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Coalition parties present further package of measures for relief in the current crisis

Following their committee meeting on 04 September 2022, the coalition parties have presented a further package of measures (known as the Third Relief Package) for relief in the current crisis.

The package provides for a bundle of measures, some of which have so far only been outlined in very broad terms. How the details will eventually be fleshed out remains to be seen.

Some of the measures included have already been announced in advance.

The planned tax measures include:

- Reduction of the so-called cold progression (the key points for an inflation compensation law were already introduced by the Federal Ministry of Finance on 10 August 2022);

- a tax exemption of an amount of up to EUR 3,000 for one-off payments made as part of the so-called "concerted action" is under consideration;

- the reduction of VAT in the catering industry to the reduced rate of 7% is to be extended;

- the introduction of the global minimum tax is to be initiated now on a national level;

- the full tax deductibility of pension contributions is to be brought forward by two years to 1 January 2023

- VAT on gas is to be reduced from the standard tax rate to the reduced tax rate for a limited period until 31 March 2024 (this was already announced on 19 August 2022,);

- The lump sum for working from home is to be adapted and the previous time-limit to December 2022 is to be set aside; this related also to the income-related expense tax deduction of EUR 5 per day working from home;

- The employee lump sum is to be increased by EUR 200 (part of the Finance Act 2022).

The measures are to be financed, inter alia, by "partially skimming off windfall profits" from energy companies. This is to be done at the European level. If a timely implementation at European level is not possible, a national implementation is planned.

Source

Result of the coalition committee of 3 September 2022.

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