

Overview

Part 1. Overview.....	1
A. Forms of Deployment of External Personnel	1
I. Temporary Agency Employment	1
II. Service Contract	38
III. Contract to produce a work	44
IV. Further Practice-relevant Forms of External Personnel Deployment	46
V. Summary and Tabular Overview	53
B. Incorrect Deployment of External Personnel – Diagnosis and Risk.....	56
I. Overt Temporary Agency Employment and its Legal Consequences	56
II. Concealed Temporary Agency Employment (Sham Service Contract/Sham Contract to Produce a Work) and its Legal Consequences	87
III. False Self-Employment and its Legal Consequences	102
IV. Checklist Dependent Employment vs. Self-Employment.....	115
Part 2. „Legal Texts“	117
I. Directive 2008/104/EC of the European Parliament and of the Concil on temporary agency work	117
Richtlinie 2008/104/EG des Europäischen Parlaments und des Rates vom 19. November 2008 über Leiharbeit	117
II. Civil Code (Excerpt)	131
Bürgerliches Gesetzbuch – BGB (Auszug)	131
III. Act on Temporary Employment	167
Gesetz zur Regelung der Arbeitnehmerüberlassung – AÜG	167
IV. Works Constitution Act (Excerpt)	194
Betriebsverfassungsgesetz – BetrVG (Auszug)	194
V. Part-Time and Limited Term Employment Act (Excerpt) Gesetz über Teilzeitarbeit und befristete Arbeitsverträge (Teilzeit- und Befristungsgesetz – TzBfG)	222
VI. Act on the Posting of Workers	224
Gesetz über zwingende Arbeitsbedingungen für grenzüberschreitend entsandte und für regelmäßig im Inland beschäftigte Arbeitnehmer und Arbeitnehmerinnen (Arbeitnehmer-Entsendegesetz – AEntG)	224
VII. Home Employment Act	247
Heimarbeitsgesetz (HAG)	247
VIII. Law on Documenting Essential Applicable Conditions for Employment Relationships (Excerpt)	268
Nachweisgesetz – NachwG	268
IX. Administrative Offences Act (Excerpt)	270
Gesetz über Ordnungswidrigkeiten – OWiG (Auszug)	270
X. Criminal Code (Excerpt)	277
Strafgesetzbuch – StGB (Auszug)	277

XI.	Act to Combat Illegal Employment	284
	Schwarzarbeitsbekämpfungsgesetz (SchwarzArbG).....	284
XII.	Social Security Code I – General Part (Excerpt)	315
	Sozialgesetzbuch (SGB) Erstes Buch (I) –	
	Allgemeiner Teil (Auszug)	315
XIII.	Social Security Code III – Employment Promotion (Excerpt)	316
	Sozialgesetzbuch (SGB) Drittes Buch (III) –	
	Arbeitsförderung (Auszug)	316
XIV.	Social Security Code IV – Social Security (Excerpt)	319
	Sozialgesetzbuch(SGB) Viertes Buch(IV) –	
	Gemeinsame Vorschriften für die	
	Sozialversicherung (Auszug)	319
XV.	Social Security Code VII –	
	Compulsory Accident Insurance (Excerpt)	391
	Sozialgesetzbuch (SGB) Siebtes Buch (VII) –	
	Gesetzliche Unfallversicherung (Auszug)	391
XVI.	Commercial Code (Excerpt)	394
	Handelsgesetzbuch – HGB (Auszug)	394
XVII.	Stock Corporation Act (Excerpt)	395
	Aktiengesetz – AktG (Auszug)	395
XVIII.	Limited Liability Companies Act (Excerpt)	401
	Gesetz betreffend die Gesellschaften mit beschränkter Haftung –	
	GmbHG (Auszug)	401
XIX.	Competition Register Act (Excerpt).....	403
	Gesetz zur Einrichtung und zum Betrieb eines Registers zum Schutz	
	des Wettbewerbs um öffentliche Aufträge und Konzessionen –	
	(Wettbewerbsregistergesetz – WRegG) (Auszug)	403
XX.	Income Tax Act (Excerpt)	406
	Einkommensteuergesetz – EStG (Auszug)	406
XXI.	Fiscal Code (Excerpt)	419
	Abgabenordnung – AO (Auszug)	419
XXII.	Value Added Tax Act (Excerpt)	427
	Umsatzsteuergesetz – UstG (Auszug)	427
XXIII.	Industrial Code (Excerpt)	436
	Gewerbeordnung – GewO (Auszug)	436
XXIV.	Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems	439
	Verordnung (EG) Nr. 883/2004 des Europäischen Parlaments und des Rates vom 29. April 2004 zur Koordinierung der Systeme zur sozialen Sicherheit	439
XXV.	Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I – Excerpt)	440
	Verordnung (EG) Nr. 593/2008 des Europäischen Parlaments und des Rates vom 17. Juni 2008 über das auf vertragliche Schuldverhältnisse anzuwendende Recht (Rom I – Auszug)	440

