

# GMS Flash Alert



2024-003 | January 5, 2024

## Germany - Increased Social Security Contribution Thresholds for 2024

In accordance with Germany's social security statute, the wage thresholds and the estimated additional contribution rate for statutory health insurance have increased effective 1 January 2024.

### WHY THIS MATTERS

According to German law, employers are responsible for the correct payment and calculation of social security contributions if they employ staff who are subject to German social security legislation. This applies to both German and foreign employers. In case social security contributions are paid incorrectly or not on time, late payment penalties might be due. To help ensure that contributions are paid correctly, the German pension insurance authority carries out social security audits every four years for all employers with obligations to German social legislation.

Where called for, employers may need to make payroll adjustments and update hypothetical tax calculations for tax-equalised assignees.

### Context

The German social security system is based on the principle of solidarity. All employees who are subject to Germany's social security legislation are generally entitled to the same social benefits. The amount of contributions depends on the employee's salary (the higher the salary, the higher the contributions), but they are capped by social security contribution thresholds.

The social security contribution thresholds are determined based on the development of all employees' gross salaries that are subject to Germany's social security contribution law. The thresholds usually change annually on 1 January.

## Social Security Thresholds as of January 2024

The following social security thresholds are applicable as of January 2024<sup>1</sup>:

	West		East	
	Monthly	Yearly	Monthly	Yearly
<b>Social security thresholds</b>				
Pension and unemployment insurance	€7,550	€90,600	€7,450	€89,400
Health and nursing care insurance	€5,175	€62,100	€5,175	€62,100

Source: KPMG in Germany

For employees with a gross salary which is above the respective social security threshold(s), the difference between the threshold(s) and the gross salary is free of social security contributions.

## Contribution Rates per Social Security Branch as of January 2024

The social security contribution rates remain generally unchanged for 2024. Only the average of the additional contribution rate for statutory health insurance, which is estimated at the end of each year for the upcoming year, increases by 0.1 percent.

	Employee's portion	Employer's portion	Total
Pension insurance	9.3%	9.3%	18.6%
Unemployment insurance	1.3%	1.3%	2.6%
Health insurance*	7.3%	7.3%	14.6%
Nursing care insurance**	2.3% (Saxony 2.8%)	1.7% (Saxony 1.2%)	4%

Source: KPMG in Germany

\* Every statutory health insurance institution may set an individual additional contribution rate. The average will be 1.7 percent and is therefore 0.1 percent higher than in 2023. Employee and employer each pay half of this rate.

\*\* With these rates it is assumed that the employee has no children. There are deductions for employees with children, while the contribution rate for the employer remains unchanged. For more details, please refer to our *GMS Flash Alert* from July 2023.<sup>2</sup>

---

## KPMG INSIGHTS

### Health Insurance Institutions and Setting Contribution Rates

As noted above, only the thresholds and the estimated additional average contribution rate for health insurance have increased. Every health insurance institution may set the individual additional contribution rate. For some institutions the rate stays the same, or even decreases, but most institutions increased their rate. For employees who are below the threshold and have the same gross salary as in 2023, and who are members of a statutory health insurance institution that decreased their additional rate, total social security contributions are generally less than in 2023.

### Mitigating Discrepancies Between Eastern and Western Federal States

Due to the discrepancy in income levels in the eastern and western federal states, there have been different social security contribution thresholds, until 2024. An adjustment was carried out in seven steps to stabilise the effects of adjustments, given the discrepancy, over time. Starting on 1 January 2019, the contribution assessment ceiling (East) was brought closer to the Western values every year until it will fully match with the corresponding Western values, starting 1 January 2025. As of January 2025, there will be uniform social security contribution thresholds for all federal states in Germany<sup>3</sup>.

---

## FOOTNOTES:

- 1 Determination of the contribution thresholds for 2024 by the federal government (in German): [“Sozialversicherung: Neue Beitragsbemessungsgrenzen für 2024.”](#)
- 2 See [GMS Flash Alert 2023-131](#), 29 June 2023.
- 3 See (in German) *Bundesministerium der Justiz*, § 275a of German social security Code VI [§ 275a SGB 6 - Einzelnorm](#) .

\* \* \* \*

## 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](mailto:dschuetz@kpmg.com)



**Gunnar Bochmann**  
**Assistant Manager**  
Tel. +49 (0) 211 475 7895  
[gbochmann@kpmg.com](mailto:gbochmann@kpmg.com)

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

© 2024 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](http://www.kpmg.com)

[kpmg.com/socialmedia](http://kpmg.com/socialmedia)



© 2024 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.