



Personnel

Vademecum



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2023

SOCIAL SECURITY LIMITS AND RATES

Contribution ceilings

	West (old federal states)		East (new federal states)	
	Health insurance/ Care insurance	Pension insurance/ Unemployment insurance	Health insurance/ Care insurance	Pension insurance/ Unemployment insurance
Month	4,987.50 EUR	7,300.00 EUR	4,987.50 EUR	7,100.00 EUR
Year	59,850.00 EUR	87,600.00 EUR	59,850.00 EUR	85,200.00 EUR

Limit for mandatory insurance

	General	Special for private health insurance at 31.12.2002
Month	5,550.00 EUR	4,987.50 EUR
Year	66,600.00 EUR	59,850.00 EUR

Contribution rates

Pension insurance	Unemployment insurance	Care insurance		Health insurance	Insolvency fund levy	Artists social security contribution
18.6 %	2.6 %	3.05 %	3.4 % Childless persons	14.6 % (7.3 % employer, 7.3 % employee)+*	0.06 %	5.0 %

Statutory limits

Statutory Minimum Wage	As of 01.10.2022: 12.00 EUR
Mini-job – pay threshold	As of 01.10.2022: 520.00 EUR
Transition zone	As of 01.10.2022: 520.01 EUR – 1,600.00 EUR As of 01.01.2023: 520.01 EUR – 2,000.00 EUR
Income limit for family insurance	General: 485.00 EUR For mini-jobbers 520.00 EUR
Maximum amount pension payment recipient	169.75 EUR

Maximum contribution supplements for voluntary/private health and care insurance

Private health insurance	403.99 EUR
Care insurance	76.06 EUR
Care insurance for employment in Saxony	51.12 EUR

Occupational old-age pension: Tax-exempt amount in accordance with Section 3 No. 63 EStG [German Income Tax Act]

Entire federal territory 8 % Pension insurance contribution ceiling West	7,008.00 EUR per year
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Marginal employment (mini-job)

Total remuneration for all (secondary) employment activities	maximum 520.00 EUR
Pension insurance contribution	15 %
Health insurance contribution	13 %
Tax rate (lump-sum, if without wage tax card)	2 %

Short-term employment

Limitation to three months or 70 working days	exempt from social security
Maximum wage per working day, average	150.00 EUR
Maximum wage per working hour, average	19.00 EUR
Tax rate (lump-sum, if without wage tax card)	25% plus solidarity tax and church tax

* Additional health insurance contribution, which is specified by the health insurance funds and is paid equally by the employer and employee; 1.6% for 2023.

BENEFITS-IN-KIND, SUPPLEMENTS AND OTHER ADVANTAGES

Benefits-in-kind for 2023	Monthly	Daily (1/30)
Free meals and accommodation	553.00 EUR	18.43 EUR
Free meals, thereof	288.00 EUR	9.60 EUR
- Breakfast	60.00 EUR	2.00 EUR
- Lunch	114.00 EUR	3.80 EUR
- Dinner	114.00 EUR	3.80 EUR
Free accommodation	265.00 EUR	8.83 EUR

Gratuities Are gifts for employees, for specific reasons (e.g. Birthday or wedding), which are exempt from tax and social security, up to a maximum of 60 EUR inclusive VAT. Important: must be benefits-in-kind.

Company events Up to twice a year, tax-exemption exists for up to 110.00 EUR incl. VAT per participant for customary company events (e.g. summer party and Christmas party). To obtain social security exemption, exceeding costs have to be taxed at a flat rate of 25 % by February 28th of the following year at the latest. All components must be included in the costs of the event: for example costs for the location, the relatives, and even the travel expenses, if e.g. a bus is rented for the trip to the event, i.e. a joint trip.

Workforce discount May be granted exemption from taxation and social security up to 1,080.00 EUR per employee per year, whereas, a discount of 4 % must first be taken from the final price charged to the ultimate consumer.

