

Information for employers: Tax Status of Contributions

As per § 3 no. 63 EStG (German Income Tax Act) up to 8 % of the relevant contribution assessment ceiling (west) in the statutory pension insurance scheme (BBG) can be paid into PKDW without incurring tax. For 2023, this amounts to EUR 7,008, which equates to EUR 584 per month.

Contributions up to 4 % of BBG (EUR 3,504) are also exempt of social security contributions.

If the pension commitment was issued on 1 January 2005 then the employee can alternatively pay a taxable allowance of EUR 1,752 into the company pension, i.e. with 20 % (church tax and solidarity supplement) as per § 40b EStG, if at least a contribution as per § 40b EStG has been taxed legally before 1 January 2018. The contributions made as per § 40b EStG are credited in this case to the maximum tax incentive as per § 3 no. 63 EStG.

Payment of contributions that exceed the limits set out in § 3 no. 63 EStG and § 40b EStG can only be made from individually taxed income.

If the yearly contribution exceeds 8 % of the BBG (in 2023: EUR 7,008), a special payment request must be made. If the member included occupational invalidity cover in their insurance, a current health check may be carried out.

The payments (pension and (partial) lump-sum payment) made from tax-free contributions are taxable and subject to contributions in the statutory health insurance if you are compulsorily insured there.

Payments from lump-sum and individually-taxed contributions to the pension scheme will only be taxed according to the share of income on the payment of the pension. Further information can be found on our [leaflet »Your retirement pension - taxes and social contributions«](#), which can be obtained on the Internet at www.pkdw.de.

Please report contributions paid by using our electronic premium report file (Beitragsmeldedatei), available on our website in the area [»Für Unternehmen – Downloads – Formulare/Anträge «](#)). You can also find out here which type to report premiums under.

Please feel free to contact us in case you have any questions:

Tel: +49 (0)203 99219-92

Email: firnenberatung@pkdw.de

As of: 01/2023



Please find more information at www.pkdw.de