



Hire employees in Germany
simply, compliantly, and hassle-free

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What you need to know for employing in Germany

Employ remote teams worldwide with Omnipresent's Employer of Record (EOR) service. We combine human expertise with automation to deliver your compliance, payroll, benefits, and HR support needs.



Currency: Euro (€, EUR)



Language(s): German



Employer costs: High



Termination: Hard



Onboarding Timeline: ~22 calendar days



Payroll Frequency: Monthly



EOR maximum engagement*: 18 months

*Germany restricts contract length under the Employer of Record model to 18 months. After this period we can enable you to move employees to the VEO model. More information in the Employment Contracts section.

Benefits

What we offer	Mandatory	Supplementary
Healthcare (Public)	✓	
Dental Insurance	✓	
Vision Insurance	✓	
Retirement & Pension (Public)	✓	
Retirement & Pension (Supplementary)*	✓	
Accident Insurance	✓	
Disability Insurance	✓	
Illness Insurance	✓	
Life Insurance	✓	
Workers' Compensation	✓	

*"Directversicherung": mandatory to offer, employee can opt out

Due to the extensive cover of mandatory benefits, additional benefits are not commonly offered.

Health

Employers and employees contribute to State Health Insurance and statutory Long-term Care Insurance via the required payroll deductions.

Employees with earnings greater than EUR 66,600 (2023) p/a may opt to be covered by private health insurance instead (this must be for both health insurance and long-term care insurance).

Employers must pay statutory contributions based on the chosen private plan.

Retirement

Employers and employees contribute to State Pension via deductions from payroll.

Almost all employers provide supplementary pension plans. Due to strict equal treatment rules in Germany, the supplementary pension plan through our OmniEntities must be offered to every employee joining either of the OmniEntities; and it is entirely up to the employee to decide whether opting in or out. If the employee chooses to participate in the pension scheme, the employer must contribute €50 per month regardless of how much the employee pays.

Workers' compensation

Workers' compensation is provided through statutory occupational accident insurance. Workers' compensation is payable in case of Occupational Accidents (including accidents on the way to and from employment) or disease, as follows: Medical benefits, Temporary Disability, Permanent Disability, Death Benefits.



Employment Contracts

We offer indefinite, fixed-term, and part-time contracts in Germany.

We cannot offer an indefinite-term contract under the EOR operating model (Germany Licensed Entity). However, we can offer it through a combined solution.

In case you would like to enter an indefinite employment agreement with a person in Germany, we recommend to onboard onto our licensed **EOR for the first 18 months**, and then transition to a Foreign Employer Registration arrangement (what we internally refer to as virtual employer or VE), to allow the continuation of employment compliantly. If you choose to transition your employee from our licensed entity to the **VE** model, please note that only up to 18 months of employment can be included in the **EOR** model. Considering this restriction, you can acknowledge your employee's seniority in the new employment contract that will be signed directly between you and the employee.

If the employee already worked for you before, e.g. as a contractor, this working time needs to be considered as part of the 18-months period before the required transition to the VE model.

Part-time employees must be granted the same pay and work conditions as comparable employees with a full-time position. Part-time work can be requested by the employees (if the employer generally employs more than 15 employees and the employee has been employed for longer than six months - Section 8 of the Part-time and Limited Term Employment Act)

Contract Requirements

Omnipresent requires a written employment contract to outline the EOR terms and provide clarity for both employers and employees. Omnipresent ensures that all necessary key terms are included in the employment contracts we provide. If you are hiring your Germany based employee via our EOR licensed entity, the employment contract will be signed between your employee and our local entity directly.

If you are employing an employee via the VE model, the contract will be signed directly between you and your employee.

Contract language: German & English (Bilingual). German version will always prevail.

Signature requirement: Qualified Electronic Signature*

Backdating: Not possible as per Omnipresent's policy



Framework agreement

If you are using our licensed EOR services in Germany, a Framework agreement (also referred as an Assignment agreement) must be signed between our local entity and you.

This agreement is meant to set out the terms and conditions as well as the handling of the assignment between Omnipresent Germany and you regarding employee leasing. If you have more than one employee with us in Germany, this agreement will not have to be signed after the first hiring, as only one of its annexes must be signed per employee.

Contract Customisation

We provide optional clauses for customisation when adding an employee to our platform. This allows you to tailor certain contract aspects, such as unlimited time off or extra-legal sick days. However, certain contract elements cannot be customised due to compliance risks or Omnipresent's policy. Examples include overtime, restrictive covenants, and stylistic changes.