XXVI. Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004 on the coordination of social security systems	441
Verordnung (EG) Nr. 987/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 zur Festlegung der Modalitäten für die Durchführung der Verordnung (EG) Nr. 883/2004 über die Koordinierung der Systeme der sozialen Sicherheit	441
Part 3. Annexes	443
A. Helpful Weblinks	443
B. Helpful Addresses	445
C. Glossary of Key Words	446
I. English/German	446
II. German/English	454

Table of Contents

Vorwort	V
Preface	VI
Über die Autoren	VII
About the authors	VIII
Overview	IX
Table of Figures	XXIII
List of abbreviations	XXV
Part 1. Overview	1
A. Forms of Deployment of External Personnel	1
I. Temporary Agency Employment	1
1. Legal Basis	3
2. Legal Relations	3
a) Temporary Work Agency – Temporary Agency Worker	3
aa) (Temporary) Employment Contract.	4
(1) Formal Requirements.....	4
(2) Limits of the Private Autonomous Freedom of Design.	5
bb) Obligations of the Temporary Agency Worker.	5
cc) Obligations of the Temporary Work Agency	6
dd) Works Constitution Law.	6
ee) Social Security Law.	7
ff) Tax Law.	8
b) Temporary Work Agency – Hirer	8
aa) Temporary Agency Employment Contract.	9
(1) Formal Requirements.....	9
(2) Limits of the Private Autonomous Freedom of Design.	9
bb) Obligations of the Temporary Work Agency.	10
cc) Obligations of the Hirer.	10
dd) Social Security Law.	11
ee) Tax Law.	11
c) Hirer – Temporary Agency Worker	12
aa) Allowance Relationship.	12
bb) Obligations under the AÜG.	13
cc) Works Constitution Law.	14
dd) Social Security Law.	15
ee) Tax Law.	15
3. Scope of Application of the AÜG	15
a) Permission Requirement for Temporary Agency Employment	15
aa) Principle: No Temporary Agency Employment without	
Permission.	
bb) Exemptions for Small Businesses and for the Construc-	
tion Business.	16
cc) Exception in the Meat Processing Industry.	17
dd) Incurrence: Application for a Permit.	17

