



#elephant
matching experts

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Working in Germany

If you're considering working in Europe Germany, Berlin especially, should be at the top of the list or very near to it.

Germany is Europe's largest economy and the growth rates are highest amongst G7 states. It is home to a vibrant Tech sector (with growth rates of 11% annually) which provides ample opportunities to further your career.

Techhubs are located in every major German city, frontrunners being Berlin, Hamburg, Frankfurt, Munich and Cologne. All of these cities, as well as smaller locations across the country, offer opportunities for employment to English speakers without any knowledge of the German language.

Even then: we recommend learning it if you are planning to stay here long-term to get the real „home“ feeling and being able to integrate even more seamlessly into society here.

This document will provide you information/links on the following:

- Visas and work permits
- Income and Taxes
- Cost of living
- Social Security
- Family Planning

We hope this will be of help for you and are looking forward to welcoming you to Germany as soon as possible!

Visas and work permits:

Necessity:

Generally speaking, all non-EU foreign nationals require visas for stays in Germany. A visa is not required for semi-annual visits of up to three months for nationals of those countries for which the European Community has abolished the visa requirement.

Application:

The Federal Republic of Germany's embassies and consulate-generals abroad are responsible for issuing visas. The applicant must apply in person at the consulate or embassy in his or her region, and the application must include all necessary documents.

Timeframe:

Typically, the consulates and embassies require between two and ten days to make a decision on an application for a short stay. For a visa for a longer period or in order to begin employment, the application takes roughly 4 - 12 weeks.

In depth information:

Typically all german employers that hire foreign nationals offer help with the visa application process and relocation.

Here you can find all the necessary information for your decisionmaking in one place:

<https://www.businesslocationcenter.de/en/service/business-immigration-service/how-it-works>

Should there be any further questions or need for additional information on the topic please reach out to us. We're happy to help!

Income and Taxes

Salaries:

The median income for a Software Engineer in Germany is EUR 50.217 annually.

Employer, location, experience, technologies and other factors naturally play a huge role in your individual salary.

To get a feel for what you can expect you can check various sites and reports such as

Payscale

https://www.payscale.com/research/DE/Job=Software_Engineer/Salary

or glassdoor

https://www.glassdoor.com/Salaries/berlin-software-engineer-salary-SRCH_IL.0,6_IM1020_KO7,24.htm

Taxes (how it works):

You pay income tax on all your income for one calendar year – in your case, this will probably correspond primarily to your income from your work as an employee. If you are employed by a company, you do not even have to trouble yourself with the question of income tax at first, as your employer will automatically deduct the income tax from your gross wage/salary in the form of wage tax (Lohnsteuer) and transfer it to the tax office on your behalf. Your employer also transfers the “solidarity surcharge” (Solidarit t zuschlag) and – if you are a member of a religious community which levies it – the “church tax” (Kirchensteuer) as well. Your pension, health, nursing and unemployment insurance are also deducted from your wages and paid by your employer. You can see how much your employer transfers to your account and how much your net salary amounts to every month from your wage or salary slip.

Taxes (what it costs):

In Germany, everyone’s earnings are subject to a basic tax allowance. Up to this amount, your taxable income is not subject to tax. In 2018 this basic tax allowance is 9,000€ if you are unmarried and not in a civil partnership. For couples who are married or in a civil partnership it is 18,000€. If your taxable income is higher than these amounts, you will pay income tax on it. The taxation rates vary from 14 percent to 42

percent. The rule is: the higher your taxable income, the higher the rate of taxation. However, the top tax rate of 42% is only payable on incomes of more than 250,731€ a year if you are unmarried and not in a civil partnership. For couples who are married or in a civil partnership, the maximum tax rate is applicable for incomes of over 501,462€.

You can get a pretty good idea of what that would mean for your personal salary using this tool:

https://www.brutto-netto-rechner.info/gehalt/gross_net_calculator_germany.php

Please be advised that included in those deductions are your social security costs (statutory health-, long term care-, pension-, accident- and unemployment insurance for yourself, spouse and kids).

On top of that you will be able to claim tax refunds on (amongst other things) your relocation costs at the end of the year with your income tax declaration.

Cost of living:

The cost of living in Germany is fairly reasonable compared to other countries in western Europe, although Germany's cost of living is more expensive than its eastern European neighbours and many other parts of the world.

Berlin's cost of living is still relatively affordable for a capital city. Germany's standard of living, public transport, healthcare and education systems are excellent and shopping bills are significantly less than other major cities including Paris, London, Rome, Brussels and Zurich.

In terms of quality of life and well-being, Germany ranks above average in the OECD Better Life Index.