When hiring via our local EOR licensed entity, as long as you do not collide with the employment contract nor to the Framework agreement, you will have more freedom to put your EOR-hired employees under your own policies via side agreements.

Probation

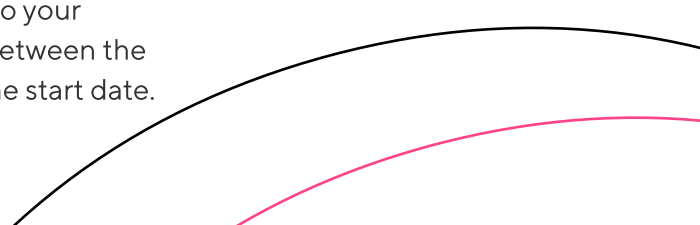
During the probation period, employers evaluate an employee's suitability for the role they have been hired for. It gives the employer an opportunity to assess their performance and determine if they are a good fit for the company. We believe that this process benefits both the employer and the employee.

Here are some key points to know about the probation period:

- The standard statutory probation period in Germany is 6 months, both for fixed-term or indefinite term contracts.
- The probation period may be less than 6 months, but can't be extended beyond 6 months. It is highly recommended to keep the 6 months probation period. After this period, the probationary period is automatically considered as having been passed.

During the probation period, it is allowed to terminate with a shorter notice of at least 2 weeks.

*In Germany, we are required to send the contract via mail to your employee. Therefore please allow at least 5 business days between the QES and the start date to ensure the letter arrives before the start date.



Onboarding

Timeline

Our normal onboarding timeline for our OmniEntity in Germany is around 22 calendar days. The onboarding steps involved are: Platform Setup, Right-to-Work Check, Employment Contract, Benefits and Payroll enrollment. This timeline does not include exceptions such as visas and medical & background checks.

Registration & Approvals

As the employer of record for employees on our OmniEntity, Omnipresent is legally required to register with the health insurance, occupational accident insurance, and tax authority before the start of the employment relationship

Immigration & Visas

There are different available immigration categories. Due to our EOR-licence, our OmniEntity can only support blue card applications (this is the most common visa type).

Right-to-Work

Employers must carry out right to work (RTW) checks on all prospective employees before they are employed. These checks are carried out by Omnipresent under an Employer of Record (EOR) structure, or by clients if they are under a Professional Employer Organization (PEO) structure. It is mandatory for residents in Germany to be insured by a health insurance provider. If the employee works in Germany for the first time and does not have a health insurance number, we can request the insurance number from the pension insurance company.

When moving your employees from another EOR to Omnipresent

If the employee has previously worked for you, whether in another country or through another EOR provider, we can recognise their length of service. This recognition of seniority will need to be mentioned in the employment contract and the time worked at the previous EOR will be deducted from the maximum assignment duration of 18 months.

Leaves

Annual Leave Entitlement

Germany offers a minimum of 20 working days paid annual leave, exclusive of public holidays. Customary market practice is between 27–30 holidays per year.

Annual Leave Carryover

If an employee didn't use their annual leave due to operational or personal reasons, they can carry them to the next calendar year, but must use it by the end of March the following year.

Maternity Leave

Maternity leave is a minimum of 6 weeks before and at least 8 weeks after birth on full pay. The statutory maternity leave is at full pay.

During the period mentioned above, the government pays a maximum of EUR 13 per day via the statutory health insurance (i.e., social security) as the employee is eligible. The employer will top up the payment to receive standard and previous net salary. Before and after the birth, employees (mothers) are specially protected in the work environment. By law this maternity protection is highly protective from dismissal during this period of time.

During this period, you and your employee are permitted to agree in writing to suspend accrual of annual leave.

The statutory maternity leave is at full pay. The government pays a maximum of EUR 13 per day via the statutory health insurance (i.e., social security) as the employee is eligible. The employer must cover the rest.

Paternity Leave

There is no separate provision for paternity leave in Germany, employees are entitled to the regular unpaid parental leave period.

- Each parent can take up to 3 years of parental leave per child.
- Fathers can start parental leave (the earliest) at the childbirth.
- In the case of the mother, however, this 3-years-long parental leave includes the legally prescribed, 6-weeks-long after-birth maternity leave during which the mother has to stay home.
- The entitlement to parental leave exists until the child reaches the age of 3. It is possible to transfer a portion of parental leave not exceeding 24 months to any period until the child reaches the age of 8.
- Parental leave applies to all parents, including those choosing to adopt or foster a child.
- As this is an unpaid leave, parents can apply for a Parental Allowance (Elterngeld) paid by the government.

