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Germany's Labour Law & Employment Regulations

Overview

Germany is Europe's largest economy, strategically located at the core of the EU and serving as a global hub for trade, innovation, and investment. With a population of **84.9 million** ([IMF, 2025](#)) and a skilled workforce, Germany remains a world leader in advanced manufacturing, engineering, and green technologies.

Powered by a strong industrial base, innovative research, and exports, the economy is supported by industry services, and agriculture. In 2024, manufacturing sector accounts for nearly 20% of GDP generated in the German economy, underpins job creation and competitiveness ([Destatis, 2025](#)). Recent reforms such as the Skilled Immigration Act (2023) and investments in energy transition and digital infrastructure reflect Germany's commitment to sustainable growth and long-term resilience.

Basic Country Facts



Capital
Berlin



Population
84.9 million
[IMF](#)



Currency
Euro (EUR, €)



GDP per Capita
USD 72,600 (as of 2025)
[IMF](#)

Labour Law & Employment Regulations

Employment Contracts

Contract types: **fixed-term contract** and **indefinite contract**.

Contracts shall be in written form and include below contents:

- Name and address
- Commencement date
- End date, if not specified shall be considered as an indefinite contract
- Length of probationary period: it is relatively easy to terminate the employee during this period.
- Work location
- Position and job description
- Salary and benefits
- Applicable vacation and leave entitlements
- Working hours
- Notice period of termination
- Non-compete clause (not applicable to all positions, optional)

Effective 1st of January 2025, employees in Germany will be able to sign a work contract digitally and will not have to provide a wet signature to validate the contract. However, wet signatures remain mandatory for fixed-term contracts or short-term contracts as well as in certain industries such as hospitality, logistics and meat processing and any form of termination.

Probation Period

- Executed according to Employment Contract, Collective Bargaining Agreement, Works Agreement.
- Normally no more than 6 months in practice. During this time, the employer can usually terminate the employment with two weeks' notice or notice period agreed in the employment agreement.

Minimum Wages

- The statutory minimum wage of Germany has been adjusted from EUR 12.41 to EUR 12.82 per hour and taken effect from 1st of January 2025.
- Germany is prepping for another significant increase in the statutory minimum wage. The Minimum Wage Commission has recommended raising it from EUR 12.82 to EUR 13.90 per hour in early 2026.
- However, many different minimum rates are depicted in industry-specific Collective Bargaining Agreements.

Statutory Contributions

Type	Details	Employer Contribution	Employee Contribution
Pension Insurance <i>(Rentenversicherung)</i>	Retirement benefits	9.30%	9.30%
Unemployment Insurance <i>(Arbeitslosenversicherung)</i>	Unemployment benefits	1.30%	1.30%
Health Insurance <i>(Krankenversicherung)</i>	Healthcare benefits	7.30% + X (which has been increased significantly in 2025, shared maximum Contribution rate is 2.5%)	7.30% + X (which has been increased significantly in 2025, shared maximum Contribution rate is 2.5%)
Nursing Care Insurance <i>(Pflegeversicherung)</i>	Disability security	1.70%	1.9% Childless employees older than 23 pay an additional 0.4%. Employees with 2-5 children, -0.3% for each child (minimum contribution rate is 0.9%)
Accident Insurance <i>(Arbeitsunfall)</i>	Work injury and occupational diseases security	0.96% Vary by the risk levels of the employers' industries	–
	Total of above	About 21.81%	About 20.05-21.45%

Leave & Benefits

Type	Applicable to	Details
Paid Annual Leave	All Employees	24 working days within 6-day work week
Pregnancy and Maternity Leave	Female Employees	14 weeks (pre-natal leave: 6 weeks + post-natal leave: 8 weeks)
Sick Leave	All Employees	According to the actual situation (first 6 weeks are paid by Employer for same sickness. Reset for different sickness)
Parental Leave	Employees with children under three years of age	14 months. From 1st of April 2024, both parents can only take one month of leave at the same time.
Educational Leave	All Employees	3-5 days (according to the regulation of every jurisdiction)
Breastfeeding Leave	Female Employees	Twice per day, 30 minutes each.
Family Care Leave	All Employees	- Short-term leave: up to 10 days - Long-term leave: 1-6 months
Paternity Leave	Male Employees	10 days (from 2024)
Sick Child Leave	Employees with children under twelve years of age	15 days - Single parent: 30 days - Multi-children: 35-70 days (from 2024)

