

Work-Life Service

Information on employment types

Minijob / 450 €-job in a private household

A low-income employment (450 € minijob) is defined as a job for which the pay regularly does not exceed 450 € per month. The earnings limit is a maximum of 5400.00 € per year for continuous employment (lasting at least 12 months). If the salary exceeds the limit of 5400.00 € / year, it is an employment relationship subject to social insurance and the entire social insurance contributions are due.

Minijobbers have the same rights as full-time employees and are therefore entitled to protection against dismissal, continued payment of wages in the event of illness, illness of the child, maternity and loss of working hours on public holidays, as well as to vacation entitlement.

In addition to the wage costs (pay), employers must pay state flat-rate contributions per month for minijobbers, such as

- Health insurance, if they are insured by law,
- pension insurance, and
- accident insurance.

Example:

The salary amounts to 450.00 € per month. The minijobber has statutory health insurance, would like to make full contributions to pension insurance and income tax is levied at a flat rate. Consequently, the employer will have to pay the following monthly contributions:

Contribution type	Percentage	Amount in €
Health insurance	5.00	22.50
Pension insurance	5.00	22.50
Accident insurance	1.60	7.20
Umlage 1 (U1)	1.00	4.50
Umlage 2 (U2)	0.39	1.76
Flat-rate wage tax	2.00	9.00
Monthly contributions for employers without tax reductions		67.46

Employers can use the [Haushaltsscheck-Rechner](#) to calculate their personal contributions.

Minijobbers must be registered with the Minijob-Zentrale using the so-called household check procedure. In our document *Employment of minijobbers*, we have compiled the most important information on this topic for you.

Short-term Minijob in a private household

In the case of a short-term minijob, the employment period is limited from the outset, either to a maximum of three months if the minijobber works at least five days per week or to a maximum of 70 working days if he/she regularly works fewer than five days per week. These time limits generally apply to all short-term mini-jobs within a calendar year, but also to employment spanning more than one year that is limited from the outset to three months or 70 working days.

In principle, the amount of remuneration is not fixed. However, the employment may not be carried out professionally, i.e. it should not be decisive for securing a livelihood. If the remuneration exceeds € 450.00 per month, it is necessary to check whether the employment is professional. If the short-term employment is carried out in addition to a main employment, it is generally not professional. This also applies to employment that is carried out alongside self-employment, a voluntary social or ecological year, federal voluntary service or the receipt of early retirement benefits.

It is possible to have several short-term minijobs. In this case, however, all periods are added together. In total, they may not exceed the above-mentioned time limits for short-term employment. In addition, short-term employment may be carried out alongside a 450 € minijob. The respective working hours and remuneration are not offset against each other.

For employers, short-term employees are subject to accident insurance contributions, contributions to compensate for their expenses in the event of illness ("U1") or pregnancy or maternity ("U2"), as well as wage tax. The latter can be taxed in two ways: either individually according to the tax class of the minijobber or with a flat-rate wage tax of 25%. Wage tax and church tax must also be paid to the tax office. The latter amounts to 8% in Bavaria and Baden-Württemberg and 9% in all other federal states.

Example:

The remuneration amounts to € 500.00 for the specified period. The lump sum wage tax of 25% applies and church tax must be paid. The following levies are to be paid by the employer:

Contribution type	Percentage	Amount in €
Accident insurance	1.60	8.00
Umlage 1 (U1)	1.0	5.00
Umlage 2 (U2)	0.39	1.95
Lump sum wage tax	25.00	125

Church tax	9	45
Total contributions of the employer		212,45

In the case of short-term minijobs, registration with the Minijob-Zentrale also takes place via the so-called [Haushaltsscheckverfahren](#). In our document *Employment of minijobbers*, we have compiled the most important information on this topic for you.

Midijob / transitional area

If employees receive a monthly gross salary of between 450.01 € and 1,300.00 €, they are in the transitional zone, the so-called midijob. The midijob differs from standard employment subject to social insurance in that it is taxable but not fully subject to social insurance. Depending on certain factors, such as tax class or salary level, employees are liable for the church tax and wage tax.

