



The International Comparative Legal Guide to:

Corporate Immigration 2014

1st Edition

A practical cross-border insight into corporate immigration law

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The International Comparative Legal Guide to: Corporate Immigration 2014



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Germany

Allen & Overy LLP

1 Introduction

1.1 What are the main sources of immigration law in Germany?

The is the German Immigration main source Act (Zuwanderungsgesetz), which is composed of the German Residence Act (Aufenthaltsgesetz) for non-EU citizens and the EU Freedom of Movement Act (Freizügigkeitsgesetz/EU) for EU citizens. Basically different statutes apply to EU nationals, nationals of Switzerland and the European Economic Area (EEA, i.e. Liechtenstein, Norway or Iceland) on the one hand and third-country nationals on the other hand. If third-country nationals want to start an employment in Germany, the consent by the Federal Employment Agency (Bundesagentur für Arbeit) is required. Principally the consent shall be given, if (1) a provision gives access to the German labour market, (2) no adverse consequences for the labour market arise from the employment of foreign staff, (3) no employees entitled to preferential access to the labour market (Germans, EU citizens, citizens of EEA states) are available, and (4) the foreign worker is not employed on terms less favourable than those which apply to comparable German workers.

1.2 What authorities administer the corporate immigration system in Germany?

The trade office (*Gewerbeamt*), Register of Commerce and the German Chamber of Industry and Commerce. In some cases a certain approval is necessary, which depends on the branch. For example, in case of the setting up of a branch in the financial services sector, an approval by the Federal Agency for Financial Services Supervision (*Bundesanstalt für Finanzdienstleistungsaufsicht* – *BaFin*) is required.

1.3 Is Germany part of a multilateral agreement between countries (EU/NAFTA/MERCOSUR) which facilitates the movement of people between countries for employment purposes?

Yes, in Germany – as an EU Member State – the EU Freedom of Movement Act applies.

2 Business Visitors

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2.1 Can business visitors enter Germany under a relevant visa waiver programme?

It depends on the nationality and the duration of stay. For EU



Dr. Hans-Peter Löw

citizens, citizens of Switzerland and the EEA a visa or residence permit is not required to enter Germany. Transitional arrangements apply for Croatia, the youngest EU Member State, until mid-2015.

Basically all other foreigners require a visa for stays up to three months in a six-month period. A visa is not required for nationals of those countries for which the European Community has abolished the visa requirement.

There are special arrangements for nationals of certain countries, Sec. 41. para. 1 Residence Directive (*Aufenthaltsverordnung*). Nationals of Andorra, Monaco, San Marino, Australia, Canada, Israel, Japan, New Zealand, the Republic of Korea or the United States of America can travel to Germany and stay longer without a visa. Within three months after arrival and before taking a job, an application for a residence permit for the purpose of employment at the immigration office is required.

As a national of any other country an application to a German diplomatic mission (visa offices of the Embassies and Consulates General) in the national's home country for a visa before entering Germany is necessary.

2.2 What is the maximum period for which business visitors can enter Germany?

It depends on the nationality and the requirement of a visa. Business visitors from third countries (non-EU Member States and non-EEA/EFTA states) can stay in Germany with a visa for three months in a six-month period, Sec. 6 para. 1 Residence Act.

2.3 What activities are business visitors able to undertake?

Business visitors can join meetings and conferences, conduct contract negotiations, create contract offers, conclude contracts and supervise the performance of contracts, Sec. 16 Employment Ordinance (*Beschäftigungsverordnung*).

2.4 Are there any special visitor categories which will enable business visitors to undertake work or provide services for a temporary period?

Due to Sec. 21 Employment Ordinance, providing services does not require the consent by the Federal Employment Agency, if the employee's company is based in an EU Member State or a state of the European Economic Area and the employee provides services temporarily in Germany. This provision applies not only to business visitors.

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2.5 Can business visitors receive short-term training?

