



# Germany

Reporting the remuneration of national civil servants for A65 purposes

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## 1 Executive summary

### 1.1 Background information on remuneration system

Most public sector employment in Germany is concentrated in the regional administrations (“Länder”).

Approximately one third of all staff are civil servants with statutory status (“Beamte”), and two thirds are civil servants employed on a contractual basis (“Angestellte” / “Arbeiter”).

Around 15 400 “Beamte” working in central government are taken into account for A65 purposes (cf. SRQ 2015).

The “Beamte” enjoy lifelong employment but are exempt from collective bargaining and have no right to strike. They have traditionally had a non-contributory pension scheme and other social benefits. This privilege is implicitly taken into account when determining the salaries of the officials.

The remuneration of civil servants of the central government is governed by the 1975 Civil Servants’ Remuneration Act “Bundesbesoldungsgesetz” (BBesG) which is periodically revised.

A draft bill for pay increase to civil servants with statutory status ( Bundesbesoldungs- und -versorgungsanpassungsgesetz) is usually submitted to the German Parliament, but only once a collective bargaining agreement is reached for civil servants employed on a contractual basis. The draft bill normally covers the same time period as the collective agreement for civil servants employed on a contractual basis.

Under §193 of the 2007 Insurance Contract Act “Versicherungsvertragsgesetz” (VVG), health insurance is mandatory from 2008 (for new policies) and 2009 (otherwise), including civil servants with statutory status.

- Under the 2007 Social Health Insurance Competition Strengthening Act “Gesetzlichen Krankenversicherung-Wettbewerbsstärkungsgesetz” (GKV-WSG) private insurers can offer various policies, but since 2009 they are required to offer a basic benefit package (“Basistarif”) which gives equivalent cover to the state scheme.

- The state scheme is priced according to income but covers the whole family. The “*Basistarif*” is a fixed price for everybody. Private schemes are priced according to risk profile and payable for each family member. It can nevertheless be cheaper to take out a private policy.
- From the “*Basistarif*” as well as from private schemes amounts should be deducted the “*Beihilfen*” covered by employer (single/married with not more than one child: 50%, single/married with two children and more: 70%).

The following remuneration components are included for A65 purposes for Germany:

- basic salary (“*Grundgehalt*”);
- family allowance (“*Familienzuschlag*”);
- special Ministry allowance (“*Ministerialzulage*”) (not modified since 1975);
- child allowance (“*Kindergeld/Kinderfreibetrag*”)

The following deductions are taken into account for A65 purposes for Germany:

- income tax (“*Steuern (Lohnsteuer, Solidaritätszuschlag)*”);
- medical insurance (“*Krankenversicherung*”) – at “*Basistarif*”;
- long term health care insurance (“*Pflegeversicherung*”);

NB. There is no pension contribution for “*Beamte*”;

## ***1.2 Evolution of remuneration since 2012***

The legislation determining the salaries of civil servants with statutory status, the “*BundesBesoldungs- und -VersorgungsAnpassungsGesetz*” (*BBVAnpG*), has been adapted regularly, the last adaptation taken into account in this manual dates from in 17 November 2015 ([http://www.gesetze-im-internet.de/bbesq/\\_14.html](http://www.gesetze-im-internet.de/bbesq/_14.html))

These adaptations led to the following increases in the salaries of civil servants with statutory status:

- From 01.03.2015: +2.2%
- From 01.03.2014: +2.8%;
- From 01.08.2013: +1.2%;
- From 01.01.2013: +1.2%;

Net salaries of civil servants were also modified by

- changes to tax deductions (tax free allowance increased)
- changes for health insurance “*Basistarif*”:

## **2 Background information on national civil service**

### ***2.1 System of government and regional organization***

Germany is a federal parliamentary republic made up of sixteen states (Bundesländer). The capital is Berlin.€

Executive Power is invested in the Chancellor and federal ministers. The Head of State is the President of the Republic, who essentially has powers of representation and is characterized by his/her neutrality in Government policy. The Chancellor is elected by the parliament (Bundestag), and is normally the leader of the party that obtained the majority vote in this chamber.

The first territorial administration is the federal administration and the second level is the state administration in the Länder. Each Land has a constitution and its own legislative, executive and judicial bodies and is self-organized.

## ***2.2 Public Administration***

The Basic Law (Grundgesetz) determines legal and executive competences of central government and of the regional governments of the Länder. Central government and Länder have their own national public administration, each of them employing civil servants.

For the purpose of the Article 65 reporting only the civil servants of the central government are of interest.

These federal civil servants are governed by the Bundesbeamtengesetz (Bundesbeamtengesetz, 2009). Administration staff can be divided into the following categories:

- Civil servants: They belong to the career-based system and generally hold posts in the traditional administration (management, police, education).
- Employees and Workers: They have positions under an employment contract but their status in fact gives them the same security.

Civil servants exist also in the different Länder. Their employment conditions and salaries are governed by legislation of the Länder. Reporting of salaries of civil servants under the Article 65 exercise covers only the civil servants of the federal government. Salaries of Civil servants of the Länder are not taken into account in this reporting and are therefore not further described in this manual.

## ***2.3 Categories/Payment of public civil service employees***

The following is taken from (Federal Ministry of the Interior, 2009), p.77ff.

### **2.3.1 Legal basis**

The remuneration of civil servants, judges and military personnel is governed by the Federal Civil Servants' Remuneration Act (Bundesbesoldungsgesetz, 2009). The Länder have own remuneration acts for their own civil servants.

The basis for remuneration is the "maintenance principle" which is one of the constitutional principles of the professional civil service (Article 33(5) of the Basic Law). This means that the employer is obliged to provide maintenance commensurate to the office assigned if active civil servants become disabled or reach retirement age. Remuneration is intended to ensure that civil servants are able to devote themselves entirely to their duties. Only an economically independent civil service is able to fulfil its constitutional functions. Unlike employees, civil servants are not paid for individual work done but compensated for their service as a whole, i.e. for making their entire

working capacity available to the state and carrying out their duties to the best of their ability. However, legislation does provide considerable scope in determining which remuneration is suitable. In this respect, the maintenance principle sets a general standard which is to be individually adapted to current needs.

### **2.3.2 Elements of remuneration**

Remuneration, which is paid monthly in advance, consists primarily of the basic salary. It is supplemented by the family allowance and other allowances, if applicable. Performance bonuses and performance allowances as well as special allowances may also be paid depending on the labour market situation. Additional expatriation allowances apply to assignments abroad. Further, capital-forming benefits are paid.

