

Recruiting a new employee

This information leaflet provides you with an overview of the regulations to be observed when recruiting a new employee. If you have any further questions, please contact our staff in your Specialists Centre Mitgliedschaft und Beiträge (Membership and Contributions) who will be glad to be of assistance.

Inhaltsverzeichnis

1. General information	1
2. Employees' insurance obligation	1
3. Notification	2
4. Calculation of contributions	2
4.1 Remuneration	2
4.1.1 Social security contribution assessment ceiling	2
4.2 Contribution period	3
4.2.1 One-off payments	3
4.3 Contribution rate	3
4.4 Calculation	3
4.4.1 Pension and unemployment insurance	3
4.4.2 Health insurance	4
4.4.3 Long-term care insurance	4
4.5 Contributions in the low income sector	4
4.6 Contributions for people in marginal employment	4
5. Contributions record	4
6. Due date for contributions	5
7. Insurance for Continued Payment of Remuneration	5

1. General information

As an employer, you have to fulfil a large number of tasks. For instance, when recruiting a new employee you have to assess their liability to or their exemption from social insurance. You also have to determine the remuneration subject to contributions, calculate the contributions, compile a contributions record and collect the employee's share of the contributions. Furthermore, you have to pay the total amount of social insurance contributions to the health insurance fund, i.e. the contributions to health, long-term care, pension, and unemployment insurance.

The health insurance fund transfers the contributions to the different insurance institutions. Your only contact as the employer is usually with the health insurance fund or the Knappschaft Bahn-See (German Statutory Pension Insurance Scheme Craft Guild-Rail-Marine) in case of people in marginal employment.

2. Employees' insurance obligation

One of the reasons for mandatory social insurance of employees is their need for social protection. This is based on the fact that employees secure their livelihood by

working. Without social security, they would be without income in the event of illness, inability to work, or unemployment and might experience economic difficulties or even poverty.

Insurance obligation means that insurance coverage is “compulsory” regardless of the intention of those involved if defined legal conditions apply. This insurance obligation even applies if the employer and employee agree that they do not want any social security and possibly have a relevant written consent. Such agreements are deemed null and void and are, therefore, ineffective.

The provisions of compulsory social insurance apply equally for health, long-term care, pension, and unemployment insurance.

3. Notification

You are obliged to notify the health insurance fund with the next pay statement, at the **latest within 6 weeks** of the beginning of employment, of each employee who is subject to compulsory insurance in at least one section of social insurance (e. g. only pension insurance). This also applies to people in marginal employment.

Notification and records of contributions are to be submitted via data transfer. This can either be done from tested and approved payroll software or by means of approved electronic fill-in assistance.

To this end, health insurance funds have developed the software SV-Meldeportal. Further information about SV-Meldeportal is included in the relevant information leaflet available online at firmenkunden.tk.de, **search code 2157898**. Unfortunately, this information is currently only available in German.

Personal accident insurance: When registering new employees, you also have to notify the relevant employers' liability insurance association in order to secure membership for statutory accident insurance.

As part of the social security system, this insures the prevention of occupational diseases, accident compensation, rehabilitation measures and financial security for the family.

4. Calculation of contributions

You need three factors to calculate contributions to social insurance for employees covered by compulsory insurance:

- remuneration,
- period of time
- and contribution rate.

4.1 Remuneration

Current remuneration is defined as the income paid to the employee for work done within the payroll period. A payroll period is normally the calendar month. In fact, payroll periods different from calendar months hardly have any significance any more.

4.1.1 Social security contribution assessment ceiling

Remuneration is used to calculate contributions only up to social security contribution assessment ceiling. The annual social security contribution assessment ceilings for health and long-term care insurance as well as for pension and unemployment insurance are published by the Federal Ministry of Labour and Social Affairs.

We have included the current monthly and annual amounts in an overview at the end of this information leaflet. The social security contribution assessment ceiling for partial months is calculated based on the annual

social security contribution assessment ceiling.

4.2 Contribution period

As a rule, contributions are due for the whole period of employment subject to compulsory insurance. The current remuneration has generally to be assigned to the payroll period in which it was earned.

4.2.1 One-off payments

All other income is defined as one-off income, i.e. income which is not paid for work in a particular payroll period but for a specific purpose. This includes, for instance, Christmas bonuses or long-service awards. Special features concerning time-wise assignment of one-off payments are included in detail in the information leaflet "Einmalzahlungen" [One-off payments] which is available online at [firmenkunden.tk.de](https://www.firmenkunden.tk.de), **search code 2031414**. Unfortunately, this information is currently only available in German.

4.3 Contribution rate

After you have determined the basic value, i. e. the remuneration, as well as the period of time, you have to use the relevant contribution rate.

Long-term care, pension and unemployment insurance each have a statutory contribution rate. Members without children are obliged to pay a supplementary contribution of 0.6 per cent to long-term care insurance after the age of 23. Insurees with two or more children under the age of 25 receive financial assistance. You will find more information in German on this at [firmenkunden.tk.de](https://www.firmenkunden.tk.de), **search code 2149454**. Unfortunately, this information is currently only available in German.

Since 2009, the general and reduced national contribution rates for health insurance have been determined by the German Federal

Government for all health insurance funds. With effect from 2015, health insurance funds have been entitled to charge an income-related contribution rate.

Since 2015, the general contribution rate amounts to **14.6 per cent** and the reduced contribution rate to **14.0 per cent**.

For most employees you calculate the contributions in relation to the general contribution rate. This applies to all employees who you continue to pay for at least 6 weeks in case of illness.

You use the general contribution rate to calculate the contribution even if the employee is not entitled to continued payment of remuneration until after four weeks of employment.