Skilled employees can receive short-term training for up to three months in a 12-month period without consent by the Federal Employment Agency, Sec. 17 Employment Ordinance. This provision applies not only to business visitors, but also to all skilled employees.

3 Immigration Compliance and Illegal Working

3.1 Do the national authorities in Germany operate a system of compliance inspections of employers who regularly employ foreign nationals?

There is no system of compliance inspections. The inspections are performed by customs authorities. A prior notice before performing inspections is not necessary. The customs authorities are supported by various authorities, e.g. financial authorities, the Federal Agency of Employment and the pensions insurance institution, Sec. 2 para. 2 Act to Combat Clandestine Employment (*Schwarzarbeits-bekämpfungsgesetz*).

3.2 What are the rules on the prevention of illegal working?

The Act to Combat Clandestine Employment shall prohibit illegal employment. Press campaigns to inform the general public about illegal employment or the removal of bureaucratic obstacles for establishing and performing an employment relationship can be a way to prevent illegal employment. Also the reduction of administrative, tax or financial barriers to the hiring of staff can be a solution. Checks and inspections might be the most appropriate method to prevent illegal employment.

3.3 What are the penalties for organisations found to be employing foreign nationals without permission to work?

The penalty can be an administrative fine up to EUR 500,000 if an employer employs foreign nationals without permission to work, Sec. 404 para. 2 Nr. 2, para. 3 German Social Security Code, Vol. III (*Drittes Sozialgesetzbuch*). In case of repeated employment of foreign nationals without permission to work, the employer can be punished with imprisonment up to one year or a fine, in particularly serious cases up to three years or a fine, Sec. 11 Act to Combat Clandestine Employment. A tax evasion lawsuit is also possible.

4 Corporate Immigration - General

4.1 Is there a system for registration of employers who wish to hire foreign nationals?

Employers can submit job advertisements to the Federal Employment Agency. The Federal Employment Agency publishes these job advertisements in its web-based job exchange portal.

4.2 Do employers who hire foreign nationals have ongoing duties to ensure immigration compliance?

Employers must comply with the relevant law after hiring an employee. The employer monitors the legal aspects of immigration law, residence and work permits.

4.3 Do the immigration authorities undertake routine inspections of employers who sponsor foreign nationals, to verify immigration compliance?

There are no routine inspections. In case of indications of illegal employment, the immigration or customs authorities undertake investigations.

4.4 Do the immigration authorities maintain a list of skilled occupations which may be filled by foreign nationals?

If there is a shortage of specialists in the German labour market with that particular occupation (so-called bottleneck occupation), these respective occupations are listed by the Federal Employment Agency in the whitelist (*Positivliste*), which is available on its website.

Also a list of job vacancies (job exchange portal) is available on the website. The advisors at the Federal Employment Agency's International Placement Service can assist by searching a job. The job offers are written and transmitted by potential employers to the Federal Employment Agency.

4.5 Is there a recognition that some occupations may be in short supply and do special exemptions apply to certain sectors and occupations?

Currently an overall skills shortage does not exist. There are bottlenecks in the technical sector and healthcare occupations. The skill shortage implies not only academic, but also non-academic occupations. The affected academic technical sectors are machine and vehicle technology, mechatronics and automation technology and electrical engineering in West Germany. Also, the areas of informatics and software development, metal and welding technology, engineering research and development, construction and equipment engineering, supply and waste management are in short supply. The affected non-academic technical sectors are mechatronics and automation technology, energy technology, the field of plumbing, sanitarian, heating and air conditioning technology. In the railway sector is a lack of train drivers and supervisors of the technical railway operation.

The healthcare occupations are in short supply of human medicines, qualified health and nursing professionals, professionals in the care of the elderly (geriatric nurses), professionals in orthopaedics, rehabilitation technology and hearing aid acoustics (s. *Bundesagentur für Arbeit, Fachkräfteengpassanalyse Dezember 2013*).