#### **Basic salary**

The basic salary is the main element of remuneration. It is based on the pay grade of the assigned office. It is therefore not a matter of which function the civil servant actually performs, but of the pay grade of the assigned office. The offices and pay grades are specified in the federal pay scales. There are four pay scales. Pay scales A and B govern the remuneration of civil servants and military personnel, pay scale W that of professors and lecturers at higher education institutions, and pay scale R governs the remuneration of judges and public prosecutors. Salaries in pay grades A 2 to A 16 are incremental, salaries in pay grades B 1 to B 11 fixed. Pay scale B applies to outstanding positions such as state secretaries, directors-general, directors, heads of division, presidents of higher federal authorities, and generals. Pay scale R contains both incremental and fixed salaries (pay grades R 1 and R 2 incremental, R 3 to R 10 fixed salaries).

For the purpose of the Art65 exercise, only the scale A and B are of importance. The pay scale B is only important for the category AD. Most of scale A covers both AD and AST.

Pay scale A assigns the following pay grades to the different career paths for civil servants:

- Ordinary service (“einfacher Dienst”): pay grades A 2 to A 6
- intermediate service (“mittlerer Dienst”): pay grades A 6 to A 9
- higher intermediate service (“gehobener Dienst”): pay grades A 9 to A 13
- higher service (“höherer Dienst”): pay grades A 13 to A 16

The highest grade of a lower career path is usually the starting grade of the next highest career path. In contrast to fixed salaries, with incremental salaries the basic salary within a certain pay grade is measured in steps. Progression is achieved through step increases within certain periods of service (experience periods) subject to satisfactory performance. If performance is not satisfactory, the civil servant may remain at the previous step of the basic salary. Experience periods – starting with two years, later three and four years – take into account the fact that experience is gained more rapidly at the beginning of a career. Civil servants who have professional experience inside and outside the public service and additional qualifications may start their service at a higher step.

If performance is permanently outstanding, the civil servant may be paid the basic salary of the next step in pay scale A until this step is reached (performance step). The early basic salary increase is irrevocable. Each year, up to 15 percent of the civil servants and military personnel of pay scale A in employment on 1 January may progress to the next performance step.

The performance based pay described above came into effect as of 2009. The following pay table thus describes the pay for civil servants who joined the service after 2009. Older civil servants kept their salary via an intermediate pay table (“Besoldungstabelle Bund Überleitung”). This table is not described here.

**Table 1 Payment Table A (Bundesbesoldungsgesetz, 2009) Appendix IV, with the latest update as of 15/08/2012; payments as of 01/08/2013**

Payment level	Basic salary (€/month)							
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
A 2	1845.90	1889.03	1933.32	1966.51	2000.83	2035.14	2069.43	2103.74
A 3	1920.04	1965.41	2010.77	2047.30	2083.83	2120.33	2156.86	2193.37
A 4	1962.11	2016.31	2070.54	2113.70	2156.86	2200.02	2243.17	2283.02
A 5	1977.58	2045.08	2099.30	2152.43	2205.56	2259.79	2312.90	2364.91
A 6	2021.84	2100.43	2180.09	2240.96	2304.04	2364.91	2432.41	2491.07
A 7	2126.98	2196.70	2288.58	2382.62	2474.47	2567.43	2637.15	2706.86
A 8	2255.35	2339.46	2457.87	2577.39	2696.90	2779.89	2864.01	2947.01
A 9	2441.26	2524.27	2654.86	2787.65	2918.22	3006.77	3096.42	3183.83
A 10	2619.43	2733.42	2898.32	3062.09	3225.88	3339.88	3453.84	3567.85
A 11	2 971.12	3176.09	3344.30	3513.62	3629.81	3746.01	3862.21	3978.41
A 12	3223.69	3423.98	3625.39	3825.68	3965.13	4102.34	4240.68	4381.23
A 13	3780.31	3968.45	4155.47	4343.60	4473.08	4603.67	4733.13 4 677.01	4860.40
A 14	3887.67	4130.01	4373.48	4615.83	4782.92	4951.15	5118.25	5286.47
A 15	4751.96	4971.08	5138.17	5305.28	5472.39	5638.39	5804.38	5969.26
A 16	5242.19	5496.74	5689.28	5881.85	6073.30	6266.97	6459.52	6649.87



Table 2 Payment Table B (Bundesbesoldungsgesetz, 2009), Appendix IV, with the latest update as of 15/08/2012; payments as of 01/08/2013

Payment level	Basic salary (€/month)
B 1	5969.26
B 2	6934.27
B 3	7342.62
B 4	7769.78
B 5	8260.04
B 6	8725.94
B 7	9175.23
B 8	9645.55
B 9	10228.76
B 10	12040.35
B 11	12508.46

The most recent Payment Table can be found under: [http://www.gesetze-im-internet.de/bbesg/anlage\\_iv.html](http://www.gesetze-im-internet.de/bbesg/anlage_iv.html)

## ***2.4 - Relevant legislation***

See also the Bibliography at the end of the document. All legislative texts are in German.

Bundesbesoldungsgesetz: <http://www.gesetze-im-internet.de/bbesg/index.html>

Bundesbeamtengesetz: [http://www.gesetze-im-internet.de/bbg\\_2009/](http://www.gesetze-im-internet.de/bbg_2009/)

## **3 Number of employees**

### ***3.1 Reference population and definition of “civil servant”***

On 30.06.2011, there were 182 341 (Statistisches Bundesamt, 2012)[p28] civil servants and judges on federal level in Germany. Most statistics about the German civil service include judges and prosecutors. Art65 data supplied by Germany governs only the civil servants in the central government.

### ***3.2 - Allocation of national grades to AD/AST***

Germany maps the grades in the higher service levels of pay scale A and all grades of pay scale B to the AD grade of EU officials. For the European AST grades, all grades in the remaining levels of pay scale A are used. To avoid an overlap of the grade A13, it is only mapped to the AST category.

### 3.3 Coverage of sample

The sample covers the civil servants (*"Beamte"*) in Federal ministries. The statistics about staff numbers follow the staff appointment scheme (*"Stellenplan"*). The staff appointment scheme is published as part of the Federal budget.<sup>1</sup>

### 3.4 Table with time series of employee numbers from A65 SRQ

The table below summarises the actual data transmitted during 2004-2012 for total number of civil servants in central public administration.

Table 3 Total number of civil servants in central public administration for Art65 purposes

POPUL	2004	2005	2006	2007	2008	2009	2010	2011	2012
AD	5971	5581	5535	5610	5652	5719	5740	5879	6261
AST	8670	7326	7257	7196	6882	6881	6848	6734	7019
<b>Total</b>	<b>14641</b>	<b>12907</b>	<b>12792</b>	<b>12806</b>	<b>12534</b>	<b>12600</b>	<b>12588</b>	<b>12613</b>	<b>13280</b>

The sample covers 100% of the reported total number since 2005. In 2004, the sample numbers were 5607 ADs and 7440 ASTs, totalling 13047 for the sample.

