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By PwC Deutschland | 03 November 2022

Bundesrat agree energy price flat rate for recipients of old-age and other pensions

In its plenary session on 28 October 2022, the Bundesrat gave the green light for the payment of an energy price flat rate sum to recipients of old age and other pensions by approving the corresponding bill from the Bundestag, which had had its second reading on 20 October 2022. Also approved was the upper limit for employment income subject to social security contributions.

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Energy price lump sum for pensioners

In an accompanying resolution, the Bundesrat also requested that the Federal Government examine which groups of people have not yet received a one-off amount to relieve them from rising energy prices and how these groups of people could be included in further relief packages.

What the law provides for: 300 Euros one-off payment

According to the law, pensioners will receive an energy price lump sum as a one-off payment of 300 Euros. This lump sum will be paid to anyone who, as at 1 December 2022, is entitled to an old-age, reduced earning capacity or survivors' pension under the statutory pension insurance scheme or to pension benefits under the Civil Servants' Pensions Act or the first and second parts of the Soldiers' Pensions Act.

Automatic payment at the beginning of December

The entitlement only exists if the person is resident in Germany. The flat-rate energy allowance will automatically be transferred at the beginning of December 2022 as a one-off payment by the authorities responsible for the payment of the relevant pension. The payment is not subject to compulsory social security contributions.

In addition: raising the upper limit for income from employment subject to social security contributions

The law also raises the upper limit - from 1,600 Euros to 2,000 Euros per month - for income from employment subject to social security contributions in the so-called transitional band, within which workers only have to pay a reduced share of contributions.

Further procedure

After the conclusion of the parliamentary procedure, the law can now enter into force as planned - for the most part on the day after promulgation. The accompanying resolution was forwarded to the Federal Government, which will decide when it will address the additional concerns of the Bundesrat. There are no fixed deadlines

Keywords

Inflation, energy costs, social security contributions