

By PwC Deutschland | 19 August 2022

Government to reduce value added tax on gas

In view of the rise in gas prices, the German government wants to ease the burden on consumers in terms of value added tax (VAT). In future, the VAT on gas consumption will be 7 percent instead of the current 19 percent, Chancellor Scholz announced in Berlin. This is to apply until March 31, 2024 – i. e., as long as gas levies are charged.

The reason for the current initiative of the German government is the gas levy, which is used to pass on increased procurement costs to consumers. All gas users will then pay an additional 2.419 cents per kilowatt hour. In addition to the gas levy, a further surcharge for storage and for controlling the input and output flow of gas (*Bilanzierungs- und Speicherumlage*) will be payable. These levies will also be subject to VAT.

Both the *Bundestag* and *Bundesrat* have yet to approve the proposal.

In his press statement on 18 August 2022 Chancellor Scholz emphasized that the German government is not going to leave anyone alone in the crisis and will therefore put together an additional relief package in the coming weeks.

Keywords

energy tax, gas levy