

## This is how you can make the costs for childcare tax deductible.

*Hiring someone permanently for private childcare at home can make a considerable sum of money at the end of the year. But did you know that you can claim most of the childcare costs in your tax return? In this article you will learn how childcare costs are being handled in Germany and which form you need to fill out to reduce your taxable income.*



In this article the following is being discussed:

1. Apportionment in the tax return
2. Filling out the tax return

### Apportionment in the tax return

In Germany the tax authorities accept 20 percent of the actual costs for household services. A maximum of € 4,000 can be claimed for tax purposes. The maximum annual tax savings amount is reached at € 20,000 for household-related services.

In addition, childcare costs can be offset against tax as special expenses (child annex in the tax return). 2/3 and a maximum of € 4,000 per child per year will be reimbursed for childcare.

To do this, three requirements must be met:

- It must be your own child, i.e. not grandchildren, godchildren or stepchildren
- The child must belong to your household, i.e. in the case of divorced couples, it is crucial where the child resides permanently
- The child must not have reached the age of 14

If a Super Granny supports you both in the household and with childcare, then you have to split your expenses. If the employment contract does not contain any information on the distribution of tasks, the tax office assumes a fifty-fifty breakdown. Half of the expenses will count as childcare costs, the other 50 percent count as household chores.

Tip: Pay attention to the wording of the contract!

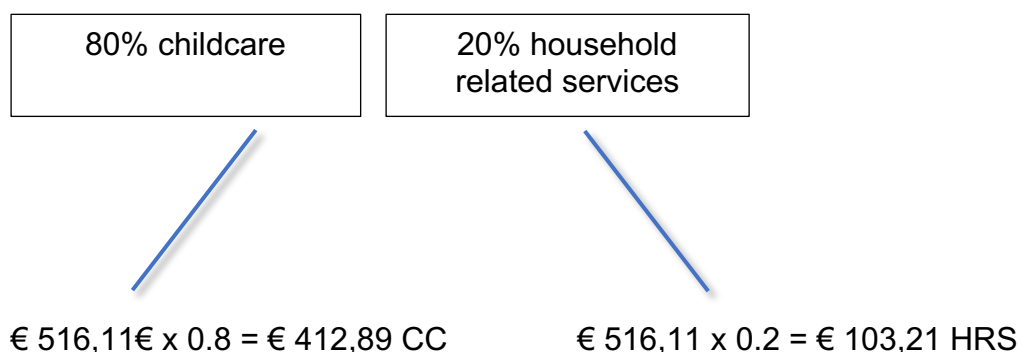
Ideally, the share of childcare should be higher, since 2/3 (0.66) of it can be deducted from tax, while it is only 1/5 (0.2) for household-related services. The tax office allows that a maximum of 80% of the babysitter time is spent on childcare. The remaining 20% of the costs would then have to be settled via household-related services. For example, if a granny nanny costs you € 516.11 (€ 450 salary + € 66.11 social security contributions) per month, € 412.89 would count as childcare and € 103.21 as household services. Thus, you could allocate € 20.64 (€ 103.21 \* 0.2) per month to

household services, while you could allocate € 272.50 ( $€ 412.89 \times 0.66$ ) to childcare costs.

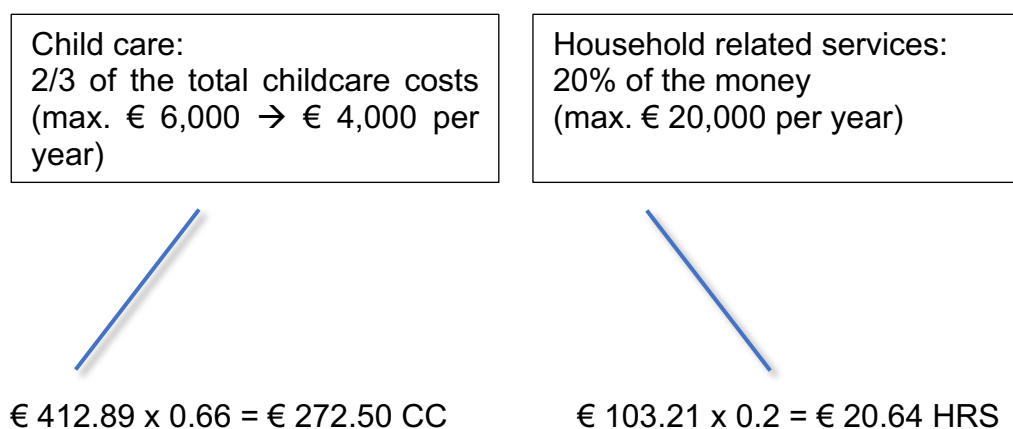
This means that you could **deduct a total of 57% of the costs** of a Super Granny for tax purposes and your contribution would only amount to € 222.97 per month. In the following graphic, I have visualized the calculation for you, using a tree diagram.

"CC" here means childcare cost and "HRS" means household related services.  
 € 450 salary + € 66.11 social security contributions = € 516.11 in total to be taxed

Tax Revenue Office accepts 80-20 division:



Applicable for tax purposes:



Tax deductible:

$€ 272.50 + € 20.64 = € 293.14 = \mathbf{57\% \text{ of the total costs}}$

Your contribution:

$€ 516.1 - € 293.14 = € 222.97$  net monthly

If you decided for childcare through a Super Granny, you could also have the placement fee credited as a household-related service.

## Filling out the tax return

If you want to claim the costs of childcare for tax purposes, it is important to note that the evidence for the childcare service is only valid as bank statements. However, you do not have to present the receipts to the tax authorities until requested. Also, you do not need to enclose any supporting documents with your tax return.

Tip: Pay your childcare staff only by bank transfer.

Furthermore, it should be noted that in order to claim childcare costs for children over six years of age, both parents must be employed and single parents must also have a job.

It is also important to pay attention to the tax relationship between the spouses. Parents living separately for tax purposes receive half of the maximum rate. Parents living together for tax purposes can split the maximum amount as desired. If mother and father live separately, the decisive factor is who receives child benefit. That parent is then entitled to the full childcare costs as special expenses.

### Childcare costs:

In the child annex on page 3 of your tax return (germ. "Anlage Kind"), you can set costs of up to € 6,000, of which € 4,000 will be reimbursed by the tax authorities. Here you can claim the costs for the nursery and 80% of the private childcare costs. If you have several children, you may fill out a separate annex for each child.

### Household related services:

On the main printout, also known as the cover sheet (germ. "Mantelbogen"), from line 69 downward on page 3, you will find the fields in which you can set off the various household-related services.

Coming to an end, it can be said that private childcare by a Super Granny is attractive, because your family is being supported in the daily childcare tasks and can pursue other activities in the meantime. If you use the service of a Super Granny, the tax authorities will help you by allowing you to deduct a large part of the costs for tax purposes.

### Disclaimer:

*Please note that the points mentioned are only tips. A tax advice or recommendation is therefore not available and Super Granny Personnel Placement is not liable for the correctness of the content. The contents have been researched by Super Granny Personalvermittlung to the best of their ability. If you are interested or have any questions, please do not hesitate to contact us by phone.*