

By PwC Deutschland | 30. März 2022

# UPDATE: Federal Ministry of Finance publishes Tax Relief Bill 2022

**Following the release on 23 February 2022 by the Committee of the Coalition Government of a paper entitled “10 Steps to Relieve our Country”, the Federal Ministry of Finance published the draft Tax Relief 2022 bill on 2 March 2022.**

## Draft Bill

The draft bill seeks to enact several of the measures proposed in the “10 Steps to Relieve our Country” paper, namely:

- The lump-sum deduction from employee income will be increased by € 200 to €1,200 applying retroactively from 1 January 2022;
- The personal basic tax-free allowance for 2022 will be increased from € 9,984 to €10,347 applying retroactively from 1 January 2022;
- The increase in the commuter allowance from €0.35 to € 0.38 (for each kilometre travelled over 20 KM) has been brought forward and will now apply retroactively from 1 January 2022. The increase is time limited and will cease in 2026.

Among the proposals mentioned in the 10-Step paper but not included in the draft bill were:

- A proposal to abolish the renewable energy levy from 1 July 2022; and
- An extension of the short-time working allowance to 30 June 2022.

## UPDATE (28 March 2022)

In the recommendations to the Bundesrat to be adopted at the Bundesrat session on 08 April 2022, the committees to the Bundesrat propose, inter alia

- Inclusion of measures to mitigate the effects of cold progression;
- an increase in the commuting allowance to 38 cents applying immediately from the 1st kilometer;
- an adjustment of the mileage allowance for business-related travel to current price ratios;
- a reduction in the electricity tax rates set out in the Electricity Tax Act (StromStG) to the minimum level permitted by the EU; and
- a regular review and needs-based adjustment of the income-related expenses lump-sum allowance and the commuting allowance in line with rising energy prices.

## UPDATE (16 March 2022)

The Tax Relief Act 2022 was approved at today's federal cabinet meeting. The printed document is not yet available.

### Sources:

Ministry of Finance website

## Schlagwörter

Income Tax Act, coal, tax relief