



INVESTMENT GUIDE



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Daniela Schmitt
Minister of Economic Affairs, Transport,
Agriculture and Viniculture

Invest in Rheinland-Pfalz!

Products made in Rheinland-Pfalz are in demand around the world: With an export rate of 56.4 percent, the economic hub of Rheinland-Pfalz ranks second among the German federal states. Our industrial, trade and service enterprises enjoy a high degree of recognition the world over. Their entrepreneurial spirit, imagination and drive make our medium-sized companies competitive on the international marketplace. Their success makes our country economically and socially strong.

With our Hidden Champions and global companies in mind, we help, in particular, small and medium-sized companies innovate through targeted support in research and development and technology transfer. The spectrum of innovative companies is wide and deep. They are deployed in future-oriented industries, nationally and internationally, and are systematically creating networks and clusters among themselves. This direct cooperation creates innovative business and product ideas that will be internationally marketed by our companies.

We support companies from home and abroad that would like to invest in Rheinland-Pfalz. We provide them with information about taxation and legal aspects with regards to founding a company or a joint venture, and we provide them with contacts to companies and institutions.

In this brochure, you will find the services offered by the Investitions- und Strukturbank Rheinland-Pfalz (ISB) as well as suitable contact partners for your questions, in addition to essential information about investment requirements in Rheinland-Pfalz. Find your way to us in Rheinland-Pfalz: Invest here, it's worth it!

RHEINLAND-PFALZ – YOUR BUSINESS LOCATION AT A GLANCE

State Capital	Mainz
Three largest cities (inhabitants)	Mainz (217,123), Ludwigshafen (172,557), Koblenz (113,388)
Area	19,854 km ²
Population	4.1 million, 207/km ²
Average age	45.0
Foreign borders	Belgium, Luxembourg, France
Home borders	Nordrhein-Westfalen, Hessen, Baden-Württemberg, Saarland
Number of foreign nationals	483,000
Important industries	Chemicals and pharmaceuticals, Automotive engineering (incl. suppliers), Mechanical engineering, Metal production and processing, Food and beverages
Export ratio 2021	56.4% (Germany 50.3%)
Unemployment rate 2020	5.2% (Germany 5.9%)
Websites	www.rlp.de ; www.isb.rlp.de



A LOCATION WITH AN ATTRACTIVE INVESTMENT CLIMATE

The federal state of Rheinland-Pfalz, one of the most dynamic economies in Germany, is a future-oriented business location. With its high export rate and one of the lowest unemployment rates, the economy of Rheinland-Pfalz traditionally occupies a leading position

in Germany. In Rheinland-Pfalz we are cosmopolitan and welcome people of all nationalities. Moreover, it is easy here to find qualified employees, as the federal state attaches great importance to an excellent professional training.

INDUSTRY OVERVIEW, CLUSTERS, R & D

The federal state focuses in particular on the promotion of research, development and technology transfer in small and medium-sized enterprises. Several cluster initiatives and networks have been developed for this purpose. Companies in the commercial vehicle and automotive industry, in the metal and ceramics sector or in the chemical and pharmaceutical industry work side by side with internationally successful companies. The health care industry has also become one of the main sectors of our economy and is considered an important motor

for the future growth in Rheinland-Pfalz. The most promising and one of the most important emerging sectors however is that of renewable energies and energy efficiency.

Some of the most renowned research institutes, such as Fraunhofer and Max-Planck-Institutes, are located in Rheinland-Pfalz. These and more than 20 other universities and research organizations have a long tradition of training new generations of highly qualified workers.

INTERNATIONAL TRANSPORT CONNECTIONS

Air, rail, road, and waterways serve world markets.

Thanks to an excellent motorway system, a fast access to the airports Frankfurt and Cologne/Bonn is guaran-

teed. Ultra-fast trains serve the German and European metropolitan regions. Rheinland-Pfalz is excellently networked. And then there is the Rhine - the most important waterway in Europe.

