ZEDRA Local Country Guide Payroll Capabilities

Germany

Reports

German payroll systems will output the following local payroll reports.

List of reports:

- Payslips
- Gross-to-net journal (Payroll details in Excel for international payroll clients or DATEV standard for local German clients)
- General ledger journal entries (DATEV standard)
- Payment list (DATEV standard)

The reports listed above are generated as part of the standard payroll process and are available in German and, where technically available, in English language.

Country Specific Commentary

Specific requirements in-country include:

- Social security reports must be transmitted electronically within the statutory deadlines. To meet these deadlines, payroll data should generally be provided by the client between the 12th and 15th calendar day of the month. Payroll processing is scheduled between the 15th and 18th calendar day, and client approval is required between the 18th and 20th calendar day. A detailed payroll calendar for each year will be provided at the beginning of the year.
- German payroll processing may require annual or event-based statutory reports and certificates. The applicable services and their remuneration are described under “Additional Services”
- Please be advised that a valid power of attorney from the client is required for the provision of payroll services. This enables us to communicate and correspond with the relevant authorities and institutions on the client’s behalf, including the tax authorities, health insurance funds, social security institutions, and the employers’ liability insurance association (Berufsgenossenschaft). Such authorization is required even where the scope of our engagement is limited solely to payroll services.
- Anti-Money Laundering — Client Identification Requirements: In accordance with our statutory obligations under the German Anti-Money Laundering Act (Geldwäschegesetz — GwG) and our professional regulatory duties as licensed tax advisors (Steuerberater) pursuant to the Professional Code of Conduct (Berufsordnung) of the Chamber of Tax Advisors (Steuerberaterkammer), we are required to identify each client prior to or upon establishment of the business relationship. Please note, that we are legally obliged to decline or terminate the engagement where the required identification documents are not provided in a timely manner. All

identification data will be processed and retained in accordance with applicable data protection regulations

Local System Functionality

Local system capabilities in-country include:

- The German payroll system can produce standard payslips, payroll journals, payment lists and gross-to-net reports. Subject to the agreed set-up, the system can also support client-specific chart-of-accounts mappings, cost-centre allocations, payroll reconciliations and customised reporting. Any individual configuration, manual preparation or additional analysis is addressed under “Additional Services”.

Additional Services

It is possible that additional local services may be required in specific local countries to support the global standard operating model.

Below is a list of additionally chargeable services for your consideration:

- Payroll corrections, retroactive payroll calculations, recalculations and amended payroll filings resulting from late, incomplete or incorrect client data, retroactive changes or changes requested after payroll approval
- Payroll calculations for new hires, leavers, interim payments or termination payments outside the regular monthly payroll process
- Preparation of trial payslips
- Manual preparation, correction or resubmission of wage tax returns or social security filings outside the regular electronic payroll process
- Reporting to the competent tax office of stock option benefits granted to former employees, where payroll processing is no longer possible
- Annual and event-based statutory reporting and certificates, including electronic wage tax certificates, annual social security reporting, statutory accident insurance reporting, leaver certificates and employment-related certificates
- Special social security notifications and clarification of contribution records
- Preparation of certificates for employees, the Federal Employment Agency, health insurance funds, authorities, banks, landlords, insurers or other third parties
- Preparation and submission of reimbursement applications under statutory continued remuneration payment schemes, including U1 and U2 applications under the German AAG
- Preparation and processing of short-time work applications, calculations, reimbursement applications and related corrections or correspondence
- Processing of company pension scheme data, benefits in kind and special remuneration, insofar as this exceeds the agreed standard payroll process
- Set-up and administration of wage garnishments, attachments and other enforcement measures, including review of orders, calculation of attachable income, correspondence and related payroll

adjustments. Routine consideration of an already established garnishment in the regular payroll calculation is included in the recurring payroll fee.

- Handling of extraordinary or case-specific queries from the client, employees, tax authorities, social security institutions, employment agencies, insurers or other institutions, where the matter requires research, clarification, correspondence or processing beyond the standard monthly payroll service.
- Initial registration with authorities:
- The set-up fee includes only the initial registration of the client with each relevant authority, consisting of the completion and submission of the applicable registration or data collection form based on information provided by the client. The set-up fee does not include any substantive clarification or further correspondence with the authorities following the initial registration. This includes, in particular, responding to enquiries from the tax authorities concerning the nature of the client's business activities, the functions and responsibilities of individual employees, the basis for the client's tax or employer registration, or any other facts relevant to the authorities' assessment. Any research, analysis, preparation of explanations, compilation of supporting documents, correspondence, calls or other activities required in connection with such enquiries will be provided as an additional chargeable service based on the time spent.
- Preparation of payroll-related documents and assistance during payroll tax audits, social security audits, occupational accident insurance audits or other inspections.
- Payroll-related tax and social security advice, including advice on benefits in kind, tax-exempt remuneration components, company pension schemes, remuneration structures and other payroll matters.
- Preparation of customised payroll reports, cost-centre analyses, payroll reconciliations, vacation accrual calculation or similar accrual calculations (bonus etc.), management reports, individual data exports and special reporting packages not included in the standard reporting package.
- Preparation of customised payroll journal entries, chart-of-accounts mappings, cost-centre allocations and general ledger postings exceeding the standard payroll output.
- Implementation of client-specific interfaces, mappings, data structures or reporting formats.
- Detailed review and payroll-related assessment of travel and expense reports, benefits in kind or special remuneration where this exceeds the standard payroll data processing. Routine processing of client-provided amounts without further review is included in the recurring payroll fee
- Preparation and processing of the employer's annual wage tax reconciliation (Lohnsteuer-Jahresausgleich) pursuant to Section 42b of the German Income Tax Act (EStG), including review of eligibility criteria, calculation of refundable wage tax amounts and the corresponding adjustments in the December payroll or such other payroll run as required by law.
- Processing of ELStAM-related queries, corrections and exception cases, including the handling of ELStAM retrieval errors, blocked or missing electronic wage tax deduction characteristics, and employee-initiated changes to tax class, allowances or exemptions. Where required, this includes correspondence with the relevant tax authority, manual interim solutions and related payroll adjustments.

- Preparation and submission of statutory payroll-related statistical reports and surveys, including participation in mandatory earnings surveys pursuant to the German Earnings Statistics Act (Verdienststatistikgesetz) or comparable statutory reporting obligations, where the client is selected or required to participate. This includes compilation, validation and electronic transmission of the required remuneration data to the relevant statistical authority.
- Post-Engagement Data retention: Upon termination of the engagement the client bears sole responsibility for ensuring that all data and documents processed in connection with the engagement are retained in compliance with applicable statutory retention obligations. This applies in particular to the retention periods prescribed under German tax law (§ 147 AO: ten years for accounting records; § 257 HGB: six years for business correspondence) and, where applicable, under German social security and labour law.
- To the extent that data processed by Zedra GmbH Steuerberatungsgesellschaft on behalf of the client is stored within our systems beyond the date of termination — whether at the client's request or pending transfer — Zedra GmbH will provide such data storage as an additional chargeable service. The applicable fee will be agreed in writing at or before the date of termination. The client is strongly advised to arrange for a complete and orderly data transfer or export upon termination of the engagement.