



GERMANY



Hire international talent in
Germany



EMERALDTECHNOLOGY



Employment details in Germany

To start growing your team in Germany, you must establish a local entity, including an account with a local bank, a local office and an address registered as a subsidiary. This allows you to manage payroll, tax, benefits and compliance for your employees, but can take several months.

Emerald Technology can hire and payroll your workers, quickly and compliantly with their ready to go entity. So no more worrying about compliantly managing your international payroll. We handle everything in over 150 countries.

Make growing your team simple with Emerald as a global partner.



Currency
EURO (EUR)



Employer Costs
Estimated 22% of employee's salary



Onboarding
48 hours with Emerald Technology



Payroll Cycle
Monthly



Employer Costs

Accident Insurance

Payable by the employer at a rate of 2% of an employee's income. This can vary depending on the industry and risk.

Care Insurance

A contribution of 1.525% by both the employer and employee.

Insolvency Contribution

A contribution payable by the employer at a rate of 0.06%.

Maternity Leave

A contribution of payable by the employer at a rate of between 0.14% and 0.88%.

Pension Insurance

A contribution of 9.3% each by both the employer and employee.

Public Health Insurance

A contribution of 7.9% each by both the employer and the employee.

Unemployment Insurance

A contribution of 1.2% by both the employer and employee

Benefits

Mandatory

German employers are required to offer the following benefits to all full-time employees.

- Accident Insurance
- Long-Term Care
- National Health Insurance
- Pension Fund
- Unemployment Fund



Additional

Some employers like to offer additional benefits to improve employee retention and satisfaction.

- Annual Leave
- Flexible hours and hybrid working
- Life Insurance
- Company Pension Scheme
- Discounts

Employment

Contract

Producing a contract of employment in Germany when recruiting is a legal requirement. The contract must be in English or German.

Creating a strong contract will help pacify any compliance concerns. An employer must provide the following in a contract:

- Name (Employee and Employer)
- Employee date of birth
- Address of Employer
- Start Date + End Date (if applicable)
- Place of work
- Job title and description
- Salary
- Payment date and schedule
- Working hours
- Annual holidays
- Notice periods
- Absence procedure
- Confidentiality + return of property
- Data protection

Probation Period

A probation period allows both an employer and employee to evaluate the employment match. The probation period is typically between two and six months and may not exceed six months.

**Emerald Technology can create a
compliant contract in Germany in 24 hours.**



Insurance

Healthcare

The majority of German citizens and residents are enrolled into the German healthcare system run by the public health insurance scheme, which is funded by taxpayers' national contributions. This means that everyone has access to high quality, affordable healthcare regardless of income.

Under German law, all legal residents in Germany must have health insurance coverage. Germany's health insurance system is divided into statutory health insurance (Gesetzliche Krankenversicherung) and private health insurance (Private Krankenversicherung). The type of insurance an employee is entitled to depends on salary.

Social Security

The German social security system (Sozialversicherungssystem) is funded through compulsory contributions paid by employers and employees and is made up of five statutory contributions;

- Accident Insurance
- Health Insurance (Public Healthcare, Maternity + Sick Pay)
- Long-term nursing care
- Pension Insurance
- Unemployment Insurance

Leave Policy

Maternity Leave

Expectant mothers in Germany are entitled to 14 weeks of maternity leave (Mutterschutz). Of these, 6 weeks must be taken before the due date and 8 weeks after giving birth. In some work places the expectant mother is not allowed to work at all in order to protect the unborn baby.

Mothers are entitled to maternity benefit (Mutterschaftsgeld). The amount a mother maybe entitled to depends on her

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earnings before maternity leave (last 3 months) and health insurance cover. The health insurance pays €13 per day during the period and the employer will contribute the difference to the amount of the average net salary based on the previous three months. The employer can then be reimbursed for the contribution by the health insurance provider. However, the amount the mother receives can vary depending on their health insurance cover.

Paternity Leave

Fathers may apply for parental leave (Elternzeit). The allowance will not be received from the employer, the employee will need to apply for this from the government.

