



Tax obligations of prostitutes (Die Steuerpflichten von Prostituierten)

Prostitutes must pay taxes – regardless of whether they are self-employed or employed.

Income from sexual services is subject to income tax (in the case of the self-employed) or wage tax (in the case of an employee). There are several other types of tax that are relevant to prostitutes. The self-employed also pay business tax, for example.

Whether you are self-employed or employed depends on your specific work situation. The description in the contract alone is not enough for a classification. For example, employees have to have fixed working hours and receive a fixed basic income, even when they do not have clients. The self-employed bear their own business risk, they have their own place of business, and they are responsible for how they work and their working hours.

More information is available from the tax authority in the relevant federal state or local tax office. The advice centres for prostitutes can also provide assistance.

Tax obligations of employees (Steuerpflicht für Angestellte)

Wage tax as income tax (Lohnsteuer als Einkommenssteuer)

If you are employed, such as in a brothel or a bar, you are an employee from a tax point of view. Before an employee starts their job, the employer must register them with the tax authorities. The employer keeps the wage tax and pays it to the tax office. At the end of the calendar year and when the employment relationship terminates, the employee receives a wage tax certificate (Lohnsteuerbescheinigung).

Professional costs (Werbungskosten)

As with all employees, expenses related to the job (e.g. the drive to work and the costs of examinations at the health office) are tax-deductible as professional costs.



Tax obligations of the self-employed (Steuerpflicht für Selbstständige)

Income tax (Einkommenssteuer)

If you work as a self-employed prostitute, you have to pay tax on your income; this is called income from a commercial operation (Einkünfte aus Gewerbebetrieb). The rules here are the same as for any other commercial business. This means: You have to register when you set up a business and submit an annual income tax return. The amount of tax you pay depends on your earnings, which is why you have to keep track of all earnings and expenses.

If your income is low, a tax-free allowance applies and no income tax has to be paid. The tax-free amount in 2017 is approx. 8,800 euros.

In some federal states, a simplified tax collection process applies to prostitutes (e.g. the so-called Düsseldorf procedure (Düsseldorfer Verfahren)).

Value added tax (Umsatzsteuer)

Self-employed prostitutes may have to pay value added tax. Value added tax (currently 19 percent) is not charged, however, if the income in the preceding year was less than 17,500 euros and is likely not to exceed 50,000 euros in the current year.

Business tax (Gewerbesteuer)

Business tax is collected by the municipalities from companies based in the region. Prostitutes who run their own business have to pay business tax on their earnings. The amount of business tax varies from municipality to municipality; it generally has to be paid from a certain income upwards (more than approximately 24,500 euros a year).

Entertainment tax (Vergnügungssteuer)

In some cities and municipalities there is an entertainment tax for prostitution. Self-employed prostitutes can also be affected by this. The amount of the tax depends on, for example, "event days" or "event area".

Advance tax/tax return (Steuervorauszahlung/Steuererklärung)

The tax office works out the advance income tax and business tax on the basis of expected or previous earnings. This has to be paid every three months. Value added tax may also have to be paid in advance. At the end of the year, an income tax return and a business tax return and, if necessary, a value added



tax return must be submitted. The tax office bases its tax assessment on these tax returns. If no tax return is submitted, the tax office estimates earnings and turnover.