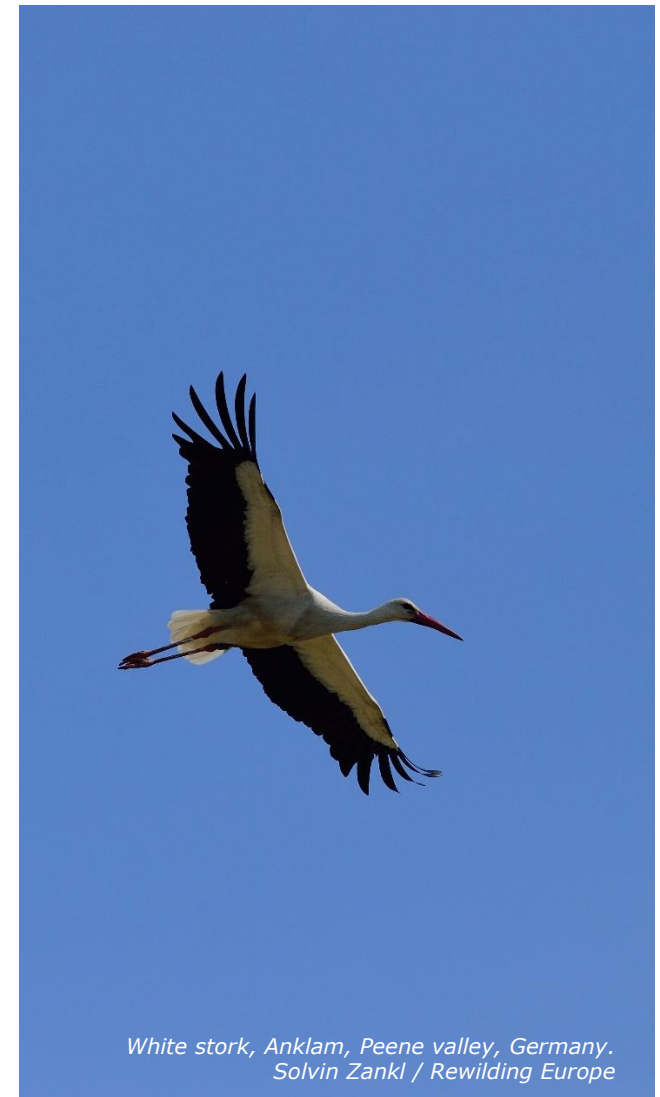
This distinction is important, especially for non-resident practitioners. If a practitioner is planning rewilding work on land in Germany but does not live

there, they should seek tax advice to understand whether and how their income may be taxed in Germany.

3.2 What counts as farming and forestry for purposes of income tax?

German tax law recognises seven types of taxable income. Rewilding activities, if they generate income, should usually be classified as either:

- Income from farming and forestry (Einkünfte aus Land- und Forstwirtschaft)⁵; or
- Income from a commercial business (Einkünfte aus Gewerbebetrieb)⁶.
- To qualify as farming and forestry, an activity must be:
 - Self-employed;
 - Carried out on a long-term basis;
 - Carried out with intention to make profit; and
 - Characterised by primary agricultural production, natural cultivation of soil or the utilisation of the products of plant or animal origin thus obtained.



*White stork, Anklam, Peene valley, Germany.
Solvin Zankl / Rewilding Europe*

This includes the following:

- **Agriculture** – the natural production of plants using the forces of nature, such as growing crops, vegetables, or fruits on arable land. The products must be sold without major processing.

Example: allowing formerly intensively farmed land to naturally regenerate into species-rich grassland, whilst harvesting wild herbs or traditional crops using low-impact methods without further processing, could fall under agriculture if done with the intent to generate income.

- **Forestry** – the planned use of forested land to produce timber using natural growth processes. It includes managing and harvesting trees. Whilst forest conservation alone should not normally qualify, occasional timber sales as part of an ecological restoration project may still be treated as forestry if the overall project is expected to generate a profit over time (based on a forecast of total profits – *Totalgewinnprognose*).

Example: selling timber from non-native trees as part of a plan to restore native woodland could qualify as forestry income if the project is expected to be profitable and a clear overall strategy is followed.

- **Viniculture** – the cultivation of grapes and the production of wine from grapes grown on one's own land.

