



# Personnel **2017**



**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	EUR 4,350.00	EUR 6,350.00		EUR 4,350.00	EUR 5,700.00	
Year	EUR 52,200.00	EUR 76,200.00		EUR 52,200.00	EUR 68,400.00	
Limit for mandatory insurance						
	General	Special for private health insurance				
Monat	EUR 4,800.00	EUR 4,350.00				
Jahr	EUR 57,600.00	EUR 52,200.00				
Contribution rates						
Pension insurance	Unemployment insurance	Care Insurance		Health insurance	Insolvency fund levy	Artists social security contribution
18.7 %	3.00 %	2.55 %	2.8 % Childless persons	14.6 % (7.3% employer, 7.3% employee)+*	0.09 %	4.8 %
Statutory limits						
Mini-job — pay threshold				EUR 450.00		
Transition zone				EUR 450.01 – EUR 850.00		
Low-earner limit for vocational trainees				EUR 325.00		
Income limit for family insurance				General: EUR 425.00 For mini-jobbers EUR 450.00		
Maximum amount pension payment recipient				EUR 148.75		
Maximum contribution supplements for voluntary/private health and care insurance						
Private health insurance				EUR 317.55		
Care insurance				EUR 55.46		
Care insurance for employment in Saxony				EUR 33.71		
Occupational old-age pension: Tax-exempt amount in accordance with Section 3 No. 63 EStG [German Income Tax Act]						
Entire federal territory 4% Pension insurance contribution ceiling West				EUR 3,048.00 per year		
Marginal employment (mini-job)						
Total remuneration for all (secondary) employment activities				maximum EUR 450.00		
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				EUR 72.00		
Maximum wage per working hour, average				EUR 12.00		
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 payable by the employee; 1.1% for 2017.

\*\* Transitional arrangement applies from 1 January 2015 — 31 December 2018. From 1 January 2019, the limits will prospectively be reduced to two months/50 working days again.

**BENEFITS-IN-KIND, SUPPLEMENTS AND OTHER ADVANTAGES**

Benefits-in-kind for 2017	Monthly	Daily (1/30)
Free meals and accommodation	EUR 464.00	EUR 15.46
Free meals, thereof	EUR 241.00	EUR 8.03
– Breakfast	EUR 51.00	EUR 1.70
– Lunch	EUR 95.00	EUR 3.17
– Dinner	EUR 95.00	EUR 3.17
Free accommodation	EUR 223.00	EUR 7.43

**Gratuities**

are gifts for employees, for specific reasons, which are exempt from tax and social security, up to a maximum of EUR 60.

**Company events**

Up to twice a year, tax-exemption exists for up to EUR 110 incl. VAT per participant for customary company events (e.g. summer party and Christmas party).

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 EUR 1,080 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**

Employers may support employees with tax-exempt services and thereby simplify the compatibility of work and family. The following remains tax-exempt

- Services for the arrangement of childcare up to the age of 14 or relatives in need of care – no amount limit.
- Reimbursement of care expenses, which are incurred for urgent work reasons – up to EUR 600 per year. Any amounts above are again subject to taxation; however, the allowance of EUR 600 remains unchanged.

**Health promotion**

The following benefits from the employer on top of the wage, which is owed anyway, are tax-exempt up to EUR 500:

- Improvement of the general health condition, e.g. exercise programme, stress management and relaxation, advice on nutrition and the consumption of addictive substances,
- Workplace health promotion, e.g. smoking ban in the operation, prevention of work-related stresses on the locomotor system. However, the coverage of membership fees for sports clubs and fitness studios is excluded. But a fitness studio course, e.g. back exercises, is promoted. In cooperation partnerships, we also offer the right company solution for you. Naturally also for massages or other wellness programmes, after an intensive review of the tax situation.

**Additional earnings to pension**

The new Flexi-Pension Law leads to continuous attribution of the additional earnings at 40% from an annual allowance of EUR 6,300 if pension is drawn prior to reaching the statutory regular pension.

**What else you can pay your employees exempt from taxation and social security contributions:**

- Money shortage compensation (fund shortfalls): up to EUR 16 tax-exempt
- Reimbursement for Internet use up to EUR 50 taxed on a flat-rate basis by the employer
- Car advertising stickers: up to EUR 21 tax-exempt

**Relocation expenses are increasing on a staggered basis**

Relocation expense reimbursements are tax-exempt, provided that no higher amounts are compensated than would be deductible as professional expenses:

Date of relocation	Single persons	Married persons	Additional persons/ children	Relocation-related education expenses for children
from 03/2015 until 02/2016	EUR 730.00	EUR 1,460.00	EUR 322.00	EUR 1,841.00
from 03/2016 until 01/2017	EUR 746.00	EUR 1,493.00	EUR 329.00	EUR 1,882.00
from 02/2017	EUR 764.00	EUR 1,528.00	EUR 337.00	EUR 1,926.00

**Gross deferred compensation from benefits-in-kind**

remains an interesting approach. The employment law description has a crucial influence on the taxation and social security effect: for example, gross deferred compensation of supplementary car payments is possible, i.e. employees can make the payment of the company car instalment or a leased bicycle tax-exempt via their employer.

