

Legal Status Forms for Artists in Germany – Introduction

In Germany, artists can be employees or freelancers, but the majority of artists is freelancing, while only few are employed. Usually, employment contracts are only made for unlimited employments or such limited to some months or years (in case of a project). In most cases, the artist has no choice between the two status forms but is dependent on the preferences of the client. Typically, clients prefer to hire artists as freelancers, so they can pay a fixed, agreed on fee without social charges, mostly due only as recently as the job is done. The most freelancers also don't want to be employed, but enjoy the freedom of their status form in terms of self-managed time and work contents, even though it comes with more paperwork.

When artists are employed in Germany, they have a work contract which clearly regulates working hours, place of work, the monthly wage and social charges. On the other side, when artists are freelancing, there are a few options and quite some rules and tax regulations to consider. Since most artists are freelancers, the options and regulations are rarely to be found in a summarized form and the bureaucracy an employee faces are very little, we mainly concentrated on the most important options and regulations freelancers who are just starting out should know about.

Among freelancers, the Deutsche Rentenversicherung (German pension insurance) has spread uncertainty in the last years: Many freelancers have been rated as "scheinselbstständig" (dependent contractor / fake self-employment) because the gross of their income (more than 5/6) is generated from only one client or other working conditions are too similar to those of employees. In those cases, the clients (now considered employers) not only have to pay the outstanding social charges and income tax retroactively, but also may face high penalties. Therefore clients in some sectors stopped hiring freelancers; but luckily, in the arts sector clients can usually be pretty sure their freelancing artists are real freelancers.

In our fact sheet "Legal Status Forms for Artists in Germany" we also examined the case of employment and freelancing in parallel, options to save tax in special cases ("Kleinunternehmerregelung" and "Übungsleiterpauschale") and the "Künstlersozialkasse" (artists' social insurance) which treats freelancing artists similar to employees and covers 50 % of health, long term care and old age insurance.

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