

Labor-Related Incentives

Investment Incentives Package

Operational Incentives Package

Cash Incentives

Interest-Reduced Loans

Public Guarantees

Labor-Related Incentives

R&D Incentives

Supporting Human Resources Build-Up

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

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 800 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 highly 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 holding job interviews.

Labor-Related Incentives at Different Stages of the Hiring Process

Stages of Building a Workforce	Available Incentives
Stage 1 Finding Suitable Staff	Recruitment Support
Stage 2 Testing Candidates	Pre-Hiring Training
Stage 3 Hiring Employees	Wage Subsidies
Stage 4 Further Education	On-the-Job Training

Because job centers are governmental institutions, all services are provided entirely free of charge.

Enhancing Qualification Measures: 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 twelve months. Wage subsidies are granted when hiring long-term unemployed individuals.

When hiring long-term 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. Note that wage subsidy applications should be made in advance of the contract being signed.

Advancing Professional Development: On-the-Job Training

The German federal states and the European Social Fund (ESF) 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 two million.

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What Labor-Related Incentives Programs Offer				
Incentives Programs	Recruitment Support	Pre-Hiring Training	Wage Subsidies	On-the-Job Training
Program Offerings	<ul style="list-style-type: none"> Organization and/or support of recruitment process by local job centers Assessment center provided by training agencies 	<ul style="list-style-type: none"> Organization of training courses for unemployed candidates by local job centers in close cooperation with investor No binding work contracts required 	<ul style="list-style-type: none"> Provided for employment of long-term unemployed candidates or unemployed candidates under the age of 25 or above 50 Company has to provide a work contract with a minimum 15 hour working week 	<ul style="list-style-type: none"> For all employees Financed by the European Social Fund (ESF) EU notification required for grants exceeding EUR 2 million per company
Eligible Costs	<ul style="list-style-type: none"> Job vacancy advertisements, applicant screening and pre-selection Assessment center 	<ul style="list-style-type: none"> Trainee labor costs Training course costs 	<ul style="list-style-type: none"> Wage costs Social security contributions 	<ul style="list-style-type: none"> Training courses
Possible Promotion Rates	<ul style="list-style-type: none"> Up to 100% of eligible costs subject to local job center budget 	<ul style="list-style-type: none"> Up to 100% of eligible costs for a training period of up to three months 	<ul style="list-style-type: none"> Normally up to 50% of eligible costs for up to 12 months 	<ul style="list-style-type: none"> Up to 50% of eligible costs
Managing Authority	<ul style="list-style-type: none"> Local job centers 	<ul style="list-style-type: none"> Local job centers 	<ul style="list-style-type: none"> Local job centers 	<ul style="list-style-type: none"> Appropriate federal state labor ministry

Incentives programs are typically managed by the local job centers which also administer the relevant funding budgets. Accordingly, the available labor-related incentives and their specific design may vary from municipality to municipality.

Local job centers offer their services free of charge. The state ministries for labor are responsible for managing on-the-job training programs financed through the European Social Fund (ESF).

Our Project-Specific Incentives Services

Germany Trade & Invest provides you with a detailed overview of labor-related incentives programs ranging from recruitment support to on-the-job training. We organize first meetings with local employment offices and the appropriate federal state labor ministries.

Our experts also give you advice about how to add labor-related incentives to the whole incentives package available in Germany.

**For more information on incentives and financing investment projects, please contact
Germany Trade & Invest's Financing & Incentives team.**

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