

Taxes

Social Security Contributions

The system of social security in Germany comprises

	Contribution in % of salary	Up to gross salary p.a.
Health insurance	Ca. 14,0%	50,000 €
Old age & care insurance	1,5 %	50,000 €
Pension scheme	19,4 %	40,000 €
Unemployment benefits	6,5 %	40,000 €
Total:	41,4 %	

The contributions are calculated on the amount of the gross salary of the individual employee, up to the indicated maximum amounts per year, which are regularly increased. The premiums for health insurance are fixed by the individual public health insurance body, from which the employee may freely select one; all other premiums are uniformly fixed by law.

Are liable to contribute, all employees in a dependent position and having their regular place of work on the national territory. In such case, both the employer and the employee have to bear half of the contributions due, causing a ca. 21% increase of the employer's expenses for wages and salaries.

Such liability is extended to employees of a German based employer in cases where the employee is detached abroad for a limited period of time, or for a special project, defined in advance.

Similarly, are excluded from such liability employees of a foreign based employer who are detached to Germany for a limited period of time, of up to 60 months, or for a special project, defined in advance. As this exclusion may be of considerable interest for all foreign companies wishing to expand their business to Germany, this subject is dealt in more detail on the page EXPATRIATES.

In addition, contributions to the obligatory accident insurance are due; the amount is determined by the expenses of the insurer in the preceding year, and depends on the risk of the individual enterprise (obviously lowest for administrative, white collar jobs, and considerably higher in the mining / quarry or construction industry). Small enterprises have to contribute rather nominal premiums to a special insurance for the payment of sick leave and maternity leave.