Care services for children and relatives May be provided by employers to support employees with tax-exempt services and thereby simplifying the compatibility of work and family. The following remains tax- and social security exempt

- Services for the arrangement of childcare up to the age of 14 or relatives in need of care – no amount limit upon proof.
- Reimbursement of care expenses, which are incurred for urgent work reasons – up to 600.00 EUR per year. Any amounts above are again subject to taxation; however, the allowance of 600.00 EUR remains unchanged.

Transportation allowance Can be paid for journeys between home and initial workplace. They are exempt from social security contributions and can be set at a flat rate of 15 % if the following formula is retained: 15 days/month x distance allowance x number of kilometers between home and first place of work (one way). If public transport is used, higher amounts can also be reimbursed tax-free according to the proof of acquisition costs. The option of flat-rate wage tax at 25% for travel expenses reimbursement without offsetting against the commuting allowance is also available. Increase of the distance allowance from 01.01.2022 limited until 31.12.2026.

01.01.2022–31.12.2026	
First 20 km	0.30 EUR
From 21.km	0.38 EUR

Maximum limit: 4,500.00 EUR per year

Health promotion Benefits from the employer on top of the wage, which is owed anyway, are tax-exempt up to 600.00 EUR per year per employee. The eligible measures are defined in § 20 and § 20a of the SGB V and include: Exercise programs, courses for stress management and relaxation, advice on nutrition and the consumption of addictive substances like alcohol and nicotine.

Caution: The GKV umbrella organization has explicitly excluded some measures, e.g. the coverage of membership fees for sports clubs and fitness studios, massages, courses to learn a new sport, as well as a merely or predominantly equipment-based training.

Group accident insurance Group accident insurance contributions can be lump-summed up to an amount of 100.00 EUR per year for income tax purposes.

Inflation bonus: from October 26, 2022 to December 31, 2024, employers can grant their employees an amount of up to 3,000 EUR free of tax- and social security contributions. This is a tax-free allowance that can also be paid out in several installments, but must always be granted in addition to the wages owed anyway. It is sufficient if the employer makes it clear when granting the bonus that it is related to the price increase - for example, by making a corresponding reference on the remittance slip as part of the payroll.

EUR 50.00 exemption limit for benefits-in-kind Enables tax- and social security exempt “payments” of up to 50.00 EUR per month to the employees. The payment may be converted into gifts or vouchers. The use of an employee card makes it possible to comply with the legally required payment of the maximum amount each month, however the employee can also spend the money at a much later date. In accordance with the requirements of the Payment Services Supervision Act, the employee cards must be limited to their own product range, a group of points of acceptance in Germany (e.g. postcode areas) or providers with a uniform brand identity in Germany (e.g. fuel cards of a petrol station).

Allowance for relocation expenses Remain tax- and social security exempt upon proof or as a flat rate without proof, provided that no higher amounts are compensated than would be deductible as professional expenses. The value limits were changed retroactively:

Moving date	Single person	Married person	Additional person / children
As of 06/2020	860.00 EUR	1,433.00 EUR	573.00 EUR
As of 04/2021	870.00 EUR	1,450.00 EUR	580.00 EUR
As of 04/2022	886.00 EUR	1,476.00 EUR	590.00 EUR

Allowance for the use of internet May be reimbursed by the employer to their employees up to 50.00 EUR per month on a flat-rate basis based on supporting documents. Regular payments of the 25 % flat rate tax imply social security exemption. Caution: tax authorities may ask for proof. Therefore, contributions should not exceed 30.00 EUR per month.

SAFEGUARDING THE FUTURE

The new "German law strengthening occupational pensions" Safeguarding the future presently appears as follows: Expenses for safeguarding the future do not differ in any inflow/inflow of wages.

No inflow of wages

- For pension commitments (in this case, the later pension benefits in the form of a company pension or civil servant's pension),
- for expenses for reinsurance,
- for contributions to a supporting fund (in this case, the later pension benefits in the form of a company pension or civil servant's pension).