## 4 Calculation of Gross Remuneration

Gross remuneration consists of several parts (Bundesbesoldungsgesetz, 2009), 1.§1.(2):

1. Basic salary (*"Grundgehalt"*);
2. Performance related pay (only for professors at federal universities)
3. Special Ministry allowance (*"Ministerialzulage"*);
4. Year end allowance (*"jährliche Sonderzuwendung"*) – integrated with basic salary since 2009
5. Family allowance (*"Familienzuschlag"*)
6. child allowance (*"Kindergeld/Kinderfreibetrag"*)
7. Expatriation allowances (expatriation bonus, expatriation child allowance, rent subsidy (Federal Ministry of the Interior, 2009), p.86)
8. Additional allowances<sup>2</sup>

The remuneration of civil servants is governed by the laws above, which are determined by the parliament.

### 4.1 Special ministry allowance

This allowance was frozen at its 1975 level. The following table shows the amounts for the different grades.

<sup>1</sup> The precise name in the Federal budget plan is *"Übersicht über die Planstellen der Beamtinnen und Beamten"*. For 2013, it can be found on page 83 of the budget plan at [http://www.bundshaushalt-info.de/fileadmin/de.bundshaushalt/content\\_de/dokumente/2013/soll/Haushaltsplan-2013.pdf](http://www.bundshaushalt-info.de/fileadmin/de.bundshaushalt/content_de/dokumente/2013/soll/Haushaltsplan-2013.pdf).

<sup>2</sup> Following all allowances is a daunting task. The appendix IX in (Bundesbesoldungsgesetz, 2009) which covers the amount (just the amount – not the reasons for them) of the different allowances has 6 pages. They are not taken into account for Art65 purposes, as they are deemed to be individual allowances.

Table 4 Monthly amount of special ministry allowance<sup>3</sup>

Grade	Amount (€/month)	Grade	Amount (€/month)
A2 – A5	72.48	A16, B2 – B4	292,66
A6 – A9	109.13	B5 – B7	355.51
A10 – A13	181.54	B8 – B10	423.91
A14 A15, B1	235.86	B11	552.76

This special ministry allowance is taken into account for Article 65 purposes.

## 4.2 Family allowance (*Familienzuschlag*)

The amount of the family allowance (= "married persons' allowance") depends on the family situation of the civil servant. It takes account of the additional burdens typically involved with having a family in comparison with single civil servants without children. It has two steps.

The allowance with step 1 is paid to married, widowed and divorced civil servants, where there is a duty of maintenance resulting from the marriage. It is also paid to other (non-married) civil servants when there is a duty to care for someone in their household (child, dependent person).

Step 2 consists of step 1 and an additional amount for each child. (Bundesbesoldungsgesetz, 2009), §40 and annex V.

For the 'model official' married with two children Step 2 applies with two children which have to be taken into account. Taking the amounts valid from 1 January 2016 the official with two children receives Step 1 allowance of 133.04€ + 2x 113.74€. If he is in grade A2-A5 he receives 5.37€ additionally for his first child and between 26.84€ and 16.10€ for the second child.

The values shown here refer to 2016. The most recent values can be found under: [http://www.gesetze-im-internet.de/bbesg/anlage\\_v.html](http://www.gesetze-im-internet.de/bbesg/anlage_v.html)

For the lower pay grades (A2 to A5) the child-based family allowance increases by 5.37 € for the first entitled child, and for the third and any further child in pay grades A2 and A3 by 26.84 €, in pay grade A4 by 21.47 € and in pay grade A5 by 16.10 €.

These family allowances are taken into account for Article 65 purposes.

<sup>3</sup> Data was taken from [http://www.beamten-magazin.de/zulagen\\_beamten\\_magazin](http://www.beamten-magazin.de/zulagen_beamten_magazin).

### **4.3 Child allowance**

Child allowance is paid by the state in addition to the family allowance mentioned above. For the first two children, it amounts to € 184 for each child. For a 3<sup>rd</sup> child, it is € 190 and for every further child, it is € 215.<sup>4</sup> The amount is paid in full and not subject to any taxation.

These child allowances are taken into account for Article 65 purposes.

However, there exists also the so called "Kinderfreibetrag" or "free child amount". This means that a certain amount of the income is not taxed.<sup>5</sup> For a married couple, this amounts to EUR 7008 per year for each child. Due to the progressive form of the German income tax, this is more beneficial for a couple with a combined gross income of around € 6600 per month.<sup>6</sup> The tax office automatically checks which of the two possibilities is more beneficial for the tax payer and acts accordingly. In the SRQ, it might thus happen that a higher grade pays fewer taxes than the immediate lower grade due to this tax benefit. In 2013, this was the case for the A15 and A16 grades.

These child tax exemptions are taken into account for Article 65 purposes.

### **4.4 Expatriation allowance**

Civil servants who live **and** serve in a foreign country are entitled to an expatriation allowance. The amount of the allowance depends on the "zone" of your place of employment. There are 20 price zones, covering the whole world. Different cities in the same country may well have a different price zone assigned to them. (Verordnung über die Gewährung von Auslandszuschlägen, 2010).<sup>7</sup>

The legal basis for the expatriation allowance is given in §53 of the Bundesbesoldungsgesetz (BBesG). The amounts for the different zones are given in Annex VI to this paragraph. (Text and table can be found in <http://www.gesetze-im-internet.de/bbesg/>.)

For the first dependent person (spouse) living with the civil servant at the place of employment, the expatriation allowance grows by 40%. (Bundesbesoldungsgesetz, 2009), §53.(2) Further dependent persons are covered by an additional fixed sum

These expatriation allowances are NOT taken into account for Article 65 purposes.

<sup>4</sup> Bundeskindergeldgesetz, §6, [http://www.gesetze-im-internet.de/bundesrecht/bkkg\\_1996/gesamt.pdf](http://www.gesetze-im-internet.de/bundesrecht/bkkg_1996/gesamt.pdf)

<sup>5</sup> Einkommensteuergesetz §32.(6), [http://www.gesetze-im-internet.de/estg/\\_32.html](http://www.gesetze-im-internet.de/estg/_32.html)

<sup>6</sup> The amount of EUR 6600 is taken from the German 2012 SRQ. As this value depends on other parts of the tax law, it might change each year.

