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Change in pension taxation before the end of this year (Newsflash from the Bundestag))

The German government intends to present a bill before the end of the year to amend the statutory regulations governing the taxation of retirement income arising from basic pensions.

According to a reply (BT-Drs. 20/2221) to the question from the CDU/CSU parliamentary group (BT-Drs. 20/1964), the intention of the bill is to prevent the double taxation of pension income and pension expenses criticized by the Supreme Tax Court..

The reply goes on to say that there is still no agreement on the extension of the temporary regulation on additional earnings from early retirement pensions, as agreed in the coalition agreement. The higher supplementary earnings limit of EUR 46,060 was introduced during the Corona pandemic actually expires at the end of 2022. Only earnings exceeding this limit are to be counted towards the pension at a rate of 40 per cent.

In response to a question about taxing pensions at source, the German government says there are currently no concrete plans for this. According to the newsflash it is questionable whether the introduction of a so-called tax deduction at source would actually give rise to the desired simplification and relief.

Source:

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Keywords

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