Example: restoring abandoned vineyards with a focus on biodiversity and landscape restoration, whilst continuing to produce small batches of wine from naturally managed vines, could fall under viniculture, also if native grapes varieties are promoted for conservation purposes.

- **Horticulture** – the cultivation of vegetables, fruit, flowers, trees or ornamental plants through soil-based farming.

Example: rewilding a formal garden or orchard into a semi-natural landscape that still produces heritage apples or wild berries for sale, may count as horticulture if soil-based cultivation and sales are involved.

- **Animal breeding and keeping** – only if the number of animals is proportionate to the land used for farming. This is measured using standardised "livestock units" (*Vieheinheiten*).⁷ If the number of animals exceeds the permitted ratio relative to the land, the activity may instead be classified as a commercial business and taxed accordingly.⁸

Example: using traditional grazing animals (like hardy cattle or horses) to manage open

landscapes for biodiversity, and occasionally selling offspring or meat, may be classified as farming if the number of animals remains proportionate to the land (within the "livestock unit" limits).

In practice, whether rewilding qualifies as farming and forestry depends on how the land is used and whether any income-generating activity is involved. This distinction affects tax treatment and should be assessed with professional advice.

3.3 What consequences does qualification of the measures have for rewilding?

Can rewilding expenses be deducted for tax purposes?

In general, only expenses linked to taxable income can be deducted. This means the activity must fall under one of the seven recognised income categories⁹ (such as farming and forestry, or commercial business).

Rewilding, understood as restoring nature to its natural state, might qualify as agriculture and forestry, or a commercial business, if:

- The activity is intended to generate income; or
- It is carried out in a sustainable, profit-oriented way.

However, in most cases, rewilding activities themselves do not generate income. By itself, rewilding should not be enough to qualify as taxable activity. Instead, the further use of the rewilded area could lead to taxable income but not the act of rewilding. This could be the case of sustainable grazing, ecotourism or timber sales. Whether expenses are deductible should therefore depend on whether this combined use qualifies as farming, forestry, or commercial business operation for tax purposes.

Example 1

John inherited a property with an old warehouse next to a forest. He has no use for the building and decides to demolish the warehouse and rewild the land, returning to its natural state. He does not plan to use the land to generate income.

In this case, John is not carrying out farming, forestry, or commercial business operations for tax purposes. As a result, the costs of the demolition and rewilding are not tax deductible

Example 2

The situation is the same as in Example 1, but now John brings in a herd of wild horses to graze the land naturally and begins offering guided tours.

profit-oriented and run sustainably, they should be considered as a commercial business operation.

In this case, there are good arguments that John's earlier expenses for rewilding the land could be treated as anticipated business expenses (*vorweggenommene Betriebsausgaben*). These are generally tax deductible, as they relate directly to the future income-generating activity.

How will the relevant income be taxed?

If rewilded land generates income, such as from guided tours, grazing or low-impact farming, the amount of tax to pay depends on how the activity is classified:

- Is it a commercial business?
- Or does it qualify as farming and forestry?

This distinction matters because each category is taxed differently. To determine how income from rewilded land is classified, practitioners should seek advice from a tax advisor with experience in agriculture/forestry businesses.

Example 3

Jane owns 15 hectares of agricultural land in Nuremberg, where she runs an organic farm. She earns EUR 100,000 from her eco- agricultural activities and EUR 50,000 from keeping 1,600 free-range laying hens.

Alternative 1: *Jane's income qualifies as farming and forestry.*

If Jane's activities are classified as farming and forestry, instead of taxing her actual profits (EUR 150,000), the tax is calculated using fixed rates under a simplified method.¹⁰

- For 15 hectares of land: EUR 350¹¹ per hectare = EUR 5,250 taxable profit.
- For 1,600 laying hens: converted to 32 "livestock units" (*Vieheinheiten*)¹², the first 25 units are tax-free and the remaining 7 units are taxed at EUR 300 each, which amounts to EUR 2,100 as taxable profit.

The total taxable income is EUR 7,350 per year. This amount is subject to income tax only; no trade tax applies. The simplified profit determination method should be assessed on a case-by-case basis by a specialised tax advisor.

In this alternative, Jane's actual net profits of EUR 150,000 are irrelevant to determine Jane's income tax burden.