b) Disclosure Statement	19
aa) Obligation to label.....	19
bb) Obligation to concretise.....	19
cc) Information Requirement.	20
c) Maximum Assignment Length	20
aa) Principle.	21
bb) Exceptions.	21
(1) Derogation by Collective Bargaining Agreement.....	21
(2) Derogation by Works or Operating Agreement.	22
d) Equal Pay and Equal Treatment	23
aa) Principle.	23
(1) Essential Working Conditions.....	23
(2) Comparable Employees.....	24
(3) Comparability.	24
bb) Exceptions.	25
(1) Derogation by Collective bargaining agreement.....	25
(2) Special Features of the Deviation from the Equal Pay Principle.....	26
(3) Handling of Possible Deviations in Practice.	27
e) Other Documentation/Registration Requirements	28
4. Exceptions from the Scope of the AÜG.....	29
a) Other Forms of Deployment of External Personnel	29
aa) Service Contract and Contracts to Produce a Work.....	29
bb) Joint Establishment.....	29
cc) Deployment to a Consortium.	30
b) Privileged Temporary Agency Employment	30
aa) Temporary Agency Employment to Avoid Short-time Work and Redundancies.	30
bb) Deployment of Employees in the Group (Group Privilege).	30
cc) Solely Occasional Temporary Agency Employment.....	31
dd) Provision of Personnel in the Public Sector.	31
ee) Legal Persons under Public Law.	32
ff) Use of Temporary Agency Workers in a Joint Establish- ment Abroad.	32
5. Particular Case: Temporary Agency Employment within Inter- national Scope	32
a) Temporary Agency Employment Abroad („Outbound“)	33
aa) Applicability of the AÜG on the Obligation to Obtain Permission.	33
bb) Legal Relationships between the Parties.....	33
cc) Social Security Law.....	35
dd) Tax Law.....	36
ee) Right of Residence.....	36
b) Temporary Agency Employment into the Country („Inbound“)	36
aa) Applicability of the AÜG.....	36
bb) Legal Relationships of the Parties.....	37
cc) Social Security Law.....	37
dd) Tax Law.....	38
ee) Right of Residence.....	38
II. Service Contract	38

1.	Legal Basis and Legal Relations	39
2.	Social Security Law.....	40
3.	Tax Law.....	41
4.	Distinction from the Employment Contract	42
	a) Legal Basis and Legal Relations	42
	aa) Obligations of the Employee.....	43
	bb) Obligations of the Employer.....	44
	b) Social Security Law	44
	c) Tax Law	44
III.	Contract to produce a work	44
1.	Legal Basis and Legal Relations	44
	a) Obligations of the Contractor	45
	b) Obligations of the Customer	46
	c) Lessons learned	46
2.	Social Security Law.....	46
3.	Tax Law.....	46
IV.	Further Practice-relevant Forms of External Personnel Deployment ..	46
1.	Employment Service.....	46
2.	Home Employment.....	47
3.	Interim-Management	48
4.	Joint Establishment.....	48
5.	Matrix Organisation.....	50
6.	Agile Modes of Working (e.g., Scrum)	51
V.	Summary and Tabular Overview	53
B.	Incorrect Deployment of External Personnel – Diagnosis and Risk.....	56
I.	Overt Temporary Agency Employment and its Legal Consequences ..	56
1.	Definition and Meaning	56
2.	Case Groups and their Legal Consequences – Liability Risks	56
	a) Violation of the Obligation to Obtain Permission	56
	aa) Contract Law	57
	(1) Temporary Agency Worker – Temporary Work Agency	57
	(2) Temporary Agency Worker – Hirer.....	58
	(3) Temporary Work Agency – Hirer.	59
	(4) Possibilities to Cure through a Status Quo Declaration.	60
	bb) Works Constitution Law.	61
	cc) Social Security Law.....	61
	dd) Tax Law.....	61
	ee) Administrative Offences Law.....	62
	(1) Administrative Offenses under the AÜG.....	62
	(2) Administrative Offences under the OWiG.	63
	ff) Regulatory.....	64
b)	Breach of the Disclosure Statement	65
	aa) Contract Law.	65
	bb) Works Constitution Law.	66
	cc) Social Security Law.....	66
	dd) Tax Law.....	66
	ee) Administrative Offences Law.	66
	(1) Administrative Offences under the AÜG.....	66
	(2) Administrative Offences under the OWiG.	67