Health personnel from those 57 countries in which, according to the findings of the World Health Organisation (WHO), there is likewise a lack of personnel, can only work in Germany if they have found an employment themselves. The recruitment and private placement of health workers from those countries is not allowed. The Federal Employment Agency will make bilateral agreements with the employment services in selected countries. Since March 2013 agreements exist with the Philippines, and Bosnia and Herzegovina.

4.6 Are there annual quotas for different types of employment-related work permits or visas?

There are no annual quotas and basically no entitlement to obtain a work or residence permit, except the EU Blue Card for academics due to Sec. 19a German Residence Act. If the prerequisites are fulfilled, you have an entitlement to obtain the EU Blue Card, which is a fouryear temporary work and residence permit. The Prerequisites for the Blue Card are a university degree **and** a job in Germany with a minimum annual salary of EUR 47,600 **or** a degree in certain

ICLG TO: CORPORATE IMMIGRATION 2014 © Published and reproduced with kind permission by Global Legal Group Ltd, London professions in which specialists are in short supply in Germany (socalled shortage occupations), such as scientists, mathematicians, engineers, doctors and IT professionals with a minimum annual salary of EUR 37,128. If the university degree is from a foreign university, the Federal Employment Agency must consent the employment.

In other cases no entitlement to obtain a work or residence permit exists. The issuing of work or residence permits is left to the discretion of the German diplomatic mission abroad (embassy, consulate) or the immigration authorities.

4.7 Are employees who are sponsored to work in Germany required to demonstrate language proficiency?

There is no proof or demonstration of German language proficiency required for working in Germany. But navigation of everyday life and work might be much easier, if the employee (and his family) speaks German.

4.8 Are employees who are sponsored to work in Germany required to undergo medical examinations before being admitted?

There is no medical examination by the government or state authorities. The employer may require a medical examination if it is necessary to fulfil the job duties.

4.9 Does the work permit system allow employees who hold work permits to be seconded to a client site?

The work permit system does not allow a secondment to a client site, because the work permit is issued for special purpose. Foreign employees have to apply for a new work permit for the secondment.

5 Highly Skilled Visas

5.1 Is there an immigration category which covers highly skilled individuals?

Part 2, Sec. 2 to 9 Employment Ordinance cover highly skilled individuals. For individuals who achieved non-academic vocational education and training in countries outside the EU, a residence and work permit is easier to obtain. The prerequisites are: a workplace or a binding offer in Germany; the training must be equivalent to a German certificate (recognised in Germany); and there is a shortage of specialists in the German labour market in that particular occupation.

Third-country nationals with an academic degree can obtain the EU Blue Card due to Sec. 19a German Residence Act, if they have a German or foreign university degree that is recognised in Germany or is comparable with a German degree. The Blue Card is a fouryear temporary work and residence permit.

6 Investment or Establishment Work Permits

6.1 Is there an immigration category which permits employees to be authorised to work based on investment into your jurisdiction?

There is an immigration category for contracts for work and materials (*Werklieferungsverträge*), due to Sec. 19 Employment Ordinance.

7 Temporary Work Permits

7.1 Is there an immigration category permitting the hiring of temporary workers for exchanges, career development, internships or other non-economic purposes?

There is an immigration category for *au pair* employment (Sec. 12), voluntary service or charitable and religious employment (Sec. 14 para. 1) and internships for learning purposes (Sec. 15 Employment Ordinance).

7.2 Are there sector-specific temporary work permit categories which enable foreign workers to perform temporary work?

There are sector-specific temporary work permit categories for language teachers and culinary specialist chefs (Sec. 11), domestic workers (Sec. 13), seasonal employment (Sec. 15a), showman's assistants (Sec. 15b) and household care (Sec. 15c Employment Ordinance).

8 Group or Intra-Company Transfer Work Permits

8.1 Does a specific immigration category exist for intercompany transfers within international groups of companies?

Due to Sec. 10 Employment Ordinance there is a specific immigration category for international staff exchange of one company (intra-company exchanges).