<sup>7</sup> Examples of countries in zone 20 are: Ivory Coast, Congo and Afghanistan. The highest prize zone in Europe is 11, for some cities in Russia and other Eastern Europe countries. It is difficult from the outside to determine the criteria for the zones: Paris is in zone 1, Nancy in zone 2.

#### **4.5 Miscellaneous**

There are no special remuneration rules for senior or technical civil servants. However, in case of a shortage of capable personnel, the possibility for additional allowances exists. This allowance must not exceed 10% of the basic salary in the given grade. (Federal Ministry of the Interior, 2009), p. 85.

These miscellaneous payments are NOT taken into account for Article 65 purposes.

#### **4.6 Non-cash income and imputation**

Non cash income is deducted “with an appropriate amount” (Bundesbesoldungsgesetz, 2009), §10. Precise rules for imputation are part of the German tax law, which leaves a lot of discretion to the actual method used for imputation, especially for private persons (as opposed to companies). Cars are imputed based on the official list prices from the manufacturer, not on the actually price paid to the car dealer.

Non-full time employees get the part of the income that corresponds to their working time. There are special rules for partial retirement, where an additional payment is possible (Bundesbesoldungsgesetz, 2009), §6. This payment does not count for the later pension, however.

These imputed amounts are NOT taken into account for Article 65 purposes.

## 4.7 Reported Family types

Germany reports salaries for unmarried officials and married officials with two children.

### 4.7.1 Covered steps by the SRQ

Germany reports minimum, middle and maximum steps of the scale, with the following mapping:

- Minimum: Step 1 of the grid
- Middle: Step 4 of the grid
- Maximum: Step 8 of the grid

## 5 Calculation of Net Remuneration

Compulsory deductions for German civil servants:

- Income tax ("*Steuern (Lohnsteuer, Solidaritätszuschlag)*")
- Health insurance ("*Krankenversicherung*") – at "*Basistarif*"  
The state covers part of their medical expenses (50% or 70%<sup>8</sup>). The remaining 30% or 50% are usually covered by a private insurance, paid by the civil servant. Since 01.01.2009, every German citizen is obliged to have a medical insurance.<sup>9</sup> This means that the private insurance fees for a so called basic tariff are no longer optional (see SRQ 2010.)
- Long term care insurance ("*Pflegeversicherung*")  
The system is equivalent to the health care insurance: the state as employer pays 50% or 70% of the costs in case of long term care, the other 30-50% are paid for by an obligatory insurance.<sup>10</sup>

German civil servants do not pay pension contributions; pensions are paid for by the state. However, from 1999-2017, the change in income (compared to federal employees) is reduced by 0.2 percentage points, to fund a pension fund, see the next section.

### 5.1 Income tax

The German income tax system is quite complicated. This description does not aim to be comprehensive, but should provide enough information to understand and verify the Art65 data submission.

#### 5.1.1 Tax classes ("Steuerklassen") and tax declaration

A German employee (or civil servant) pays income tax each month; it is deducted directly from the gross salary by the employer and transferred to the fiscal authorities. At the end of the fiscal year (which coincides under normal circumstances with the calendar year), every employee has then the opportunity to submit a tax declaration. Under normal circumstances, such a submission is optional.

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<sup>8</sup> For a single or married civil servant with not more than one child, the amount is 50%; if the civil servant is responsible for two children or more, the amount covered by the state (called "Beihilfe") is 70% for the civil servant and his spouse and 80% for the children. The private insurance policies will usually adapt automatically to such a case, i.e. they cover the remaining 50% or 30% (with a change in the insurance premium).

<sup>9</sup> Insurance Contract Act 2008, [http://www.gesetze-im-internet.de/englisch\\_vvg/englisch\\_vvg.html#VVG\\_000P193](http://www.gesetze-im-internet.de/englisch_vvg/englisch_vvg.html#VVG_000P193), Section 193, Paragraph 3

<sup>10</sup> Sozialgesetzbuch (SGB), Elftes Buch (XI), §23 and §110. [http://www.gesetze-im-internet.de/sgb\\_11/\\_110.html](http://www.gesetze-im-internet.de/sgb_11/_110.html)

The rules covering a mandatory submission are complicated, but it is fair to say that one has to hand in a submission if not doing so would be beneficial to the tax payer (in other words, one has paid less during the year than what should have been paid in hindsight). However, for all other cases, it is usually beneficial for the tax payer to hand in a tax declaration, as the monthly income tax does not take into account most of the deductible expenditures above certain thresholds.<sup>11</sup>

In order to estimate the monthly tax rate, the German system uses so called tax classes (“Steuerklasse”), see (EStG), 38b, numbered by roman numerals. The classes are as follows:

1. Class I is for singles.
2. Class II is for singles with children.
3. Class III for married couples with only one wage earner or couples where the second wage earner chooses class 5.<sup>12</sup>
4. Class IV is for married couples, where both partners choose class IV. This is usually done if both partners have gainful employment and the monthly incomes do not differ wildly.
5. Class V is for one married partner, if the other partner chooses class III (in other words, there is no choice here).
6. Class VI is for employees who receive income from more than one employer and is of no concern for the Art65 exercise.

The just described tax classes are used to calculate each month an advance payment of the yearly tax which takes into account most of the usual circumstances. A tax declaration should thus not differ too much in its result from the already paid taxes (but see above for the case of undue advantages and the resulting obligation to hand in a tax declaration). However, in the case of the III-V combination, a tax declaration is mandatory, see §45.(2).3a. As III-V is the best fitting combination for the married couple with only one wage earner in the Art65 exercise, it is thus assumed that such a couple **would hand in a tax declaration!** This assumption has some consequences for the calculation of the child allowances, see section 5.1.3. for the tax exemption for dependent children (“Kinderfreibetrag”).

For the single civil servant, it is assumed that (s)he is taxed according to tax class I. However, as there are no special circumstances to be taken into account for such a civil servant, the result from a tax declaration should not differ from the monthly payments! Thus, for ease of description, it can be assumed that also the **single civil servants hands in a tax declaration.**

### 5.1.2 Taxable income

The taxable income is the yearly gross income minus the social contributions for health insurance and long term care insurance (see below) and minus some lump sums that take into account work related expenditures during the year. An employee can declare his work related expenditures in the tax declaration and if they are higher than the lump sum, the higher amount is taken into account. However, this depends on individual circumstances and as individual circumstances are not taken

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<sup>11</sup> The systems works with lump sums that are taken into account, but it is not unusual to break the thresholds for the lump sums.

