



Global Tax Update

Germany

Deloitte Tohmatsu Tax Co.

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At a glance: Important information as of 1 January 2016 relevant for employers

This year we miss the highlight of changes in the area of the wage tax and the social security right. A huge number of smaller changes should be noted. In this article, you will find the most important changes you need to know for the current wage tax billing.

(1) Changes in income tax law

1) ELStAM-Procedure

- Tax allowance can be applied for the period of 2 years
- All procedures work for registered partnerships
- Increase of the basic tax-free allowance

2) Travel expenses

- Foreign travel allowances have changed as of 1 January 2016
- The rules regarding attestation "M" are extended until the end of 2017
- Benefits in kind values apply, corresponding with those for social insurance purposes for

breakfast	EUR 1.67
lunch/dinner	EUR 3.10

3) Benefits in kind

Benefits in kind up to EUR 44.00 monthly continue to be income taxfree. If this limit is exceeded, the entire value of the benefit in kind will be subject to income tax. Flat-rate taxed benefits in kind are not to be included.

4) Company events

The previous tax exemption limit has been changed to a tax exempt amount of EUR 110,00 per person / maximum two events / all additional costs (room rent, family members) have to be included / exceeding amounts are taxable for wage taxes (flat-rate-tax is possible).

In this regard a new letter of the Federal Ministry of Finance tightens VAT regulations: for events costing more than EUR 110.00 per person input tax will not be deductible!

(2) Changes in social insurance law

1) Contribution rates of social insurance:

Health insurance	14.60 % (ER 7.3 %, EE 7.3 %)
Nursing care insurance	2.35 % (additional fee for childless 0.25 %)
Statutory pension insurance	8.70 %
Unemployment insurance	3.00 %
Statutory insolvency insurance	0.12 %
Additional health insurance	depends on health insurance company (borne by EE)
Average additional health insurance	1.1 %
For self-employed artists/journalists (Künstlersozialkasse)	5.20 %

2) Social insurance contribution ceilings:

➤ Health- and nursing care insurance for all Federal States

Health- and nursing care insurance for all Federal States	EUR 4,237.50 monthly EUR 50,850.00 annually
Yearly statutory remuneration ceiling	EUR 56,250.00
Special yearly statutory remuneration ceiling	EUR 50,850.00

➤ Pension and unemployment insurance

	monthly	annually
Old Federal States	EUR 6,200.00	EUR 74,400.00
New Federal States	EUR 5,400.00	EUR 64,800.00

3) Subsidies to the health- and nursing care insurance:

Members of private health insurance funds	half of contribution; maximum
Health insurance	EUR 309.34
Nursing care insurance	EUR 49.79

- The maximum limit for earnings of persons in marginal employments amounts to EUR 450.00. These "Minijobs" are insured in the statutory pension insurance, an exemption is possible. Marginal and temporary employees are obliged to disclose further marginal and/or temporary employments.
- Temporary employment occurs when employment does not exceed 3 months or 70 days.
- For low-income earners the limit remains unchanged at EUR 325.00.
The employer must also bear the surcharge in the nursing care insurance for childless persons.

➤ Monthly monetary value of benefits in kind

Free accommodation	EUR 223.00
Meals (total)	EUR 236.00
Breakfast	EUR 50.00
Lunch/or dinner resp.	EUR 93.00

4) Due date of data transfer of statements of contributions paid and of payments of total social insurance contribution amounts (fixed by law):

Month	5th last bank business day (data transfer)	3rd last bank business day (payment)
Jan.	25	27
Feb.	23	25
Mar.	23	29
Apr.	25	29
May.	25 (24)	27
June.	24	28
July	25	27
Aug.	25	29
Sept.	26	28
Oct.	25 (24)	27 (26)
Nov.	24	28
Dec.	23	28

When health insurance companies are charging or raising the **additional health insurance rate** there is a special right of cancellation. The binding period after a change remains unchanged.

(3) Miscellaneous

1) Certificate of incapacity

New form (incl. copy for employee), certificate also valid when receiving sickness benefit and abolition of "withdrawal slip" (Auszahlungsschein)

2) Parental leave / parents money plus

- Parental leave can be split into three segments (up to the age of 8 of the child)
- The claim for split up of the parental leave will be transferred to new employers
- Parents money plus prolongs the payment of parent money during part-time-work

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