

# GMS Flash Alert

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## Germany - Electronic Filing of A1 Applications

As of January 1, 2019, the application for an A1 certificate in Germany must be filed electronically via a payroll program. In the past, A1 applications in Germany could be filed in paper form and sent to the responsible authority via post. Currently this paper form (a .pdf file) can also be transmitted via e-mail to most of the responsible authorities.

In Germany, employers must be prepared for the new electronic A1 application process as of January 1, 2019.

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### WHY THIS MATTERS

Since January 1, 2018, A1 certificates can also be applied for electronically in Germany. The electronic application process is to be integrated into the payroll programs which employers normally use. However, not all of the common payroll programs currently provide this function. As of January 1, 2019, the electronic application process will become mandatory. This means, as of this date, providers of payroll programs must be able to offer their clients this function and employers need to be familiar with the new process.

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### Background

Within the European Union (EU)/European Economic Area (EEA) member states and Switzerland<sup>1</sup> a certificate of coverage (form A1) proves that only the social security legislation of the home country applies to an assigned employee.

An A1 certificate is required for each assignment to another EU/EEA member state.<sup>2</sup> The legal framework of the Regulation (EC) 883/2004 does not provide a minimum time limit for assignments. (Regulation (EC) 883/2004, which coordinates the applicable social security legislation within the member states, entered into force on May 1, 2010.) An assignment exists not only if an employee is seconded to another member states for one or two years (e.g., for the implementation of a project), but also where the individual participates in a conference or a business meeting. In other words, any professional cross-border activity requires an individual apply for an A1 certificate.

## Electronic Exchange of Social Security Information

The Electronic Exchange of Social Security Information (EESSI) was made available by the European Commission in July 2017. EESSI is an information technology (IT) system that helps social security institutions across the member states exchange information rapidly and securely, as required by the EU rules on social security coordination. Member states have two years from July 2017 to finalize their implementation of EESSI and connect their social security institutions to the cross-border electronic exchanges.<sup>3</sup>

## From Paper Forms to Electronic

As noted above, up until now, A1 applications in Germany could be filed in paper form. However, electronically applying for A1's has been possible since January 1, 2018.

### Making Applications: Practical Aspects

The A1 application is to be filed before the start of the assignment or business trip. Otherwise, problems can arise with controls (e.g., access to the premises, exhibition center, or construction site could be denied).

A1 applications must be filed electronically in the following instances:

- Assignments (and business trips) up to 24 months;
- Cross-border deployments of civil servants;
- Special arrangements (according to Art. 16 Regulation EC 883/2004)<sup>4</sup>.

The electronic filing process does not apply to persons who pursue their working activities regularly in two or more member states (so-called "multi-state workers").<sup>5</sup> The A1 applications for multi-state workers can still be filed in paper form.

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### KPMG NOTE

If a payroll program currently offers the functionality of making applications electronically, employers presumably are already using it, thus enhancing their familiarity with the process which, from January 1, 2019, will be mandatory.

As the A1 application is necessary as of the first day of the assignment or business trip to another member state, the challenge for employers will be to identify all cross-border working employees within their company. IT solutions could be developed to keep the employer (especially the HR department) informed about employees' business trips and help ensure compliance for social security purposes. If necessary, new interfaces must be created within existing operating structures so that the application data and returned A1 certificates can be transferred between the employer and responsible authority.

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## FOOTNOTES:

- 1 EU/EEA member states and Switzerland will be collectively referred to, in this article, as: "member states."
- 2 Refer to Art. 12 para. 1 Regulation (EC) 883/2004 in connection with Art. 15 para. 1 and Art. 19 para. 2 Regulation (EC) 987/2009.
- 3 See the European Commission Web page for [Electronic Exchange of Social Security Information](#) (EESI).
- 4 The legal basis for this process under German law is § 106 Social Security Code, Volume IV.
- 5 Refer to Art. 13 Regulation (EC) 883/2004.

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