



Electronic Information Exchange in the European Social Security System: An Odyssey through the Bureaucratic Jungle

By **Martin Thieslauk**

Mr. X, employee of the German Maschinen GmbH in Nuremberg, wants to visit the exhibition “Industrie Paris 2019” as he did in past years. Upon admission to the trade fair, Mr. X is asked to present an A1 certificate in addition to his admission ticket, which shows that he is employed as an employee under social security

law. Since he is unable to provide such a certificate, he is denied admission because it could be illegal employment. What happened?

Under certain conditions, an employee who worked abroad could remain in the social security system of their home country. The A1 certificate was proof of that. The applications to issue this certificate

were submitted in paper form and processed in Germany by the DVKA. In the past, the A1 certificates were limited to typical ex-pat cases. As of 01 January 2019, applications for an A1 certificate must be submitted in electronic form. Furthermore, all social security carriers in Europe (EU, EEA and Switzerland) are obliged to exchange information electronically

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This means that every employee must carry an A1 certificate with them at all times in case they are on a business trip in another European country, even if it is only a one-day business trip. Depending on the country, checks may or may not be carried out (according to the German press), and “high” fines may be imposed if the A1 certificate cannot be presented.

Have you already tried to apply electronically for an A1 certificate for a commercial agent who makes a “round trip” through Europe every two months? Have you ever tried to apply electronically for an A1 certificate for a driver who tours Europe with his truck? If so, then you know the odyssey through the bureaucratic jungle. If not yet, we promise you, you will get to know the jungle; but one thing is for sure – you will not be able to submit the application electronically.

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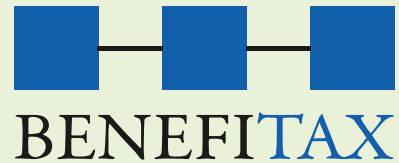
Benefitax GmbH is a tax consultancy and public auditing company located in Frankfurt, which is widely recognised as the financial centre of Germany. Benefitax predominantly serves German entities of foreign multinational groups, mid-size German companies with cross-border activities and wealthy private individuals.

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He mainly advises international clients and their German branches on all questions of German tax law, including payroll accounting issues, and assumes the tasks they have to perform in Germany to fulfil their tax and social security obligations. In addition, he advises private individuals from Germany and abroad.



New Proposed Regulations Expand Employee Overtime Eligibility

**By Patricia Goodson
and Bryan Starrett**

On 07 March 2019, the Department of Labour released its long-awaited proposed rules addressing which employees may be eligible for overtime pay. Specifically, the proposed regulations raise the salary threshold from the current level of USD 455 per week to USD 679 per week, or from USD 23,660 annually to USD 35,308 annually, for employees who also meet the other “duties” tests for overtime

exemption. The USD 23,660 threshold was first established in 2004.

The proposed regulation would cause many “white collar” workers – those currently exempt under the executive, administrative, professional, and computer professional exemptions — to lose their exemption. According to the Department of Labour’s announcement, more than one million workers will become eligible for overtime as a result of the proposed rule. The proposed rules

also raise the salary exemption for highly compensated employees from USD 100,000 to USD 147,414, a level that DOL says it will revisit every four years.

This is not the first recent effort to raise the salary threshold requirements for exempt employees. In 2015, the Obama administration announced proposed rules raising the salary threshold for exempt status to much higher than the current proposed level, to nearly USD 50,000 per year. Those 2015 proposed