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Draft bill to modernize and reduce bureaucracy in electricity and energy tax law

The German government published details of a draft bill to modernize and simplify the present electricity and energy tax system. Operators of charging stations for electric cars and electricity storage systems are to be relieved from excessive bureaucracy and tax obligations.

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Among others, the government aims to ensure that users of electric vehicles are not treated as suppliers under tax law when charging two-ways (so called „*bidirectional charging*“) and do not become subject to taxes. With bidirectional charging, electricity can be fed in two directions: For example, from the domestic photovoltaic system to the electric vehicle and from the electric vehicle to domestic electrical appliances.

According to the draft bill, double taxation should also be avoided for electricity storage systems.

Overview of planned measures

In the area of electromobility, a new Section 5a of the Electricity Tax Act is intended to simplify tax practice, considering the electricity tax system, so that individual case reviews of complicated and sophisticated business models "within the charging station" will no longer be necessary.

Clear guidelines should be established for bidirectional charging to prevent users of electric vehicles from turning into suppliers and thus become liable to tax.

The inclusion in the new law of other forms of energy storage as electricity storage is meant to present an innovative approach. Double taxation should be widely avoided in future.

The provision in the Electricity Tax Act according to which several decentralized electricity generation plants are treated as a single plant will be abolished and in future the assessment of tax exemptions shall be based uniformly on the location of the respective electricity generation plant.

Electricity and energy tax law is to be downsized as regards the generation of electricity and brought in line with EU legal parameters. In the area of energy tax, the principle of tax exemption for all energy products used to generate electricity, as stipulated by EU law, shall be standardized.

In addition, notification and reporting requirements are to be reduced to simplify bureaucratic procedures and reducing unnecessary paperwork („*cutting the red tape*“).

Source:

German government, parliamentary documentation No. 20/12351 of 24 Juy 2024; Bundestag daily briefing (hib No. 529).

Keywords

energy tax