<sup>12</sup> Of course, in the case of a non-working spouse, one might assume tax class V for them as well, so in practice it means that couples can choose a III-V combination or a IV-IV combination. The III-V combination is beneficial throughout the year if one partner earns much more than the other, in which case (s)he would choose class III. At the end of the year, they would then have to pay the rest of their taxes!

into account for the Art65 exercise, the calculation will be done with the lump sums. No proof of expenditure is necessary to profit from the lump sums,<sup>13</sup> only higher expenditures need to be documented.

The following lump sum deductions are taken into account for the calculation of income taxes.

1. Employee flat amount (“Arbeitnehmer-Pauschbetrag”) of 1000 € for the wage earner, see (EStG), §9a.1.a).
2. Blanket allowance for special expenses (“Sonderausgaben-Pauschbetrag”) of 36 €. Possibly a tax exemption for dependent children (“Kinderfreibetrag”) of 2184+1320=3004 € per eligible child, see (EStG), §32.(6). This amount is doubled to 7008 € if the child in question is the child of both spouses. See below for a more detailed description of this exemption.

### 5.1.3 Tax exemption for dependent children (“Kinderfreibetrag”)

This tax exemption is different compared to the other lump sum deductions that are taken into account for the Art65 exercise. It is only applied if the tax payer hands in a tax declaration (but then it is applied automatically) and we need to describe the German system of child allowances in a bit more detail to understand this deduction.

Parents in Germany receive a monthly child allowance for their children (“Kindergeld”). This allowance is paid independent of income and work situation. During the calculations for a tax declaration, the financial authorities automatically check if it would have been more beneficial for the tax payer to receive a tax exemption for the child in question. Due to the progressive nature of the German taxation system, this is the case for higher incomes. Usually, the highest A ranks (A15, A16) and all B ranks in the German civil servant scale are affected by this difference. If the tax exemption would have been indeed more beneficial for the tax payer, than the calculation is done under the assumption that the tax exemption applied right from the start and the difference between the already paid out sum (12\*184 €) and the sum to be paid is taken into account as part of the income tax assessment.

This calculation is done for each child individually and in the case of the Art65 model civil servant, it may well happen that the tax exemption is more beneficial for one child, but not for the second child.<sup>14</sup>

The application of this exemption as part of the Art65 exercise is a bit unusual in that it only applies if the civil servant specifically hands in a tax declaration, which could be seen as an individual choice. However, in order to arrive at a reasonable estimate for the monthly taxation, one would need to assume that the model civil servant chooses a tax class combination of III-V (III for the civil servant, V for the non-working spouse). Under such a combination, the filing of a tax declaration is no longer

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<sup>13</sup> In other words, if an employee has spent less than the lump sum, this employee can profit from a windfall gain.

<sup>14</sup> The reason for this is that a deduction of 7008 EUR from the taxable income is quite large and may well drive the income to a lower taxation level in the progressive system. In this level, another deduction of 7008 EUR from the taxable income might have a smaller effect.



optional, but mandatory, see §45.(2).3a. It is thus considered appropriate to include this tax exemption for the Art65 calculation.<sup>15</sup>

#### 5.1.4 Rounding rules

For a tax declaration, the taxpayer must either declare the sums up to the second decimal (e.g. 100.12 €) or (s)he can round to full € in the way that is beneficial for the taxpayer; that is, expenditures can be rounded up and received amounts (income, etc.) can be rounded down.

### 5.2 Health insurance

German civil servants have part of their health costs covered by the state, under a system called “Beihilfen” (government aid). The percentage that is covered varies according to the family situation ( (Bundesbeihilfeverordnung, 2009), § 46.(2) and (3)):

- Single/married with not more than one child: 50% for the civil servant
- Single/married with two or more children: 70% for the civil servant
- Non-working spouse: 70%
- Children: 80%

Under §193 of the 2007 Insurance Contract Act “Versicherungsvertragsgesetz” (VVG), health insurance is mandatory from 2008 (for new policies) and 2009 (otherwise), including civil servants.<sup>16</sup> This means that the amount that was left to be paid by the civil servant after reimbursement via the government aid will be covered by this compulsory private insurance. In practice, most civil servants already had such insurance before the law made it compulsory.

Under the 2007 Social Health Insurance Competition Strengthening Act “Gesetzlichen Krankenversicherung-Wettbewerbsstärkungsgesetz” (GKV-WSG) private insurers can offer various policies, but since 2009 they are required to offer a basic tariff package (“Basistarif”) which gives equivalent cover to the state scheme.

For the Art65 exercise, this means that the amount for basic tariff premium has to be taken into account. **For a single civil servant, 50% of this insurance premium is taken into account. For a married civil servant, 100% are taken into account** since 2014, see section 8.3.

The premium that an insurer can ask for the basic tariff is capped to the maximum possible contribution in the state scheme (obviously, the latter maximum contribution is capped as well as a percentage of an assessment ceiling (“Beitragsbemessungsgrenze”). Details can be found in (VAG),

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<sup>15</sup> In reality, given the high level of income that is needed for this tax exemption to make a difference, it is considered unlikely that such a civil servant would not hand in a tax declaration. Further, the amount of 72 EUR instead of 36 EUR for the blanket allowance for special expenses (“Sonderausgaben-Pauschbetrag”) for a married couple is also only taken into account as part of the tax declaration (see (EStG), §10c), giving further weight to the assumption that a tax declaration should be taken into account for the Art65 exercise.

<sup>16</sup> [Sozialgesetzbuch \(SGB\), Elftes Buch, §23.\(3\)](#) stipulates that civil servants have to take a private insurance for both themselves and their relatives. The corresponding relatives are defined in [§25](#) of the same law. Whilst this paragraph generally foresees that said relatives are exempted from contributions, it stipulates in §25(1).3 that insured persons who are *compulsory* insured according to §23 are exempted from the contribution-free insurance of their relatives. The bottom line is that a civil servant usually has to pay a contribution for both the spouse and the children. [§ 110.\(2\).2.f](#) of the same law prescribes that the same rules also apply to the long term care insurance.

§12.(1c) and the maximum possible contribution is published in a decree each year. Table 5 shows the necessary data in order to calculate the maximum insurance premium. The contribution rate for the general scheme is split between employer and employee. The split numbers are given in brackets, with the higher rates being the ones for the employee.<sup>17</sup>

For the Art65 exercise, the maximum premium is taken into account (taking a lower value would mean the introduction of individual circumstances, like choice of insurance company and policy).