ESTABLISHING A COMPANY IN RHEINLAND-PFALZ

MOST COMMON CORPORATE FORMS IN GERMANY

Foreign investors may establish a business in Germany in whatever corporate form is best suited for their purpose.

The most common corporate form used by foreign investors is the GmbH.

As it is the case for other capital companies, a minimum capital contribution is required for incorporation. The advantage of a corporation for investors is that their liability is limited to the assets of the company. This also creates a separation between private and business assets.

A GmbH (Gesellschaft mit beschränkter Haftung, limited liability company) is a classic corporation with a minimum capital contribution of EUR 25,000 and

in Germany it is one of the most common corporate forms.

The GmbH is managed and legally represented by its managing director(s). There must be at least one managing director, who does not have to be a shareholder nor a German resident. However, the company must have a domestic German business address and at least one representative.

Among the capital companies, the German stock corporation (AG) should also be mentioned; however, it cannot be described in detail here. It is suitable for larger companies with a minimum of one shareholder, but usually it has a larger number of shareholders. Its minimum share capital is EUR 50,000.



Besides that, there are e.g. the following corporate forms in Germany:

- **Sole proprietorship (Einzelunternehmen)**
The sole proprietor is liable for his business with his entire private assets.
- **Partnership (Personengesellschaft)**
Association of at least two persons. Types of Partnerships, e.g. are: Company under civil law (GbR), Offene Handelsgesellschaft (OHG), limited partnership (KG)

It should be noted that in the case of small traders not entered in the commercial register (sole proprietorships, partnerships, except OHG and KG), the full first name and surname must be mentioned in the company name. With a sole proprietorship or a partnership, investors do not have to prove that they have seed capital. So, these types of companies can be set up with relatively little capital.

After the decision to establish a company, the following steps should be followed:

- **Set company name**
In order to clarify the company name, an initial search should already be carried out in the central company register. An additional search on the internet also makes sense, as does research in industry address books. If no identical companies with similar business objects are found here, founders should have their desired name checked by the responsible IHK (Industrie- und Handelskammer, Chamber of Commerce) or the HWK (Handwerkskammer, Chamber of Crafts).
- **Specify the purpose of the company**
Important: The business purpose must be described as concretely as possible. An indication such as "trade in goods of any kind" is not admissible.
- **Raise capital / if applicable, look for a partner**

- Prepare articles of association / partnership agreement (indicate name, address, share capital). Drafting and notarization of the articles of association normally are performed in one session by a German notary. Notaries can be found online in the directory of the State Chamber of Notaries (www.notare.rlp.de).
- Rent office space and indicate the new address of the company
- Most companies (depending on the company form) must be registered in the commercial register at the local Court or Chamber of Commerce. Before starting their business activities, all business operators must inform the trade or public order office in which the business is located. Sometimes the relevant Chamber of Commerce or Crafts is responsible for this.

- Open a bank account.
Depending on the type of company chosen, a certain minimum amount must be paid into the newly opened account.
- Find accounting services and a tax consultant
- Incorporation expenses:
With a starting capital of 25,000 EUR e.g., the notary's fees are about 440 EUR. The fee for the registration in the commercial register is about 70 EUR.

Business can proceed as soon as the articles of incorporation have been signed before a notary. The application and registration process can take place during the start-up phase. The notary or the municipal court at the company's headquarters location is responsible for its founding.

VISA, RESIDENCE AND WORK APPLICATION PROCESS

At some point in the process of setting up a company, investors visit their future business location in Germany. Like every country, Germany has certain entry regulations that might require different types of visas and permits subject to the length of stay and intended business activity in Germany.

These include:

- Visas (Schengen visa and national visa)
- Residence permit
- Settlement permit

A visa (usually) enables the holder to entry and short-term stays (up to 90 days per half year from the date of first entry) in Germany. A residence or settlement permit is required for the purpose of employment and self-employment and for long-term stays (more than 90 days per half year from the date of entry).

