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## PROVISION, INSURANCE AND TAXES

1. STATE SOCIAL INSURANCE
2. STATUTORY PENSION INSURANCE
3. APPLYING FOR AN OLD-AGE PENSION
4. PRIVATE PROPERTY AND PERSONAL INSURANCE
5. TAX LIABILITY
6. INCOME TAX RETURN

**In this chapter you will learn,**  
which insurances are obligatory in Germany for permanent or temporary residence, which private insurances are recommended for a longer stay in Germany and who can support you in declaring your income.

At the end of the chapter you will also find the counselling centres and contacts you can turn to in Saxony-Anhalt.

## 1. STATE SOCIAL SECURITY

The social security system in Germany includes coverage against the major risks. If you work in Germany subject to social insurance, you are usually a member of the following statutory insurance schemes:

- **Statutory health insurance (1)** covers the costs of visits to the doctor as well as many medicines and therapies.
- **Statutory long-term care insurance (2)** provides basic cover in the event that you are permanently dependent on care due to illness.
- **Statutory accident insurance (3)** covers the costs of medical treatment and reintegration into working life after an accident at work or in the event of occupational illness. It pays wage replacement during incapacity for work and pensions in the event of permanent health damage, including survivors' benefits.
- **Statutory pension insurance (4)** provides rehabilitation benefits and pensions in the event of old age, reduced earning capacity or death.
- **The statutory unemployment insurance (5)** pays an income during the job search under certain conditions and supports the job search through counselling and placement services.

(5)





*There are exceptions to this principle for certain types of work. For example, for certain posted persons, cross-border commuters and persons who work in several EU countries.*



*The employer must give you a copy of the reported data. If the reporting obligations are breached, both the employer and you can be sanctioned.*

#### **GOOD TO KNOW:**

*When you register for social insurance, you receive a social insurance number that you keep for life. With the help of the social insurance number, the data needed to determine your pension is brought together and kept on file. You should therefore keep this number in a safe place.*

Social insurance membership costs a fixed percentage of your income. You pay part of the costs, the other part is paid by your employer. The costs are deducted directly from your salary.

If you are employed in Germany, you are generally required to be insured under the German social insurance system.

Your employer must register you for social insurance. This means that the employer must provide the competent health insurance fund with the following information:

- Your name,
- your address,
- your insurance number,
- your nationality,
- your salary and job details.

This declaration ensures that the employer pays the social security contributions. In order for the employer to fulfil his obligations, you must provide the employer with all the necessary details and information. You are therefore subject to a duty of cooperation.

In some sectors, the employer has to make a declaration even before taking up employment:

- in the construction industry,
- in a restaurant or hotel,
- in freight forwarding,
- in the transport and related logistics sector,
- in the building cleaning industry and
- in the meat industry.

This means that you too must provide the required information as part of your duty to cooperate even before taking up employment and always have your ID card with you in case of an inspection.

## 2. STATUTORY PENSION INSURANCE

As an employee, you are generally compulsorily insured under the statutory pension insurance scheme. The pension insurance includes various benefits:

- The pension serves to provide financial security in old age when you no longer receive an income from work. To qualify for a pension, you must have reached a certain age and have completed a certain number of years of pensionable service.
- The pension insurance also supports you if you become incapacitated in the course of your working life, i.e. if you can no longer work or can only work partially due to an illness or a disability. In this case, you will receive rehabilitation benefits to restore your earning capacity or a pension due to reduced earning capacity if you are no longer able to work or can only work to a limited extent in the foreseeable future due to your state of health.
- The pension insurance also offers comprehensive protection for surviving dependants. It pays pensions to widows, widowers and orphans of deceased insured persons.

Up to the year of birth 1946, the 65th year of life is decisive for drawing the standard old-age pension. For the following birth cohorts, the standard retirement age is gradually raised to 67. From 2029, this age limit will apply to all those born after 1964. However, the statutory pension insurance does provide for other old-age pensions that enable earlier retirement under special personal conditions, for example, if you are severely disabled and/or have paid contributions to the statutory pension insurance for many years.

Detailed information is available at [www.deutsche-rentenversicherung-mitteldeutschland.de](http://www.deutsche-rentenversicherung-mitteldeutschland.de). There you can also download the most important forms and information from the internet. Further information is also available on the website of the Federal Ministry of Labour and Social Affairs at: [www.bmas.bund.de](http://www.bmas.bund.de).





The tasks of the statutory pension insurance are carried out by federal and regional agencies.

For Saxony-Anhalt this is the  
**German Pension Insurance**

and the  
**German Pension Insurance Knappschaft-Bahn-See**

and the  
**German Pension Insurance Central Germany.**



*Please note that the statutory pension is lower than your income during your working life. In order to maintain your standard of living in old age, you should supplement the statutory pension insurance with occupational and/or private provision.*

### INSURANCE PERIODS IN OTHER COUNTRIES

If you have worked in one or more countries of the EU, Iceland, Lichtenstein, Norway or Switzerland, the following applies: Each country in which you have completed more than one year of insurance time pays a separate pension as soon as you have reached the respective pensionable age of the country concerned.

The amount of the pension depends on the insurance periods you have completed there. All insurance periods completed in the respective countries are taken into account in order to fulfil the requirements for a pension entitlement. You will receive a summary notification (document P1) of the decision of the individual countries. This notification is issued by the pension institution to which you submitted your pension claim.