Table 5 Rates for the basic tariff in the health insurance system

Source: [http://www.krankenkassen.de/gesetzliche-krankenkassen/system-gesetzliche-](http://www.krankenkassen.de/gesetzliche-krankenkassen/system-gesetzliche-krankenvversicherung/sozialversicherung-rechengroessen-beitragsbemessungsgrenze-versicherungspflichtgrenze/)

[krankenvversicherung/sozialversicherung-rechengroessen-beitragsbemessungsgrenze-versicherungspflichtgrenze/](http://www.krankenkassen.de/gesetzliche-krankenkassen/system-gesetzliche-krankenvversicherung/sozialversicherung-rechengroessen-beitragsbemessungsgrenze-versicherungspflichtgrenze/)

Year	Contribution rate to the general scheme for health insurance [%]	Assessment ceiling („Beitragsbemessungsgrenze“) [€/month]	Maximum premium (= rate * ceiling) [€/month]
<a href="#">2011</a>	15.5 (=8.2+7.3)	3712.50	575.44
<a href="#">2012</a>	15.5 (=8.2+7.3)	3825.00	592.88
<a href="#">2013</a>	15.5 (=8.2+7.3)	3937.50	610.31
<a href="#">2014</a>	15.5 (=8.2+7.3)	4050.00	627.75
<a href="#">2015</a>	14.6 (=7.3 + 7.3) + 0.9	4125.00	639.38

The rules governing the general health scheme changed for 2015. It is now possible for health insurance companies to charge an additional percentage from the insured persons (“Zusatzbeitrag”). Whilst this was already possible in the past, no company did it. Starting 2015, the normal contribution rate has been reduced to a total of 14.6%. Companies can charge an additional amount if they need to. The average such charged rate is then added to the above calculation (it amounts to 0.9% for 2015). This added rate is calculated/estimated by the ministry of health and published by 01 November for the following year. For 2015, the estimate was 0.9% and published on 22/10/2014 (“[Bekanntmachung des durchschnittlichen Zusatzbeitragssatzes nach § 242a Absatz 2 des Fünften Buches Sozialgesetzbuch – Gesetzliche Krankenversicherung – für das Jahr 2015](#)“)

### 5.3 Long term care insurance (“Pflegeversicherung“)

The long term care insurance contribution is based upon the gross monthly income, see (SGB XI), § 57 which points (among others) to (SGB V), § 226. The percentage of the gross monthly income taken as contribution is set by law in (SGB XI), §55 and is to be paid by the employer and the employee (the employee thus has to pay half of it). There is an upper limit for the income that is taken into account for the contribution (“Beitragsbemessungsgrenze“) which is also defined in the just mentioned paragraph (by reference to (SGB V), §6.(7)). The contribution rate is increased by 0.25 points for childless wage earners; this additional amount has to be paid by the employee alone! The upper limit is published (among other important numbers) in yearly decree (“Verordnung über maßgebende Rechengrößen der Sozialversicherung“) and is replicated in Table 6 (the increased rate for childless wage earners is put in brackets).<sup>18</sup>

<sup>17</sup> The split is of no importance for the Art65 exercise and mentioned only because the linked sources do not mention the summed up contribution rates.

<sup>18</sup> In contrast to the health insurance (where the contribution rate is the maximum possible value), the contribution rate for the long term care insurance is set by law, with an upper threshold for the contribution. Thus, the contribution for the long term health insurance can be calculated for a civil servant only after the

Table 6 Rates for the long term care insurance

Year	Employees' Contribution rates („Beitragsatz“)	Upper monthly income limit („Beitragsbemessungsgrenze“) [€ / month]
<a href="#">2011</a>	0.975% (+0.25%)	3712.50
<a href="#">2012</a>	0.975% (+0.25%)	3825.00
<a href="#">2013</a>	1.025% (+0.25%)	3937.50
<a href="#">2014</a>	1.025% (+0.25%)	4050.00
<a href="#">2015</a>	1.175% (+0.25%)	4125.00

The above rates are the rates of the ‘long-term-care-insurance’ applicable for those, who fall as employees under the general health insurance. Normally, civil servants are not part of the general health insurance system but get part of their medical costs covered by their employer and cover the remaining costs via an additional private medical insurance – see above. They have to cover the risk of long-term care via their private medical insurance. As an indicator these rates to be paid to the private long-term insurance the above rates are taken.

Following section 5.2 and 8.3, Table 6 has to be read as follows: the single civil servant for the Art65 exercise has in 2014 a contribution rate of 1.025% + 0.25% = 1.275% for the long term care insurance. For the married civil servant a rate of 1.025%, is assumed for his own insurance and the same rate is assumed to cover the spouse, i.e. a rate of 2.05% in total.

#### ***5.4 Taxation formula and calculation of taxes***

After deducting the contributions for social security and the lump sums mentioned above, we arrive at the taxable income. This amount is taxed according to a progressive system of taxation. From 2014 onwards, the formula is described in Table 7. The formulas can be easily found by going to <https://www.bmf-steuerrechner.de/ekst/>, entering a freely chosen amount and choosing the year. The applicable formula can then be found at the end of the calculation.

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corresponding salary has been determined. The calculations for health and long term care for the Art65 exercise differ in that respect.

Table 7 Taxation formula for income tax, see (EStG), §32a (TI is the taxable income rounded down to a full € amount.)

From [€]	To [€]	Formula for taxation
0	8354	0
8355	13.469	TAX = (974.58*Y + 1400)*Y where Y=(TI - 8354)/10000
13.470	52.881	TAX = (228.74*Y + 2397)*Y + 971 where Y=(TI - 13469)/10000
52.882	250.730	TAX = 0.42*TI - 8239
250.731		TAX = 0.45*TI - 15761

The resulting tax is then rounded down to a full € amount.

The calculation as described by Table 7 is to applied as is to the income of a single civil servant. For the married couple, the so called “splitting of income between spouses” has to be applied.<sup>19</sup> This means that the taxable income is halved, the tax for this halved amount is calculated according to the above table and the result tax is doubled. In practice, this is more beneficial for a couple than the “normal” approach.

### 5.4.1 Solidarity levy (“Solidaritätszuschlag“)

In 1991, Germany introduced a additional solidarity levy Details have varied over the years, but since 1998 the amount is 5.5% of the (virtual) income tax, see (SolzG 1995). We speak here of a virtual income tax because there are special rules to be followed that do not necessarily apply for the calculation of the real income tax. More precisely, (SolzG 1995), §2a foresees that the tax free amount for children (“Kinderfreibetrag”) is taken unconditionally into consideration for the calculation of the solidarity levy, even if it were not be taken into account for the calculation of the normal (real) income tax! This is beneficial for the tax payer, but nonetheless means that two income taxes have to be calculated for the model civil servant with two children: one with the tax free child amount for the calculation of the solidarity levy and another one where the tax free amount is only taken into consideration if it is more beneficial than the child allowance (“Kindergeld”).

