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By PwC Deutschland | 19 December 2023

Budget Financing Act 2024 (electricity price package)

The Bundestag and the Bundesrat passed the Budget Financing Act 2024 in their respective sessions on 15 December 2023

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With the electricity price package announced on 9 November 2023, the Federal Government decided, among other things, to reduce the electricity tax burden for companies in the manufacturing sector to the EU minimum tax rate of EUR 0.50 per megawatt hour. These changes have now been adopted in the Bundestag Budget Committee's deliberations on 13 December 2023 in its recommended resolution on the Budget Financing Act. The Budget Committee's recommendation formed the basis for deliberations by the Bundestag and the Bundesrat.

To implement this, the rate of tax relief for companies in accordance with Section 9b Electricity Tax Act is to be increased from EUR 5.13/MWh to EUR 20.00/MWh. This is initially to apply to electricity drawn in the period from 1 January 2024 to 31 December 2025. Simultaneously, a reduction of the EU minimum tax rate will make the tax relief available in particular cases under Section 10 Electricity Tax Act (so-called peak equalisation), which is due to expire on 31 December 2023, obsolete. Subject to available financing, an extension of this measure until 31 December 2028 is planned. This would have to be implemented as part of a separate legislative process.

It is intended – as part of a future amendment of electricity tax law - to allocate businesses to privileged economic activities according to the current version of the classification of economic sectors.

Reference

Bundesrat online service "Kompakt" - 15 December 2023

Keywords

electric power duty