Alternative 2: *Jane's income qualifies as income from a commercial business.*

If Jane's activities are classified as a commercial business, her actual profits (EUR 150,000) are taxed. In addition:

- She would be liable for trade tax, on top of income tax; and
- Only part of the trade tax may be credited against her income tax burden.

Impact of converting part of an ongoing business

If a rewilding project involves converting land that was formerly used in an income-generating business, whether commercial or agricultural/forestry¹³, there is a risk that the change might lead to a partial closure of the business (*Betriebsaufgabe*) for tax purposes.

This can trigger what is known as a profit from abandonment¹⁴ meaning that previously untaxed value, called hidden reserves (the difference between the asset's fair market value and its tax book value), becomes immediately taxable. This applies, for example, to land or buildings that were part of the income-generating activity (subject to certain allowances and a special tax rate that might be applicable in certain cases¹⁵).

Although some tax reliefs or reduced tax rates may apply, the resulting tax bill can be substantial and fall due all at once. Because of this, practitioners planning to rewild land that is currently part of a business should seek professional tax advice before making changes. The classification and consequences depend on the specific circumstances, and early guidance can help avoid unexpected liabilities.

Example 4

Lisa has owned a farm for 20 years. As part of her retirement plan, she decides to stop her farming activities and dedicate the entire property to rewilding.

Before making this change, Lisa should consult a tax advisor. Since the land and assets were used in an income-generating business, this change could be treated as a termination of business (*Betriebsaufgabe*). In that case, Lisa could face tax on hidden reserves as if Lisa had sold her business (based on the fair market value of the property and the other assets formerly used for farming purposes).

Consider now that Lisa notices that her crop yield has declined, possibly due to years of monoculture. She decides to rewild a portion of the land to restore soil health and improve long-term yields, whilst continuing to farm the rest of the property.

In this case, there are good arguments that this does not count as a partial termination of business, since farming continues and the rewilding supports the business. If so, the rewilding expenses could be treated as tax deductible business costs.

However, this determination is case-specific, and Lisa should seek advice from a German tax advisor.

4. What is important to know about Corporate Income Tax?

4.1 Who is subject to corporate income tax in Germany?

Whist income tax applies to individuals, corporate income tax ("CIT") applies to legal entities, including:

- Corporations with their place of effective management or registered office in Germany;
- Foreign corporations who generate domestic income; or
- Cooperatives (*Genossenschaften*) and associations (*Vereine*)¹⁶.

Corporate income tax is charged at a flat tax rate of 15% plus a 5.5% solidarity surcharge thereon, resulting in an effective tax rate of 15.825%¹⁷.

Starting in 2028, the corporate income tax rate will decrease by one percentage point annually until it reaches 10% in 2032 (or 10.55% including the solidarity surcharge).

The taxable income is generally determined in accordance with the provisions of the ITA¹⁸, and – unlike income tax for individuals – CIT does not distinguish between different types of income. Instead, all income earned by a corporation (and cooperatives and certain associations) is treated as income from a commercial business.¹⁹ This means that even if a corporation generates income through

farming or forestry, its income is still considered as commercial income for CIT purposes.

However, for general associations (i.e. associations not relating to mutual insurance and pension funds), this does not apply, and income is determined in accordance with the provisions of the ITA - including the special rules for farming and forestry.

4.2 What happens if a non-profit status applies?

If a corporation or association involved in rewilding is recognised as non-profit entity, it may be exempt from corporate income tax (CIT). In that case, the income it earns, if any, would not be taxed, meaning the classification of that income is less important.

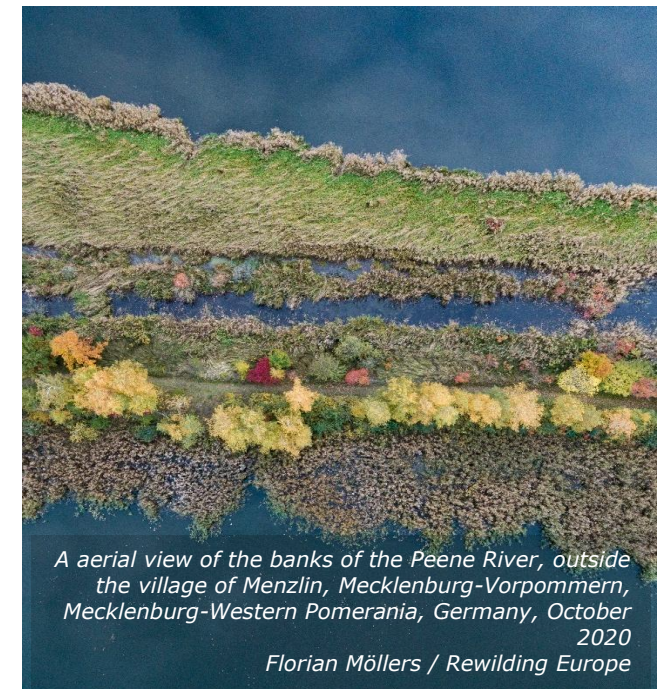
To qualify as a non-profit, the organisation must meet strict requirements as stipulated by law.²⁰ In short:

- The entity must serve a public-benefit purpose; and
- Its activities must be altruistic and contribute to the public good, for example by promoting charitable, cultural or moral goals.

There are good arguments that rewilding qualifies as environmental protection, which is explicitly

recognised as a public-benefit purpose.²¹ In some cases, it could also be linked to animal welfare²². However, German non-profit law is highly formalised and strictly applied, and further requirements apply.

Given that many rewilding projects are unlikely to generate significant taxable profits, it is worth carefully weighing the administrative burden of applying for non-profit status against the potential tax savings



*A aerial view of the banks of the Peene River, outside the village of Menzlin, Mecklenburg-Vorpommern, Mecklenburg-Western Pomerania, Germany, October 2020
Florian Möllers / Rewilding Europe*

5. What is important to know about Trade Tax?

If income from rewilding is classified as income from a commercial business, it is generally also subject to German trade tax.

This depends on the nature of the activities. For example, income from guided tours to natural grazing grounds where wild horses roam is likely to be treated as income from a commercial business. Similarly, all income earned by a corporation, including from rewilding activities, is automatically

treated as commercial income for tax purposes (see section 4.1).

Trade tax applies to any commercial business operated in Germany.²³ It is calculated based on taxable business profits as determined for CIT purposes, with some adjustments. Trade tax rates vary by municipality ranging from 7% to over 17%.

For individuals (natural persons), trade tax only applies if their annual business income exceeds EUR

24,500. Individuals can offset part of the trade tax against their income tax.

For corporations, trade tax is always levied on top of CIT and cannot be credited against it.

Practitioners should know that non-profit entities/associations are generally exempt from trade tax.

6. What is important to know about Inheritance and Gift Tax?

Germany has a unified inheritance and gift tax system, which applies to the transfer of property:

- At death (inheritance tax), or
- During lifetime without consideration (gift tax).

The tax rate depends on the value of the property transferred and the relationship between donor and recipient.²⁴ Tax-free allowances apply²⁵, but:

- Multiple gifts within 10 years between the same two people are aggregated for tax purposes, and
- If the total exceeds the allowance, a higher tax rate may apply due to progressive taxation²⁶.

There are no specific inheritance or gift tax rules for rewilding projects, but a few general provisions may be relevant:

- Donations made to a non-profit corporations or associations are exempt from inheritance and gift tax, provided the organisation qualifies under German non-profit law.²⁷
- Please note that this only applies to donations to a non-profit entity, not to transfers of shares in a non-profit. However, such shares are generally valued much lower than regular shares in regular companies, which can reduce tax exposure.
- A major relief allows 85% of the value of a commercial or agriculture/forestry businesses

to be exempted from inheritance and gift tax²⁸, if:

- the property is worth less than EUR 26,000,000, and
- the business is active and continues after the transfer.

This rule is designed to support the continuity of operating businesses. However, rewilding activities, especially if not generating income, may not qualify as active business use. Thus, introducing rewilding measures before or after a transfer could put this tax exemption at risk. If this relief is being claimed or planned, it is essential to speak with a tax advisor before proceeding.

7. What is important to know about Real Estate Transfer Tax?

If a practitioner plans to buy land for rewilding, they usually need to pay real estate transfer tax (*Grunderwerbsteuer*) even if the purpose is ecological restoration.

The tax applies to almost all property purchases, regardless of the use. There are no exemptions just because the land is being rewilded. In addition, non-profit status does not exempt a buyer or seller from this tax. On this basis, real estate transfer tax

should always be accounted for when budgeting a rewilding project which requires the acquisition of land for rewilding.

Generally, the rate ranges from 3.5% to 6.5% depending on the Federal State where the land is located.