The basis of assessment for the solidarity levy is thus the income tax, calculated under inclusion of the free tax amount for children in case of parenthood. If this basis of assessment is below

- 1944 € for a married couple or
- 972 € for a single,

then no solidarity levy has to be paid, see (SolzG 1995), §3.(3).

<sup>19</sup> Couples can choose to be taxed as a couple, which is the approach described here or to be taxed individually. Under most circumstances, the splitting approach or joint assessment is more beneficial. In the context of the Art65 exercise, where only one spouse has a gainful employment, the splitting approach is definitely more beneficial. If a couple does not indicate any choice, the joint assessment is chosen automatically, see (EStG), §26.(3).

If the assessment basis (B) is over 1944 (972) € then the

solidarity levy =  $\min(20\% \cdot B - 1944 \text{ (972)}, 5.5\% \cdot B)$

There exists also an upper limit for the amount that has to be paid, namely a maximum of 20% of the difference between the basis of assessment and the "levy-free" amounts of 1944 EUR and 972 EUR mentioned above, see (SolzG 1995), §4.

## 6 Annual adjustment of remuneration

The salary of German civil servants is usually adapted in line with the normal federal employees. The change of income of the latter group is determined by collective bargaining. However, in the time frame 01.01.1999 – 31.12.2017, the change is reduced by 0.2 percentage points for civil servants and the retained money is used to fund a pension fund.<sup>20</sup> This reduction was not put into effect for the eight increases following 31.12.2002. (Bundesbesoldungsgesetz, 2009), §14a.

The annual adjustment is applied to the basic salary and the family allowance.

Most allowances are usually increased with the annual adjustment. The expatriation allowance was handled with a different percentage for 01.01.2013. (Bundesbesoldungsgesetz, 2009), §14. As the change in remuneration for civil servants is a legislative act, all changes can be found in the current version of the "Bundesbesoldungsgesetz".

## 7 Other issues

Germany is part of the old sample of 8 countries and of the new sample of 11 countries and follows the default schedule.

### 7.1 Retrospective adjustments and changes in salary scale

Retrospective adjustments in case of errors are handled in line with the general Art65 manual.

A complete overhaul of the Civil Service pay tables happened in 2010. In order to calculate comparable numbers for the 2010 Art65 exercise, updated numbers for 2009 were provided based on the new pay tables, see 2010 SRQ.

### 7.2 Overtime

Overtime for civil servants is governed by the "*Verordnung über die Gewährung von Mehrarbeitsvergütung für Beamte*".<sup>21</sup> According to it, overtime is usually compensated by free time. Only in exceptional circumstances (see §3 of the regulation) is it possible to reimburse the overtime in cash.

## 8 Conclusion: worked example calculation

The following calculation considers the minimum gross and net income of an unmarried, single official in Germany of (German) category A13, step 1, no dependent children, with a working time of

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<sup>20</sup> For example, if the collective agreement is an increase of 1.7% for the employees, then the civil servant's salary increases by 1.5%.

<sup>21</sup> <http://www.gesetze-im-internet.de/marbv/index.html>

100%, in "tax class"<sup>22</sup> I and no church tax reference period July 2014-2014. The calculation is also done for a married civil servant with two children who's spouse has no income in the same working situation, with the exception of the tax class (for the married civil servant, the assumed tax class would be III).

## ***8.1 Replication of gross income***

Following Table 1, the basic salary for such an official is 3780.31 EUR and the special ministry allowance according to Table 4 is 181.54 EUR for a total of **3961.85 EUR**. The 2014 SRQ reports a minimum of 3962 EUR, For the married civil servant, we have to add the child allowance of 2\*184 EUR (see section 4.3) and the family allowance (see section 4.2) of 126.62 EUR (married) and 2\*108.26 (2 children).

$$3961.85 + 2*184 + 126.62 + 2*108.26 = \mathbf{4672.99 \text{ EUR.}}$$

## ***8.2 Replication of net income***

The German income tax system is complex; factors like age, insurances, secondary residence for working purposes, etc. all play a role. Notably, there are a lot of possibilities to reduce the taxable income. For the purpose of the Art65 exercise, no individual circumstances are taken into account. It should thus be noted that whilst the following tax calculation does respect the corresponding regulations, it is unlikely to reflect the result of a real tax declaration for a specific civil servant.

### **8.2.1 Single civil servant**

#### **Taxable income**

Following section 8.1, the gross monthly income was 3961.85 EUR, resulting in a yearly gross income of  $12 * 3961.85 = 47542.20$  EUR. The following deductions have to be made to arrive at the yearly taxable income:

- 1000 EUR for the employee flat amount ("Arbeitnehmer-Pauschbetrag"), see section 5.1.2.
- 36 EUR for the blanket allowance for special expenses ("Sonderausgaben-Pauschbetrag"), see section 5.1.2.
- $12 * \text{ROUND}(627.75 * 50\%, 2) = 3766.56$  EUR for the (50%) health insurance for a single civil servant, see section 5.2 and specifically Table 5.
- $12 * \text{ROUND}((2.05\%/2 + 0.25\%) * 3961.85, 2)$  EUR = 606.12 EUR for the long term care insurance, see section 5.3 and footnote 18.

Both social contributions have to be rounded to their monthly values, as they are paid each month (and the rounding could make a difference for our calculations). It is unlikely that these rounding

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<sup>22</sup> The income tax paid in Germany by an employee depends on the tax class ("Einkommenssteuerklasse"). For a single, unmarried person, the default class is I (classes go from I-VI). This affects the net income per month; the final tax is calculated at the end of the year, when employees hand in their tax declarations to the tax authorities and the tax class does not a role play in that final calculation. We mention the tax class here only for completeness.

errors would ever make a difference for the specific indicator in the Art65 exercise, but they could render more difficult the comparison of calculations.

Combining these sums, we arrive at a yearly taxable income of<sup>23</sup>

$\text{ROUNDDOWN}(47542.20,0) - 1000 - 36 - \text{ROUNDUP}(3766.56,0) - \text{ROUNDUP}(606.12,0) = \mathbf{42132 \text{ EUR}}$ .

## Calculation of tax

Looking at the tax grid in Table 7, we see that we have to use the middle scale to arrive at a yearly tax of

$$Y = (42132 - 13469)/10000 = 2.8663$$

$$\text{TAX} = (228.74 * Y + 2397) * Y + 971 = \mathbf{9720.77 \text{ EUR} = 9720 \text{ EUR}}.^{24}$$

We have to add the solidarity levy to this tax. The upper threshold of it is (see section 5.4.1):  
 $20\% * (9720 - 972) = 1749.60 \text{ EUR}$ .