ff) Regulatory.....	67
c) Breach of the Information Requirement	67
aa) Contract Law.	67
bb) Social Security Law.....	67
cc) Tax Law.....	67
dd) Administrative Offences Law.....	67
ee) Regulatory.....	67
d) Breach of the Maximum Assignment Length.....	67
aa) Contract Law.	68
bb) Works Constitution Law.	68
cc) Social Security Law.....	68
dd) Tax Law.....	68
ee) Administrative Offences Law.	68
(1) Administrative Offences under the AÜG.....	68
(2) Administrative Offences under the OWiG.	68
ff) Regulatory.....	69
e) Breach of the Principle of Equality (Equal-Pay and Equal-Treatment)	69
aa) Contract Law	69
(1) Temporay Agency Worker – Temporary Work Agency.	69
(2) Temporary Agency Worker – Hirer.....	69
(3) Temporary Work Agency – Hirer.	69
bb) Social Security Law	70
(1) Principle.....	70
(2) Criminal Law Consequences: Withholding of Remuneration.....	70
cc) Tax Law	72
(1) Principle.....	72
(2) Criminal Law Consequences: Tax Evasion.....	72
dd) Administrative Offence Law.	73
(1) Administrative Offences under the AÜG.....	73
(2) Administrative Offences under the SchwarzArbG....	73
(3) Administrative Offences under the AO.	73
(4) Administrative Offences under the OWiG.	74
ee) Regulatory.....	74
f) Breach of the Prohibition of Chain Hiring	74
aa) Contract Law.	74
bb) Works Constitution Law.	75
cc) Social Security Law.....	75
dd) Tax Law.....	75
ee) Administrative Offences Law.	75
(1) Administrative Offences under the AÜG.....	75
(2) Administrative Offences under the OWiG.	75
ff) Regulatory.....	75
g) Violation of the Formal Requirements of sec. 12 AÜG	76
aa) Contract Law.	76
bb) Social Security Law.....	76
cc) Tax Law.....	76
dd) Administrative Offences Law.	76
ee) Regulatory.....	76

h) Breach of the Registration and Retention Requirements	76
aa) Contract Law.....	76
bb) Social Security Law.....	77
cc) Tax Law.....	77
dd) Administrative Offences Law.....	77
(1) Administrative Offences under the AÜG.....	77
(2) Administrative Offences under OWiG.....	77
ee) Regulatory.....	77
i) Infringement of the Prohibition of Blocking Agreements	77
aa) Contract Law.....	77
(1) Temporary Agency Worker – Temporary Work Agency	77
(2) Temporary Work Agency – Hirer	78
bb) Social Security Law.....	79
cc) Tax Law.....	79
dd) Administrative Offences Law.....	79
j) Special Case: Infringement in Conjunction with Temporary Agency Employment with a Foreign Connection	79
aa) Contract Law.....	79
bb) Social Security Law.....	79
cc) Tax Law.....	79
dd) Criminal Law Consequences	79
(1) Illegal Hiring out of Foreign Temporary Agency Workers.....	79
(2) Illegal Borrowing of Foreign Temporary Agency Workers.....	80
ee) Administrative Offences Law.....	81
ff) Regulatory.....	81
3. Corporate Law Responsibility and Recourse	81
a) Liability of the Organs of the Company	81
aa) Subject of Liability and Scale of Obligations.....	81
bb) Internal Liability.....	83
cc) External Liability.....	84
(1) Liability towards the Collecting Agency.....	85
(2) Liability to the Financial Management.....	85
dd) D&O Insurance.....	85
b) Responsibility of the Shareholders	86
4. Lessons learned – Overview and Checklist Temporary Agency Employment	86
a) Checklist Temporary Agency Employment	86
b) Checklist (Temporary) Employment Contract between Temporary Work Agency and Temporary Agency Worker	86
II. Concealed Temporary Agency Employment (Sham Service Contract/Sham Contract to Produce a Work)	
and its Legal Consequences	87
1. Definition and Meaning	87
2. Differentiation	88
3. Case Groups	89
a) Sham Service Contracts and Sham Contracts to Produce a Work	89

