

# Information on payroll accounting

## Modifications to long-term care insurance

May 2025

**On 1 April 2025, a new electronic procedure has been introduced to simplify retrieving information on children for long-term care insurance. This circular provides information on the background and functioning of the procedure as well as the impact on measurement of the contribution.**

The German Long-Term Care Support and Relief Act [Pflegeunterstützungs- und -entlastungsgesetz: PUEG] implemented the [Ruling of the German Federal Constitutional Court](#) dated 7 April 2022, which promotes a fairer distribution of the contribution burden (see KPMG information circular dated July 2023). From 1 July 2023, members receive relief from the second to fifth child in the form of a reduction rate in the contribution of 0.25 percentage points per child. The contribution reduction applies until the end of the month in which the respective child reaches or would have reached the age of 25. The new digital procedure is intended to make the collection and verification of the number of eligible children and parental status more efficient and uniform ([Section 55 \(3c\) SGB XI](#)). The transitional period of simplified record keeping, during which it was possible to dispense with submission and checks of specific documentary evidence of children, also expires with the introduction of the new system (circular from the German National Association of Statutory Health Insurance Funds [GKV-Spitzenverband] dated 21 June 2023).

The new digital procedure is known as the data exchange procedure for contribution differentiation in social long-term care insurance (DaBPV). It serves to simplify the collection and verification of the number of eligible children and the parental status. The main rules are defined in [Section 55a SGB XI](#). The automated transmission procedure has been available since 1 April 2025 and will be mandatory for the bodies deducting contributions and care insurance funds from 1 July 2025. The procedure makes it possible to automatically determine the parental status and the number of eligible children and to transmit this information proactively to the bodies deducting contributions (usually the companies). This simplifies the administration and ensures that changes in the number of children can be taken into account in a timely manner. The procedure consists of two central elements: a retrieval procedure and a subscription for proactive change notifications by the German Federal Central Tax Office [Bundeszentralamt für Steuern: BZSt]:

- **Retrieval procedure:** The body deducting contributions initiates a request to determine the parent status and the number of children. The German Federal Central Tax Office provides the relevant data from the specified retrieval date using the employee's tax identification number as the key classification criterion. The provision of data is made under the „[Once Only](#)“ and „[Digital Only](#)“ principle.
- **Subscription:** In registering for the subscription, proactive notifications of changes are made by the German Federal Central Tax Office to the body deducting contributions should the number of eligible children change.

The procedure is mandatory for all bodies deducting contributions and care insurance funds from 1 July 2025. The consent of members for the transmission of data is not required.

The procedure enables accurate, timely and paperless recording of eligible children, thus ensuring the correct application of contribution deductions. In addition, the response from the DaBPV is considered proof of parental status and the retention of birth certificates or similar supporting documents for documentation purposes will no longer apply for the period after 1 July 2023 (circular from the German National Association of Statutory Health Insurance Funds, as at 31 March 2025). However, should participation not be possible for certain employees, for example due to a missing tax identification number, documentary evidence must still be provided. If the body deducting the contribution has information that differs from the notification of the German Federal Central Tax Office, it must use this existing evidence as the basis or provide clarification about its member.

Conclusion: Members with at least two children under the age of 25 benefit from a reduction in contributions amounting to 0.25 percentage points per child ([Section 55 \(3\) SGB XI](#)). An overview of the current contribution rates (as at May 2025) can be found here:

Contribution for	Total contribution	Employee's contribution	Employer's contribution
Members without children	4,20%	2,40%	1,80%
Parents with one child (lifelong)	3,60%	1,80%	1,80%
Parents with 2 children	3,35%	1,55%	1,80%
Parents with 3 children	3,10%	1,30%	1,80%
Parents with 4 children	2,85%	1,05%	1,80%
Parents with 5 or more children	2,60%	0,80%	1,80%

\* different ruling on the allocation of contributions in the federal state of Saxony



#### Summary of the new regulations

- Introduction of automated procedure for retrieving information on children from 1 July 2025
- Objective is to make the collection of parental status and the number of children more efficient.
- The procedure is mandatory for all bodies deducting contributions and care insurance funds.
- Proactive notification of changes by the German Federal Central Tax Office if the number of children changes
- Reduction in the contribution rate for members with two or more children under the age of 25
- Procedure is carried out automatically via the payroll software

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