

A photograph of an office environment. In the foreground, a woman with long dark hair is sitting at a desk, looking at a laptop. Another woman in a white top is leaning over her shoulder, looking at the screen. In the background, a man in a checkered shirt is sitting at another desk, also working on a laptop. The office has modern furniture and large windows.

2018

Personnel vademecum



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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 4,425.00	EUR 6,500.00		EUR 4,425.00	EUR 5,800.00	
Year	EUR 53,100.00	EUR 78,000.00		EUR 53,100.00	EUR 69,600.00	
Limit for mandatory insurance						
	General	Special for private health insurance				
Monat	EUR 4,950.00	EUR 4,425.00				
Jahr	EUR 59,400.00	EUR 53,100.00				
Contribution rates						
Pension insurance	Unemployment insurance	Care insurance		Health insurance	Insolvency fund levy	Artists social security contribution
18.6 %***	3.00 %	2.55 %	2.8 % Childless persons	14.6 % (7.3% employer, 7.3% employee)+*	0.06 %	4.2 %
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 152.25		
Maximum contribution supplements for voluntary/private health and care insurance						
Private health insurance				EUR 323.03		
Care insurance				EUR 56.42		
Care insurance for employment in Saxony				EUR 34.29		
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				EUR 6,240.00 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; 1.0 % for 2018.

** 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.

*** Provisional value may be subject to change.

BENEFITS-IN-KIND, SUPPLEMENTS AND OTHER ADVANTAGES

Benefits-in-kind for 2018	Monthly	Daily (1/30)
Free meals and accommodation	EUR 472.00	EUR 15.73
Free meals, thereof	EUR 246.00	EUR 8.20
– Breakfast	EUR 52.00	EUR 1.73
– Lunch	EUR 97.00	EUR 3.23
– Dinner	EUR 97.00	EUR 3.23
Free accommodation	EUR 226.00	EUR 7.53

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 EUR 60. Important: must be benefits-in-kind.

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). 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 EUR 1,080 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 EUR 600 per year. Any amounts above are again subject to taxation; however, the allowance of EUR 600 remains unchanged.

Gross deferred compensation from benefits-in-kind

are dependent on the employment law description and have a significant impact 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.

Caution: When taking over the car after the expiration of 36 months leasing, the market value of the subject has to be determined and recorded as the remaining purchase price.

Transportation allowance

can be made for journeys between home and initial workplace. These qualify as social security exempt with a tax flat rate of 25 % if the following formula maintains: 15 days/month x EUR 0,30 x number of kilometers home – initial workplace (one way) When using public transport, higher amounts can be taxed at a flat rate of 25 % upon proof.

Health promotion

Benefits from the employer on top of the wage, which is owed anyway, are tax-exempt up to EUR 500 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 predominant equipment-based training.

EUR 44 exemption limit for benefits-in-kind

enables tax- and social security exempt payments of up to EUR 44 per month to the employees. The payment may be converted into gifts or vouchers. The use of an employee-card ensures compliance with the maximum amount per month required by law. However, the employee may use the funds any time in the future.

Car advertising labels

enable tax- and social security exempt payments of up to EUR 21 per month depending on contractual agreements subject to defined frameworks.

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:

Date of relocation	Single persons	Married persons	Additional persons/ children	Relocation-related education expenses for children
from 02/2017	EUR 764.00	EUR 1,528.00	EUR 337.00	EUR 1,926.00

Allowance for the use of internet

may be reimbursed by the employer to their employees up to EUR 50 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.

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 EUR 1,752 (exception - group contracts: eligible for consolidation into a lump sum up to an amount of EUR 2,148). Conclusion after 31 December 2004 > up to a maximum contribution amount of 4 % of the contribution ceiling exempt from taxation and social security. Additional EUR 1,800 tax-exempt, but subject to social security. From January 1st, 2018 the maximum contribution increases to 8 % of the contribution ceiling resulting in EUR 6,240. The social security limit remains at 4% of the BBG (EUR 3,120). Flat-rate parts have to be deducted from the increased contribution on ceiling of EUR 6,240.
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 increases 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 (2018: EUR 3,120). 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. When it comes to deferred compensation towards the occupational pension, employers will legally be required to pay an allowance of 15 % for occupational retirement provisions.

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.

Caution: Despite illness and vacation, the so-called SFN allowance still has to be paid as the average of the last three months. This however will be tax and social security exempt.

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.

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 ...) 	<p>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.</p>	<p>Meals provided as consideration for work performance must be applied at the actual value.</p>
<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 EUR 4.80 lunch/dinner by EUR 9.60 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
<p>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</p>	<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 EUR 4.80, for lunch/dinner EUR 9.60 each 	<p>Principle: only the overnight accommodation expenses are reimbursable. Expenses for breakfast = meals must be reduced</p>
<p>Additional reimbursements in the amount of EUR 12 / EUR 24 can be taxed on a lump-sum basis at 25 %.</p>	<p>Professional reasons in the interest of the employer.</p> <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. 	<p>Covered by the employer = Costs for breakfast must be reduced for additional meal expenses by EUR 4.80.</p>

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 2018

	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	23	24	24/25*	25	25	27	24	24/25**	26	19
Social security: third-last banking business day = due date of the social security contributions for the current month												
Month counter	29	26	27	26	28/29*	27	27	29	26	26/29**	28	21

* Federal states in which Corpus Christi is no public holiday, the date shall be postponed by one day.

** Federal states in which Reformation Day is no public holiday, the date shall be postponed by one day.