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By PwC Deutschland | 02. Juni 2022

Tax Relief Act 2022 enters into force

The Tax Relief Act 2022 was published on 31 May 2022 and has thus entered into force.

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Points of interest are:

- An energy price flat rate payment of EUR 300 is to be paid to taxpayers on a one-off basis from 1 September 2022. Employed taxpayers will receive the flat rate via their salaries. Taxpayers with income from agricultural, trading and freelance activities, will receive the lump sum via a reduction in their income tax pre-payments. Recipients of civil service pensions and other pensioners - where there is no other income from agriculture, business, freelance work or employment) - will not receive the lump sum. Taxpayers without residence or permanent domicile in Germany will also not receive a lump sum, neither will cross-border commuters with a limited tax liability. Persons exclusively in receipt of other income (for example, members of parliament) will not receive a lump sum. The lump-sum energy allowance is taxable but exempt from social security contributions.

- A one-off bonus payment of EUR 100 per child will be added to child benefit in order to cushion particular hardships for families due to increased energy prices. The bonus is to be paid in July 2022 and granted irrespective of living wage benefits. This will ensure that the bonus is not taken into account as income with respect to social benefits where the payment is dependent on the level of other income.

- 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.

The Tax Relief Act 2022 was published in the Federal Gazette on 31 May 2022 under BGBl. I 2022 Page 749

Schlagwörter

Income Tax Act