

THE MINIMUM WAGE ADJUSTMENT ACT: Changes from 1 October 2022

On 30.06.2022, the "Act to Increase Protection by the Statutory Minimum Wage and on Changes in the Area of Marginal Employment" was officially promulgated in the Federal Law Gazette. We present the resulting essential changes with effect from 01.10.2022:

MINIMUM WAGE

The minimum wage will be increased to EUR 12.00 gross per hour as of 01.10.2022. This minimum wage will remain in force until 31.12.2023. For the period thereafter, regular adjustments will again be made on the proposal of the so-called Minimum Wage Commission, in which employers and trade unions are represented.

As a consequential amendment, the remuneration amounts applicable to the exceptions from the documentation requirements in the case of employment in the economic sectors mentioned in the Act to Combat Clandestine Employment (according to the so-called Minimum Wage Documentation Requirements Ordinance) are adjusted. Documentation is not required if the regular monthly remuneration exceeds either EUR 4,176 gross (until 30.09.2022: EUR 2,958) or EUR 2,784 gross (until 30.09.2022: EUR 2,000) in the case of verifiable payment for the last full twelve months.

MINI-JOBS

The increase in the minimum wage also affects low-paid employment in the context of so-called mini-jobs (previously also called 450-euro jobs). The previously static marginal earnings threshold will in future be made dynamic, based on a weekly working time of ten hours and in line with the development of the minimum wage. It will be calculated according to the wording of the law by multiplying the minimum wage by 130, dividing it by three and rounding it down to full euros. As of 01.10.2022, this results in a marginal earnings threshold of EUR 520.00 per month.

Thus, in future, low-paid employment with a weekly working time of up to ten hours under minimum wage conditions will continue to be possible even if the minimum wage increases. Employers therefore no longer have to check whether an increase in the statutory minimum wage results in a need for change about the social insurance status of a mini-job.

Regularly exceeding the marginal earnings threshold leads to compulsory social insurance as before, possibly within the framework of a so-called midi-job. However, the possibility of an occasional and unforeseeable exceeding of the marginal earnings threshold for a low-paid job, which was previously only anchored in the so-called guidelines on marginal earnings of the central associations of the social insurance institutions, is now regulated by law - in a stricter form. Accordingly, an unforeseeable and thus harmless exceeding of the marginal earnings threshold for a mini-job exists if this limit is exceeded within one year in no more than two calendar months (previously, according to the guidelines on marginal earnings of 26.07.2021: three calendar months) by an amount up to the amount of the marginal earnings threshold (previously: no upper limit).



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MIDI-JOBS

The wage range for so-called midi-jobs in the transitional area increases from currently EUR 450.01 to EUR 1,300 to EUR 520.01 to EUR 1,600 per month.

For employments with a regular monthly salary of EUR 450.01 to EUR 520.00 that began before 01.10.2022, grandfathering provisions are provided for health, long-term care and unemployment insurance until 31.12.2023. This grants this employment group constant social insurance protection, which they would otherwise lose if they were classified as mini-jobbers. Optionally, these employees can also be exempted from compulsory social insurance, for example, because they are otherwise covered for illness. To do this, an application must be submitted to the employment agency. The exemption is retroactive to 01.10.2022 if it is applied for by 31.12.2022. If the application is made later, it takes effect from the beginning of the calendar month following the application.

Furthermore, the formula for the relief of employees in the transitional area will be changed from 01.10.2022 in such a way that the leap in the burden of contributions upon transition to employment subject to social insurance contributions will no longer apply in the future. At the same time, a new formula for calculating the employer and employee shares concerning social insurance contributions will be introduced. With the new regulation, the employer's contribution at the lower end of the transitional area will be increased and gradually reduced from 28 % to the regular social insurance contribution of 19.975 %. This means that the employers at the lower end of the transitional area will be burdened more in comparison to the previous regulation, while the employees will be relieved in return; at the upper end of the transitional area, the contribution burden will equalise with the regular contribution to be paid.



NOTICE:

The new regulations implement the increase of the minimum wage to EUR 12.00 gross per hour as provided for in the coalition agreement. The other adjustments are essentially necessary consequential changes. If you have any questions on the concrete implementation and review of existing employment contracts, please do not hesitate to contact us!