

## Special information

### Reduced social security contributions due to the corona pandemic

While support measures have already been introduced and new regulations adopted in many areas, the legal situation regarding social security contributions has not changed in principle.

In accordance with the statutory regulations, the compulsory insurance contributions for employees in the probable amount of the contribution debt pursuant to § 23, Subs. 1, S. 2 SGB IV (German Social Code IV) were and are due on the third-last bank working day of the current month; notifications are due by the fifth last bank working day of the current month. If social security contributions are not paid on time, a late payment surcharge of 1% of the contribution debt rounded down to the full EUR 50 for each month or part of a month of late payment is incurred by operation of law. If, for example, there is an expected contribution debt of EUR 1,000 for March 2020, payment on 30 March instead of 27 March 2020 will result in a late payment surcharge of EUR 10.00.

The grant of forbearance of social security contributions is based on § 76 SGB IV and represents a discretionary performance by the collection agency. In accordance with the statutory regulation, forbearance may only be granted if immediate collection would be associated with considerable hardship for the claimants and the claim is not jeopardized by the forbearance. The forbearance shall be granted against appropriate interest and, as a rule, only against the provision of security.

In the current situation, it may happen that, on the one hand, due to the introduction of short-time work, it is not yet clear by the time of registration and due date which contribution debt actually exists. On the other hand, there is currently a more frequent situation in which employers, as debtors of contributions, are unable to raise the necessary funds to pay social security contributions on time.

On 24 March 2020, the GKV-Spitzenverband, the umbrella organization of all statutory health insurance funds that also act as collection points for the total social insurance contribution, recommended the following facilitations in coordination with the Federal Employment Agency and the statutory pension insurance, which are expected to be implemented by all statutory health insurance funds

- Employers and other contributors are primarily entitled to the option of short-time work and easier access to short-time compensation (in particular, lowering the materiality threshold from one-third to 10% of the workforce, no need to build up negative working time balances, reimbursement of social security contributions for lost working hours by the Federal Employment Agency) and to current government support programs, especially emergency aid.
- If, even taking these support measures into account, there are still liquidity bottlenecks, social security contributions for the months March to May 2020 can be forborne at the request of the employer until the due date for June 2020 (26 June 2020). There shall be no need to provide security for this, and interest on forbearance shall not be charged in this respect. Late payment surcharges and reminder fees shall also not be charged for this period.
- Since the reductions in short-time working compensation now also include the reimbursement of social security contributions for lost working hours, in the case of short-time working the forbearance shall only be granted until the time at which the Federal Employment Agency has reimbursed the contributions, so that the employer does not have to make advance payments



at the expense of his liquidity. As soon as the contributions have been reimbursed, the employer does not first have to raise them from his own funds.

- If employees are voluntarily covered by statutory health and nursing care insurance and the employer pays the voluntary insurance contributions as a so-called company payer, a forbearance granted to the employee with regard to the total social security contribution also applies to the contributions to voluntary statutory health and nursing care insurance.

Applications must be submitted to the relevant collection agency. We will be pleased to assist you in preparing the application.

In the case of self-employed persons who are insured for health and long-term care by law, a reduction of the contribution due to lower income is possible, in particular on the basis of an amended notice on advance income tax payments. According to the recommendations of the GKV-Spitzenverband, declarations by tax consultants, current business management evaluations or credible statements about current revenue losses should also be able to serve as evidence for a reduction in contributions. In addition, self-employed persons can also (subordinately) take advantage of the relief decided on for employers.



The above statements are only a non-binding compilation according to the current status. No liability is assumed for the correctness and completeness. We would be pleased to support you in checking and, if necessary, implementing the above measures in your company.

The contact persons of our law firm who are known to you are also available here. In addition, you will find the contact persons who have been particularly involved in the above-mentioned topics.



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The respective project-related team composition as well as the interdisciplinary and integrated consulting approach aim at a precise solution development and solution implementation - according to the individual needs of the clients.

Our law firm profile is rounded off by family office services, asset management and IT consulting.

## **Concluding remarks**

You can find further information about our law firm and our consulting services at <https://www.sonntag-partner.de/>