Non-EU citizens generally require a Schengen visa for entry and short-term stays in Germany. Individual rules apply for certain countries. For long-term stays, non-EU citizens require a residence or settlement permit. The respective local German mission initially issues a national visa for entry into Germany. The responsible local Immigration Office will convert the national visa into a residence permit.





As a general rule, the residence permit must be issued by the German Embassy or the Consulate General before entry into Germany. The corresponding visa is then issued in the applicant's home country within a period of a few weeks.

The required residence permit depends on the nationality of the investor, but in particular also on the specific business activity intended in Germany. A residence permit is normally not required for the setting up of a company. However, a residence permit is required in cases where the foreign national intends to run the business on-site.

The approval for necessary residence and work visas is not contingent on the amount of investment or the number jobs created.

All non-EU citizens and especially all academics with a recognized university degree or a degree comparable to a German university degree are entitled to receive the "EU Blue Card, a special residence and work permit.

THE GERMAN SOCIAL SECURITY SYSTEM

Germany has an excellently developed social security system. Employees who pay the compulsory social security contributions are thus protected against the biggest risks, i.e. illness, occupational accidents and unemployment. All people who are employed in Germany are subject to compulsory social insurance and pay contributions to the five social insurance institutions. In general, social security contributions are paid equally by employer and employee, except for accident insurance costs, which are borne exclusively by the employer. All in all, employers should reckon with about 21% non-wage labor costs.

For a closer look, we refer to our guidelines in the appendix of this publication.





Social insurance institutions

Health insurance

- pays for medical consultations, medication and therapeutic treatment and is measured by employers' and employees' contributions based on the individual's wage or salary level.

Pension insurance

- pays a pension to employees after they retire. In principle, the amount of the pension depends primarily on income and the number of years worked in Germany.

Unemployment insurance

- provides unemployed people with an income for a certain period if they have been insured for at least one year in the last two years before becoming unemployed and are looking for a new job. In addition, the Federal Employment Agency supports jobseekers by providing advice and arranging employment opportunities.

Nursing care insurance

- offers basic insurance for the event that you are dependent on long-term care due to illness. This usually applies to people in elder age.

Accident insurance

- covers accidents at work, accidents on the way to and from work and occupational diseases. The costs for accident insurance are exclusively borne by the employer.



TAXATION AND ACCOUNTANCY IN GERMANY

TAXATION

Income Tax / Wage Tax

Individuals are subject to income tax (Einkommensteuer) on their entire income for one calendar year. Income tax in the form of wage tax (Lohnsteuer) is a tax on salaries or wages that is withheld by the employer and passed on to the government (for distribution to federal, state and local governments). Wage tax is an advance payment on the employee's personal income tax. The income tax rates are linked to the salary level. The rule is: the higher your income, the higher the tax rate. However, the marginal tax rate is being capped uniformly.

Corporate income tax

Corporate income tax is payable by all German companies and all branches of foreign companies in Germany at a rate of 15% of taxable corporate income. The corporate income tax return is prepared together with the annual financial statements. The federal and state governments are jointly entitled to this tax revenue.

Double taxation treaty

A double taxation treaty (DTA) - correct designation: treaty to avoid double taxation - is an international treaty between states that regulates the extent to which a state has the right to tax the income earned in one of the two contracting states:

A DTA is intended to avoid that, in the case of natural or legal persons who earn income abroad, this foreign income is taxed both by the state of residence and by the source state (state in which the income is earned) (avoidance of double taxation). Special agreements exist on income and assets of shipping companies and airlines.



Tax avoidance in Germany

If a foreign citizen resides in Germany for less than 183 days (about six months) and otherwise resides outside Germany (i.e. pays taxes on his income), it may be possible to claim tax relief under a specific double taxation agreement. The relevant period of 183 days is either 183 days in a calendar year or any 12-month period, depending on the contract.

Solidarity Surcharge

The solidarity surcharge is levied as an additional tax in the amount of 5.5% of the corporation tax due.