Practitioners should know that real estate transfer tax law is generally very formalistic and strict. If a taxable transaction occurs, it is usually not possible

to reverse the tax charge. It is recommended to consult a tax advisor before making any changes to land ownership or structure involving rewilding land.

There is an important exception: if land is inherited or received as a gift, real estate transfer tax does not apply.²⁹ Instead, the transfer is handled under inheritance and gift tax rules (see section 6)

8. What is important to know about Land Tax?

As a rule, landowners must pay annual land tax, calculated based on the value of the property.

Due to a decision by the Federal Constitutional Court (*Bundesverfassungsgericht*)³⁰, the way real estate is valued for land tax purposes has changed. As of 1 January 2025, new valuation rules apply nationwide, but:

- Each Federal State (*Bundesland*) can adopt its own valuation model; and
- Seven states have already introduced their own systems or deviating figures under this "opening clause".³¹

Properties used for agriculture and forestry usually benefit from a reduced land tax, compared to commercially used land.

It is currently unclear whether rewilding projects qualify for this reduced rate. However, if the land was previously used for agriculture and forestry, there are good arguments that the favourable tax treatment can continue during the rewilding phase.

Practitioners should note that land that is owned by a domestic non-profit entity may be exempt from land tax entirely.³²

9. What are general considerations for subsidies on rewilding?

Since Germany's tax system provides limited direct tax benefits for rewilding, subsidies play a much more important role in supporting such projects. These subsidies can help cover costs related to land restoration and other nature-based measures.

Understanding where to find them, and how they are taxed, is essential for effective project planning.

9.1 [Where can practitioners find suitable subsidy programmes?](#)

Unlike tax relief, most public support for eligible projects comes through subsidies.

In Germany, subsidies can come from the EU, the Federal Republic (*Bund*) or the Federal States, local municipalities as well as from private institutions. In

practice, most environmental funding is administered at state level, meaning eligibility rules and application procedures vary by region.

Funding decisions typically depend on:

- The location and characteristics of the land (e.g. forest, meadow, marshland, water); and
- The type of rewilding activities to be developed (e.g. passive overgrowth, rewetting, reforestation).

To find relevant programmes, practitioners can use the funding database³³, provided by the Federal Ministry of Economic Affairs and Energy, which allows for a topic-related search.

9.2 What is important to know about taxation of subsidies?

After subsidies have been granted, practitioners should be aware of the following tax treatment:

Income tax (or Corporate Income Tax)

Subsidies are usually taxable as income, whether granted by the EU, the Federal Republic, a state or local municipality. This means that the effective benefit is reduced by tax, and the timing and type of subsidy may affect how it is taxed. Practitioners should consult a tax advisor to understand the tax treatment of specific grants.

Value added tax (VAT)

Most subsidies are not subject to VAT if they are considered a "true subsidy" (*echter Zuschuss*). These are subsidies that serve a public interest, are granted for structural, policy or economic reasons and do not involve a direct exchange of services between the grantor and the recipient. In practice, most subsidies granted for rewilding projects should not be subject to German VAT.

However, VAT may apply if the subsidy is classified as a "false subsidy" (*unechter Zuschuss*), meaning it is tied to a specific service provided in return, such as rewilding land owned by the grantor. The reason for this is that the subsidy would benefit a specific person, not the public interest.

In practice, the distinction is not always clear. Some conditions attached to a public subsidy may be seen as general eligibility criteria for a true subsidy, whilst others could be interpreted as a service provided in exchange, which would trigger VAT.

Because of this uncertainty, any subsidy with conditions or deliverables should be carefully assessed with a tax advisor to determine whether VAT applies.



A aerial view of Anklamer Stadtbruch at sunrise, Mecklenburg-Vorpommern, Mecklenburg-Western Pomerania, Germany.
Florian Möllers / Rewilding Europe

10. The German "Ökopunkte" (Eco-Points) Compensation System

Under the German Nature Conservation Act (*Bundesnaturschutzgesetz - BNatSchG*), anyone planning a project that harms nature or the landscape - such as building or development - is required to avoid, reduce or compensate for that environmental damage.

If avoiding the damage is not possible, the person or entity responsible must take compensatory measures (e.g. restoring or improving another piece of land) to offset the impact. These different compensatory measures play an important role in neutralising or mitigating the effect of harmful projects in nature or landscape. For example, if an undeveloped plot of land is developed and reduces space for nature, the responsible person must compensate this impact by creating an area of comparable ecological value.