Sick Leave

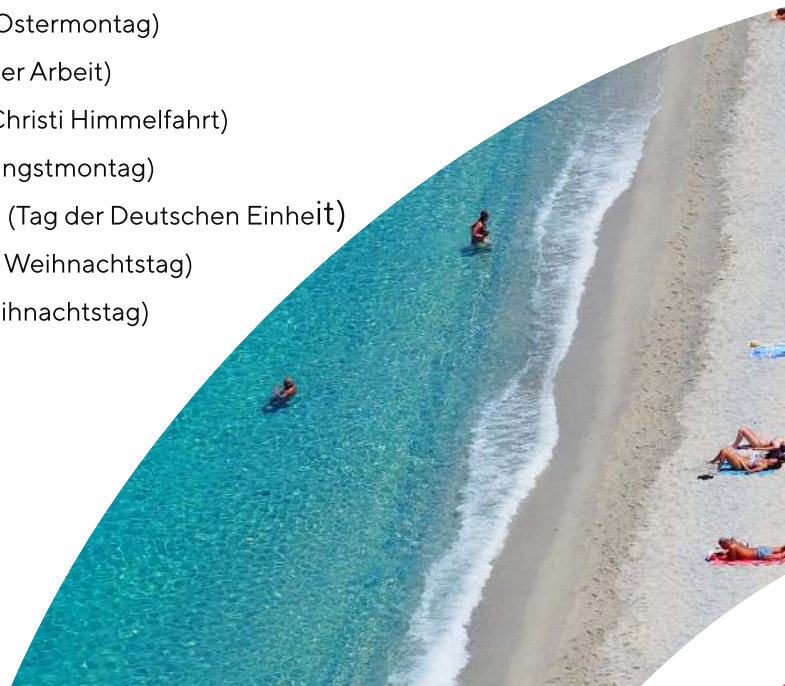
The law provides up to 6 weeks of sick pay per illness. The Health Provider will continue for the next 7 weeks (~70% of salary)

- There is no maximum period if the employee gets multiple different illnesses, if there was at least one day in between.
- The obligation to provide sick leave only arises after the first month of employment has been completed. During the first month, the health insurance will cover. After 4 weeks, the employer is obliged to pay sick leave for 6 weeks (full salary).
- Employees must notify their employer immediately if they are sick. As an employer, you are permitted to ask for a sick note from the first day. If they are off work for more than 3 days, the employer is obliged to retrieve a medical certificate from the Health Provider.
- Employers are responsible for paying the statutory sick pay and cannot generally get this refunded from the government.
- After the 6 week period, employees are entitled to receive sickness benefits from statutory or private insurance, amounting to 70% of their regular earnings. The employee must submit an application for sick pay to their health insurance company if they want to receive this benefit.

Public Holidays

Germany currently has 9 regular holidays which are observed across all regions. There are different holidays that are observed in specific regions so the total amount of public holidays depends on where exactly the employee is located. Public holidays that fall on weekends are not substituted on another weekday.

1. New Year's Day (Neujahr)
2. Good Friday (Karfreitag)
3. Easter Monday (Ostermontag)
4. Labour Day (Tag der Arbeit)
5. Ascension Day (Christi Himmelfahrt)
6. Whit Monday (Pfingstmontag)
7. National Holiday (Tag der Deutschen Einheit)
8. Christmas Day (1. Weihnachtstag)
9. Boxing Day (2. Weihnachtstag)



Payroll & Tax

Payroll Cycle

The payroll cycle in Germany is monthly.

- Payroll runs from the **1st of the month to the end of the month**.
- Payroll cut-off date is **6th** of the month (any changes to payroll or variables must be shared with Omnipresent by this date).
- Payment date is the last working day of the month (this is when employees will receive their salary payment).

Extra Payments

(Bonus, Commission etc.)*

Employees receive 12 normal months of salary payments. There are no mandatory bonuses, commissions or 13th month salary.

Where the employer does not have premises / an office, but requires 100% remote work, a remote allowance (monthly lump-sum) will need to be paid as reimbursement for mobile office related expenses (electricity, water, internet, etc.). As there is no statutory basis, most companies pay a monthly allowance of around EUR 30-40.

