INFO

PKDW

Information for employers:
Tax and social security contribution treatment of contributions to PKDW

Pursuant to § 3 No. 63 Income Tax Act (EStG), the employee may contribute up to 8 % of the respective contribution assessment ceiling in the statutory pension insurance West (BBG) to the pension fund tax-free each year. In 2026, this is EUR 8,112, i.e. EUR 676 per month.

Contributions up to 4 % of BBG (EUR 4,056) are also exempt of social security contributions.

If the pension commitment was made before 1 January 2005, the employee can alternatively contribute EUR 1,752 to the company pension scheme in accordance with § 40 b EStG, i.e. taxed at 20 % (plus church tax), if at least one contribution was legally taxed in accordance with § 40 b EStG before 1 January 2018. In this case, the contribution made in accordance with § 40 b EStG is to be credited against the maximum taxable subsidy volume of § 3 no. 63 EStG.

Contributions that exceed the limits of § 3 no. 63 EStG and § 40b EStG can only be made from individually taxed income.

If the annual premium exceeds 8 % of the BBG (in 2026: EUR 8,112), an application for special payment is required. If the member has also insured occupational invalidity cover, a current health check will be carried out if necessary.

The benefits (pension or (partial) lump-sum) from tax-free contributions are fully taxable and subject to health insurance contributions if there is compulsory insurance in the statutory health insurance scheme.

Benefits from lump-sum and individually taxed contributions to the pension fund are only taxable at the rate of return when the pension is paid. You can find more information on this in our information sheet »Your pension – taxes and social security contributions«, available on the internet at **www.pkdw.de** in the section »Für Rentner – Downloads«.

Please report contributions paid by using our electronic premium report file (Beitragsmeldedatei), available on our website in the area »Für Unternehmen – Downloads«). You can also find out here which type to report premiums under.

Please feel free to contact us in case you have any questions**:**

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Please find more information at **www.pkdw.de**