The respective additional contribution rate is added to the contribution rates mentioned above. The **TK-specific contribution rate** amounts to **2.45 per cent**.

4.4 Calculation

You can start with the actual calculation after all factors for calculating the contribution have been determined.

4.4.1 Pension and unemployment insurance

Multiply the remuneration subject to contribution (if applicable, reduced to the social security contribution assessment ceiling) by half of the respective contribution rate. In 2025, this amounts to **18.6 per cent** for **pension insurance** and **2.6 per cent** for **unemployment insurance**. You have thus determined the employer's contribution. The employer's contribution is identical to the employee's contribution in these two sections of social insurance.

The total contribution is determined by doubling the employer's contribution. If you only have to pay the employer's contribution to pension or unemployment insurance, e.g. in

case of old-age pensioners, the amount is not doubled.

4.4.2 Health insurance

The contributions calculated from the general or reduced contribution rate are determined in the same way as the method described for pension and unemployment insurance for employees subject to compulsory insurance.

For voluntarily insured employees, the total contribution is calculated on the basis of the product of the income liable to contribution (limited to the social security contribution assessment ceiling) plus the full general or reduced contribution rate. However, your contribution is calculated on the basis of the remuneration liable to contribution plus half of the general or reduced contribution rate.

4.4.3 Long-term care insurance

For long-term care insurance, you also multiply the remuneration subject to contribution (if applicable, reduced to the social security contribution assessment ceiling) by half of the valid contribution rate (**since January 2025: 3.6 per cent**). Employer's and employee's contributions are again identical. Members without children, however, are obliged to pay a supplementary contribution of **0.6 per cent** to long-term care insurance after the age of 23. This is paid by the employee only, i. e. there is no employer's share.

Insurees with **2 or more children** receive financial assistance. The deduction for families with more than 1 children **under the age of 25** only affects the employee's share, not the employer's share.

You will find more information in German on this at firmenkunden.tk.de, **search number 2149454**.

4.5 Contributions in the low income sector

Another feature applies in the so-called low-income sector. If your employee regularly earns between **EUR 556,01 and EUR 2,000**, you do not calculate the contributions on the basis of the actual earnings but according to a specific conversion formula. The employee's contribution is thus reduced. This measure is intended to motivate employees to accept lower-paying jobs.

For detailed information, please see our information leaflet "Beitragsberechnung im Übergangsbereich" (Calculation of contribution in the low-income sector) which can be downloaded at firmenkunden.tk.de, **search code 2031420**. Unfortunately, this information is currently only available in German.

4.6 Contributions for people in marginal employment

As the employer, you have to pay flat-rate contributions to health and pension insurance amounting to **13 per cent and 15 per cent**, respectively, for employees that are exempt from insurance due to their marginal pay. Please download our information leaflet "Geringfügige Beschäftigungen" [Marginal employment] at firmenkunden.tk.de, **search number 2031418**. Unfortunately, this information is currently only available in German.

5. Contributions record

Please send an electronically generated record of the total social insurance contributions to be paid for each payroll period via data transfer to the health insurance fund.

Make sure to indicate in this record whether the contributions are assigned to the legal administrative district West or East. The health insurance fund must have received the

contribution record two bank working days prior to the due date of the contributions at the latest.

If there is no change in contributions for your employees over a period of several months (e.g. if you have only one employee who receives a remuneration that remains steady), you may tick the box "Dauerbeitragsnachweis" (Permanent contribution record). This contribution record will remain valid until you submit a new record (e.g. because of a pay increase or a rise in contribution rates).

Please see our information leaflet "Beitragsnachweis" (Contribution record) for detailed information available online at firmenkunden.tk.de, search code 2032950. Unfortunately, this information is currently only available in German.

6. Due date for contributions

The total amount of social insurance contributions is uniformly due on the third last bank working day of the current month.

To determine the third last bank working day, use the weekdays from Monday to Friday. Weekends and bank holidays remain unconsidered. Neither Christmas Eve nor New Year's Eve are bank working days. For holidays that are not national German bank holidays the regulations in place at the residence of the collecting agency, i. e. the health insurance fund, apply.

The due dates for the current year are also included in an overview at firmenkunden.tk.de, search code 2034048. Unfortunately, this information is currently only available in German.

Contributions to voluntary health insurance (including the related additional contributions) are due on the 15th of the following month. If the 15th is on a weekend or a bank holiday,

the contributions are deemed paid on time if they are received on the first subsequent working day.

7. Insurance for Continued Payment of Remuneration

As an employer you incur costs if an employee is out of work because of illness or a pregnant employee starts her maternity leave. You will be reimbursed in part for these expenses for **inability to work (U1) and maternity leave (U2)** by the insurance for Continued Payment of Remuneration.

The insurance for Continued Payment of Remuneration is compulsory. You participate in U1 if you regularly employ **no more** than 30 employees. Irrespective of the size of the company all employers always participate in U2. This also applies to companies that do not employ female staff. You do not include some employee groups (e. g. apprentices/trainees) to determine the number of employees. Add part-time employees proportionately within the scope of the weekly working time.

Apportioned contributions are raised for the costs of the insurance for Continued Payment of Remuneration. The health insurance funds fix those in the statutes in percentages.

As a rule, the basic value for the contributions to insurance for Continued Payment of Remuneration is the remuneration subject to pension insurance contribution. Please also state this remuneration in your annual notification. If the employee is not subject to compulsory pension insurance use the remuneration that would be subject to compulsory pension insurance should the insurance obligation apply.

Exception: You do not have to pay contributions to the insurance for Continued Payment of Remuneration for one-off payments (neither are these reimbursed).