Inflow of wages Tax and social security treatment of occupational pension:

Implementation channel	Social security treatment
Pension fund/ direct insurance	Tax consideration depends on date of conclusion. As a rough indication, the following applies: Conclusion prior to 31 December 2004 > old rule; lump-sum taxation at 20 % up to a total value of 1,752.00 EUR (exception - group contracts: eligible for consolidation into a lump sum up to an amount of 2,148.00 EUR). Conclusion after 31 December 2004 > up to a maximum contribution amount of 4% of the contribution ceiling exempt from taxation and social security. Additional 1,800.00 EUR tax-exempt, but subject to social security. As of January 1st, 2018, the maximum contribution increased to 8% of the contribution assessment ceiling and thus to 7,008.00 EUR as of January 1st, 2023; the social security ceiling remains at 4% of the BBG (3,504.00 EUR).
Pension fund	Tax-exempt contributions are non-contributory up to 4% of the contribution ceiling in the pension insurance. This also applies to tax-exempt benefits from an employer or a support fund for a pension fund to take over existing pension obligations or acquired pension entitlements. From January 1st, 2018 the maximum contribution increased to 8% of the contribution ceiling.
Direct commitment/support fund	Expense of the employer, which does not originate from deferred compensation, is fully non-contributory. Expense, which originates from the deferred compensation, is non-contributory for up to 4% of the contribution ceiling in the pension insurance (2023: 3,504.00 EUR). In general, payments made during the accumulation period are tax exempt.

PLEASE NOTE: From January 1st, 2019, the new German Law Strengthening Occupational Pensions will have further influence. Employers will then be required by law to pay a contribution of 15 % for occupational pensions in the case of new contracts for salary conversion into the company pension without employer liability. This obligation applies if the employer saves on social security contributions through deferred compensation. Old contracts must also be subsidised by law from 1st January 2022.

Supplements for Sunday, holiday and night work The following supplements to the basic wage are tax-exempt, if they are attributable to income from non-self-employment:

Sundays	up to 50 %
Statutory holidays and 31 December (from 2:00 p.m.)	up to 125 %
Christmas (24 December from 2:00 p.m.; 25/26 December) and on 1 May	up to 150 %
Night work from 8:00 p.m. until 6:00 a.m., - if work is started before 12:00 a.m. for the time from 12:00 a.m. until 4:00 a.m. - otherwise	up to 40 % up to 25 %

Sunday and holiday supplements cannot be combined. A combination of a night work supplement and supplements for Sunday and holiday work is possible; however, this may result in a maximum of 190 %. For Sunday, holiday and night supplements (SHN), exemption from social security only exists for a maximum basic wage of 25.00 EUR/hour.

Caution: The so-called SHN allowance must continue to be paid in the event of illness and vacation based on the average income of the last three months. They are then subject to tax and social security contributions.

TRAVEL EXPENSES

For journeys between home and the initial workplace a lump-sum of 0.03 % may apply. There is also the possibility of applying a lump-sum of 0.002 % to less frequent journeys or even using a factor of 0.001 % for settlement, if journeys only occur occasionally.

Transport costs All journeys due to professional external activity, which do not take place between home and the initial workplace, will be considered travel expenses, which may be compensated by the employer on a tax-exempt basis.

Amount of the expenses:

- Actual expenses for transportation – fare including surcharges for public transport.

When using own vehicle:

- Kilometre rate from annual total costs (individual proof) – kilometre allowance:

Vehicle	Kilometre rate (EUR per km)
Cars (considerable operational interest)	0.30 EUR
Motor vehicles or other motorised vehicles	0.20 EUR max. 130.00 EUR

- Extraordinary expenses (e.g. accident, theft, technical wear and tear) are to be taken into account, in addition to the kilometre rates.

Meals for employees

... for own business interest	... for external activities	... for a reward
<ul style="list-style-type: none"> - Company events - Work meals - Entertainment (e.g. customers, in the Group ...) 	As a rule, the benefits-in-kind rule applies here, if it involves a so-called "customary" meal, i.e. does not exceed the value of 60.00 EUR.	Meals provided as consideration for work performance must be applied at the actual value.
<ul style="list-style-type: none"> - No non-cash benefit is incurred 	<ul style="list-style-type: none"> - Reduction of the additional meal expenses for breakfast by 5.60 EUR lunch/dinner by 11.20 EUR each 	

Granting of meals for external activities

The employee is provided with meals by the employer or third party on his external activity.