Sickness Leave

If an employee is unable to work due to illness, they are required to provide their employer with a sick note from a health professional such as a doctor.

The employer will pay the salary until the employee reaches the end of the 6th week of absence for the same illness within a 6 month period. After this the employee will need to apply for financial support from their health insurance.

Onboarding

Details

As the legal employer, Emerald Technology requires the following employee documents to ensure complete compliance:

- ID/Passport
- Proof of right to work
- Health Insurance certification
- CV
- Education certification

Emerald Technology can onboard employees in Germany within 48 hours.



Resignation and Dismissal

Details

An employee may unilaterally terminate their employment by providing written notice to their employer.

| Employment Length | Notice Period |
|-------------------|---|
| Within 4 years | 4 weeks |
| 5 - 7 years | 2 months |
| 8 - 9 years | 3 months |
| 10 - 14 years | For every 2 years, the notice period increases by 1 month |
| 15 - 19 years | 6 months |
| 20+ years | 7 months |

In Germany, there is no at-will termination for employers, so dismissals can be complex. After a probation period ends, employees are protected by the Termination Protection act, which means they can only be terminated for one of the following reasons:

- Voluntary dismissal
- Mutual Agreement
- Unilaterally based on Personal, Gross Misconduct or Business Requirements

If they believe the termination to be unfair, the dismissed employee has the option to challenge the dismissal in court and claim continued employment.

Severance

There is no legal requirement for statutory severance pay in Germany. However, it is best practice to offer severance to employees that have worked over 6 months.



Statutory Time Off

Annual Leave

Full-time employees in Germany are entitled to a statutory minimum of 20 days of paid holiday per year, based on a five-day working week, or 25 based on a six-day working week. Annual leave is calculated on a pro rata basis for part-time employees.

Public Holidays

Public holidays can vary depending on the region in Germany. There are 15 public holidays observed in all German states.

- New Year's Day
- Good Friday
- Easter Monday
- Labour Day
- Ascension
- Whit Monday
- Day of German Unity
- Christmas
- Second Day of Christmas

Work, Pay and Taxes

Minimum Wage

The German minimum wage is €12 per hour.

Working Time and Overtime

The average working week in Germany is between 36 and 40 hours. Most full time jobs in Germany are 7 to 8 hours per day, 5 days per week. Some companies may operate a longer working week with overtime but compensate their employees with a higher salary or additional annual holiday leave.

Employees working more than 6 hours are entitled to a 30 minute break. Employees must be given at least 11 hours of resting time between two working days.

Under the German Act on Working Time (Arbeitszeitgesetz), an employee's working time is limited to a maximum of eight hours per working day and 48-hours per week. Daily hours can be increased to a maximum of 10. However, throughout a period of 6 months, the average daily working hours must be 8 hours.



Salary Payments

Employees in Germany must be paid at least monthly and usually this takes place around the 25th of the month.

Some employers may pay a 13th monthly salary, which is usually either transferred in December or split equally between July and December.

Bonus

Employers are not required to provide employees a bonus. Any bonuses offered are at the employer's discretion.

Income Tax

The German tax year runs from January to December. It is the employer's responsibility to ensure taxes are deducted from an employee's salary ahead of payment.

Below is a list of tax thresholds for employees. These can vary depending on an individual's circumstances and which of the six tax classes they fall into. Employees can check their tax class on their payslip under StKI (Steuerklasse).

| Salary | Tax Percentage |
|--------------------|----------------|
| €0 - €9,984 | 0% |
| €9,984 - €54,596 | 14% - 42% |
| €58,597 - €277,825 | 42% |
| €277,826+ | 45% |

Additionally, some employees who meet a certain income tax obligation must also pay a 5.5% solidarity surcharge.

Discover how Emerald Technology can grow your international workforce risk-free.

Emerald is a global expansion partner, supporting B2B tech companies hire, onboard and payroll remotely across 150 countries. Handling local payroll, taxes, benefits and compliance in every region you want to expand your workforce.

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