Municipal Trade Tax

Municipal trade tax is a tax payable to the community in which the company is located and it is regulated in the trade tax law. This tax is regarded as the most important source of income for municipalities and is levied by them based on the full annual profit of a corporation.

The profit is taxed at the nationwide uniform tax rate of 3.5 percent. The result is the trade tax rate. It is multiplied by a rate of assessment that varies from municipality to municipality. The trade tax tends, as a rule, to be higher in urban areas than it is in rural areas.

An example for the calculation can be found in the appendix of this publication.

VAT, Value added tax or sales tax

VAT, Value added tax or sales tax is a tax on the exchange of goods and services and must be paid to the relevant tax authority on a monthly, quarterly or annual basis.

The VAT rate in Germany (currently 19%) is below the European average. A reduced rate of seven percent applies to certain consumer goods and services of daily life (e.g. food, newspapers, books and in public transport up to 50 km).

Input tax is complementary to value added tax. Companies must pay input tax when purchasing products or services. Sales tax is a tax levied on the sale or exchange of products and services by companies.

The input tax deduction allows companies to offset the sales tax payable against the input tax. In other words, they can claim input tax on purchased products or services when submitting the advance return for sales tax in order to reduce the payment burden.



ACCOUNTANCY

For all German companies, a fiscal year usually runs from January to December of a year. In Germany, all companies are required to prepare an annual financial statement. For companies not entered in the Commercial Register, a simplified statutory accounting method is applied, the so-called revenue-surplus account (Einnahmen-Überschuss-Rechnung). For all other companies, the annual accounts consist of a balance sheet, a profit and loss account, notes to the annual accounts and a business report.

Since German authorities from time to time may audit the business of the company as a whole or in part, it may be advisable to seek the assistance of a German auditor.

CUSTOMS

THE EUROPEAN CUSTOMS UNION

The EU Customs Union is a unique example of an area where several countries apply a uniform system for handling the import, export and transit of goods and have implemented a common set of rules called the Union Customs Code (UCC).

A common system of customs duties is being used on imports from outside the EU and there are no customs duties at the borders between the EU countries.

Duty on goods from the outside of the EU is generally paid when they first enter, but after that, there is nothing more to pay, no more checks and all goods move freely within the EU Customs Union.





CALCULATION OF CUSTOMS DUTIES

To be able to calculate the customs duties to be paid when trading goods, three factors must be taken into consideration.

- The value of the goods
- The customs tariff to be applied
- The origin of the goods

Import duty is stipulated by the Common Customs

COMMON CUSTOMS TARIFF IN THE EU

Tariff (CCT) and import duty tariffs are the same for all member states. The applicable tariff rate can be looked up in the EU's multilingual database TARIC (Integrated Tariff of the European Union).

CUSTOMS PROCEDURES



Goods in the customs territory of the EU either have the status of Union goods (goods manufactured or obtained in the EU or “goods released for free circulation”) or of non-Union goods (all goods which do not comply with the criteria of Union goods).

Different customs procedures apply subject to the reasons why good are imported.

The substantive provisions of the new **Union Customs Code (UCC)** entered into force in 2016. They are intended to modernize customs procedures and aim at a paperless and fully automated customs union. A further transition period is still necessary before full implementation can be achieved. (https://www.ec.europa.eu/taxation_customs/business/union-customs-code_en)

PRESENTATION AND DECLARATION OF GOODS / ATLAS

The German customs administration uses the IT procedure **ATLAS** (Automatisiertes Tarif- und Lokales Zoll-Abwicklungs-System, Automated tariff and local customs clearance system) for the largely automated processing of commercial goods traffic with third countries.

