

While Germany ranks as the 114th easiest country in which to open a new business, its complex employment laws can lead to hefty fines and non-compliance. The nation's strict worker protections — including how to recruit and hire, [what benefits to offer](#), and how to stay compliant — can also be challenging to navigate if you're not well-versed in national regulations.

Legal & Background Checks

Your company can and should make sure that any candidates you plan to hire are legally allowed to work in Germany. Because Germany is a member of the European Union (EU), citizens of most member states will be able to work there without issue. However, don't be afraid to verify eligibility. As the employer, you may face legal consequences if you hire employees who lack the visas or permits they need to work in Germany.

Laws Against Discrimination in Germany

Under the General Act on Equal Treatment, known in Germany as Allgemeines Gleichbehandlungsgesetz (AGG), German employers are expressly forbidden to discriminate against job applicants on the basis of:

- Race or ethnic origin
- Gender
- Sexual orientation
- Age
- Disability
- Religion or beliefs

As the employer, your company will be subject to the AGG from the time you begin the process of recruiting in Germany. Under this law, an action as simple as posting a job advertisement seeking an employee to join a “young, dynamic team” could be interpreted as age-based discrimination. To avoid misunderstandings, exclude descriptors in your job posting unless they are explicit requirements for the job.

During the recruitment process, avoid asking questions that would force candidates to disclose their status in any of the categories protected under the AGG. Applicants don't have to answer any questions they find inappropriate, such as inquiries regarding:

- Pregnancy and family planning
- Political affiliation
- Religious faith
- Sexual orientation
- Membership in trade unions

To err on the side of caution, you should avoid asking these types of questions. However, you can ask about applicants' criminal records and former salaries.

How to Hire Employees in Germany

It is best to negotiate clear terms in an employment contract as you begin the hiring process. You are legally required to draft an employment contract that is locally compliant and states information about compensation, benefits, and termination requirements.

During the interview, only ask questions of legitimate interest, and do not invade your candidate's right to privacy. Many German companies ask for references that include a candidate's previous work history, job description, years of employment, and more.

Many previous employers follow a rough code to "grade" past employees. The word "average" on a candidate's references typically means that the person was a non-satisfactory employee, while "good" indicates an average employee and "great" is used to designate a good or outstanding employee.

Germany Employment Laws

When hiring employees in Germany, it's essential to stay up-to-date on all employment laws. Your employees cannot work more than eight hours a day. Working time can be extended to a maximum of ten hours if the average daily working time does not exceed eight hours over

a period of six months. Typical work weeks average between 35-40 hours. Work on Sundays and public holidays is banned, though exceptions do exist.

The [minimum wage in Germany](#) in 2020 is 9.35 euros an hour. The minimum wage is expected to increase to 9.50 euros an hour in 2021 and 10.45 euros an hour by July 2022.

As part of Germany's employment compliance, employees can join a union, work council, or collective labor agreement if they want to. Through these organizations, workers can discuss working decisions, times, and wages.

Germany's Civil Code, Industrial Code, and other collective agreements also regulate payment and wages. Employees and third parties must be paid through Germany's File Transfer and Access Management (FTAM) protocol. An employer must approve a given payroll so that the bank can release [payments to employees](#) while the business withholds other contributions such as health insurance payments.

Onboarding in Germany

Before hiring employees in Germany, you'll need to [establish a subsidiary](#) in the country. It can take six weeks to process your companies' registration information, and the entire process might take months before you are officially incorporated. During this time, some employers lose valuable talent who cannot afford to wait for a job.

Whenever you onboard a new employee, make sure you have every piece of paperwork necessary to set up payroll and meet all Germany employment compliance policies. It is also helpful to send employees an outline of the onboarding process. Review policies such as the company's code of conduct, break times, and dress code.

Benefits of Hiring Outsourcing in Germany

On April 1, 2017, Germany instituted new licensing requirements that make it difficult to start a subsidiary or choose a company to hire people to work on your behalf. You can no longer

employ any Germany hiring outsourcing company. Instead, you'll need a [global PEO that has an AUG or temporary agency license](#).

Work With Globalization Partners To Expand Globally

Globalization Partners is the first [global PEO](#) to be fully compliant in Germany. [Contact us](#) today to learn more about our services and how we can help you with Germany employment compliance.