

Information Sheet

Capital City Allowance and Subsidies for Public Transportation Passes

We have compiled and summarized the most important points about the collective agreement regarding payment of a Capital City Allowance ("Tarifvertrag Hauptstadtzulage") for you in this document. Please read this information carefully and then send your Capital City Allowance Declaration Form for Employees/for Apprentices to the appropriate personnel office in Division I. Make sure you have completed the form correctly and signed it before submitting it.

Employees of the State of Berlin who are at or below the E13 salary grade are eligible to receive a monthly Capital City Allowance amounting to up to 150.00 euros. Please note that employees who fall within the E 13 Ü salary grade are excluded from this allowance.¹ **Apprentices** are eligible to receive a monthly Capital City Allowance amounting to up to 50.00 euros.

The Capital City Allowance consists of a **monthly subsidy** specifically for offsetting the costs of public transportation passes purchased from the Verkehrsverbund Berlin-Brandenburg (VBB) public transit authority (either the "Firmenticket" pass for employees or the "Monatskarte Ausbildung" monthly pass for apprentices) in addition to the payment of a **monthly bonus**.

In order to be eligible for the **subsidy for an employee public transportation pass**, you need to have purchased a pass from one of the VBB's affiliates. If you are an apprentice, you will need to show that you have a subscription for the **monthly transportation pass** from one of the VBB's affiliates.

Currently, the VBB has two different types of **public transportation passes for employees** on offer: the "VBB-Firmenticket" and the "Deutschlandticket Job." The VBB offers a **monthly pass for apprentices** that can be purchased as a monthly subscription for people in an educational program such as vocational training ("Monatskarte Ausbildung"). The monthly pass covers the Berlin AB fare zone.

The monthly **subsidy for the employee transportation pass** may not exceed the cost of the monthly rate for a "VBB-Firmenticket" for the Berlin AB fare zone and may not exceed the amount that the employee actually pays the public transportation authority or its affiliate. In the event that the cost of the pass changes, the subsidy and bonus will be adjusted accordingly. The monthly **subsidies for monthly passes for apprentices** are to be paid out in the amount equivalent to the cost of the corresponding VBB ticket for which the apprentice is eligible, even if that amount exceeds 50.00 euros.

For employees, the other portion of the monthly Capital City Allowance payment is calculated by subtracting the cost of the public transportation subsidy from 150.00 euros. **For apprentices**, the other portion of the monthly Capital City Allowance payment is calculated by subtracting the cost of the monthly transportation pass for apprentices from 50.00 euros. If the cost of the public transportation subsidy for apprentices is more than 50.00 euros, no additional Capital City Allowance payment is received.

Employees and apprentices may opt out of the subsidy for public transportation passes and instead receive **the Capital City Allowance simply as a monthly bonus**. In order to opt out, the employee or apprentice must submit a request stating that they wish to waive the subsidy for a public transportation pass.

Be sure to inform yourself about how the decision to opt out of the employer subsidy for public transportation passes impacts your taxes. If you change your mind at a later date and do sign up for

¹ "Ü" here stands for "Überleitungsgruppe" and refers to employees who have reached or surpassed a certain pay level within the E 13 salary grade.

a public transportation pass, you will no longer meet the conditions necessary for the tax exemption connected to the respective subsidies as outlined in Section 3.15 of the German Income Tax Act (*Einkommensteuergesetz*).

Part-time employees receive the **monthly subsidy** for a public transportation pass in full. The **other portion of the monthly payment**, however, is reduced proportionately based on their working hours relative to those of a full-time employee. The same applies to part-time apprentices.

Salaried employees, who are also enrolled as students and thus already have a Deutschlandticket transportation pass (or similar) because it is included in their semester fees, are only eligible to receive the Capital City Allowance payout bonus and not the subsidy for a public transportation pass.

During periods in which employees are not entitled to remuneration or continued payment of remuneration, the **subsidy for the public transportation pass** is generally suspended. In exceptional cases, the subsidy may continue until the termination of the ticket takes effect under the VBB fare conditions. In this case, the subsidy is 15.00 euros per month, or at least the minimum employer contribution applicable to the subsidy at the time. Please note that this only applies if the employee or apprentice arranges for the public transportation pass to be canceled without undue delay. The subsidy payment may never exceed the actual amount paid to the transportation authority or affiliate. The **Capital City Allowance bonus** will be suspended during such periods.

Employees need to submit a binding declaration form that states whether they wish to receive the monthly subsidy for a public transportation pass or if they wish to receive the Capital City Allowance as a monthly bonus in full. In order to submit your declaration please use the "Capital City Allowance Declaration Form for Employees." **Apprentices** should use the "Capital City Allowance Declaration Form for Apprentices."

Please note: You must play an active role in this process. You must submit the completed declaration form to establish how you wish to receive payment of the Capital City Allowance, which is necessary in order to receive payment. **If you do not take the required action**, the amount you receive will be equal to the difference between the full Capital City Allowance and the cost of a VBB Firmmenticket for the Berlin AB fare zone. For apprentices, the cost of the monthly public transport pass for apprentices for the Berlin AB fare zone will be deducted instead.

The personnel office responsible for you will verify whether you are eligible for the Capital City Allowance based on the stipulations regarding your employment status and salary grade. When you submit your declaration form, the responsible personnel office will also determine whether the subsidy for a public transportation pass is tax-exempt and, if so, to what extent. If you receive a tax-exempt subsidy specifically for a public transportation pass, this will impact the **commuting allowances** that are **deductible** as income-related expenses (*Werbungskosten*) on income tax returns (Section 3.15.3 of the German Income Tax Act, *Einkommensteuergesetz*).

In order for the Capital City Allowance to be paid out, the personnel office must first complete several organizational and technical tasks. Your purchase of a public transportation pass is also a deciding factor in being able to process payments appropriately.

If you have questions regarding the Capital City Allowance, please contact your personnel office.