

# Income/ Tax/ Social Security

## General information

If you earn more than € 8,004 a year (or more than 450 € per month), you have to pay tax on your income. The employer deducts the tax due from your agreed gross earnings along with social security contributions<sup>1</sup>.

Example: A single female employee without children who earns € 25,000 a year must pay € 3,311 income tax plus a solidarity surcharge of € 182.19 (for economic development in the Eastern Federal States).

Fathers and mothers have to pay less. The amount of tax you pay partly depends on the tax class you are classified in based on your living situation (ranging from Tax Class I for childless singles to Tax Class VI for second jobs). Your tax liability increases as your income increases: this gradation is called progression in Germany.)

Your tax class is indicated on your tax card. You receive this after registering with the pension or health insurance. You should give this card to your employer as quickly as possible.

When the year is completed, you should submit an **annual tax declaration**<sup>2</sup> to the tax office. Because you can deduct any actual expenditure from the tax, the tax office may pay you some money back. You can also submit the tax declaration online. PC programs or tax advisors will help you with this.

If you are an employee, your employer will transfer your net salary to your bank account. This means that your employer has already deducted amounts to cover pension insurance, health insurance, unemployment insurance and nursing care insurance from your salary and pays these directly on your behalf. In addition, income tax, the solidarity surcharge and church tax, if applicable, will already have been paid to the tax authority.

Very roughly the amount which is being deducted from your “**Brutto-Gehalt**” is 40%. What is left and you receive on your bank account is called “**Netto-Gehalt**”. But the amount you receive also depends on your “**Steuerklasse**” which is different when you are married and both of you are working.

If you are indicating, asking or bargaining about your salary you should talk about the annual revenue because such benefits can differ a lot from one company to another.

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<sup>1</sup> [http://www.make-it-in-germany.com/fileadmin/user\\_upload/download/Guide\\_to\\_Working\\_in\\_Germany.pdf](http://www.make-it-in-germany.com/fileadmin/user_upload/download/Guide_to_Working_in_Germany.pdf)  
- page 14 ff.

<sup>2</sup> [http://www.bestellen.bayern.de/application/stmug\\_app000002?SID=2107108735&ACTIONxSESSxSHOWPIC%28BILDxKEY:06003012,BILDxCLASS:Artikel,BILDxTYPE:PDF%29](http://www.bestellen.bayern.de/application/stmug_app000002?SID=2107108735&ACTIONxSESSxSHOWPIC%28BILDxKEY:06003012,BILDxCLASS:Artikel,BILDxTYPE:PDF%29) – Information on taxes for families (German)

### Where to find information on German regulations regarding income, social security, taxes etc.?

- <http://www.nettolohn.de/lexikon/> (sorry, only available in German)
- Brochure of the Techniker Krankenkasse (English)  
<http://m.tk.de/centaurus/servlet/contentblob/589226/Datei/115729/TK-brochure-welcome-to-germany.pdf>
- Guide to working in Germany (English)  
[http://www.make-it-in-germany.com/fileadmin/user\\_upload/download/Guide to Working in Germany.pdf](http://www.make-it-in-germany.com/fileadmin/user_upload/download/Guide_to_Working_in_Germany.pdf)

### How much will you earn – approximately?

- Gehalt nach Beruf (für Bayern, 2013): <http://www.gehalt.de/statistik/Gehalt-in-Bayern-2013>
- Stepstone – Übersicht Gehälter: <http://www.stepstone.de/Karriere-Bewerbungstipps/gehalt/gehalt-im-bereich-finanzen.cfm>
- Lohnspiegel :<http://www.lohnspiegel.de/main/zusatzinformationen/junge-akademikerinnen/bachelor-master-und-co-2013-einstiegsgehaelter-und-arbeitsbedingungen-von-jungen-akademikerinnen-und-akademikern>
- Wages in public service: <http://oeffentlicher-dienst.info/>

### If you are planning to work for Siemens

Siemens is member of a tariff union, the IG Metall. In this union wages are paid according to ERA. Each position is categorized according to an “Entgeltgruppe”. The “Stufe” of the “Entgeltgruppe” depends on your working experience. I can only guess but I would say the positions you are applying for are E10 - E12.

The sum you see in the table (<http://www.igmetall-bayern.de/metall-elektro/>) is referred to as “Grundgehalt”. In addition companies pay a “Leistungszulage” up to 28%, in average 14%.

Furthermore companies (Siemens) pay “Urlaubsgeld” – 70% of a monthly wage on top and a so called “13. Monatseinkommen/ Weihnachtsgeld” – from 25% - 55% of a monthly wage – on top.

If you are indicating, asking or bargaining about your salary you should talk about the annual revenue because such benefits can differ a lot from one company to another.