

Information on payroll accounting

Adjustments to nursing care insurance according to the draft bill dated 25 April 2023

May 2023

The draft bill on the "Pflegeunterstützungs- und -entlastungsgesetz" ([PUEG](#)) [German Nursing Support and Relief Act] specifies raising the current contribution rate for nursing care insurance from 3.05% to 3.4%. Furthermore, the German Federal Constitutional Court's ruling is to be implemented, according to which larger families are to be treated more favourably than smaller families or those without children. But what does this now mean for employers?

The PUEG is presumably intended to implement two decisive amendments with regard to the contribution paid into nursing care insurance as at 1 July 2023. First, the contribution rates for nursing care insurance are to be adjusted. The contribution rate for

- social nursing care insurance is to be increased by 0.35 percentage points from 3.05 to 3.4% and
- the extra charge paid into the nursing care insurance system by the childless by 0.25 percentage points from 0.35 to 0.6%.

The legislator is justifying this increase by stating the intent to support care at home, thereby easing the burden on all individuals involved. Furthermore, the working conditions for nursing staff are to be improved and the potential of digitalisation is to be used increasingly more.

Second, the legislator is seeking to comply with the German Federal Constitutional Court's call to amend contribution law by 31 July 2023. This is because in the [ruling](#) dated 7 April 2022 the court established that it is unconstitutional that parents, regardless of the number of children that they support, are burdened with the same level of contributions for social nursing care insurance. The Court is of the opinion that it is not justifiable under constitutional law to treat something so essential so unequally.

Whereas contribution increases in all areas of social insurance have been common practice in payroll accounting over the past few years, the implementation of this ruling presents payroll accounting with particular new challenges. This is because where previously only parenthood was authoritative for the level of the nursing insurance contribution, now the number and age of the children must be taken into account.

Which amendments does the legislator want to adopt and what do these look like?

Generally speaking, the total contribution for statutory nursing care insurance for members who have reached the age of 23 and do not have any children consists of the regular contribution rate and the surcharge paid by the childless (as of 1 July 2023: 3.4% + 0.6% = 4.0%). This corresponds to an increase totaling 0.6 percentage points (0.35 percentage points for social nursing care insurance and 0.25 percentage points for childless surcharge).

The regular contribution rates remain applicable for parents with one child (as of 1 July 2023: 3.4%; increase of 0.35 percentage points). This privileged treatment of parents under contribution law will also be taken into account lifelong.

The amendments are applicable for parents with two or more children. In consideration of the ruling referred to above, the legislator has now decided to lower the contribution rate as of the second and up to the fifth child by a deduction of 0.25 percentage points per child for the child-raising period (ending in the month in which the respective child turns 25). The deduction then no longer applies for the respective child. Whereas the contribution rate for parents with two children rises from 3.05% to 3.15% (previously 3.05% + increase of 0.35 percentage points less a deduction of 0.25 percentage points for one child), the contribution rates will decline in the future for parents with at least three children (to 2.90% in the case of three children).

Thus, parents whose children are already over 25 years of age pay the regular contribution rate (as of 1 July 2023: 3.4%) as of the date when the youngest child turns 25. The legislator justifies this time limitation in that the economic expense is typically incurred and is the greatest in the period until 25 years of age.

We have prepared the following overview for better orientation regarding the future contribution rates:

Contribution for	Total contribution	Employee's contribution	Employer's contribution
Childless	4.00%	2.30%	1.70%
Parents with one child (lifelong)	3.40%	1.70%	1.70%
Parents with 2 children	3.15%	1.45%	1.70%
Parents with 3 children	2.90%	1.20%	1.70%
Parents with 4 children	2.65%	0.95%	1.70%
Parents with more than 5 children	2.40%	0.70%	1.70%

It is clear that employees will have to verify in the future to their employers both the number as well as the dates of birth of children in order to benefit from the reduced contributions.

What documentary evidence is necessary?

The Spitzenverband Bund der Pflegekassen [German National Association of Statutory Health Insurance Funds] will provide recommendations on the form of documentary evidence by 1 July 2023; a part of the [previous recommendations](#) will surely remain unchanged (e.g. birth certificates, excerpt from the registry office's register of births, adoption certificate), whereas other documentary evidence could no longer be required.

Irrespective of its form, evidence should be provided within three months after the birth of the child so that this can be taken into account also retroactively from the child's birth. Should evidence be submitted later, then this is applicable as of the start of the month that follows when evidence was provided.

As part of the transitional period until 31 December 2023, evidence for children born before 1 July 2023 is considered applicable if it is provided by 31 December 2023.

Thus, implementation of the German Federal Constitutional Court's ruling is intended to provide a constitutional provision for contributions to the statutory nursing care insurance. However, this also leads to the employer requiring additional employee data and maintaining this information in its systems. Please contact us should you have uncertainties regarding implementation of this new statutory requirement or require assistance.

Summary

- These new rules are applicable as of 1 July 2023
- Increase in the contribution rate for nursing care insurance to 3.4%
- Increase in the surcharge paid by the childless for nursing care insurance to 0.6%
- Continued lifelong recognition of children in the contribution calculation

- The contribution rate is reduced by 0.25% per child up to the age of 25 as of the second and up to the fifth child
- Parenthood, the number of children and birth dates must be verified in suitable form to the employer

What must now be done?

- Establish internal planning and an approach
- Send a letter of information to employees
- Collect the feedback from employees (including documentary evidence)

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