8.2 What conditions must an employing company or organisation fulfil in order to qualify as part of a group of companies?

International companies are those, whose foreign part (parent company or subsidiary) has a capital participation of at least 50%.

8.3 What conditions must the employer fulfil in order to obtain a work permit for an intra-company group employee?

The general prerequisites for a work permit up to three years for an intra-company group employee are regulated by Sec. 10 Employment Ordinance. The work permit can be given to (1) foreigners with academic or comparable qualifications for an international intracompany staff exchange, and (2) foreign employees of an international company in the domestic part of the company group, if the employment is necessary for preparation of foreign projects, the employee performs for the execution of the project abroad and has a comparable qualification with German skilled workers and moreover special, especially company-specific, knowledge.

8.4 What is the process for obtaining a work permit for an intra-company group employee?

There is no special process for obtaining a work permit for an intracompany group employee. Generally the same provisions apply for obtaining a (general) work permit. It depends on the employee's nationality and his qualifications. If the prerequisites of Sec. 10 Employment Ordinance are fulfilled, the Federal Employment

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Agency can give a pre-consent, which is necessary for the work permit for an intra-company group employee. An application requires the following documents: form job description; passport copy; diploma copy; and the employee's *curriculum vitae*. These documents can be submitted via post, e-mail and fax to the Federal Employment Agency. If necessary, a list of employees' names, who have done a secondment (staff exchange), a project description (foreign projects) or the latest annual business report/overview group of companies have to be submitted.

8.5 What is the process for the employee to obtain a visa under the intra-company group transfer category?

As mentioned, it depends on the employee's nationality. Nationals of EU Member States do not require a visa. Privileged thirdcountry nationals (e.g. Australia, Japan, USA) can enter Germany without a visa. For these nationals the process of obtaining a work permit can start with the application at the competent immigration office. Non-privileged third-country nationals require a visa before entering Germany. The application for a visa must be sent to a German diplomatic mission in the national's home country before entering Germany. The immigration office issues the work und residence permit and if required with the approval of the Federal Employment Agency ("one stop government"), Sec. 71 para. 1 Residence Act.

8.6 How long does the process of obtaining the work permit and initial visa take?

The process usually takes six to eight weeks, but depends on the number of applications. To ensure the work permit and initial visa are obtained in time, a time period of three months should be adhered to.

8.7 How long are visas under the "initial" category valid for, and can they be extended?

The initial visa's validity depends on the decision of the competent immigration office and Federal Employment Agency. Due to Sec. 10 Employment Ordinance, the consent by the Federal Employment Agency can be given up to three years. Sec. 10 does not envisage an extension of the visa or work permit.

8.8 Can employees coming under the intra-company transfer route apply for permanent residence?

The intra-company transfer is a temporary employment, Sec. 10 Employment Ordinance. The prerequisites for permanent residence are regulated in Sec. 9 Residence Act for settlement permit (*Niederlassungserlaubnis*) and Sec. 9a Residence Act for a permanent EU residence permit (*Erlaubnis zum Daueraufenthalt – EU*). Group or intra-company transfer work permits are temporary (up to three years). Due to Sec. 9 Residence Act, a settlement permit requires a residence permit of five years. Therefore a settlement permit is not possible. Moreover, an employee is not entitled to obtain a permanent EU residence permit, when his stay in Germany is temporary, Sec. 9a para. 3 Nr. 5 a) Residence Act. Summing up, there is no possibility to apply for a permanent residence permit under the intra-company transfer route, because from a legal point of view the staff exchange is a temporary employment.

9 New Hire Work Permits

9.1 What is the main immigration category used for employers who wish to obtain work permits for new hires?

In 2012, 34,587 employees were granted a residence permit according to Sec. 18 Residence Act. Among these 34,587 employees, over 65% were granted a permit for qualified employment in accordance with Sec. 18 para. 4 Residence Act.

