Treatment for social security purposes of extra remuneration paid to interns/trainee lawyers (*Rechtsreferendare*) by private-sector training providers (including, but not limited to, law firms)

Information leaflet

As far as tax and social security is concerned, any remuneration paid by private-sector training providers (host employers) counts as part of the trainee's pay under the training programme, unless it is received in return for work unconnected to the *Referendariat* programme. As the trainee's nominal employer for tax and social security purposes, the North Rhine-Westphalia Government is compelled to take into account, when computing the employer's share of the overall social security contribution, all extra remuneration or fringe benefits provided by the host employer. This includes any back contributions made to the mandatory state pension system. The fact that the nominal employer has no control over the granting of extra benefits does not matter here. The law firm/host employer has neither the power nor the duty to make these payments. A declaration or statement from the training provider, pledging to the State Government to pay the social security contributions, would have no bearing on the government's obligation to make corresponding payments to the social security system.

The North Rhine-Westphalia Government has decided to continue giving private-sector training providers the opportunity to reward outstanding performance by paying extra remuneration to the trainee. The additional social security contributions from the NRW Government are compensated for by making a standard deduction (25 per cent of the extra remuneration paid by the host employer) from the subsistence allowance (*Unterhaltsbeihilfe*). As a result of the standard deduction, the host employer would therefore need to make a €600 payment to enable the trainee to keep €450 as extra remuneration. Financially, this will not make much of a difference, given that previously the social security contribution came on top of the payment (another 30 per cent of €450).

Where the extra remuneration is not paid monthly but as a lump sum, it will be converted into periodic payments and treated as if the payments had been made continuously throughout the period covered by the extra remuneration. Hence, a lump sum payment will lead to a standard deduction from the subsistence allowance over the entire period covered by the extra remuneration, instead of merely in the month the payment is received by the trainee. This method is designed to minimise avoidance. If, for example, the private-sector training provider makes a €10,000 lump-sum payment to cover the full

ten months of the internship, 250 euros will be withheld each month from the subsistence allowance (25 pc of €10,000 divided by 10 months).

With a view to enabling the State Government's payroll management agency, (*Landesamt für Besoldung und Versorgung/LBV NRW*) to pay the required social security contribution on the extra remuneration, host employers will be asked not to make direct payments of additional remuneration to the trainee but instead make over the amount to *LBV NRW*, using a bank account set up specifically for the trainee. When making the payment, the following details and references should be quoted:

'***Zuweisungskennziffer 97*', the trainee's *LBV*-issued personnel number, the name of the trainee and the period covered by the payment.**

To ensure that payments are allocated correctly, it will be mandatory from October 2025 onwards to specify the correct payee when making transfers.

Suggested format:
97/M63001234567 Family name, given name, tt/mm/yy - tt/mm/yy

These are the bank details for transfers to *LBV NRW*:
Payee: Landeshauptkasse NRW
IBAN: DE51 3005 0000 0004 0066 15
BIC: WELADEDD

The State Government will pay this amount to the trainee after deducting PAYE tax and the employee's share of social security contribution. The new scheme will actually benefit training providers and free them from having to deal with the trainee's payroll issues. The payments for additional remuneration qualify as operating expenses. Because the government accountants can process the payments only upon receipt of the extra remuneration, the money must be received by *LBV* by the third working day of each month. Only then will it be possible to pay out the extra remuneration to the trainee along with the subsistence allowance by month's end.

Trainees are expected to notify their nominal superior (President of the Regional Court) of the (intended) extra remuneration no later than three months before the funds are due. Trainees who learn of the intended extra remuneration at a later date must notify the court president without delay.