

## **Abstract**

This bachelor thesis focuses on the solidarity surcharge in Germany. The surcharge was first introduced in 1991 in order to finance the costs of the German reunification and to bridge the gap between states of western and eastern Germany. The surcharge was originally intended to be temporary for one year only, however, due to higher fiscal costs the solidarity surcharge was reintroduced in 1995. It was compulsory for all taxpayers until the end of 2020.

The aim of this bachelor thesis is to explain why the solidarity surcharge was abolished right at the beginning of 2021. To answer this question, two initial hypotheses have been defined. First, the states of eastern Germany have reached the same economic level as the western ones. In this part of the research, the thesis discusses mainly the financial strength of the states, which is demonstrated by the example of the equalisation payments. Second, the national economic situation of the Federal Republic of Germany made it possible to abolish the solidarity surcharge without negatively affecting public finances. To verify this theory, the German state budgets are examined and then confronted with the revenue from the solidarity surcharge.

Furthermore, the thesis also covers the public debate on the introduction and subsequent abolition of the solidarity surcharge. The solidarity surcharge has been a subject of several court disputes. Moreover, even political parties within the coalition do not share the same attitude towards it.