



COUNTRY GUIDE: GERMANY

global@zapeo.net

<https://zapeo.net/germany/>

TABLE OF CONTENTS

● About us	Page 1
● Work Permits/VISA	Page 2
● Employment contracts	Page 3-4
● Paid time off	Page 5
● Employee benefits	Page 6
● Tax	Page 7
● Payroll	Page 8
● Legislation and statutory bodies	Page 9

ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



WORK PERMITS AND VISAS



Types of Visas:

- **Business** - For foreign nationals who wish to visit Germany for business reasons. Valid for up to 90 days.
- **Work** - For foreign nationals wanting to work in Germany. Valid for the period of an employment contract and up to 4 years.

There are no specific work permits available in Germany that allow foreign nationals to begin or continue working there. The only option for a foreign individual to work in Germany is with a work visa, which you may apply for at the German embassy or consulate closest to you.

EMPLOYMENT CONTRACTS



Probation period

There are no laws in Germany that particularly address the issue of probation. Typically, a candidate might anticipate being on probation for anything between three months and a full year.

Notice period

- Two weeks for the trial period.
- Following two years of employment, one month's notice that takes effect at the end of the month.
- Two months' notice, effective at the end of the month, after five years of service.
- Three months' notice, effective at the end of the month, after eight years of service.
- Four months' notice, effective at the end of the month, after 10 years of service.
- Five months' notice, effective at the end of the month, after 12 years of service.
- Six months' notice, effective at the end of the next month, after 15 years of service.
- Seven months' notice, effective at the end of the month, after 20 years of service.

Minimum wage

EUR 8.50 per hour for all workers in Germany.

Working hours and overtime

In Germany, a typical work week lasts between 36 and 40 hours. There are no laws governing overtime pay that provide employees the right to remuneration. If there are no additional clauses in the employment contract, overtime must be paid out as regular pay.

Termination

When an employer seeks to fire an employee, the grounds may be related to the employee's actions or specific unavoidable situations that have developed in the business and call for a reduction in the workforce. Another legitimate basis for terminating employment is redundancy.

EMPLOYMENT CONTRACTS



Severance

Whether or not the dismissal is justified, there is no legal requirement to pay any severance in the event of an individual layoff. Employers however do sometimes include severance pay agreements to avoid legal challenges.

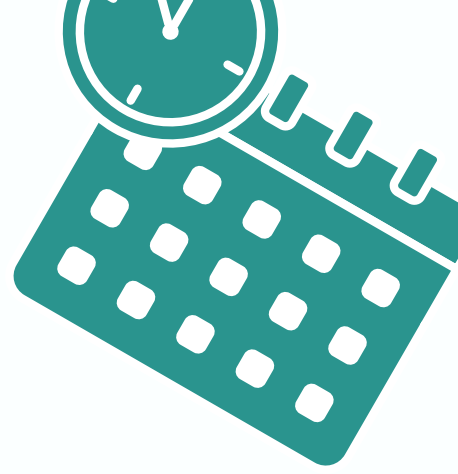
Non-compete clause

Non-compete clauses are governed by law in Germany and are only allowed under specific circumstances.

Collective bargaining

The German Constitution and the Collective Bargaining Act both provide the right to engage in collective bargaining.

PAID TIME OFF



Annual Vacation

The required minimum paid leave is 24 days for employment contracts with a six-day work week and 20 days for contracts with a five-day work week.

Sick

If an employee can get a medical certificate from their doctor, they are entitled to at least six weeks of paid sick time.

Maternity

Prenatal leave lasts for six weeks and postpartum leave lasts for eight weeks, both at full pay. Mothers are granted 12 weeks of paid leave in the event of multiple births.

Paternity

No law specifically addresses paternity leave.

Family

Up to three years of unpaid leave are allowed for either parent to stay at home with their child. Parents are free to decide whether to work full-time or part-time during their parental leave, up to 32 hours a week. Premature newborns' parents are granted extended parental leave.

National Holidays

Employees in Germany are entitled to 9 paid public holidays.

Other Paid Time Off

N/A

EMPLOYEE BENEFITS



Statutory

Unemployment

Both employer and employee contribute 1.5% of monthly payroll. Maximum annual pay used for calculations is EUR 78,000.

Workers compensation

Employer contributions vary depending on the assessed degree of risk.

Social Security

Includes unemployment, pension and health insurance scheme contributions.

Retirement

18.6% of your yearly salary is covered by pension insurance, up to a limit of EUR 84,600. (EUR 81,000 in the new federal states). Both the employer and the employee must pay a payment of 9.3% each.

Health

14.6%, with a yearly income cap of EUR 58,050. Both the employer and the employee must pay a payment of 7.3% each.

Other

Employer is responsible for paying the insolvency payment, which is 0.09% up to an annual income cap of EUR 84,600.

Private

Workers compensation

Private workers compensation available.

Retirement

Private retirement schemes available.

Health

Private health insurance available.

Life

Private life Insurance available.

TAX



Personal Income Tax (PIT)

- **Tax year** : A tax year runs from 1 January to 31 December.
- **Tax rate** : Rates are between 0% or 45%.
- **Tax method** : Germany has progressive tax rates.
- **Tax residency requirements** : A person is regarded as a tax resident if:
 - They live permanently in Germany,
 - They visit more than 183 days a year, or
 - Germany is where their main interests lie.
- **Double taxation agreements (DTA's)** : Germany has multiple double tax agreements (DTA) with other countries.

Investment Income Tax

Income from capital investment, rent, royalties, and other sources are all included in the definition of taxable income (as defined by tax law).

Taxable Income

Gradually increasing rates of income tax are imposed on higher income levels. The whole amount of income (from all sources of earned and invested income), less any applicable deductions and allowances, is subject to taxation.

PAYROLL



Payroll Elements

- **Income:** Every resident is subject to taxation on their international income. Only income with German sources is taxed for non-residents.
- **Deductions:** Taxes and social security contributions, loan/advantages repayments and voluntary deductions.
- **Benefits in Kind:** In Germany, giving employees benefits in kind is governed by labor law. Non-cash benefits, such as benefits in kind, are given to employees in addition to their normal pay or compensation. This is however not mandatory and generally taxable.
- **Employer contributions:** Social security, unemployment, pension fund, health and workers compensation.

Payroll Taxes

Employee compensation must be paid by employers after deducting any owed income taxes. The real deductions are deducted from the gross salary while taking into consideration the employee's marital status, family situation, and other personal factors.

Payroll Calendar

Usually done monthly.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- The German constitution
- The Labor Code

STATUTORY BODIES

- Federal Ministry of Labor and Social Policy
- Federal Insurance Institute
- Federal German Pension Insurance
- Germany Tax Authority



Contact us today for further
information or a **FREE**
simulation.



LinkedIn



Simulation request



global@zapeo.net