<https://www.zoll.de/de/fachthemen/zoelle/atlas/atlas-publikationen>





EORI NUMBER AND AEO

The **EORI number (Economic Operators' Registration and Identification number)** is an operator identification number that is valid throughout the European Union. It must be formally requested from the Central Customs Authority. In order to participate in customs procedures economic operators established outside the EU also must be assigned an EORI number. It must be quoted in order to identify the operators, when lodging customs declarations and entry and exit summary declarations. (https://www.zoll.de/EN/Businesses/Movement-of-goods/Import/Duties-and-taxes/EORI-number/eori-number_node.html)

Authorised Economic Operator (AEO) status is granted by Member States to any economic operator established in the EU that meets certain standards in relation to safety and security, compliance with customs rules, financial solvency and practical standards of competence or professional qualifications.

This is primarily a trade facilitation measure that recognizes reliable operators and encourages best practice in the international supply chain.

AEO is not mandatory. You can apply for AEO status if you are established in the EU and are part of the international supply chain and involved in customs activities. (<https://www.revenue.ie/en/customs-traders-and-agents/authorised-economic-operators/index.aspx>)



INTELLECTUAL PROPERTY (IP) RIGHTS REGISTRATION

In Europe intellectual property rights are protected by law. The German Patent and Trademark Office (DPMA) is the center of excellence for commercial property protection in Germany.

Its statutory mandate is the protection of intellectual property. The DPMA examines inventions, grants pat-

ents, registers trademarks, utility models and designs, manages industrial property rights and provides IP information to the public.

Once a product or an invention has been applied for and approved, it enjoys full legal protection and may not be copied in any form. Violations will be prosecuted.

PATENTS

Patents must be registered with the "German Patent and Trademark Office" in Munich. After verification of the formal correctness of the patent and provisional approval, the invention receives temporary protection.

The invention is only patented after a legally required procedure has been carried out and concluded with a positive result.

Patents protect new technical inventions. They grant their owners a territorial monopoly for a limited period.





Only the patent holder is entitled to exploit the invention. He may prohibit the unauthorized commercial use of the patented invention. Patents allow their owners to derive economic benefit from inventions.

The rights under a patent authorized by the DPMA can only be asserted in Germany. All Intellectual Property Rights (IP) including patents are subject to the principle of territoriality and have effect only in the country for which they were granted. It is of course possible to seek protection for the invention in other countries.

TRADEMARKS

Trademarks identify the products and services of an enterprise. They stand for the quality of an enterprise and are part of the company's intellectual property, just like patents. A strong trademark is an asset.

Anyone can file a trademark. The mark is recorded in the register kept at the DPMA. Trademark protection is available for words, letters, numbers, pictures, and even colors and sounds. Create a unique sign! Otherwise your application might be refused.

DESIGN PROTECTION FOR SHAPES AND COLOURS

The design of a product is one of the key factors for its success in the market. It may become an important asset for your enterprise.

Design registration provides the adequate IP protection for the appearance of your product. Design rights protect the colors and shapes of products.

The registered design also protects the design of three-dimensional objects – e.g. furniture, cars or toys. You can also apply to register a design in respect of two-dimensional patterns – e.g. textiles, wallpapers, logos, graphic images or icons etc.

UTILITY MODELS

Fast and low-cost protection of inventions

The registration of utility models offers fast and cost-effective protection for technical inventions. Utility model protection is also available for chemical substances, foodstuffs and pharmaceuticals, but not for manufacturing, working or measuring processes.

While it often takes several years to obtain a patent, a utility model may be registered within a few weeks after filing the application. Filing a utility model application at the DPMA is considered a fast track to a fully-fledged, enforceable intellectual property right.





MADE IN GERMANY



Made in Germany

The designation of origin "Made in Germany" is not legally protected. It can therefore be used for all products that have been manufactured in Germany, either in whole or in part. Indeed, the label still enjoys a high reputation worldwide as a symbol of outstanding quality.

Please find further information on the meaning and significance of "Made in Germany" on <https://www.german-ma.de/en/>

COPYRIGHTS

The creators of works of science, art and literature enjoy copyright protection for their work under the German Copyright Act.

In contrast to the industrial property rights, the copyright law already arises with the creation of the work. There are no formal requirements to be met. An entry in an official register is neither necessary nor possible to obtain copyright protection.

