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Taxes in Germany — Basics for Foreigners

Einkommensteuer, Grundfreibetrag, steuerklassen, and filing your first Steuererklärung: what newcomers need to know. As of March 2026.

Deutsche Begriffe: Grundfreibetrag | Einkommensteuer | Steuerprogression | Steuererklärung | ELSTER

Taxes in Germany — Basics for Foreigners

> All information without warranty.*

The German tax system — quick overview

In Germany, you pay **Einkommensteuer** (income tax) on your earnings. The system is progressive: the more you earn, the higher your tax rate.

Grundfreibetrag 2026

The first **€12,348 per year** is tax-free — this is the **subsistence minimum**. You only pay taxes starting from €12,349.

Steuerprogression 2026

Taxable Income	Tax Rate	
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Up to €12,348	**0 %** (tax-free)	

€12,349 – €17,799	14 – 24 %	
€17,800 – €69,878	24 – 42 %	
€69,879 – €277,825	**42 %** (top tax rate)	
From €277,826	**45 %** (wealth tax)	

Important: The tax rate applies only to the respective income bracket — not to your entire income!

Steuerklassen (Tax Classes)

Class	For Whom	Features
I	Single, divorced	Standard
II	Single parents	Additional allowance
III	Married couples (higher earner)	Lower deductions
IV	Married couples (equal earners)	Standard for couples
V	Married couples (lower earner)	Higher deductions
VI	Second job	Highest deductions

Additional salary deductions

Besides income tax, the following are deducted:

• **Solidaritätszuschlag:** 5.5% of income tax (only for higher incomes, threshold 2026: €19,950)

• **Kirchensteuer:** 8–9% of income tax (only for church members)

• **Social insurance:** approx. 20% (health, pension, long-term care, unemployment)

Your first Steuererklärung

Why bother?

On average, employees get back **€1,095**! Common deductions:

• Commute costs (flat rate: €0.30/km, from 21st km: €0.38/km)

• Work equipment (laptop, office chair, software)

- Professional training costs
- Moving costs (work-related)
- Craftwork services and household services

How to do it?

- **ELSTER** (elster.de) — free online portal of the tax office
- **Tax apps:** Wiso Steuer, Taxfix, Smartsteuer (from ~€30)
- **Tax advisor:** from approx. €300–500 (worthwhile for complex situations)

Deadlines

- **July 31** of the following year (e.g. for 2025: by July 31, 2026)
- With tax advisor: extended until **end of February** of the next year