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By PwC Deutschland | 14 July 2025

Bundesrat votes in favour of coalition's immediate investment programme

At its meeting on 11 July 2025, the Federal Council (Bundesrat) unanimously approved the immediate investment programme for economic growth passed by the Bundestag.

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The Bundesrat passed the version of the bill adopted by the Bundestag, which contained amendments to the draft bill vis-à-vis the research allowance. The limitation on eligible expenses within the framework of the activity agreement for co-entrepreneurs contained in Section 3 (3) Tax Incentives for Research and Development Act will be increased from €70 to €100, as will the eligible hourly rate to be applied to own output.

Other measures set out in the draft included the reintroduction and increase of the degressive depreciation options to 30 percent on movable assets, dubbed an ‘investment booster,’ and the gradual reduction of the corporation tax rate from the current 15 percent to ten percent from 2032 onwards. The draft law also included relief for partnerships. The tax rate on retained earnings is to be reduced in three steps from the current 28.25 per cent to 25 per cent from 2032. In addition, stronger tax incentives for electric vehicles and an expansion of the tax research allowance are planned.

You can find more details on the contents in our **Blog** of 26 June 2025.

Entry into force

Now that the Federal Council has approved the law, it can be finalised and published. It will largely enter into force on the day after its publication; the amendment to the Research Allowance Act will enter into force on 1 January 2026.

Reference

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Keywords

Income Tax Act, corporate income tax