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Federal Government launches "Second Budget Financing Act"

The Federal Government has introduced the Second Budget Financing Act. Among other things, the law provides for a higher air traffic tax from 2024, sanctions in relation to the so-called citizen's income ("Bürgergeld") and the gradual phasing out of subsidies for agricultural diesel.

Background

The changes to the 2024 federal budget became necessary because of the 15 November 2023 ruling of the Federal Constitutional Court. Federal Chancellor Olaf Scholz, Vice Chancellor Robert Habeck and Federal Finance Minister Christian Lindner agreed on measures to help close the funding gap for the 2024 federal budget.

Measures that require a legislative amendment are summarised in the Second Budget Financing Act as introduced by the Federal Government.

It contains the following provisions:

- The current rates of **air traffic tax** will be increased as of 1 May 2024.
- The revenue from **offshore tenders** received in 2023 will be applied more broadly. A portion will go to the federal budget.
- The **tax concessions for agricultural diesel** will be gradually reduced from 1 March 2024 and completely abolished from 2026.
- The regulations for those jobseekers who deliberately refuse to take up reasonable work will be tightened with reference to the Bürgergeld.
- The Bürgergeld bonus will be abolished. However, financial incentives for further training for vocational qualifications will be retained via a further training allowance and a further training premium.

The Federal Government will introduce directly into the parliamentary deliberations on the 2024 federal budget further measures that do not require legislative amendments.

Outlook

According to the plans of the coalition parties, the Bundestag Budget Committee will discuss the 2024 federal budget in a so-called "settlement meeting" in mid-January. According to these plans, the 2024 federal budget will be adopted in the second week of the Bundestag session at the end of January 2024. The Bundesrat could then conclude the legislative process at its meeting on 2 February 2024. Following the publication in the Federal Law Gazette, the current provisional budget management session would then also end.

Reference

Federal Government, press release dated 8 January 2024.

Keywords

legislation