

# TAX INFORMATION FOR EMPLOYEES

**Dear clients,**

At the beginning of the year, we would like to inform you about current changes to the topic of wages in 2021.

## 1. Due dates of contributions in payroll accounting

2021	Proof of contribution (Fifth last banking day a month at 0.00 am)	Payment of contributions (Third last banking day a month)
January	25.01.2021	27.01.2021
February	22.02.2021	24.02.2021
March	25.03.2021	29.03.2021
April	26.04.2021	28.04.2021
May	25.05.2021	27.05.2021
June	24.06.2021	28.06.2021
July	26.07.2021	28.07.2021
August	25.08.2021	27.08.2021
September	24.09.2021	28.09.2021
October	25.10.2021	27.10.2021
November	24.11.2021	26.11.2021
December	23.12.2021	28.12.2021

## 2. Contribution rates and assessment thresholds in social insurance

In the following lists you will find an overview of the most important social security calculation parameters for 2021:

### 2.1 Monthly contribution assessment limits

	West	East
Contribution assessment ceiling in the statutory health and long-term care insurance system	4.837,50 €	
Compulsory insurance limit in the statutory health/care insurance scheme	5.362,50 €	
Contribution assessment ceiling for general pension / unemployment insurance	7.100,00 €	6.700,00 €

## 2.2 Contribution assessment limits annually

	West	East
Contribution assessment ceiling in the statutory health and long-term care insurance system	58.050,00 €	
Compulsory insurance limit in the statutory health/care insurance scheme	64.350,00 €	
Contribution assessment ceiling for general pension / unemployment insurance	82.200,00 €	80.400,00 €

The calculation parameters in social insurance are adjusted every year to the development of income.

The aim of raising the contribution assessment limits in pension and unemployment insurance is to stabilize social security. Without such adjustments, insured persons would receive relatively lower pensions - despite rising wages. No contributions are levied on income above the assessment ceiling and no pension entitlements are acquired for this.

If a person insured in the statutory health and long-term care insurance has an income subject to social security contributions that is higher than the income limit for the assessment of contributions, no contributions are paid for the part above this limit. This prevents an additional burden on higher incomes. At the same time, a compulsorily insured person who earns above the compulsory insurance limit can leave the statutory insurance and opt for coverage through private health and long-term care insurance.

The following list shows the contribution rates that will be levied up to the contribution assessment limits listed in Table 2.2. in 2021:

### 2.3 Contribution rates

Health insurance	
Employee contribution	7,3%
Employer's contribution	7,3%
	14,6%

In addition, the employee and the employer pay the individual supplementary contribution on a parity basis (Ø 2021: 1.3%)

Long-term care insurance	
Employee contribution	1,525%
Employer's contribution	1,525%
	3,1%

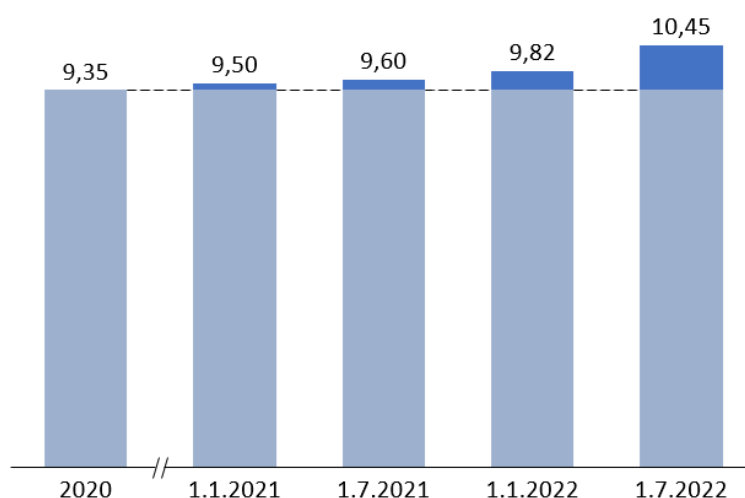
(Childless employees over the age of 23 pay an additional 0.25%)

Pension insurance	
Employee contribution	9,3%
Employer's contribution	9,3%
	18,6%

Unemployment insurance	
Employee contribution	1,2%
Employer's contribution	1,2%
	2,4%

### 3. Minimum wage

On 1 January 2021, the statutory minimum wage was raised by 15 cents to 9.50 euros. In three further steps, it will rise to 10.45 euros by 1 July 2022.



### 4. New regulations for the solidarity surcharge

Until 31 December 2020, employees had to pay a solidarity surcharge of 5.5% of the standard income tax. Within new legal regulations as of 01.01.2021, approximately 90% of the payers are to be completely relieved of the solidarity surcharge and 6.5% partially relieved.