The solidarity levy amounts to  $5.5\% * 9720 = \mathbf{534.60 \text{ EUR/year}}$  (or 44.55 EUR/month), so it is below the threshold and taken fully into account. Table 8 shows a summary of our calculations. Comparing these values with the 2014 SRQ shows only rounding differences.

**Table 8 Summary of monthly income and deductions for the single civil servant, rounded to full €**

Gross	Income Tax and solidarity levy	Long term care insurance	Health insurance	Net
3962	855	314	51	2742

## 8.2.2 Married civil servant

Following section 8.1, the gross monthly income was 4672.99 EUR, resulting in a yearly gross income of  $12 * 4672.99 = 56075.88 \text{ EUR}$ . This gross income however contains the child allowance which is exempt from taxation. Thus, the gross income for taxation purposes is  $4672.99 - 2 * 184 = 4304.99 \text{ EUR/month}$  or **51659.88 EUR/year**.

### Taxable income

The following deductions have to be made to arrive at the yearly taxable income:

- 1000 EUR for the employee flat amount (“Arbeitnehmer-Pauschbetrag”), see section 5.1.2.
- 36 EUR for the blanket allowance for special expenses (“Sonderausgaben-Pauschbetrag”), see section 5.1.2.
- $12 * 627.75 = 7533 \text{ EUR}$  for the (100%) health insurance for a married civil servant with two children, see section 5.2 and specifically Table 5.
- $12 * \text{ROUND}(2.05\% * 4050, 2) \text{ EUR} = 12 * 83.03 \text{ EUR} = 996.36 \text{ EUR}$  for the long term care insurance, see section 5.3 and footnote 18. It should be noted that the income of the

<sup>23</sup> See section 5.1.4 for the rounding.

<sup>24</sup> Following (EStG), §32a.(1), sentence 6, the income tax is rounded down to full euros.

married civil servant is above the maximum threshold for the long term care contribution, thus the threshold value has to be used, see Table 6.

- Possibly the tax free amount for children (“Kinderfreibetrag”) of 7008 EUR/child, see section 5.1.3. This is only taken into account if it is beneficial for the civil servant, so we have to do a test calculation.

Combining these sums, we arrive at a yearly taxable income of<sup>25</sup>

$\text{ROUNDDOWN}(51659.88,0) - 1000 - 72 - 7533 - \text{ROUNDUP}(996.36,0) = \mathbf{42093 \text{ EUR}}$ .

## Calculation of tax

Following section 5.4, we have to halve this amount and calculate the corresponding tax according to Table 7, so  $42093 / 2 = 21046 \text{ EUR}$  (rounded down to full €, see (EStG), §32a.(5) and (1), sentences 3, 4 and 5).

Looking at the tax grid in Table 7, we see that we have to use the middle scale to arrive at a yearly tax of

$$Y = (21046 - 13469)/10000 = 0.7577$$

$$\text{TAX} = (228.74 * Y + 2397) * Y + 971 = 2918,53 \text{ EUR} = 2918 \text{ EUR}.$$
<sup>26</sup>

This amount has to be doubled again ( (EStG), §32a.(5)) to arrive at the final tax of **5836 EUR**.

An amount of 5836€/year corresponds to 486.33/month.

## Tax free amount for children

We now have to check if it would be beneficial to the tax payer to use the tax free amount for children. This test has to be done for each child individually, so we first deduct 7008 € from the taxable income and calculate the resulting tax:  $(42093 - 7008) / 2 = 35085 / 2 = 17542 \text{ €}$ , where we have directly split the income for the following tax calculation.

$$Y = (17542 - 13469)/10000 = 0.4073$$

$$\text{TAX} = (228.74 * Y + 2397) * Y + 971 = 1985,24 \text{ €} = 1985 \text{ €}.$$

$$2 * 1985 = 3970 \text{ €}$$

The difference between the two tax calculations amounts to  $5836 - 3970 = 1866 \text{ €}$ . The child allowance, which was paid during the year, amounted to  $12 * 184 = 2208 \text{ €}$ . So in this case, the child allowance is more beneficial than the tax free amount. Thus, the tax free amount will not be taken into account for the tax calculation.<sup>27</sup>

## Solidarity levy

We have to add the solidarity levy to this tax. But the basis of assessment is different here, because we have to take the free amount for children into account, see section 5.4.1. Starting from the

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<sup>25</sup> See section 5.1.4 for the rounding.

<sup>26</sup> Following (EStG), §32a.(1), sentence 6, the income tax is rounded down to full euros.

<sup>27</sup> If the tax free amount were more beneficial for the first child, we would need another calculation for the second child. It is quite possible that the tax free amount is more beneficial for the first child but not the second, so one really has to do the calculation individually.



previous taxable income of 42093 €, we deduct the tax free amount for both children to arrive at a taxable income of  $42093 - 2 \cdot 7008 = 28077$  €. Again, we have to halve this amount and continue with an amount of 14020 €. Using the tax grid in Table 7 once again, we get

$$Y = (14038 - 13469)/10000 = 0.0569$$

$$\text{TAX} = (228.74 \cdot Y + 2397) \cdot Y + 971 = 1108,13 \text{ €} = 1108 \text{ €}$$

$$2 \cdot 1108 = \mathbf{2216 \text{ €}}$$

The yearly solidarity levy is  $\min(5.5\% \cdot 2216, 20\%(2216-1944)) = \min(121.88, 54.4) = 54.4$ . 54.4€/year corresponds to 4.53€/month.

Table 9 shows a summary of our calculations. Comparing these values with the 2014 SRQ shows only rounding differences.

**Table 9 Summary of monthly income and deductions for the married civil servant, rounded to full €os**

Gross	Income Tax and solidarity levy	Long term care insurance	Health insurance	Net
4673	491	83	628	3472

### ***8.3 Changes to the calculation of the gross income after 2014***

Destatis used the pay freeze 2013-2014 for EU staff to further improve the methodology for reporting the salaries of German civil servants. After discussions with Eurostat and the relevant German ministries, the following change was agreed.

- The premium for the compulsory health insurance is taken as a percentage of the premium for the basic tariff, see section 5.2. Prior to 2014, the percentages were 50% for a single civil servant and 30% for a married civil servant, as 50% and 70% were paid for by the state, respectively. However, as for the Art65 exercise the spouse is supposedly having no gainful income but still has to be covered by the additional private insurance, the rate for the married civil servant was changed to 100%, being the sum of  $30\% + 30\% + 2 \cdot 20\%$ . The sum is assembled as follows:
  - 30% for the civil servant
  - 30% for the spouse
  - 20% for each of the two children (the state pays 80% for the children up to a certain age)

The calculations in this manual have been updated to incorporate the above mentioned change.

## **9 Bibliography**

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