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Federal Government presents a draft of the 2025 Tax Amendment Act

The Federal Government has presented a draft of the 2025 Tax Amendment Act.

The draft provides for the following measures, among others:

Income Tax Act

- Updating of the reference to the new version of the de minimis regulation for special depreciation on the construction of new rental housing in Section 7b(5) Income Tax Act ("ITA").
- Increase in the mileage allowance for journeys between home and work to 38 Euro Cent and granting from the **first kilometre** for all taxpayers (§ 9 (1) Sentence 3 ITA); the same applies to those taxpayers who are recognised as having a work-related double household.
- Removal of the time limit on the mobility allowance (§ 101 Sentence 1 ITA).

Research Allowance Act

- Update of the reference to the new version of the de minimis regulation for the research allowance in Section 9 (5) Research Allowance Act

Value Added Tax Act

- Permanent reduction of VAT on restaurant and catering services, with the exception of the sale of beverages, to seven per cent (Section 12(2) No. 15 Value Added Tax Act ("VATA")).
- Formal notification of tax assessments by making these available via data retrieval (Section 18g Sentence 5 VATA).

Regulations in relation to non-profit organisations

- Currently, where total income, including value added tax, from economic business operations (other than special-purpose operations) does not exceed EUR 45,000 per year, the tax bases attributable to these business operations are not subject to corporation tax and trade tax. The draft Act raises this exemption limit to EUR 50,000 (Section 64 (3) Sentence 1 General Fiscal Code ("GFC").
- Increase in the flat rate for trainers and volunteers working for non-profit /charitable organisations to EUR 3,300 and EUR 960 respectively (Section 3 No. 26, 26a ITA).
- The obligation to use funds promptly is abolished for tax-privileged entities whose income does not exceed EUR 100,000 per year. (Section 55 (1) No. 5 Sentence 4 GFC).
- Tax-privileged entities that generate less than €50,000 in total income from economic activities will not have to categorise and allocate their income sources between income attributable to taxable economic business operations and income from its charitable/non-profit sources (Section 64 (3) Sentence 2 GFC).
- Introduction of e-sports as a new charitable purpose (Section 52 (2) Sentence 1 no. 21 GFC).

- Photovoltaic systems/equipment as a tax-neutral activity in the context of charitable status (Section 58 no. 11 GFC).

Source:

Federal Government publications

Keywords

Income Tax Act, VAT, charities