Side income

Self-employed activity

If you have your own tax number, you can invoice some of your services yourself alongside your employment with Smart.

Annual income comparison

If you are covered by public health insurance through Smart, it is important that your employment with Smart is the **main focus of your work in terms of both economic significance and time spent**, compared with your self-employed activity.

For the economic comparison, the health insurance provider generally looks at two different figures:

- **Employment income from your job at Smart:** This is your gross employment income (“Arbeitnehmer-Brutto”), i.e. the employment income stated in your employment contract or payslip.
- **Income from your self-employed activity:** Here, the relevant figure is generally the **taxable profit** from your self-employed activity – not your turnover or the total amount of your invoices.

In simplified terms, this means that your **gross employment income from your job** is compared with your **profit from self-employment**. The health insurance provider also considers the **amount of time** you spend on each activity. What matters is the overall picture: self-employment is generally considered your main occupation if, in terms of economic significance and time commitment, it clearly outweighs your employment.

> As a guideline, we recommend handling the majority of your assignments through the cooperative and aiming for a ratio of at least 60/40. This 60/40 ratio is a guideline used by Smart and is **not a statutory requirement**.

If this ratio is not met, your status may change and you may be classified as primarily self-employed. In that case, you would be responsible for arranging your own health insurance. You may also have to pay contributions retroactively as a voluntarily insured person.

Working hours

It is not only the amount of your income that matters when assessing your status; the **amount of time** you spend on each activity is also important.

For your employment with Smart, the working hours agreed in your employment contract are relevant. For self-employment, the actual time you spend on the activity is also taken into account.

Your health insurance provider may therefore ask you about your working hours and your expected income from self-employment. If you receive a letter about this or have questions about your insurance status, you are welcome to contact Smart.

What happens if you start employment during the year?

If you have previously been exclusively self-employed and start employment with Smart during the year, your health insurance provider will reassess your insurance status from that point onward.

The assessment takes into account your expected income from self-employment, your employment income, and the amount of time you spend on each activity. The health insurance provider does **not automatically compare your entire annual profit from previous self-employment with your annual salary from Smart**.

If your employment with Smart becomes the main focus of your work from that point onward, this may result in compulsory health insurance through your employment.

The final decision on your insurance status is made by your health insurance provider.

> If you invoice only part of your services using your own tax number, you may still be able to benefit from the **small business regulation (Kleinunternehmerregelung)**. The income limits for the small business regulation are set out in Section 19 of the German VAT Act (UStG). You can find further information, for example, here.

Multiple Jobs and Minijobs

In principle, you can have several jobs with different employers at the same time. Different rules apply depending on the type of employment. We recommend contacting us so that we can advise you on your individual situation.

Multiple Social Security-Contributory Jobs

You can have several jobs that are subject to social security contributions at the same time. You must inform all employers about your other employment relationships.

For wage tax purposes, one employment relationship is treated as your **main employment**. Each additional employment relationship is generally taxed under **tax class VI**. This means that more wage tax may initially be withheld from this employment because the usual tax allowances and personal tax characteristics of your main employment are not taken into account there.

However, tax class VI does not automatically mean that you will pay more tax overall. Your final tax liability is calculated based on your total income when you file your income tax return. If too much wage tax was withheld, you may be able to claim it back.

You can choose which employment relationship is treated as your main employment and which is treated as an additional employment. You can also change your main employment during the year.

Example: You work 20 hours per week at Smart and an additional 10 hours per week for another employer. You can designate Smart as your main employment. The employment with the other employer will then generally be taxed under tax class VI.

Social Security-Contributory Employment + mini-job

Alongside employment that is subject to social security contributions, you can generally have **one mini-job**. The mini-jobdoes not affect your wage tax class and generally remains a marginal part-time employment subject to the special mini-jobrules.

If you take on a **second mini-job** alongside your social security-contributory employment, it is generally combined with the social security-contributory employment and is therefore no longer exempt from social security contributions as a mini-job. The second mini-jobbecomes subject to social security contributions and is generally taxed under tax class VI. The first mini-job can generally continue to be treated as a mini-job.

Two mini-jobs Without a Main Employment Subject to Social Security Contributions

If you **do not have a main employment that is subject to social security contributions**, you can generally have several mini-jobs at the same time. The income from the mini-jobs is added together.

Case 1: A combined total of no more than €603 gross per month

If you earn an average of **no more than €603 gross per month** from both mini-jobs combined, both jobs can generally remain mini-jobs.

Example:

- Mini-job 1: €300
- Mini-job 2: €250
- Total: €550

→ Both jobs can generally be carried out as mini-jobs.

Case 2: A combined total of more than €603 gross per month

If you earn an average of more than €603 gross per month from several mini-jobs combined, the jobs generally no longer qualify as marginal employment. The jobs will then generally become

subject to social security contributions.

Example:

- Mini-job 1: €400
- Mini-job 2: €300
- Total: €700

→ The jobs are generally subject to social security contributions. No mini-job remains.

> **Please always inform Smart if you take on another job.** It is important for us to know the gross income from your other employment, not only because of the tax class, but also because of the calculation of the taxes and social security contributions that are paid through Smart.

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