These compensation duties are especially relevant for construction and infrastructure projects, and vary between Federal States.

One option to compensate for future negative impacts in nature or landscape is the "Ökopunkte" (eco-points) compensation system. This system provides for advance compensation measures and trading of ecological value.

10.1 How does it work?

If a person or legal entity undertakes a rewilding or restoration project significantly improving the ecological value of the land, they can earn value points (*Wertpunkte*), which will then be converted into eco-points ("Ökopunkte"). These points reflect the improvement in the ecological value of the land and are based on:

- The condition of the land before and after the restoration and
- The scale and type of ecological improvements made.

Each Federal State uses its own formulas and assessment procedures. The local nature conservation authority must be involved early on to calculate and verify the project's value in points.

These points are then credited to the person's or legal entity's "Ökokonto" (ecological account) and can be:

- Used to offset their own future environmental obligations; or
- Sold to third parties who need to fulfil their compensation duties (e.g. developers).³⁴

Rewilding activities may qualify for this system, generating "Ökopunkte". This makes it a potential

economic incentive for restoration, especially if surplus points can be sold for profit.

Practitioners should note, though, that regulations vary across Germany and the system is complex. For these reasons, it is essential to check with the relevant authority and to review each project individually before starting a project.



*Greenfinch bird at the Peene river, Anklam, Germany.
Solvin Zankl / Rewilding Europe*

10.2 What are the tax implications of "Ökopunkte"?

Value Added Tax (VAT)

Earning and using "Ökopunkte" (e.g. to offset one's own project) is not subject to VAT, as this is part of official regulatory measures (*hoheitliche Maßnahmen*), not a service against consideration.

In turn, selling "Ökopunkte" to others is subject to VAT, as it qualifies as a taxable supply of services.

With this in mind, practitioners may deduct input VAT related to rewilding projects (e.g. materials, services), once there is a clear intention to sell the points. This intention must be objectively visible to others, for example:

- Mentioning it in the legal entity's statutes (e.g. adding "earning and selling Ökopunkte" to the corporate purpose); Advertising in public publications such as a website; or
- Actually making a sale.

Income Tax / Corporate Income Tax / Trade Tax

If "Ökopunkte" are sold to a third party, any gains are taxable. Profits are subject to income tax (for individuals) or corporate income tax (for companies), plus trade tax, if applicable. The taxable gain should be calculated as:

- The sale proceeds

- Minus any costs to generate the points
- Minus any costs to complete the sale.

Importantly, the German Federal Tax Court has confirmed that the non-profit status is generally not harmed if a non-profit organisation sells "Ökopunkte" earned through its usual charitable activities.³⁵



*A giant poplar tree felled by a beaver at the dam of the river Randow, Mecklenburg-Western Pomerania, Vorpommern-Greifswald.
Florian Möllers / Rewilding Europe*

End Notes:

1. Regulation (EU) 2024/1991 of the European Parliament and of the Council of 24 June 2024 on nature restoration and amending Regulation (EU) 2022/869.
2. For the (deemed) profit calculation based on average rates please refer to section 13a of the German Income Tax Act (*Einkommensteuergesetz*, "**ITA**") in conjunction with annex 1a to the ITA, in which farmed land and livestock units are allocated to average annual profits.
3. Please see section 2 para. 1 and 3 of the German Trade Tax Act (*Gewerbsteuergesetz*, "**TTA**").
4. Please see section 1 ITA in conjunction with section 49 ITA.
5. Income from farming and forestry is further defined in section 13 ITA.
6. Income from a commercial business is further defined in section 15 ITA.
7. Please see section 13 para. 1 no. 1 sentence 2 ITA and Annex 34 to the German Valuation Act (*Bewertungsgesetz*) for more details regarding the allocation of livestock units.
8. Please note that breeding and keeping of pets like dogs, cats, exotic birds and horses for recreational or pure breeding purposes does not fall under agricultural husbandry but might also qualify as income resulting from a commercial business.
9. Income from farming and forestry (*Einkünfte aus Land- und Forstwirtschaft*; section 13 ITA), income from a commercial business (*Einkünfte aus Gewerbebetrieb*; section 15 ITA), income from self-employment (*Einkünfte aus selbständiger Arbeit*; section 18 ITA), income from employment (*Einkünfte aus nichtselbständiger Arbeit*; section 19 ITA), income from capital savings (*Einkünfte aus Kapitalvermögen*; section 20 ITA), income from letting and leasing (*Einkünfte aus Vermietung und Verpachtung*; section 21 ITA) and other income (*sonstige Einkünfte*; section 22 ITA).
10. Please see section 13a ITA.
11. Please see annex 1a to the ITA.
12. Resulting from the ratio 0.02 *Vieheinheiten* per laying hen.
13. In relation to income from farming / forestry, special rules apply (see section 14 para 2 ITA), according to which a sole reduction of the area to be used for farming / forestry should not qualify as a termination of business. In such a case, only stopping the entire farming / forestry activities should qualify as a termination of business.
14. Please see sections 16 and 14 ITA.
15. Please see in particular section 16 para. 4 ITA.
16. Please see section 1 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*, "**CITA**").
17. Please see section 23 para. 1 CITA in conjunction with section 1 para. 1 and section 4 Solidarity Surcharge Act (*Solidaritätszuschlaggesetz*).
18. Please see section 8 para. 1 sentence 1 CITA.
19. Please see section 8 para. 2 in conjunction with section 1 para. 1 no. 1, no. 2 and no. 3 CITA.
20. Please see sections 52 and following of the German General Tax Code (*Abgabenordnung*, "**GTC**").
21. Please see section 52 para 2 sentence 1 no. 8 GTC. Environmental protection is for example understood to be the preservation and protection of naturally grown, long-standing habitats for humans, animals and plants. Environment in this context may also include natural areas cultivated and maintained by humans (*cf. Koenig* in Koenig, General Tax Code, 5th Edition 2024, section 52 margin no. 48).
22. Please see section 52 para 2 sentence 1 no. 14 GTC. Activities in the field of animal welfare are broadly understood to deal with the living conditions of animals, for example ensuring suitable living conditions and protection from cruelty (*cf. Erdbrügger* in BeckOK General Tax Code, 31st Edition 2025, section 52 margin no. 255).
23. Please see section 2 para 1 sentence 1 of the German Trade Tax Act (*Gewerbsteuergesetz*).
24. Please see section 15 and section 19 of the German Inheritance and Gift Tax Act (*Erbschaftsteuer- und Schenkungsteuergesetz*, "**IGTA**").
25. Please see section 16 IGTA.

26. Due to the stepwise progression of the applicable tax rate which is to be determined based on the overall value of gifts and inheritances occurred between the same deceased/donor and heir/donee less than ten years apart.
27. Please see section 13 para 1 no. 16 lit. b IGTA.
28. Please see section 13a IGTA (*Verschonungsabschlag*).
29. Please see section 3 no. 2 of the German Real Estate Transfer Tax Act (*Grunderwerbsteuergesetz*).
30. German Federal Constitutional Court, decision dated 10 April 2018 – 1 BvL 11/14, 1 BvL 12/14, 1 BvL 1/15, 1 BvR 639/11, 1 BvR 889/12, BVerfGE 148, p. 147.
31. The Federal States of Baden-Württemberg, Bavaria, Hamburg, Hesse and Lower Saxony have made use of the opening clause and regulated the valuation of real estate for land tax purposes under state law. The Federal States of Saarland and Saxony have used the opening clause to introduce tax assessment figures that deviate from federal law.
32. Please see section 3 para 1 sentence 1 no. 3 lit. b German Land Tax Act (*Grundsteuergesetz*).
33. Please see <https://www.foerderdatenbank.de/FDB/DE/Home/home.html>.
34. There are certain (private) marketplaces online where *Ökopunkte* can be sold and acquired which also indicate their current valuation. Please see e.g. <https://www.kompensationsmarkt.de/> or <https://xn--kopunktemarkt-hmb.de/>. Please note that we have not worked with any of these marketplaces, and we can, therefore, not make any statement about their reliability. Please make sure to make your own assessment and background checks before using one of them.
35. German Federal Tax Court, decision dated 24 January 2019 – V R 63/16, Federal Tax Gazette 2019 Part. II, p. 392

Contact Us

More information about rewilding and the issues addressed in this guidance note is available on [The Lifescape Project](#) and [Rewilding Europe](#) websites.

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