Employees pay for their meal themselves and the employer reimburses the expenses	Meal arranged by employer or third party	External activity with overnight accommodation
Reimbursement only remains tax-exempt within the scope of the known limits, i.e. for one-day absence: 14.00 EUR for more than 8 hours of absence Absences of several days: 14.00 EUR each for the day of arrival and departure, 28.00 EUR for at least 24 hours of absence	<ul style="list-style-type: none"> - Full cost assumption by employer is permitted - NO non-cash benefit with the benefit-in-kind can be applied. - With compensation for additional meal expenses, the reduction for breakfast is 5.60 EUR, for lunch/dinner 11.20 EUR each 	Principle: only the overnight accommodation expenses are reimbursable. Expenses for breakfast = meals must be reduced
Additional reimbursements in the amount of 14.00 EUR/28.00 EUR can be taxed on a lump-sum basis at 25 %.	Professional reasons in the interest of the employer. <ul style="list-style-type: none"> - Employer has promised the employee the coverage of the costs under employment law - Invoice is issued in the employer's name. 	Covered by the employer = Costs for breakfast must be reduced for additional meal expenses by 5.60 EUR.

Applicability of dismissal protection (KüSchG - German Protection Against Dismissal Act) Only once the employment relationship has existed for longer than 6 months (Section 1 (1) KüSchG) and with a company size (Section 23 (1) KüSchG) of either more than five employees (for employees, whose employment relationship started prior to 31 December 2003) or more than 10 employees (for employees, whose employment relationship started after 31 December 2003).

STATUTORY TERMINATION NOTICE PERIODS

Duration of employment	Termination notice period	Termination
Probation period by arrangement (max. 6 months)	2 weeks	Everyday
Up to 2 years	4 weeks	As at the 15th or month-end
2-5 years	1 month	At month-end
5-8 years	2 months	At month-end
8-10 years	3 months	At month-end
10-12 years	4 months	At month-end
12-15 years	5 months	At month-end
15-20 years	6 months	At month-end
20 years and more	7 months	At month-end

SOCIAL SECURITY DATES 2023

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Social security: 1. Data transmission date for the social security contributions for the current month												
Month counter	25	22	27	24	24	26	25	25	25	24	24	21
Social security: third-last banking business day = due date of the social security contributions for the current month												
Month counter	27	24	29	26	26	28	27	29	27	26	28	27

Note: The statement of the paid contributions has to be handed in by 24:00 o'clock the day before in order to meet the deadline. As always, social security contributions are due on the third last bank working day of the month in which the employment is performed. As there are different holidays depending on the federal state, the dates may vary from health insurance fund to health insurance fund.

OTHER SOCIAL SECURITY ISSUES 2023

Low-earner limit for vocational trainees	
Low-earner limit first Apprenticeship year	Apprenticeship year: Start date 1.1.-31.12.21: 550.00 EUR Apprenticeship year: Start date 1.1.-31.12.22: 585.00 EUR Apprenticeship year: Start date 1.1.-31.12.23: 620.00 EUR
Increase in further years of vocational training:	From the 2nd year of apprenticeship: Apprentice pay/training allowance of previous year + 18% 3rd year of apprenticeship: Apprentice pay/training allowance of previous year + 35% 4th year of apprenticeship: Apprentice pay/training allowance of previous year + 40%

New regulation of sick leave Introduction of the electronic certificate of incapacity for work: This is intended to replace the submission of the "yellow note", with the exception of those with private insurance. With effect of 1st January 2023 health insurance funds will inform the employer electronically on demand of the beginning and duration of the incapacity to work of his legally insured employees as well as the time of the expiry of the continued payment of wages.

A1 certificates for assignments abroad: A1 certificates for Europe must still be applied for even for short-term assignments abroad. The applications for privately insured employees are submitted to the German Pension Insurance. For employees who travel frequently, it is a good idea to apply for a longer-term confirmation via the DVKA. These measures serve to ensure the avoidance of double social insurance contributions abroad. The social insurance is always due according to the place of work and can be avoided with the A1 certificate for foreign countries.

Attention: Even Managing Directors and Executives are not exempt from the A1 obligation.