**SAFEGUARDING THE FUTURE**

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-exemption	Tax obligation	
	Wage tax deduction	Eligible for consolidation into a lump sum
<ul style="list-style-type: none"> <li>- Amounts, the employer is obligated to pay on the basis of a legal obligation and for equivalent expenses (Section 3 No. 62 EStG [German Income Tax Act])</li> <li>- Contributions to <b>pension schemes, pension funds or direct insurance</b> (Section 3 No. 63 EStG)</li> <li>- Transfer of pension entitlements to pension funds (Section 3 No. 66 EStG)</li> <li>- Contributions for a non-capital-covered = <b>pay-as-you-go pension scheme</b> (Section 3 No. 56 EStG)</li> </ul>	<ul style="list-style-type: none"> <li>- According to generally applicable regulations</li> </ul>	<p>With 20% for expenses regarding</p> <ul style="list-style-type: none"> <li>- <b>Direct insurance</b> concluded by 31 December 2004 (so-called old commitment)</li> <li>- <b>capital-covered pension scheme</b>, if the pension commitment was issued by 31 December 2004</li> <li>- <b>Non-capital-covered pension scheme</b> (if not tax-exempt)</li> <li>- <b>Group accident insurance</b></li> </ul>

**Social security treatment of occupational pension 2017**

Implementation channel	Social security treatment
<b>Pension fund/ direct insurance</b>	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 EUR 1,752 (exception - group contracts: eligible for consolidation into a lump sum up to an amount of EUR 2,148 EUR). Conclusion after 31 December 2004 > new rule; up to a maximum contribution amount of 4 % of the contribution ceiling exempt from taxation and social security (2017: EUR 3,048). Additional EUR 1,800 tax-exempt, but subject to social security.
<b>Pension fund</b>	Tax-exempt contributions are non-contributory up to 4 % of the contribution ceiling in the pension insurance (2017: EUR 3,048). 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 (Section 3 No. 66 EStG [German Income Tax Act] in conjunction with Section 1 Par. No. 10 S vEV [Social Security/Compensation Directive]).
<b>Direct commitment/support fund</b>	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 (2017: EUR 3,048) (Section 14 (1) Sentence 2 SGB [German Social Security Code] IV).

**PLEASE NOTE:** From 1 January 2018, the new German Law Strengthening Occupational Pensions will have a significant influence.

**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, exemption from social security only exists for a maximum basic wage of EUR 25.00/hour.

**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	0.30
other motorised vehicles	0.20

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

**Additional meal expenses**

A distinction is made between two rates for meal expenses, which the employer can compensate on a tax-exempt basis or the employee can offset as professional expenses.

Duration	per calendar day lump-sum amount in EUR
<b>One-day business trip</b> with an absence of MORE than 8 hours	12.00
<b>Several days' business trip with overnight accommodation</b> if the employee is absent for a full 24	24.00

**Arrival and departure day for several days' business trip:** EUR 12, regardless of the duration of absence. The requirement is that the employee stays overnight outside of his home on this particular day, a subsequent day or a prior day.

**Night rule:** Anyone who is travelling for business purposes after/over midnight on a calendar day and does not stay overnight, is entitled to receive a meal allowance for tax purposes of EUR 12 for the calendar day on which he is mainly travelling. Drivers and maintenance staff are particularly affected by this.

**Business trips abroad:** The corresponding categories applies to business trips abroad.

**Additional meal expense abroad**

**Note:** For several days' business trips with overnight accommodation, the employer may waive the recording of actual absence times in the future, if it can be certain that overnight accommodation existed. For the day of arrival and departure of a multi-day business trip with overnight accommodation, the duration of absence is irrelevant.

**Three-month time limit**

The tax-exempt compensation of additional meal expenses is limited to the first three months at the same place of work. An interruption of four weeks enables a new three-month time limit to start. The reasons for the interruption – sickness, leave or operational approaches – are irrelevant.

**Meals for employees**

... for own business interest	... for external activities	... for a reward
<ul style="list-style-type: none"> <li>- Company events</li> <li>- Work meals</li> <li>- Entertainment (e.g. customers, in the Group ...)</li> </ul>	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 EUR 60.	Meals provided as consideration for work performance must be applied at the actual value.
<ul style="list-style-type: none"> <li>- No non-cash benefit is incurred</li> </ul>	<ul style="list-style-type: none"> <li>- Reduction of the additional meal expenses for breakfast by EUR 4.80 lunch/dinner by EUR 9.60 each</li> </ul>	

**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: EUR 12 for more than 8 hours of absence	<ul style="list-style-type: none"> <li>- Full cost assumption by employer is permitted</li> <li>- NO non-cash benefit with the benefit-in-kind can be applied.</li> <li>- With compensation for additional meal expenses, the reduction for breakfast is EUR 4.80, for lunch/dinner EUR 9.60 each</li> </ul>	Principle: only the overnight accommodation expenses are reimbursable. Expenses for breakfast = meals must be reduced
Additional reimbursements in the amount of EUR 12 / EUR 24 can be taxed on a lump-sum basis at 25%.	Professional reasons in the interest of the employer. <ul style="list-style-type: none"> <li>- Employer has promised the employee the coverage of the costs under employment law</li> <li>- Invoice is issued in the employer's name.</li> </ul>	Covered by the employer = Costs for breakfast must be reduced for additional meal expenses by EUR 4.80.

**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 2017**

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