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Implementation of the German Energy Bill Subsidy for September payroll

In September 2022, the energy bill subsidy (Energiepreispauschale = EPP) of €300 will be paid to many German citizens as part of their payroll payment made by the employers.

A prerequisite for the payment of the EPP to the employees, is an employee's unrestricted tax liability in 2022 (not necessarily continuous), as well as a domicile or habitual residence in Germany. In addition, as of 1 September 2022, an active first employment relationship must exist with an employer who submits monthly or quarterly payroll tax filings to the tax office – not 31 August or earlier, not 2 September or later. If the employee does not receive the EPP via payroll, because they were not employed on 1 September 2002, but on another day in 2022, the employee can claim the EPP in their 2022 income tax return.

Employers who employ 450-euro-employees, who are only taxed at a flat rate, are excluded from the payment of the EPP. Employers who are only required to report their payroll taxes annually can choose to pay out the EPP but are not required to do so - in this case, informal information to the company tax office is required.

In some cases, the EPP is assessed by the tax office, only, if it has not yet been paid out by the employer. These are, for example, the following cases:

- there is no employment relationship on 1 September 2022
- the employee is employed on a short-term basis or as a temporary worker in agriculture and forestry
- the employer does not file a wage tax return
- the employee does not have a domestic employer (e.g., cross-border commuter with domicile in Germany but employer located outside Germany).



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The EPP is treated as a taxable one-time payment, but is not subject to social security contributions, does not form part of the total gross amount and, according to the German Ministry of Finance, cannot be garnished. The payment of the EPP is documented on the payroll tax certificate with the capital letter "E".

In order not to cause liquidity problems, employers are entitled to receive the EPP by a deduction from the August wage-tax declaration so that they can easily then pay it out to their employees in September.

The EPP **must** be claimed accordingly with the wage-tax declaration in August 2022 at the tax office, in case of later corrections (e.g., unexpected resignation or entry of an employee) the wage-tax declaration of August 2022 is to be corrected.

Since wage-tax declarations are always subject to verification, such subsequent changes can be made without any problems.

In the case of quarterly wage-tax declaration, the EPP will be financed with the filing of the wage tax return for the third quarter of 2022.

For more information about the implementation of the subsidy and what actions need to be taken in time for the September payroll, please contact **Dr. Michael Grüne** or a member of his team at Menold Bezler.



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