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By PwC Deutschland | 22 April 2026

# Update: Temporary tax exemption for so-called “relief bonuses” paid by employers

**A draft cabinet bill, which has not yet been officially published, has now been submitted by the CDU/CSU and SPD proposing an amendment to introduce a temporary tax exemption in Section 3(11d) of the draft Income Tax Act for so-called “relief bonuses” of up to EUR 1,000 paid by employers**

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The German Federal Government's cabinet proposal for a new law designed to introduce a relief bonus ("Entlastungsprämie") is aimed at helping employees cope with the burden of rising consumer prices. The new provision should be included in the “Ninth Law Amending the Tax Consulting Act” (“Neuntes Gesetz zur Änderung des Steuerberatungsgesetzes”)

Under the proposal, employers may grant allowances or benefits in kind of up to €1,000 per employee, completely free of income tax. This “relief bonus” must be provided in addition to the regular salary; salary conversions are explicitly excluded. The tax exemption would apply to payments made from the day after the law's official publication until June 30, 2027, giving employers a defined window to distribute the bonus.

The bonus will also be exempt from social security contributions. Furthermore the proposal includes a specific amendment to the Citizen's Allowance Ordinance ("Bürgergeld-Verordnung") to ensure that the relief bonus will not be counted as income for recipients of social security benefits (social welfare under Social Code Book II). This prevents disadvantaged groups from losing welfare entitlements due to receiving the bonus.

The law requires the approval of the Bundesrat (Federal Council) and will take effect the day after its official publication.

**Update (27 April 2026)**

The Ninth Law Amending the Tax Consultancy Act updating Section 3 No. 11d ITA - draft was passed by the Federal Council at its special session on 24 April 2026.

The Act can now come into force on 1 May 2026, following its signing by the Federal President and publication in the Federal Law Gazett

**Source**

**Draft cabinet bill of 20 April 2026**

**Keywords**

personal reliefs, tax relief