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By PwC Deutschland | 17. Februar 2022

Fourth Corona Tax Relief Act - Draft Bill - UPDATE!!

The German Federal Ministry of Finance has presented the draft bill for a fourth act implementing tax relief measures to address the Corona crisis (Fourth Corona Tax Relief Act) the following tax measures,inter alia, are envisaged:

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- Extended **loss carry-back**:
  - The option to carry back losses is to be **extended to two years from the 2022 tax year**;
  - The option which previously allowed for a partial waiver of the loss carry back; in the future, **only a complete waiver** of the loss carry-back will be possible;
  - The **maximum amount for loss carry-back** raised by the Third Corona Tax Assistance Act to EUR 10 million (or to EUR 20 million in the case of joint assessment) **will be introduced for the 2022 and 2023 tax years;** as of the **2024 tax year**, the maximum amount is to be **reduced again to EUR 1 million** (or EUR 2 million in the case of joint assessment;
- The acquisition period for claiming the **declining balance depreciation** introduced by the Second Corona Tax Relief Act will be extended. The depreciation will be applicable to movable fixed assets acquired or manufactured after 31 December 2019 and **(now) before 1 January 2023:**
- There will be a renewed **extension of the periods for roll-over relief** and the periods for the use of investment deduction amounts special depreciation available **for the promotion of small and medium-sized businesses** (cf. the corresponding provisions in the Second Corona Tax Assistance Act) by one year;
- The existing provision on the **working-from-home lump-sum allowance** will be extended by one year, i.e. for activities performed at home after December 31, 2019 and **before January 1, 2023**;
- **Special benefits** granted by the employer on the basis of federal or state regulations to **employees working in certain facilities** within the meaning of the Infection Protection Act - in particular hospitals will be **tax exempt in an amount up to EUR 3,000** - in recognition of special services during the Corona crisis (so-called care bonus,); further the benefits will not be set off against the minimum benefit for jobseekers under the terms of the Second Social Security Act;
- The tax exemption introduced by the (First) Corona Tax Relief Act for cash supplements made to short-time work payments will be extended by six months until the end of June 2022 (thus for wage periods beginning after 29 February 2020 and ending before 1 April 2022); according to the explanatory memorandum to the cabinet draft dated 15 February 2022 (page 19), salary withholding tax deductions made in the period from 1 January 2022 until the new bill comes into force are to be corrected by the employer in accordance with Section 41c (1) sentence 1 no. 2 and sentence 2 of the German Income Tax Act, where this can be reasonably expected from the employer economically; otherwise, the correction is to be made during the assessment procedure;
- There will be extensions to the deadlines allowed for adjusting tax pre-payments, namely:
  - for the **2019 and 2020 tax years**, it will be possible to make adjustments for six months longer (based on the **21st calendar month** instead of the 15th calendar month; this may apply differently to income from agriculture and forestry in certain circumstances);
  - four months longer for the **2021 tax year** (based on the **19th calendar month** instead of the 15th calendar month; this may apply differently to income from agriculture and forestry in certain circumstances);

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- two months longer for the **2022 tax year** (based on the **17th calendar month** instead of the 15th calendar month; this may apply differently to income from agriculture and forestry in certain circumstances);

- Due to the ongoing Corona pandemic, the **deadlines**, including the general extension of deadlines, general tax return deadlines and deadline for the preparation of tax returns when assisted by a member of the tax advisory profession, the deadlines for advance submission requests, the deadlines for the determination of late payment surcharges as well as the interest-free grace period will be extended:
  - for the **2020 tax period** by another **three** months (i.e. including the earlier extension to a total period of **six** months);
  - for the **2021 tax period** by **four** months (for tax returns, **two** months);
  - for the **2022 tax period** extended by two (for tax returns by **one**) months.

UPDATE (16 February 2022)

The Federal Cabinet agreed to the draft bill for the Fourth Corona Tax Assistance Act in its session on 16 February 2022. Changes made to the draft are included above in red.

Reference

Draft bill for a "Fourth Corona Tax Assistance Act" (as of February 3, 2022).

Schlagwörter

Coronavirus (COVID-19), Income Tax Act, Loss relief, corporate income tax