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Press Release

GBP Monitor: Companies in Germany Are Reluctant to Adapt to the Digital Age

More than 40 percent of the companies in Germany are affected by the property tax reform and have to provide information on real estate property. However, less than half of them use the reform as a reason to digitize the underlying business processes. This is documented in the November report of the German Business Panel (GBP) at the University of Mannheim. It would make sense to store the required data digitally, since the reform requires property owners to submit the numbers at regular intervals. In addition, the GBP monitor shows that the companies' expected sales, profits, and investments have stabilized and even slightly improved in October, as compared to the previous month.

The property tax reform in Germany affects not only private households but also companies. The reform was designed to reevaluate property, and, at the same time, to allow for a digitized and thus more efficient property tax law. Relevant public data such as the standard land value are, to a certain extent, provided electronically and the property tax return must be submitted electronically via the Elster portal of the tax authorities.

As the new survey of the German Business Panel shows, however, the property tax reform does not give rise to quick digitalization measures at German companies: More than half of the companies affected by the reform do not plan to implement digital transformation projects in connection with the reform. 63 percent of the companies owning up to nine real estate properties do not plan to do so. And even most of the companies owning more than 100 real estate properties do not strive to implement such measures - although they would greatly benefit from electronic processes. 57 percent of these companies say that they have no plans for such projects. Only the companies owning at least ten and no more than 99 real estate properties are more active: 38 percent of them plan extensive measures including the creation of new digital interfaces.

“We were surprised that the companies with a great real estate portfolio are not investing more in digitalization”, says Professor Johannes Voget, holder of the Chair of Taxation and Finance. “We would have expected that these companies in particular strive to design their processes as efficiently as possible and automate data collection and processing,” says the co-director of the study. The data are to be re-submitted every seven years.

The report also shows that the companies which are planning on investing in digital business processes are not very advanced when it comes to reaching their goals. Despite the deadline, which was originally the end of October 2022, only slightly more than half (53 percent) of the companies in the survey has already digitized the relevant data. According to the current status at the companies in the survey, the deadline extension for submitting the property tax return, which the federal and state ministers of finance have granted until the end of January 2023, is highly needed.

The complete report on company trends in November 2022 (“GBP-Monitor: Unternehmenstrends im November 2022”) can be found here: https://www.accounting-for-transparency.de/wp-content/uploads/2022/11/gbp_monitor_2022_11.pdf

Further information on the GBP monitoring report

The German Business Panel interviews more than 800 companies per month on the economic situation in Germany and collects data on 1) any expected changes in revenue, profit and investments, 2) economic decisions, 3) the expected default probability in the sector and 4) the satisfaction with the economic policy. Furthermore, GBP reports on particularly relevant questions once per month.

Background information on the German Business Panel

The GBP is the long-term survey panel of the trans-regional Collaborative Research Centre “Accounting for Transparency” (www.accounting-for-transparency.de).

The Collaborative Research Centre (CRC) “TRR 266 Accounting for Transparency” started in July 2019 and is funded by the German Research Foundation (DFG) for four years. It is the first CRC with a focus on business administration. Approx. 100 researchers from the following nine universities are involved in the CRC: Paderborn University (host university), Humboldt-Universität zu Berlin, University of Mannheim, Ludwig-Maximilians-Universität München, ESMT Berlin, Frankfurt School of Finance & Management, Goethe University Frankfurt am Main, WHU - Otto Beisheim School of Management and the Carl von Ossietzky University of Oldenburg. The researchers examine how accounting and taxation affect the transparency of companies and how regulation and firm transparency impact our economy and society. The CRC is funded with approx. 12 million euros.

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