Works protected by copyright must be individual intellectual creations. Through the Copyright Act, the author has moral rights, such as the recognition of his authorship and protection against distortion of his work. He alone enjoys the economic exploitation rights.

INTERCULTURAL ADVICE – DOS AND DON'TS

- Among German virtues punctuality and time-consciousness are essential. Therefore, please avoid delays and in any case please apologize if you are late.
- Germans are formal. Don't address people by their first name unless they explicitly offer to use first names. Always make use of Herr (Mr.) or Frau (Mrs.) including any title to address your German counterpart.
- Germans are direct and get to the point and have a penchant for minute details. They focus on quality work and perfection. In general they are very reliable and reputable partners.
- While negotiating with Germans try to be precise, objective and factual. Hence prepare very well for the meetings. Sudden changes in direction are not popular. When you try to win German partners, colleagues or customers you should approach your case objectively and directly and address all issues including negative aspects or problems. To avoid irritating renegotiations or responsibilities, targets and expectations should be discussed at the first meeting. Prepare a summary of the meeting or a rough draft of the contract.
- Germans do not hesitate to say "no" when they feel unable to do something. The Germans themselves are straightforwardly and take "no" literally. So if you have any business problems (e.g. regarding the quality or quantity of goods or the execution of the project), be honest and discuss these problems upfront with your German business partner. If the Germans are informed about a problem well in advance, they will try to find a solution.
- Feedback and criticism will be given immediately. Please do not take them personally. They are not meant as an offense or hurt towards you.
- E-mails, letters and missed phone calls should be answered as soon as possible. Many German companies have the rule to reply within 24 or 48 hours and, as with any other rule they adhere to, they expect the same in return.
- In Germany, business and private life are usually kept separate. Avoid asking Germans personal or family-related questions. Unlike people in some Asian countries and North America, Germans prefer to maintain an appropriate personal distance. Private invitations

from business partners are rare, unless you have known your contact for years.

- But should you be lucky enough to receive an invitation to your business partner's house, flowers for the lady of the house and a bottle of wine are generally appreciated. And here once again: Be punctual!
- Shaking hands is the established form of greeting. Take the other hand out of your pocket and look into the person's eyes.

- Say "Prost" ("Cheers!") and "Guten Appetit" ("Enjoy your meal!") before you drink or eat, and look into your counterpart's eyes. Do not start eating before your host starts.
- Feel free to have serious discussions in social settings. Germans like to talk about politics and philosophy. Small talk is kept to a minimum in Germany.
- Don't jaywalk. Normally nobody does, and you might get a fine.





THE ISB – YOUR BUSINESS DEVELOPMENT BANK IN RHEINLAND-PFALZ

Based in Mainz, the Investitions- und Strukturbank Rheinland-Pfalz (ISB) is the business development bank of the German state of Rheinland-Pfalz for business and housing promotion. It supports small and medium-sized enterprises, start-ups, innovations, expansions and municipal infrastructure through low-interest loans, guarantees, investments and grants. If you are planning an investment, the ISB is the right place to go for individual financing.

Together with banks, chambers and many other multipliers, the ISB supports all interested entrepreneurs and investors.

ISB, YOUR CONTACT POINT FOR ADVICE

- on financial matters,
- for investments, on-site inspections
- database for commercial sites
(www.locationfinder.rlp.de)
- for support in foreign trade issues
(business partner search)

We work closely with various international contact and representation offices of the Ministry of Economic Affairs, Transport, Agriculture and Viniculture of Rheinland-Pfalz.

Rheinland-Pfalz is a future-oriented business location. Internationally renowned companies appreciate the entrepreneur-friendly environment in the country. The ISB is the first point of contact for customers looking for a suitable location.

In the field of housing promotion, the ISB supports the construction or purchase of owner-occupied properties. The construction of rental apartments and the modernization of residential properties are supported as well. For all purposes attractive funding instruments are available.

