

## Major Remuneration Components and their Wage Tax Treatment

Benefit	Wage Tax Treatment
accident insurance	wage tax liable; flat rate of 20% is possible for company insurance benefits (maximum amount of 62 € per year per employee) paid by the employer for the employees in acc. with Art. 40b EStG (German Income Tax Act)
company car	wage tax liable is the private use of the company car, travelling between home and place of work as well as family home trips
estate agent fee for a rented flat (not for an own house)	wage tax free
expat allowance	wage tax liable
furnishing allowance	wage tax liable
newspapers, magazines	wage tax liable
home trips	wage tax liable, unless there is a double household
housing allowance	wage tax liable; in the case of a double household (e.g. the family is still living in the home country) the amount for the rent can be paid out tax free (limited for the amount of a flat with 60 sqm)
utilities	wage tax liable; in the case of a double household (e.g. the family is still living in the home country) the amount for the utilities can be paid out tax free (limited for the amount of a flat with 60 sqm).
international school fees and kindergarten	school fees are wage tax liable (the expat can deduct 30% of the costs, maximum amount 5.000 € as expenses in his individual German income tax return). Kindergarten costs for care and accommodation are tax free acc. to Art. 3 No. 33 EStG (German Income Tax Act).
language lessons	Acc. to R. 19.7 para 2 Wage Tax Regulations the reimbursement of costs for language lessons are tax free if the knowledge of the language is necessary for the expat's job. The costs for other persons (e.g. for the partner of the expat) cannot be reimbursed tax free.
moving costs	transportation costs are tax free acc. to German Federal Relocation Law and AUV (German Foreign Removal Regulation).
pensions	wage tax liable
pre visit	Acc. to Art. 7 para 2 BUKG (German Federal Relocation Law) travel and hotel costs can be paid tax free for the search of a flat for <ul style="list-style-type: none"> <li>• either 2 trips for one person or 1 trip for two persons and</li> <li>• for a maximum of 2 travel days and 2 days of stay</li> </ul>