

GMS Flash Alert



2023-131 | June 29, 2023

Germany - New Contribution Rates for Nursing Care Insurance Begin July 2023

In Germany, the costs for old age nursing care benefits are increasing annually. To counteract this, the German Federal Council confirmed a draft law¹ on 16 June 2023², which includes an adjustment to the contribution rates tied to statutory nursing care insurance. The contribution rate will change for every employee that is subject to German social security legislation as of 1 July 2023. The contributions will be calculated based on the number and the age of the employee's children.

The law enters into force on 1 July 2023.

WHY THIS MATTERS

In the past and until 30 June 2023, properly calculating the contribution rate per employee for statutory nursing care insurance has depended on whether an employee (who is older than 23) has children or not.

As of 1 July 2023, the contribution rates for statutory nursing care insurance will change for every employee that is subject to German social security law. The effort to calculate the contributions correctly could add burdens to employers and payroll administrators.

Along with the number of children, the age of the employee's children will also be decisive. This means that the age of every employee's child needs to be tracked continuously.

Background

Please find below an overview of the contribution rates for statutory nursing care insurance that will be valid as of 1 July 2023:

	Employee's Part	Employer's part	Total
Employees without children	2.3% (Saxony 2.8%)	1.7% (Saxony 1.2%)	4.00%
Employees with one child (valid for life)	1.7% (Saxony 2.2%)	1.7% (Saxony 1.2%)	3.40%
Employees with 2 children	1.45% (Saxony 1.95%)	1.7% (Saxony 1.2%)	3.15 %
Employees with 3 children	1.2% (Saxony 1.7%)	1.7% (Saxony 1.2%)	2.90 %
Employees with 4 children	0.95% (Saxony 1.45%)	1.7% (Saxony 1.2%)	2.65%
Employees with 5 children or more	0.7% (Saxony 1.2%)	1.7% (Saxony 1.2%)	2.40 %

Source: KPMG AG Wirtschaftsprüfungsgesellschaft

The contributions rate for employees with children is 0.6 percent lower than for employees without children. As of the second up through the fifth child, there will be an additional relief for the employee of 0.25 percent per child.

Whilst the relief for the first child is valid for the employee's entire life, the relief as of the second child is only valid until the child reaches 25 years old. Specifically, the relief is valid until the end of the month in which the child turns 25 years old.

Details and Practical Implementation

For German payroll run for July 2023, the information about the number and age of the employee's children needs to be in place in order to pay the statutory nursing care contribution in the correct amount. To help ensure that contributions are properly calculated and paid throughout, it is advisable to check now when the employee's children will be turning 25. In the following month, the contribution to the statutory nursing care insurance must be adjusted accordingly if the employee has more than one child.

KPMG INSIGHTS

The number of children and their ages must be proven to the authorities. The proper manner for providing proof has not yet been finally clarified. To be ready once the proper manner is in place, we recommend that the certificates of birth for every child be requested of every employee as soon as possible.

In case information about the number of children and their ages is not timely in place for payroll run for July 2023, we recommend using the information that is already in place ("does the employee have children or not?"). If it is known that an employee has children, but not how many, the employee can be treated as an employee with only one child.

This will help make sure that contributions are not underpaid, which will prevent late payment penalties being imposed at a later point in time.

If such information is subsequently provided – that the employee has more than one child – the overpaid contributions may be refunded until 30 June 2025.

FOOTNOTES:

1 Bundesrat, Drucksache 220/23 (26.05.23), Gesetzesbeschluss des Deutschen Bundestages, "[Gesetz zur Unterstützung und Entlastung in der Pflege \(Pflegeunterstützungs- und -entlastungsgesetz - PUEG\)](#)."

2 Bundesrat, Drucksache 220/23 (Beschluss) (16.06.23), Beschluss des Bundesrates, "[Gesetz zur Unterstützung und Entlastung in der Pflege \(Pflegeunterstützungs- und -entlastungsgesetz - PUEG\)](#)."

* * * *

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Germany:



Daniel Schütz
Senior Manager
Tel. +49 (0) 211 475 6456
dschuetz@kpmg.com



Gunnar Bochmann
Assistant Manager
Tel. +49 (0) 211 475 7895
gbochmann@kpmg.com

The information contained in this newsletter was submitted by the KPMG International member firm in Germany.

© 2023 KPMG AG Wirtschaftsprüfungsgesellschaft, a corporation under German law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

www.kpmg.com

kpmg.com/socialmedia



© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing Audit, Tax and Advisory services. The KPMG global organization operates in 147 countries and territories and has more than 219,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

GMS Flash Alert is a publication of the KPMG LLP Washington National Tax practice.