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Employee withholding tax 2013

The finance ministry has issued two decrees on the procedures to be followed during 2013, the introductory period for the online administration and reporting of employee wage withholding tax.

https://blogs.pwc.de/de/german-tax-and-legal-news/article/229294/

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The original intention was that 2010 should be the last year in which employee wage withholding tax should be calculated on the basis of a wages tax card. Accordingly, the system for issuing cards was scrapped. Unfortunately, the replacement system, a database for online interrogation by employers, was delayed, leaving the old 2010 cards as the basis for the calculation of wage tax deductions in 2011 and 2012. This is augmented by a system of tax office certificates to accommodate new arrivals on the job market and tax-relevant changes in personal status. The finance ministry has now announced that the new, centrally organised database (“ELStAM”) is ready for operation and has issued two decrees to be followed in the changeover period.

The database ELStAM is available to all employers from November 1, 2012. However, data drawn from it cannot be applied to actual wage withholding tax calculations until January 1, 2013. 2013 is to be the introductory year for the new system. At some point in time of his own choosing, each employer must log all employees onto the new system and from then on deduct withholding tax on the basis of the information it supplies. There is, however, provision for the correction of errors in an employee’s personal data. Employers are expected to log on all employees in one block for each location, although the tax offices will accepted an initial log-on in stages. Once an employer has logged-on to ELStAM, he must cease to tax under the old “paper” system. The last log-on possibility is the final withholding tax period of the year – generally, this will be the month of December.

Schlagwörter

ELStAM, employees, wage, withholding tax