b) Self-Hiring out of Managing directors.....	90
c) Anglo-Saxon model (for example <i>Direct Crowdworking</i>)	91
d) Dutch model (for example <i>Indirect Crowdworking</i>).....	92
e) Contracting.....	93
f) Interim-Management	94
g) Agile Modes of Working	94
4. Legal Consequences – Liability Risks	95
a) Contract Law	96
aa) Employee (Temporary Agency Worker) – Agent (Temporary Work Agency).	96
bb) Employees (Temporary Agency Worker) – Principals (Hirer).	97
cc) Agent (Temporary Work Agency) – Principal (Hirer).	98
b) Social Security Law	99
aa) Principle.	99
bb) Criminal Law Consequences: Withholding of Remuneration.	99
c) Tax Law	100
aa) Principle.	100
bb) Criminal Law Consequence: Tax Evasion.....	100
d) Other Criminal Offences	100
e) Administrative Offence Law	100
aa) Administrative Offences under the AÜG.....	100
bb) Administrative Offences under the SchwarzArbG.....	100
cc) Administrative Offences under the AO.....	100
dd) Administrative Offences under the OWiG.....	100
f) Regulatory.....	100
g) Corporate Responsibility and Recours	101
5. Lessons learned – Overview and Checklist	101
a) Summary of the main legal consequences.....	101
b) Checklist: General measures to avoid concealed temporary agency employment.....	101
c) Checklist: Concrete measures to be taken in the course of the business relationship to avoid concealed temporary agency employment	101
d) Checklist: Measures to be taken in case of self-detected non-compliance	102
III. False Self-Employment and its Legal Consequences	102
1. Definition and Meaning	102
2. Delimitation.....	103
a) Identification of False Self-Employment Case	103
b) Excursus: Occasions for Status Determination	104
3. Case Groups	104
a) Two-Person Relationships	104
aa) Basic Type.....	105
bb) Interim-Management.....	105
b) Three-Person Relationships	106
aa) Anglo-Saxon Model (for example Direct Crowdworking).	106
bb) The Dutch Model (for example Indirect Crowdworking).	107
cc) Contracting.....	108

dd) Interim-Management	109
4. Legal Consequences – Liability Risks	109
a) Contractual Law	109
b) Social Security Law	110
aa) Principle	110
bb) Criminal Law Consequences: Withholding of Remuneration	111
c) Tax Law	111
aa) Principle	111
(1) Wage Tax	111
(2) Value Added Tax (VAT)	111
(3) Commercial Tax	112
bb) Criminal Law Consequences: Tax Evasion	112
d) Administrative Offences Law	112
aa) Administrative Offences Law under the SchwarzArbG	112
bb) Administrative Offences Law under the AO	112
cc) Administrative Offences Law under the Administrative Offences Act	112
e) Regulatory	112
f) Corporate Law Responsibility and Recourse	113
g) Secondary Liability Risks and Opportunities	113
aa) Direct Claims against Executive Directors by Governmental Authorities	113
(1) Claims in the Framework of Social Security Law	113
(2) Claims in the Framework of Tax Law	114
bb) Recourse	114
(1) Differences between the Remunerations	114
(2) Wage Tax	115
IV. Checklist Dependent Employment vs. Self-Employment	115
1. Criteria that speak <i>in favour</i> of an integration	115
2. Criteria that speak <i>in favour</i> of a binding by instructions	115
3. Criteria that speak <i>against</i> an own business risk	116
Part 2. „Legal Texts“	117
I. Directive 2008/104/EC of the European Parliament and of the Concil on temporary agency work	117
Richtlinie 2008/104/EG des Europäischen Parlaments und des Rates vom 19. November 2008 über Leiharbeit	117
II. Civil Code (Excerpt)	131
Bürgerliches Gesetzbuch – BGB (Auszug)	131
III. Act on Temporary Employment	167
Gesetz zur Regelung der Arbeitnehmerüberlassung – AÜG	167
IV. Works Constitution Act (Excerpt)	194
Betriebsverfassungsgesetz – BetrVG (Auszug)	194
V. Part-Time and Limited Term Employment Act (Excerpt)	222
Gesetz über Teilzeitarbeit und befristete Arbeitsverträge (Teilzeit- und Befristungsgesetz – TzBfG)	222