The cost of living in Germany naturally depends on your lifestyle and the city, or area of a city, in which you live. However, estimated expenses in Germany for students or professionals earning modest salaries in Germany are between EUR 800 and EUR 1,000 a month. The official survival rate – *Existenzminimum* – in Germany is estimated at around EUR 730 per month.

According to the Federal Statistics Office, the household expenditure in Germany averages EUR 859 a month, allocating around 36 percent of their consumption budget to housing, energy and maintenance. The cost of living in Munich is among the highest in Germany, followed closely by Frankfurt, Dusseldorf and other popular areas such as Heidelberg. The cost of living in Berlin, the country's capital, is surprisingly more affordable than some other major cities in the country.

On average you should expect to pay from EUR 7–12 for lunch in an average bar, café or restaurant or up to EUR 5 for a sandwich or bakery snack. A cup of coffee is around EUR 3–4.

Other general costs to compare include cinema tickets at around EUR 12–15, up to EUR 700 for a yearly gym membership and an average of EUR 2.50–3 for a beer.

A more in depth overview can be found here:

https://www.numbeo.com/cost-of-living/country_result.jsp?country=Germany

Social Security:

Working as a fulltime employee in Germany comes with a great deal of social security for yourself and your family. You are sure of being protected against the biggest risks – for example illness, occupational accidents, unemployment, or when you grow old.

If you work in Germany and are subject to social security contributions, you will be a member of the following five statutory social security organisations:

- The statutory **health insurance** fund pays the costs of visits to the doctor, and for medication and therapy. Your spouse and kids will receive coverage through your insurance, with no extra charge.
- The statutory **long-term care insurance** fund offers basic insurance for the eventuality of your being dependent on long-term care owing to illness. This usually applies to people in old age.
- The statutory **pension insurance fund** pays employees a pension once they have retired. Basically, the amount of pension you receive depends first and foremost on your income and the number of years you have worked in Germany.
- Statutory **accident insurance** covers the costs of medical treatment and occupational rehabilitation after an accident at work or in the case of an occupational illness.
- The statutory **unemployment insurance fund** provides the unemployed with income for a certain period of time if, as a general rule, they have been insured for at least one year during the last two years and are in search of a new job. In addition, the BA (Federal Employment Agency) supports job-seekers by providing advice and acting as an intermediary for offers of employment.

Costs:

A fixed percentage of your work income goes to pay your membership of these social security funds. Your employer also pays a fixed proportion. By way of example: membership of the statutory health insurance fund currently costs 14.6 percent of your work income – you pay 7.3 percent of this and your employer 7.3 percent. You do not have to do anything to transfer the money. Your employer pays the contributions for all five types of social security directly to the insurance funds.

Health insurance represents a special case, as it is the only one out of the five where you have to choose your insurance carrier.

There are countless carriers to choose from. Costs vary only slightly (0.3% of your income maximum).

We generally advise to go with TK (Techniker Krankenkasse) as they have consistently scored Top 1-2 insurance carrier in the annual surveys by the independent consumer protection agency over the last ten years.

You are however advised to do some research of your own and choose the carrier and plan that suits your personal needs best.

Family Planning:

Germany is one of the most family-friendly countries in the world and prides itself on providing an excellent environment for those of you that already have, or are planning to, start a family.

Germany scored in the top three in the world for availability of good education and the cost of education, with 30 percent of expat parents spending less on educating their children after moving abroad.

It was ranked second for quality of childcare with 60 percent of expats reporting an improvement over childcare in their home country.

And 73 percent said moving abroad had benefited their child's health and well-being, compared to a global average of 56 percent.

Some examples of this would be:

- Your spouse and children are covered through your statutory health insurance plan, at no extra charge.
- Paid parental leave is protected and mandated by German law. Mothers are entitled to full pay during the 6 weeks before and 8 weeks after birth, known as „Mother Protection Time“. Both parents can claim parental benefits during the 12 months following the birth of their child, along with two extra „Partner Months“ the couple can claim jointly rather than separately. The benefits are calculated at 65% of the previous months salary of the parent.
- Child benefit is granted to all children till the age of 18 – in some cases even longer. Current rates are 194€ per month for your first and second child, 200€ for the third and 225€ for the fourth.
- Education is free to all children from the ages of 3 to 18 and the state education system is well organised and delivers high quality teaching.
- Most German Universities dropped their tuition fees entirely, charging only administrative costs of EUR 300 – 500 per semester.
- Germany prides itself on its family friendly infrastructure with tons of parks, playgrounds and other activities.
- All major cities have effective and comparably cheap public transport options.

If you require additional information or have questions surrounding this topic please feel free to contact us anytime!