ISB SUPPORT SERVICES

Subsidies for

- Small and medium-sized enterprises
- Start-ups
- Technologies
- Enterprises in specially defined economic zones (regional support)
- Company participations in fairs and exhibitions

Guarantees

- Bank guarantees (under federal and state economic development programs)
- ISB guarantees
- Rheinland-Pfalz State guarantees

Participations

- Venture capital firms

CONTACT INFORMATION

Investment and Economic Development Bank of the German State of Rheinland-Pfalz (Investitions- und Strukturbank Rheinland-Pfalz (ISB))

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For additional partner contacts, please check:
www.isb.rlp.de/en/partners/partners-worldwide/

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Rheinland-Pfalz



Rheinland-Pfalz

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55116 Mainz, Germany

<https://www.rlp-international.de/willkommen/>



OFFICE COSTS

Office costs in various cities

City	Average rent in EUR per sqm/month	Total ancillary costs/month	Comments
Mainz	11.00	About EUR 280.00 for an office of about 100 sqm	includes: electricity, water, heat, other levies and fees, such as water, effluent, refuse removal, etc.
Ludwigshafen	8.90		
Koblenz	9.20		
Kaiserslautern	8.30		
Trier	9.00		

Office costs in suburban areas

Area	Average rent in EUR per sqm/month	Total ancillary costs/month	Comments
Metro Mainz	9.30	About EUR 250.00 for an office of about 100 sqm	includes: electricity, water, heat other levies and fees, such as water, effluent, refuse removal, etc.
Eastern Palatinate	8.40		
Rhein-Hunsrück district	5.50		
Landau (at French border)	8.90		
Neuwied	6.20		

HOUSING COSTS

Housing costs in various cities

City	Average rent in EUR per sqm/month	Average ancillary costs incl. water, electricity and heat
Mainz	11.45	280.00 EUR/month for a residence of about 100 sqm
Ludwigshafen	8.90	
Koblenz	8.30	
Kaiserslautern	7.30	
Trier	9.40	

Housing costs in suburban areas

Area	Average rent in EUR per sqm/month	Average ancillary costs incl. water, electricity and heat
Metro Mainz	8.50	280.00 EUR/month for a residence of about 100 sqm
Eastern Palatinate	8.30	
Rhein-Hunsrück district	5.70	
Landau (on French border)	8.90	
Neuwied	6.45	

SOCIAL SECURITY BENEFITS

(WITHHELD DIRECTLY FROM GROSS WAGES)

Type of Insurance	Premium Rates 2019		Calculation and Income Threshold	Employer pays: (based on EUR 1,000 gross income subject to social security payments)
	Employee's Share	Employer's Share		
Health insurance	7.95 %	7.95 %	Contributions will only be levied up to a certain income limit. For incomes above this so-called "income-threshold" no further social contributions will be due. Income thresholds differ depending on the type of insurance. Health insurance: Currently EUR 4,837.50/month. Pension and Unemployment insurance: Currently EUR 7,100.00/month.	EUR 1,000.00 x 7.95% = EUR 79.50
Pension insurance	9.3 %	9.3 %		EUR 1,000.00 x 9.3%= EUR 93.00
Unemployment insurance	1.2 %	1.2 %		EUR 1,000.00 x 1.2%= EUR 12.00
Nursing care insurance	1.525 %	1.525 %		EUR 1,000.00 x 1.525% = EUR 15.25
On average employer pays about 21% social security costs (listed social security costs + possibly accident insurance)				EUR 1,000.00 x 21% = EUR 210.00

TAXES

CORPORATE TAX LIABILITIES IN GERMANY

Companies in Germany pay trade and corporate taxes as well as the so-called “solidarity surcharge”. Taxes are based on the pre-tax profit of a company.