VI. Act on the Posting of Workers	224
Gesetz über zwingende Arbeitsbedingungen für grenzüberschreitend entsandte und für regelmäßig im Inland beschäftigte Arbeitnehmer und Arbeitnehmerinnen (Arbeitnehmer-Entsendegesetz – AEntG)	224
VII. Home Employment Act	247
Heimarbeitsgesetz (HAG)	247
VIII. Law on Documenting Essential Applicable Conditions for Employment Relationships (Excerpt)	268
Nachweisgesetz – NachwG	268
IX. Administrative Offences Act (Excerpt)	270
Gesetz über Ordnungswidrigkeiten – OWiG (Auszug)	270
X. Criminal Code (Excerpt)	277
Strafgesetzbuch – StGB (Auszug)	277
XI. Act to Combat Illegal Employment	284
Schwarzarbeitsbekämpfungsgesetz (SchwarzArbG)	284
XII. Social Security Code I – General Part (Excerpt)	315
Sozialgesetzbuch (SGB) Erstes Buch (I) – Allgemeiner Teil (Auszug)	315
XIII. Social Security Code III – Employment Promotion (Excerpt)	316
Sozialgesetzbuch (SGB) Drittes Buch (III) – Arbeitsförderung (Auszug)	316
XIV. Social Security Code IV – Social Security (Excerpt)	319
Sozialgesetzbuch(SGB) Viertes Buch(IV) – Gemeinsame Vorschriften für die Sozialversicherung (Auszug)	319
XV. Social Security Code VII – Compulsory Accident Insurance (Excerpt)	391
Sozialgesetzbuch (SGB) Siebtes Buch (VII) – Gesetzliche Unfallversicherung (Auszug)	391
XVI. Commercial Code (Excerpt)	394
Handelsgesetzbuch – HGB (Auszug)	394
XVII. Stock Corporation Act (Excerpt)	395
Aktiengesetz – AktG (Auszug)	395
XVIII. Limited Liability Companies Act (Excerpt)	401
Gesetz betreffend die Gesellschaften mit beschränkter Haftung – GmbHG (Auszug)	401
XIX. Competition Register Act (Excerpt)	403
Gesetz zur Einrichtung und zum Betrieb eines Registers zum Schutz des Wettbewerbs um öffentliche Aufträge und Konzessionen – (Wettbewerbsregistergesetz – WRegG) (Auszug)	403
XX. Income Tax Act (Excerpt)	406
Einkommensteuergesetz – EStG (Auszug)	406
XXI. Fiscal Code (Excerpt)	419
Abgabenordnung – AO (Auszug)	419
XXII. Value Added Tax Act (Excerpt)	427
Umsatzsteuergesetz – UstG (Auszug)	427
I. Industrial Code (Excerpt)	436
Gewerbeordnung – GewO (Auszug)	436

II. Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems	439
Verordnung (EG) Nr. 883/2004 des Europäischen Parlaments und des Rates vom 29. April 2004 zur Koordinierung der Systeme zur sozialen Sicherheit	439
III. Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I – Excerpt)	440
Verordnung (EG) Nr. 593/2008 des Europäischen Parlaments und des Rates vom 17. Juni 2008 über das auf vertragliche Schuldverhältnisse anzuwendende Recht (Rom I – Auszug)	440
IV. Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004 on the coordination of social security systems	441
Verordnung (EG) Nr. 987/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 zur Festlegung der Modalitäten für die Durchführung der Verordnung (EG) Nr. 883/2004 über die Koordinierung der Systeme der sozialen Sicherheit	441
Part 3. Annexes	443
A. Helpful Weblinks	443
B. Helpful Addresses	445
C. Glossary of Key Words	446
I. English/German	446
II. German/English	454