

Supporting Human Resources

Labor-related incentives play a significant role in reducing the operational costs incurred by new businesses. Germany's Bundesagentur für Arbeit (Federal Employment Agency) and the German states offer a range of labor-related incentives programs designed to fit the different company needs when building a workforce.

Four Main Labor-related Incentives Groups

The range of programs offered can be classified into four main groups: programs focusing on recruitment support, training support, wage subsidies, and on-the-job training. Labor-related incentives are available throughout Germany – independent of factors such as company size, industry sector or investment project location. Programs can be carried out and adjusted by the local job center according to investor needs.

Matching Personnel: Recruitment Support

With over 400 local job centers located throughout Germany, the Federal Employment Agency assists companies in finding new employees. Regardless of the qualification or experience level required, job centers offer a competent and professional service as well as market expertise to help identify prospective employees in all sectors. Assistance provided covers everything from job vacancy advertising and pre-selection of candidates (i.e. assessment centers) to the provision of facilities for conducting job interviews. Because job centers are governmental institutions, all services are provided entirely free of charge.

Enhancing Qualification: Pre-Hiring Training

Prospective employees often need to participate in appropriate training measures before operating machinery and technical equipment. Such measures can be organized and administered by external specialist institutions. In general, training program costs of up to 100 percent can be subsidized.

Supporting Integration: Wage Subsidies

Employers can be granted a direct cash payment paid as a proportion of the employee's wage. Grants can account for up to 50 percent of wage costs including social security contributions. They may be provided for a period of up to 12 months. Wage subsidies can be granted when hiring unemployed people. When hiring unemployed people who have disabilities or who are older, wage subsidies can be raised

to a maximum 70 percent of wage costs paid for a period of up to eight years. Wage subsidies are generally allocated if investors provide long-term employment contracts. Please note that wage subsidy applications should be made in advance of the contract being signed.

Professional Development: On-the-Job Training

The German federal states offer a variety of on-the-job training programs. Companies can be supported with subsidies covering up to 50 percent of all training costs. European Union (EU) authorization is required if the amount awarded to a single company exceeds EUR 2 million.

Visa for Highly Qualified Employees

The so-called "EU Blue Card" allows highly qualified non-EU citizens to be fast tracked to employment in Germany. Foreigners may apply for this kind of residence permit if they hold a German university degree (or a proven comparable qualification) and demonstrate a job contract with an annual gross salary of at least EUR 56,400 for 2022. The annual gross salary level is lower but at least EUR 43,992 for 2022 in professions with a particular skill shortage. The EU Blue Card contains the permit to stay and the permit to work in Germany.

➔ For detailed information on German visa and residence permit procedures, please see our "Investment Guide to Germany" online: www.gtai.com/coming-to-germany

Labor-related Incentives at Different Stages of the Hiring Process

Stages of Building a Workforce	Available Incentives
Finding Suitable Staff	Recruitment Support
Testing Candidates	Pre-Hiring Training
Hiring Employees	Wage Subsidies
Further Education	On-the-Job Training

Special Programs: Grants for Hiring Personnel

Besides general labor-related incentives programs that provide support during the hiring process and beyond, there are also special programs that offer support in the form of non-repayable grants throughout Germany. Such programs are usually intended to support companies with a certain need for specialized or highly qualified employees, e.g. when launching research and development (R&D) projects or setting up new company sites. In case of setting up new production sites, personnel costs can also form the basis for cash incentives calculation within the GRW program.

Grants for Hiring Highly Qualified Staff

The hiring of university graduates can also be supported through grants in the form of "Innovation Assistant" programs available in individual federal states. The respective candidate must not have graduated more than two years ago. The Innovation Assistant must also be employed with the purpose of carrying out an innovation project within the company. Small and medium-sized enterprises (SMEs) are eligible for support. Up to 50 percent of the respective labor costs can typically be financed for a period of one to two years subject to the individual program.

GRW Program Options

Another way to reduce personnel costs in the set-up phase is to use the GRW program (Joint Task for the Improvement of Regional Economic Structures). This mainly supports the setting up of new production and service facilities in specific regions in Germany with non-repayable grants. Within the GRW, there is the possibility to calculate funding based on the assumed wage costs instead of project-related capital expenditures.

The availability of this option depends on the GRW funding guideline of the respective federal state. Wage costs can be co-financed for a period of two years per job and also include the employer's contribution to the social security system. Minimum and maximum eligible wage requirements do apply, usually starting at EUR 30,000 per year (employer's gross).

Grants for R&D Project Personnel Costs

A large amount of non-repayable grants is provided to R&D projects each year. These grants are provided through programs operating at regional, national and European level. The grant amount a project is eligible for is normally calculated based on the employee labor costs of the respective project. R&D projects may profit considerably from this type of funding as personnel costs are typically the most significant expense. It is also possible to make multiple applications during any R&D funding program, with several R&D projects active at the same time.

At a Glance

- Available throughout Germany independent of industry and location
- Programs administered by the Federal Employment Agency and the federal states
- Program focus on supporting employee training measures
- Wage subsidies are available

Federal Employment Agency

Germany's Federal Employment Agency offers a broad range of services in the labor and training market for private individuals as well as companies and institutions. To perform these service tasks, it has a nationwide network of employment agencies and branch offices at its command. It also conducts labor market and occupational research, labor market observation and reporting as well as recording labor market statistics.

Services include:

- Placement in training places and workplaces
- Vocational guidance
- Employer counselling
- Promotion of different kinds of training
- Promotion of professional integration of people with disabilities
- Benefits to retain and create workplaces
- Compensation for reduced income, e.g. unemployment benefit or insolvency payments

Investor Support Services

The experts from GTAI's Financing & Incentives team support investors in identifying appropriate programs to finance personnel costs using further public financing instruments. They can also carry out a check to identify what programs can be combined and will put you in contact with the right institution to apply for funding.

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