



1.2.6 Public finance

Revenues:

- Tax revenues in Germany totalled €895.7 billion in 2022.
- The chief sources of tax revenues are “shared taxes” (mainly income tax and value added tax), which are allocated to the Federation, the Länder and the municipalities based on a set formula. In 2022 shared taxes accounted for a total of 75.4% of all tax revenues.

Financing sources:

- The Federation’s public revenue is mainly derived from federal taxes and the Federation’s share of shared taxes.
- The Länder (federal states) obtain their revenue mainly from Land taxes and the Länder’s shares of shared taxes, as well as the Financial Equalisation Scheme aiming to mitigate financial disparities between the Länder, and from federal, complementary grants.
- The local authorities derive their funds mainly from community taxes, the local authorities’ share of the income tax as well as trade tax, and from allocations made by the respective Land.