Until 31 December 2020, an exemption limit of 972 euros (single assessment) or 1,944 euros (joint assessment for married couples) of the income tax to be assessed applied for tax class I or IV. Taxpayers only had to pay the solidarity surcharge if these exemption limits were exceeded. These exemption limits increased to 16,956 euros and 33,912 euros respectively as of 01.01.2021. Following this exemption limit, the solidarity surcharge rate slowly increases in a so-called transitional area up to the full amount of 5.5%. If the exemption limit is exceeded due to a one-time payment, 5.5% of the income tax due on this other payment is immediately levied as solidarity surcharge.

## 5. Increase of the distance allowance independent of means of transport

Employees can use the travel allowance, which does not depend on the means of transport, to offset expenses for

- Journeys from the home to the 1st place of work and
- Family home journeys within the framework of double housekeeping

as income-related expenses in their income tax return. Until 31 December 2020, € 0.30 per kilometer could be claimed. As of 01.01.2021, this will change as follows:

Each full kilometer of the first 20 kilometers of the distance between home and the first place of work can be assessed at € 0.30 and each further full kilometer at € 0.35. This applies initially for the years 2021 to 2023 and is limited to a total of € 4,500 per calendar year. The deductible expenses for journeys home are calculated in the same way, whereby the distance between one's own home and the place of the first place of work is decisive.

## 6. Current rates for additional subsistence expenses

There are no changes to the per diems for meals for work-related travel within the Federal Republic of Germany for 2021. The flat rates apply as in 2020:

One-day business trip lasting 8 hours or more:	14 euros
Business trip lasting several days (day of arrival and departure):	14 euros each
Business trip lasting several days (full intermediate day):	28 euros each

The flat rate for overnight stays for domestic business trips also remains unchanged. As in 2020, this amounts to 20 euros per overnight stay.

While there are no changes to note for trips within Germany, there have been changes for trips abroad. For example, for additional subsistence expenses and accommodation costs for trips to the following countries (in extracts): China, Ireland, Korea, Romania, Switzerland. You can view the individual adjustments in detail on the [Homepage](#) of the Federal Ministry of Finance.

## 7. Current non-cash remuneration values

### Non-cash remuneration values for free meals

	Breakfast	Lunch	Dinner
Daily	1,83 €	3,47 €	3,47 €
Monthly	55,00 €	104,00 €	104,00 €

### Non-cash remuneration values for the free or reduced-price provision of living space

**Monthly 237,00 €**

**Important:** If an employee lives alone in a flat, the local comparative rent is to be applied.

## 8. Home office flat rate

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As in the previous year, a lump sum of 5 euros - up to a maximum of 600 euros per year - can be deducted from taxable income in 2021 for each day on which a business or professional activity is pursued exclusively from home. In the absence of journeys between home and place of activity, a deduction of travel expenses (by means of a distance allowance or travel expenses) is not possible on these days. The home office lump sum can be deducted both if the requirements for a home office are not met (e.g. work at the kitchen table) and if the requirements are met and the individual determination of the expenses is waived. It should be noted that the home office lump sum is a component of the lump sum for income-related expenses (employee lump sum) of 1,000 euros. Accordingly, it only leads to additional relief if the employee lump sum is exceeded with further income-related expenses.

## 9. Short-time allowance

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As the effects of the Corona pandemic progressed, the special regulations on short-time allowances were extended at the end of November 2020. These are now to apply until the end of 2021:

Workers who acquire an entitlement to short-time allowance (KUG) by the end of March 2021 are thus to continue to receive short-time allowance amounting to 70 percent of their pay from the fourth month of receipt. For workers with children, the KUG will increase to 77 percent. From the seventh month of receipt of KUG, the rate increases to 80 or 87 percent.

The other special rules on short-time work will also be extended:

- The period of entitlement is extended to 24 months, provided that the company has started short-time work by 31 December 2020.
- Temporary agency workers can also receive short-time allowance, provided that the temporary employment agency has started short-time work by 31 March 2021.
- Social security contributions are fully reimbursed during short-time work until 30 June 2021. From 1 July 2021 to 31 December 2021, social security contributions will be reimbursed at 50 percent if the short-time work started by 30 June 2021.
- Marginal employment up to 450 euros (mini-jobs) will generally remain exempt until the end of 2021.

Previously, it was planned to phase out the special regulations by the end of 2020. With the [package of measures adopted](#) the federal government intends to create reliable framework conditions for workers and employers in 2021 as well.

### **Hint:**

Please inform your employees that they are obliged to file an income tax return if they have received tax-free wage replacement benefits such as short-time allowance.

Please feel free to contact us if you have any further questions on the above topics.

We look forward to continue our successful cooperation!

**Your PKF Team**