Downloaded from Blogs on 03.11.2026 04:51

By PwC Deutschland | 04 February 2014

Employer contributions to social security schemes in other member states tax-free benefit

The finance ministry has decreed that employer contributions to the social security systems of other member states of the EU/EEA and of Switzerland shall be a tax-free benefit for German resident employees up to the level of the equivalent German charge.

Downloaded from Blogs on 03.11.2026 04:51

In January 2011, the Supreme Tax Court held that a German employer could not pay the employer's contribution to the French social security system as a tax free benefit for the employee, as there was no statutory obligation on him to do so. However, the finance ministry has now reconsidered the position in the light of community law and has issued a decree to the effect that this judgment should not be followed as a precedent in other cases involving contributions to the official social security systems in other EU/EEA countries and in Switzerland. In this it follows the lead taken by the ministries for health and for labour and social affairs which have taken the position that EU provisions stipulate that the contributions paid into the social security system of another member state on behalf of a voluntary member shall be treated no less favourably than those paid into the German scheme on behalf of an employee opting in.

Keywords

employer contributions, social security