Corporate taxation as an example

Type of tax	Tax rate	Example	
Municipal Trade tax	The trade tax index amounts to 3.5% of the earnings and is multiplied by the trade tax multiplier of the community.	Earnings (taxable income) on commercial activity	EUR 100,000.00
		3.5 % trade tax index	EUR 3,500.00
		Multiplied by the trade tax multiplier, i.e. in Ludwigshafen, 425% (EUR 3,500.00 x 425%)	EUR 14,875.00
		In this case trade tax rate is 14.8 %	
		Municipal Trade tax due	EUR 14,875.00
		Trade tax multiplier in %	
		Mainz	440
		Ludwigshafen	425
		Koblenz	420
		Kaiserslautern	410
		Trier	430
Corporation tax	Corporation tax rate: 15 %	Pre-tax earnings	EUR 100,000.00
		15 % of taxable income	EUR 15,000.00
		Corporation tax due	EUR 15,000.00
“Solidarity surcharge”	The 5.5 % “solidarity surcharge” is charged on the basis of the corporation tax due	Of which 5.5 %	EUR 825.00
		“Solidarity surcharge” payment due	EUR 825.00

TAXES

EMPLOYEES' TAX LIABILITY IN GERMANY

Employees pay income tax on their gross earnings.

Income taxation as an example

Type of tax	Tax rate	Example	
Income Tax	The tax rate is based on the annual taxable income. Incomes below EUR 9,744.00 are tax-exempt. The entry tax bracket is 14%. A marginal tax rate of 42% is applied for annual taxable incomes between EUR 57,919.00 and EUR 274,612.00 The top rate of 45% applies to annual taxable incomes of EUR 274,613.00 and more.	Employee income	EUR 60,000.00
		In this case a tax rate of 27% applies. The tax rate will be calculated linear-progressively.	EUR 16,200.00
		Income tax due	EUR 16,200.00
Higher exemption limit for "solidarity surcharge"	Since the beginning of 2021, the so-called "solidarity surcharge" only has to be paid if the taxable income exceeds EUR 96,820.00 (single persons) or EUR 193,641.00 (married persons).		

In addition everyone pays a sales tax (value-added tax), an indirect tax on all goods and services.

Value-added tax (VAT) (For companies VAT is a transit entry)	19 %	Purchase price of product	EUR	100.00
		19 % VAT	EUR	19.00
		Total due on purchase	EUR	119.00

TYPICAL WAGE RATES

Monthly gross wages for employees 2020 in EUR incl. special payment

Sector	Machinery	Chemical	Metal	Services	ICT-Service
average	4,699.00	6,434.00	4,726.00	4,048.00	5,396.00

Monthly gross wages for employees 2020 in EUR incl. special payment

Sector	Education					Managing position
	Average	Unskilled	Skilled	Qualified	Highly-qualified	
Industry	4,569.00	2,769.00	3,264.00	4,089.00	5,467.00	8,868.00
Services	4,048.00	2,263.00	2,562.00	3,348.00	4,763.00	7,411.00

RECOMMENDED INSURANCE COVERAGE

- Automobile
- Disability
- Home and household effects
- Liability
- Personal liability
- Private health

NUMBER OF UNIVERSITY STUDENTS IN THE 2020/21 WINTER SEMESTER BY MAJOR COURSE OF STUDY

Major course of study	Number of students	German students	Non-German students
Law, Economics and Social Science	53,117	48,018	5,099
Engineering	26,643	19,941	6,702
Humanities	15,800	14,112	1,688
Mathematics, Natural Sciences	15,715	13,846	1,869
Medicine/Health Science	6,979	6,401	578
Other majors	5,390	4,783	607
Total	123,644	107,101	16,543

MORE DETAILED INFORMATION CAN BE FOUND UNDER THE FOLLOWING LINKS ON THE INTERNET

Brochure Page	URL
Page 11	https://www.bamf.de/EN/Themen/MigrationAufenthalt/migrationaufenthalt-node.html
Page 17	http://ec.europa.eu/trade
Page 18	http://europa.eu/business/import-export/index_en.htm
Page 19	http://www.zoll.de/EN/Home/home_node.html
Page 20	http://ec.europa.eu/ecip/security_amendment/who_is_concerned/index_
Page 21	http://www.dpma.de/english