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**Germany – Policy Update
on Using Allowances to
Boost Assignees' Salaries**

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flash Alert

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On January 8, 2016, the headquarters of Germany's Federal Employment Agency (FEA) released an update on the possibility of using allowances for boosting the salaries of assignees that come to Germany to work. It appears that, in fact, allowances used to boost an assignee's salary will be considered acceptable when used to help the assignee's salary meet the so-called comparability requirement.

Employers sometimes augment the assignee's foreign base salary to bring it up to a comparable salary level (comparable to the local workforce).

Why This Matters

For companies assigning non-EU/EEA/Swiss nationals to Germany from low-wage countries this will be great news. The change of administrative practice we reported on with our GMS [Flash Alert 2016-001](#) therefore will **not** become effective. Typical allowances paid on occasion of an assignment will be considered with regard to a comparable salary as in the past.

Policy and Practice Regarding Assignees' Salaries

With this e-mailed communication, the FEA's headquarters revoked the previous statement¹ of one of its teams and indicated that this team had misinterpreted internal communications². The e-mail also included apologies for the confusion caused.

Only for purposes of complying with the statutory minimum salary requirement, will typical assignment-related allowances (such as per diems, transportation and housing allowances, etc.) **not** be considered for attaining the requirements under the German Act Regulation on a General Minimum Wage ("MiLoG"). The previous communication from the FEA had indicated that this approach for the minimum salary requirement would also be applied to the comparability requirement. According to the newer statement (as referenced in footnote 2) the FEA will consider – as in the past – typical assignment-related allowances for attaining a comparable salary to the local workforce. Therefore, at this latter stage, boosting salaries in this way will continue to be accepted.

Footnotes:

1 For our prior report, see GMS [Flash Alert 2016-001](#) (January 5, 2016).

2 This e-mail was sent out on behalf of Dr. Manfred Schitzler, Headquarter of the Federal Employment Agency, Nuremberg (Reference Code: 22 – 5758). It is considered information that is public and not proprietary or confidential.

Please note the KPMG International member firm in the United States does not provide immigration services.

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