### 3. APPLY FOR AN OLD-AGE PENSION

You apply for a pension in the country where you live, unless you have never worked there. In that case, you apply in the country where you were last insured. If you apply for a pension in one country, it is valid for all countries where you have completed insurance periods. You will receive your pension regardless of where you are within these countries.

You must apply for your old-age pension in writing or online. Send the completed pension application form directly to your pension insurance institution. You can also have your application recorded there and then receive advice and help on the subject of pensions at the same time.

You can find all the important information on your **pension application in Saxony-Anhalt** on the Saxony-Anhalt Citizens' Service and Business Portal.

You can obtain further information on pensions specifically for you as an EU national from the German Pension Insurance Fund. The brochure "**Living and Working in Europe**" published by the German Pension Insurance provides comprehensive information on your pension and old-age provision.



### 4. PRIVATE PROPERTY AND PERSONAL INSURANCE

In addition to the statutory insurances, there are many private insurances. The insurance cover provided by these insurances should primarily cover risks that could threaten one's livelihood in the event of a claim.

The most important private insurances in Germany include

- **Liability insurance:** Have you broken something belonging to someone else? That can be very expensive, and in extreme cases even threaten your livelihood. In such cases, a liability insurance policy will take effect. Liability insurance is generally considered the most useful and important of the voluntary insurances. As a rule, family members are also insured. Liability insurance can be taken out for less than 100 euros per year.

- **Occupational disability insurance:** If you are no longer able to work in the long term due to a serious illness and therefore no longer have an income, you could face financial ruin in the worst case. This is because the state pension for reduced earning capacity is very limited and does not always cover you. For this reason, every working person should consider taking out occupational disability insurance to protect themselves against the loss of their working capacity. Along with private liability insurance, this is one of the most important voluntary insurances.
- **Household contents insurance:** Household contents insurance pays for things in the home that break down, for example after a fire, burglary or water damage. The cost of household insurance depends on the size of your home, among other things. Home contents insurance can be particularly worthwhile if you keep valuable items in your home.
- **Motor vehicle liability insurance:** If you have a car or motorbike, you also need motor vehicle insurance. You cannot even register your vehicle without third party motor insurance. If you cause an accident or injure someone with your car, the insurance company will pay for the damages.

## 5. TAX LIABILITY

You must pay tax on your income in Germany if you

- have a residence in Germany or
- you usually stay in Germany, i.e. for more than six months (183 days) in a calendar year.

The tax obligation applies to your entire income. This means income from different types of income (e.g. wages, pensions and rental income). This also means income that you earn inside and outside Germany (world income).

If you are an employee, your income will mainly be wages. Income tax is automatically deducted from your wages (so-called wage tax). In addition, a solidarity surcharge and - if you are a member of a religious community that levies church tax - church tax will be deducted. Your employer transfers these amounts directly to the competent tax office. In addition, your employer will also deduct your contributions to the **statutory social insurance schemes** (unemployment, health, long-term care, pension and accident insurance). You can find out how much is deducted from your wages each month from your pay slip, which you receive from your employer.



*If you have taken out private insurance, such as private health insurance, you must pay the contributions for this insurance yourself.*



## 6. INCOME TAX RETURN

The income tax return is a taxpayer's written declaration of his or her income. It serves as the basis for determining the income tax to be assessed. It is submitted to the tax office by the taxpayer or his authorised representative (usually a tax consultant or income tax assistance association). After the end of a calendar year, you can submit an income tax return so that the tax office can check whether you have paid too much or too little tax. It is often worthwhile for employees to file a tax return. You may be able to claim deductions. Read more about this in the **FAQs**.



**PLEASE NOTE:** In some cases you are obliged to file a tax return, for example if you had other income in addition to your salary, if you received unemployment benefit, sickness benefit or short-time allowance, if you had several employment relationships or if you had certain tax class combinations. You must then submit your tax return by 31 July of the following calendar year. You may have to pay tax arrears.

If you are not obliged to file a tax return, you have 4 years to do so voluntarily.

You can declare your taxes online via the **Elster internet portal**. Registration is required to use Elster. You can also fill out the tax return as a form or have it prepared by a tax office.







If you need assistance in completing your tax return, you can contact a tax advisor or lawyer. Costs will be incurred for this. You can obtain forms for completing your tax return directly from one of the 14 tax offices that are available to citizens for advice and assistance on tax returns. You can find your nearest **tax office in Saxony-Anhalt** via the Lohnsteuer kom-pakt portal.



## CONTACT POINTS AND ADVICE ON SITE



Migrationsberatung für erwachsene Zuwanderinnen und Zuwanderer (MBE)

Jugendmigrationsdienste (JMD)

Deutsche Rentenversicherung

Verbraucherzentrale Sachsen-Anhalt

## INFORMATION MATERIALS AND PORTALS



Leben und Arbeiten in Europa

Willkommen in Deutschland

Wissen ist Schutz! Was Sie wissen sollten, um in Deutschland erfolgreich zu arbeiten

Soziale Sicherung im Überblick

Ratgeber zur Rente

Zusätzliche Altersvorsorge

Erwerbsminderungsrente