

Information sheet on statutory social insurance

Information for employees in marginal employment

There are three criteria for defining marginal employment:

1. Marginal employment on a (relatively) long-term basis as a single occupation with a regular income of no more than €450, or several marginal employment contracts with an overall income of no more than €450
2. Secondary marginal employment of up to €450 in addition to a main occupation subject to mandatory social insurance contributions, or several marginal employment contracts which have an overall income of more than €450.
3. Employment on a short-term basis.

Marginal employment as a single occupation or several marginal employment contracts with an overall income of no more than €450

Marginal employment as a single occupation is not subject to mandatory social insurance contributions apart from statutory pension contributions. For an employee whose income from marginal employment as a single occupation or several marginal employment contracts which do not exceed €450 per month, the employer must make contributions of 13% of the employee's wage towards statutory health insurance and 15% towards statutory pension contributions. The employee is required to make at least 3.7% contributions towards statutory pension contributions. The minimum amount of statutory pension contributions (employee and employer contributions combined) is €32.73.

The employer's health insurance contributions do not entitle the employee to benefits; however, statutory pension contributions count towards pension benefits.

If the employee is covered by private health insurance, the employer is not required to make statutory health insurance contributions.

All deductions made by the employer are paid to Deutsche Rentenversicherung Knappschaft-Bahn-See (Minijob-Zentrale Essen).

If the employee does not wish to make statutory pension insurance contributions, they may be made exempt by their employer. In order to do so, the employee must inform the employer in writing that they wish to be made exempt from the obligation to make statutory pension insurance contributions using the form on the university website. If the employee has several marginal employment contracts, the application for exemption must apply to all marginal employment contracts held at the same time. The employee must inform all other – including future – employers for whom they carry out a form of marginal employment of the application for exemption. Exemption from the obligation to make statutory pension insurance contributions is binding for the duration of all of the employment contracts; it cannot be revoked.

As a rule, exemption takes effect at the start of the calendar month in which the application is received by the employer or at the beginning of the period of employment at the earliest. This applies once the employer has notified the Minijob-Zentrale of receipt of the application for exemption before the next wage payment. This notification must occur within 6 weeks of receiving the application for exemption at the latest. In all other cases, the exemption will come into effect the following month.

Secondary marginal employment alongside a main occupation or several marginal employment contracts

As a rule, pay from all employment contracts is aggregated to assess social insurance contributions. If an employee has several forms of employment for the same employer, social insurance law stipulates that there is only one employment contract and pay is aggregated as a consequence.

If the employee has a main occupation subject to mandatory social insurance contributions with one employer and one secondary marginal form of employment for another employer, the marginal employment pay is not aggregated with the main occupation. In this case, the secondary employment contract is exempt from statutory social insurance contributions which has the consequence of fixed deductions as stated above.

If the employee has a main occupation subject to mandatory social insurance contributions with one employer and several other marginal employment contracts for another employer, the first marginal employment contract is not aggregated with the other employment contracts (as not all employment contracts must be aggregated). In this case, the first marginal form of employment is thus exempt from statutory social insurance contributions (health, unemployment and care insurance), which has the consequence of qualifying for fixed deductions.

Pay will therefore only be aggregated in the calculation of mandatory insurance contributions for health, pension and care insurance if an employee has a main occupation subject to mandatory social insurance contributions and has a second or more marginal employment contracts for another employer.

The employee may be exempt from mandatory unemployment insurance contributions from the other employer. This is not aggregated with the main occupation subject to mandatory social insurance contributions. Several marginal employment contracts will not be aggregated for the calculation of mandatory unemployment insurance contributions.

If an individual's main occupation is not subject to mandatory social insurance as a public servant (Beamte), self-employed individual or pensioner, secondary employment is also not subject to mandatory social insurance. For public servants (Beamte), self-employed individuals or pensioners this has the consequence that the employer must only deduct fixed health insurance contributions if the employee has voluntary statutory health insurance.

If an employee has several simultaneous marginal employment contracts, the pay for each employment contract must be aggregated. If the pay from all of the marginal employment contracts exceeds the threshold of €450, the entire remuneration will be subject to the standard mandatory contributions. For each of the marginal employment contracts, the standard mandatory contributions towards health, unemployment, care and pension insurance will then be shared equally by the employer and employee.

Employment on a short-term basis

The regulations for short-term employment remain unaffected. These state that irrespective of pay, employees do not have to pay mandatory social insurance contributions if employment is limited to a maximum length of two months or 50 working days over one year. Aggregation of remuneration from short-term marginal employment contracts and main occupations subject to mandatory social insurance contributions does not apply here.

Information on taxation law

Marginal employment is subject to taxation. The employer will not make a flat rate taxation contribution.

If the employee does not provide details of income tax or the tax ID number, the employer is required to make deductions in tax category VI.