

By PwC Deutschland | 11. April 2025

# Tax issues in the coalition agreement between CDU, CSU and SPD

**An overview of the tax issues in the coalition agreement between the CDU, CSU and SPD of 9 April 2025.**

In the area of tax law, the coalition agreement between the CDU, CSU and SPD included the following points:

### **Corporate tax and investment**

- A degressive depreciation on investments on equipment of 30 percent in the years 2025, 2026 and 2027 (investment booster).
- The corporate income tax rate is to be reduced in five steps by one percentage point each year, starting on 1 January 2028. (The aim is to introduce this change with the investment booster within a single legislative process.)
- To facilitate tax neutrality between legal forms, the option model under Section 1a of the Corporate Income Tax Act (CITA) and the reinvestment incentive under Section 34a of the Income Tax Act (ITA) are to be "significantly improved". Consideration is to be given as to whether, from 2027, the trading income of newly established entities can fall within the scope of corporate income tax, regardless of the legal form.

### **Income tax**

- Income tax on small to medium incomes will be reduced halfway through the legislative period.
- The solidarity surcharge will remain unchanged.

### **Trade tax**

- All available administrative measures are to be taken to effectively counteract so-called sham transfers of the place of business to trade tax havens.
- The minimum assessment rate for trade tax purposes will be increased from 200 to 280 percent.

### **Suspension of global minimum tax**

- The minimum tax for large corporate groups will be retained. Work at the international level for a permanent simplification of the minimum tax regime should be supported. The effects of international divergences on the global tax structure should be monitored and the coalition partners will also work at the European level to ensure that German businesses are not placed at a disadvantage in international competition as a result.

### **Taxation of consolidated public law businesses**

- The legal tax framework for the consolidation of business enterprises run by body corporates

organized under public law is to be adapted to ensure the continued and long-term existence of municipal services of public interest.

### **Tax incentives for overtime**

- Overtime bonuses that exceed the hours collectively agreed or the amount of full-time work collectively agreed should be made tax-free immediately.

### **VAT in the catering industry**

- The VAT on food in the catering industry is to be permanently reduced to seven percent as of 1 January 2026.

### **Electricity tax**

- The electricity tax should be reduced to the European minimum for everyone as quickly as possible and the transmission grid fees should be reduced.

### **Promotion of e-mobility (tax incentives)**

- Increase of the gross price limit for the tax incentives for e-vehicles to EUR 100,000.
- Special depreciation for e-vehicles.
- Exemption from road tax for electric cars until 2035.

### **Further tax matters**

- A set-off model is to be applied to the collection of import sales tax (i.e. import VAT will be declared in the preliminary VAT returns, resulting in an immediate deduction as input VAT)
- The increase in the air traffic tax is to be reversed.
- Those who reach the statutory retirement age and continue to work voluntarily should receive up to EUR 2,000 per month of their salary tax-free.
- If employers pay a bonus for extending working hours from part-time to permanently full-time based on collective agreements, this bonus should be tax privileged.
- The coalition partners support a financial transaction tax at the European level.
- The reimbursement on agricultural diesel is to be fully reintroduced.
- Further legal measures to combat tax evasion are to be examined (including an evaluation of the obligations pertaining to cash registers). Measures against “cum-cum transactions” will also be

reviewed.

- Measures to reduce tax bureaucracy are to be considered, including through simplification and digitization.

## Reference

Coalition agreement between CDU, CSU and SPD of 9 April 2025.

## Schlagwörter

Income Tax Act, business income