By PwC Deutschland | 21 July 2026

Supreme Tax Court ruling on entitlement to child benefit whilst seeking training

In its judgement of 18 March 2026 (III R 20/24), the Supreme Tax Court clarified the requirements for proving a willingness to undertake vocational training under child benefit law. The court thereby confirmed the strict line that a mere assertion that a child is willing to undertake vocational training is not sufficient to establish an entitlement to child benefit.

This ruling makes it clear that those entitled to child benefit and children seeking training must continue to provide concrete and verifiable evidence of their willingness to undertake training, even where pandemic-related difficulties exist.

Background

Under Section 32 (4) Number 2 Income Tax Act (ITA) a child who has reached the age of 18 will be entitled to child benefit/tax allowances if, it has not yet reached the age of 25 and, inter alia, it:

a) is undergoing vocational training for a profession, or

b)is in a transitional period of no more than four months between two training phases, or between a training phase and the completion of mandatory military or civil service, or

c)cannot begin or continue vocational training due to a lack of training places.

Facts

Prior to the period in question, S, the son of the appellant, had begun an apprenticeship as a hotel manager, but terminated the apprenticeship early by mutual agreement with effect from 30 April 2021. He subsequently registered as a jobseeker (but not as someone seeking an apprenticeship) and took on various jobs in the hotel and catering sector, including in Switzerland. After the period in question, S began a new apprenticeship as a roofer on 1 August 2022, which was preceded by a one-month work placement.

Decision

The Supreme Tax Court dismissed the appeal and established the following principles:

· *Objective assessment of willingness to undertake training*: For a child to be taken into account under Section 32(4), first sentence, No. 2, letter c of the Income Tax Act (ITA), it is an absolute prerequisite that the child makes serious efforts to secure a training place. These efforts must be objectively verifiable.

· *No exception due to the pandemic*: Difficulties in finding a training place as a result of the COVID-19 pandemic do not justify waiving the requirement to provide evidence of application efforts or to register as a jobseeker with the Employment Agency.

· *Burden of proof*: The burden of proof regarding serious efforts lies with the person entitled to child benefit. A mere assertion of a willingness to undertake training does not satisfy the legal requirements.

· *No analogous application:* An analogous application of the transitional period provision (Section 32(4), third sentence, of the Income Tax Act (ITA)) is not possible, as this is an exceptional provision which may not be extended. Whilst the start of the apprenticeship might have been delayed if training organisations postponed the allocation of apprenticeship places due to the coronavirus pandemic, as the Tax Court correctly noted, the pandemic did not mean that efforts to find an apprenticeship place could be entirely abandoned.

Source:

Supreme Tax Court decision (III R 20/24) published on 16 July 2026

Keywords

Income Tax Act, child benefit