Working Hours

1. Normal Working Hours

Executed according to Employment Contract, Collective Bargaining Agreement, Works Agreement.

2. Rest Time

- Executed according to Employment Contract, Collective Bargaining Agreement, Works Agreement.
- Generally, the rest day is Sunday (for 6-day workers) or Saturday & Sunday (for 5-day workers), except restaurants or catering.

3. Night Work

- Night working hours are regarded more than 2 hours' performance between 11:00 pm one day and 6:00 am the next day.
- Executed according to Employment Contract, Collective Bargaining Agreement, Works Agreement.

4. Overtime

- Any hours worked in excess of standard working hours are considered overtime.

Restrictions on overtime work:

1. The employer may require employees to work overtime only if it is stipulated in the employment contract or collective bargaining agreement, work agreement.
2. Overtime pay: Time off in lieu is allowed alternatively, instead of overtime pay.
 - 1.5 times of the employee's regular pay rate or at the rate agreed in the Collective Bargaining Agreement or Works Agreement.

Public Holiday

The Public Holidays in Germany in 2025 is shown as following. Please refer to the announcement of the federal / jurisdiction government of Germany.

Holiday Name	Date
New Year's Day	1 January 2025
Good Friday	18 April 2025
Easter Sunday	21 April 2025
Labour Day	1 May 2025
Ascension Day	29 May 2025
Whit Sunday	9 June 2025
German Unification Day	3 October 2025
Christmas Day	25 December 2025
Boxing Day	26 December 2025

Termination & Compensation

Termination Notice

- Executed according to Employment Contract, Collective Bargaining Agreement, Works Agreement.
- If a German employer has more than 5 employees and has established a works council, the employer must seek opinion from the works council before dismissing any employee, otherwise the dismissal decision will be invalid.
- The best practice for the company is to sign a termination agreement with the employee, to avoid legal disputes.

Certain employee groups are exempt from the standard rules and enjoy special legal protection under German labour law. These include:

- Employees with disabilities (in these cases, prior approval of the Integrationsamt is mandatory before termination)
- Pregnant employees and those on parental leave (where consent from the competent authority is required)
- Members of the works council, whose termination requires explicit approval from the works council or, in disputes, from the labour court.

Compensation

- Executed according to Employment Contract, Collective Bargaining Agreement, Works Agreement.

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Introv x Oracle NetSuite x BIPO Joint-Event



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24 Sep

Workday Horizon Hsinchu 2025



Singapore

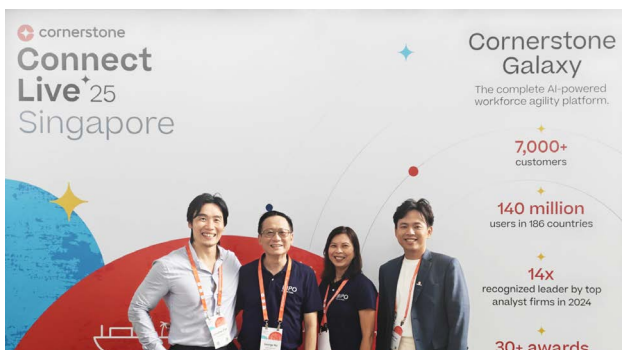
2-3 Sep

Mercer Asia HR Conference 2025



8 Oct

Cornerstone Connect Live Singapore 2025



The Netherlands

30 Sep

DUJAT HR Event – BIPO & Adams Recruitment



USA

15-18 Sep

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