Employers pay the full employer's contribution on all remuneration. The employee contribution, on the other hand, is not calculated on the basis of the full salary, but on the basis of a notional reduced amount calculated according to a certain formula. The employee contributions are staggered and only increase to the full employee contribution at the end of the transitional period.

Example:

The employee's monthly salary is 1,200.00 €. The employee is in tax class 4, in the church (tax rate 9%), childless and insured by law for health, pension and unemployment. The respective monthly contributions amount to:

Contribution type	Employee	Employer
Pension insurance	111.60 €	111.60 €
Unemployment insurance	14.40 €	14.40 €
Health insurance	93.00 €	93.00 €
Care insurance	21.30 €	18.30 €
Umlage 1	-	12.00 €
Umlage 2	-	2.28 €
Umlage 3	-	1.44 €
Church tax	1.30 €	-
Wage tax	14.50 €	-

Total contributions	256.10 € (net income: 943.90 €)	253.02 € (Total costs: 1,453.02 €)
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Employers can use the [gross-net calculator](#) to calculate their contributions (excluding levies 1, 2 and 3) as well as the net salary of their midjobbers.

Private employers must report the employment relationship to their responsible tax office, to the statutory accident insurance, to the responsible municipality and to the employee's health insurance. In the future, social security contributions must be paid to this health insurance. The church tax and wage tax will be withheld from the employee's gross pay and paid to the respective tax office.

"Normal" permanent employment

A gross salary of € 1,300.01 or more constitutes taxable employment subject to full social insurance contributions. Employers have approx. 21% ancillary wage costs. Employers have to pay the following taxes:

Contribution type	Percentage
Pension insurance	9.3
Health insurance	7.3 plus additional contribution of statutory health insurance, if applicable, currently 1.1 on average
Care insurance	1.525 (in Saxony 1.025)
Unemployment insurance	1.2
Statutory accident insurance	1.6
Umlage 1	depending on the statutes of the health insurance company, currently between 1.00 - 4.10
Umlage 2	depending on the statutes of the health insurance company, currently between 1.00 - 4.10
Umlage 3	0.12

Example:

In the case of an employment relationship subject to full social security contributions with a gross salary of €1,400.00, employers have total costs of approximately €1,700.00. Employees in this case have a net income of approximately 1,070.00 €.

Private employers must also report the employment relationship to their responsible tax office, to the statutory accident insurance, to the responsible municipality and to the health insurance of the employee.

In the future, social security contributions must be paid to this health insurance. The church tax and wage tax are withheld from the employee's gross salary and paid to the respective tax office.

Fee-based / on account

Freelancers are not subject to essential provisions of employment law (e.g. statutory protection against dismissal, continued payment of wages in the event of illness). They are also responsible for their own taxes and social security. In this case, self-employed persons are contractors who invoice the client for the work performed. For this purpose, contractors need a tax number, which they receive when registering with the tax office. They can be registered as traders or freelancers. Registration with and deregistration from the health insurance and taxation of remuneration are not required for this type of employment.

Clients should make sure that the employment of freelancers is not a so-called bogus self-employment, which in reality is a dependent employment relationship. In the assessment of the overall situation, it is decisive, among other things, that contractors work not only for one, but for several clients, so that it cannot be assumed that there is dependence on a single client, as in an employment relationship.

In principle, proper invoices are to be ensured when commissioning on a fee basis. They should include, among other things, the following:

- date of issue
- the name and address of the contractor and the client
- the tax number or VAT number of the contractor(s)
- consecutive and unique invoice numbers
- a clear brief description of the service
- date and duration of the service
- the remuneration and the tax amount as well as the tax rate or tax exemption.

The amount of wages should always be paid by bank transfer, standing order, direct debit. The invoices should be kept so that they can be presented if requested by the tax office.