



# Germany

Country Guide 2023

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# About Us

Access Financial is the leading global provider of contract management, outsourced payroll and umbrella services. We offer customised and compliant solutions to corporate clients, recruitment agencies and professional contractors. We specialise in mitigating tax liability, fully subscribing to labour law and supporting immigration.

The numerous benefits of partnering with Access Financial as your trusted provider include:

- Boosting take-home pay;
- Minimising administration for contractors, recruiters and corporates;
- Providing customised software for better payroll management;
- Ensuring compliance with all relevant laws and regulations;
- Providing complete data security and confidentiality of all payroll information.

## Our Solutions



Employed



Self-Employed



Employer of Record (EOR)



# Germany

Capital	Berlin
Spoken Language	German
Currency	Euro (EUR)
Minimum monthly wage	EUR 1,987.00 (Gross)

Germany is one of the most populous countries in Central Europe, a third of which is covered in forests and woodlands, giving it a moderate climate all year round. It is the largest economy in the EU, and has a very high level of employment, as well as a rich culture, excellent schooling, and an abundance of beautiful scenery and architecture.

Germany is also the second most popular destination for expats in the world – in no small part due to a friendly and welcoming population.

## Entry Visa

Citizens of EU/EFTA Member States and Switzerland, as well as the USA, Australia, Canada, Israel, Japan, New Zealand and the Republic of Korea can enter Germany with an identity card or a valid passport.

## Work Permit / Residence Permit

Citizens of EU/EFTA Member States and Switzerland can live and work without a work or residence permit in Germany.

Other foreign nationals can apply for a German Employment Visa if they have a concrete job offer or there is a shortage of skilled workers within their profession; the application is done at the representative body of Germany in their country of residence responsible for visa admission. After entering Germany with the visa, the individual will need to attend an interview at the Foreigner’s office in order to obtain a residence permit.

## Social Security Registration

Registration for Social Security is compulsory for anyone working in Germany as soon as employment has started, regardless of their nationality, and it is done fully by the employer.

## Public Holidays

- **New Year’s Day**, 01 Jan
- Epiphany, 06 Jan
- **Good Friday**, (Not a standard date, usually March/April)
- **Easter Monday**, (Not a standard date, after Good Friday)
- **Labour Day**, 01 May
- **Ascension Day**, 18 May
- **Whit Monday**, (Not a standard date)
- **German Unity Day**, 03 Oct
- **Christmas Day**, 25 Dec
- **St. Stephen’s Day**, 26 Dec

There are also several regional holidays that are not official across the whole country.



## Working Hours

A standard working week in Germany is 8 hours a day/40 hours a week. Those working hours can be extended to 10 hours daily as long as the weekly hours do not exceed 48.

## Vacation Allowance

The minimum amount of vacation days for a 5-day work week is 20 working days. However, most employers grant up to 30 days of annual leave. Employees should be allowed to take at least one vacation of a minimum of 2 weeks per year.

Full entitlement to leave is acquired only after the employment relationship has been in existence for six months.

From 2023, people working in Germany will be able to carry over their unused holidays for up to three years

## Sick Leave

Employees are entitled to up to 6 consecutive weeks of fully paid sick leave if they happen to fall ill. They must submit a doctor’s note to the employer if the illness lasts more than 3 days. Following the 6 week period, if the individual is still unable to work due to illness, they are entitled to sickness benefits of 70% of their salary for up to 78 weeks.

## Maternity / Paternity Leave

Maternity: 8-14 weeks; 6 weeks before the birth (optional), 8 weeks after birth (mandatory).

Paternity : Both parents can claim parental benefits and are entitled to do so until their child turns three. During the Paternity leave period the employer cannot terminate the employment contract. Entitlement demands that the parent(s) must be living in the same property and not working in excess of 30 hours per week.

## Pension

In order to be eligible to receive a German state pension, an individual must have worked for a minimum of five years in Germany. The amount received depends on the mount of contributions made (the longer the individual has worked in Germany, the bigger the benefits).

## Termination & Severance

There is no statutory severance in Germany; however, in many cases, severance pay provisions may be agreed upon between the employer and employee when negotiating the contract, often amounting to 50% of the monthly salary.

## Notice Period

Years of Service	Notice Period
2 Years	1 Month
5 Years	2 Months
8 Years	3 Months
10 Years	4 Months
12 Years	5 Months
15 Years	6 Months
20 Years	7 Months

## Social Security

Social security contributions are split evenly between the employee and employer, and are all deducted directly from the monthly pay.

Category	Employer (%)	Employee (%)	Salary Cap (EUR)
Health Insurance	7.3	7.3	4,987.50
Pension	9.3	9.3	7,100 (West), 7,300 (East).
Long-term care	1.525 (1.7*)	1.525 (1.7*)	4,987.50
Unemployment	1.2	1.2	7,100 (West), 7,300 (East).
Total	19.375 (19.55*)	19.375 (19.55*)	

\* There is an additional 3.4% (total employer and employee) if the employee does not have children.

The employer also pays into occupational accident insurance.

Following ECJ ruling in September, employers in Germany will soon have to record the location, start time, duration and end of working time of their employees. The ruling is designed to prevent people working unpaid overtime, although there are no specific rules as to how it must be implemented and who exactly should record the hours worked.

## Taxation

The German fiscal year runs from January 1 to December 31.

### Tax Rates

The following progressive rates apply for 2023:

Taxable Income (EUR)	Rate (%)
0 – 10,908	0%
10,908.01 – 62,810	14%
62,810.01 – 277,825	42%
277,825.01 +	45%

## Tax Returns

The annual income tax return must be filed by July 31<sup>st</sup> the following year, either online or by paper copy.

The fourth Corona Tax Relief Act also extended the deadline for future tax years: Those required to file a 2022 tax return have until September 30th, 2023, to submit it to their local tax office. Since this deadline falls on a Saturday, it's automatically extended to October 2nd, 2023.

## Double Taxation

Germany has tax treaties with multiple other countries, that regulate which country will be responsible for applying its domestic tax law to the employed individual.

## Health Insurance

In order to live and work in Germany, an individual is legally required to have health insurance. It can either be the government public health insurance, a private insurance company, or a combination of the two. Anyone who is paying social security contributions is eligible for public insurance.

## Cost of Living

The cost of living in Germany is in the average range for Europe. The estimated monthly cost for a single person is around 1,500 euros, with 800 going to rent.





## How We Can Help

It can be challenging to figure out how to employ a team and set up payroll in Germany; it requires great attention to detail and a deep understanding of local best practices.

We provide a full set of services in Germany allowing corporate clients, recruitment agencies and professional contractors to operate in an optimal manner while ensuring that all local employment obligations are taken care of.

Access Financial offers the following solutions in Germany:

- Employed
- Self-Employed
- Employer of Record (EOR)

If you would like to discuss how Access Financial can help, please [contact us](#).

## Disclaimer

We have prepared this as a guide only; it does not form part of an offer. Please request illustrations based on your specific case from one of our solution managers.







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