*Extra payments will be taxed accordingly

Hourly Wage

Omnipresent is unable to accept employees on an hourly wage.

Minimum Wage

As of October, 1st 2022, the minimum wage is €12 gross per hour, approximately €2,080 gross per month for a full-time employee.

Standard Work Schedule

The standard work schedule in Germany consists of 8 hours per day and 40 hours per week, with the work week running from Monday to Friday.

Employer Costs

The employer costs depend on a variety of employee variables. A guiding number is **~21.7%** of the employee salary. To get a more detailed estimate based on the employee salary use the [OmniCalculator](#), or contact us for further information.

Time Tracking

Records must be made for the working time exceeding 8 hours from Monday through Saturday, and for every working time on Sundays and on public holidays (because these days are not considered working days).

Terminations

Termination Process

Before proceeding with a termination (including verbal discussion with the employee about the risk of termination) you must first get in touch with Omnipresent. We will then provide guidance on next steps. You can read our [full guidance here](#).

To initiate a termination, you need to submit a termination request through the OmniPlatform after which our relevant teams will assess the case and plan a compliant termination process.

We cannot process termination on the same day as requested.

Involuntary Termination

Under German law, any termination has to be justified as per the German Unfair Dismissal Act (KSchG) and can only be justified based on operational reasons, personal reasons or by reason of misconduct.

- In Germany, a letter of termination must always be in writing (wet-ink signature) and sent via registered post, so notice is effective following the delivery of the letter.
- Dismissal on grounds of misconduct requires evidence that the employee behaved in breach of their obligations.
- The breach of obligation must be so serious that it is no longer reasonable for the employer to continue the employment relationship.
- Examples of gross misconduct are crimes in connection with the employment relationship such as assault of a colleague, working time fraud or gross insult and sexual harassment.
- Generally, dismissal for misconduct presupposes that the employee has already been warned by a formal warning for comparable breaches of obligation.
- A dismissal on operational grounds (redundancy) is justified only where there are compelling operational requirements, such as, internal operational reasons (e.g., the reorganisation of operational procedures, work intensification, outsourcing, assumption of work by management, partial or entire closure of the company/business) and/or compelling external operational reasons (e.g., decline in orders and sales).

Severance Pay

There is no severance entitlement in Germany, unless a court decides that a termination was not justified and holds that continued employment (reinstatement) is not reasonable.

- Employees are entitled to receive their full wages until the end of the employment relationship.
- Vacation that has not been granted and taken must be compensated financially at the end of the employment relationship or offset against the garden leave but only if the employee agrees to that.
- If applicable, proportionally annual special payments or commissions are still to be paid – this depends on the contractual provisions.

Even though severance pay is not legally required, it is common practice to offer this, when the relationship has to end due to economic reasons or when the employee is not responsible for a mutual termination agreement. The commonly issued severance pay is based on the minimum legal requirement (half a monthly's gross remuneration per years of service) which prevents the employee from being blocked from unemployment benefits.

Notice Period

The notice period to be observed by the employer depends on the employee's length of service.

- Parties may agree to **shorten the notice period for the duration of the probationary period to 2 weeks.**
- After the probation period and during the first 2 years of the employee's service, the notice period is **4 weeks** starting the 15th or the end of the calendar month after delivery of the termination letter.
- The notice period will become effective from the day of receipt of the termination letter by post.

Invoice Schedule

Setup Fees:

Once Terms are signed, Omnipresent begins deploying resources for the setup process.

Trigger [*Employee Details Added*]

Deposits:

Payable when the local employment contract is ready for signature. The deposit enables Omnipresent to move forward securely to sign the local employment contract with the employee.

Trigger [*Employee Details Added*]

Initial Salary Prepayment:

The first month's estimated labour costs are invoiced on the first day of employment.

Trigger [*Employment Start Date*]

Ongoing monthly Employment Costs and Fees:

Thereafter, we invoice monthly in arrears for labour costs - once the final payroll, taxes, insurance, social security contributions, expenses and deductions have been calculated. Each monthly invoice will include our monthly service fee, deposit insurance (if applicable), and an FX fee (if applicable).

Trigger [*Payroll Date*] Typically the last working day of the month, but varies by country.



Explore how Omnipresent simplifies global team growth.

Explore the effortless solution for your global hiring, payment, and management needs with Omnipresent. We simplify complex processes like onboarding, legal contract drafting, expense management, benefits allocation, and a whole lot more. Start your journey towards compliant international business practices.

TALK WITH AN EXPERT