Furthermore, since 2009 there has been a high growth rate in the category of qualified and highly qualified from third countries (according to Sec. 18 para. 4, 19, 19a, 20, 21 Residence Act). Whereas in 2009 16,000 qualified and highly qualified employees immigrated, in 2012 about 27,000 immigrations were registered.

All in all, the main immigration categories are: international staff exchange within an international group of companies; assignments of managerial staff or of employees with special internal knowledge with home-based salary payments; an EU Blue Card for highly qualified employees; and permanent residence permits for highly qualified employees and for long-term employed persons after five years of employment.

9.2 Is there a requirement for labour market testing, to demonstrate that there are no suitable resident workers, before a work permit can be issued to new hires?

Employees from EU and EEA countries and from Switzerland do not require a residence permit with an authorisation to work in Germany; therefore labour market testing is not necessary.

By contrast, if employees from a third country are newly hired, labour market testing is required before a residence permit with an authorisation to work can be issued. In general, consent is required from the Federal Employment Agency in order to obtain employment with or without qualification training. The consent will only be granted if the employment of third-country employees will not adversely affect the labour market and if German employees, nationals from EU and EEA countries and from Switzerland, and foreigners, who are legally equal in terms of taking up employment by German employers, are not available for the employment (Sec. 18 and 39 Residence Act).

9.3 Are there any exemptions to carrying out a resident labour market test?

Excluded from the labour market test are types of employment that do not require consent by the Federal Employment Agency, including managers and those engaged in scientific, research and development activities (Sec. 3, 5 Employment Ordinance).

Moreover, a labour market test is not required for international staff exchange (Sec. 10 Employment Ordinance), executive employees (Sec. 4 Employment Ordinance), and many other immigration categories. Further, in the case of indefinite settlement permits for highly qualified foreigners a resident labour market test is not required (Sec. 39 para. 5 Residence Act).

9.4 What is the process for obtaining a work permit for a new hire?

The immigration office where the employee lives, or the German diplomatic mission, is responsible for issuing a residence permit. Usually the proper immigration office or the German diplomatic mission provide forms that have to be filled out: firstly a form for "application for permission to take up employment", which needs to be filled out by the employee; and secondly a "job description" form, which needs to be filled out by the employer. Moreover, an employment guarantee or an employment contract, a copy of the employee's passport, proof of the employee's health insurance, proof of the employee's secured livelihood and a passport photograph are required.

If consent from the Federal Employment Agency is required, the immigration office or the diplomatic mission will forward the application to the competent authority.

9.5 What is the process for the employee to obtain a visa under the intra-company group transfer category for a new hire?

Employees from EU and EEA countries and from Switzerland do not need a visa for work purposes to enter Germany.

As a matter of principle, employees of third countries, who would like to work in Germany, need a visa for work purposes in order to enter the country. It is important to enter with a visa which corresponds to the actual purpose of the employee's stay. The application needs to be sent to the German diplomatic mission in the employee's home country before entering Germany. The German mission can in certain cases decide on its own about the visa application. In other cases the German mission forwards the application to the competent Employment Agency in Germany. If the visa is finally granted, it is issued as a stamp in the passport. This visa is the initial permission to enter Germany for working activities; it is not the final permit for work. Once the foreign employee has entered Germany, he can immediately start working, but has to apply for the final permit for work.

Employees from privileged third countries (e.g. Australia, Canada, USA) can enter Germany without a visa and can apply for the specific residence permit at the competent immigration office.

9.6 How long does the process of obtaining the work permit and initial visa for a new hire take?

The duration of the process depends on the number of applications that the competent German diplomatic mission or the immigration office receives. Moreover the duration depends on whether the consent from the competent Federal Employment Agency is required or not (see question 9.2 above). Normally the process of obtaining the initial visa should take 6 to 12 weeks. The application of a settlement permit or permanent residence permit takes some time longer, because authorities have to undergo a background check. The immigration process for the EU Blue Cards is usually quicker than the normal visa process.

9.7 How long are initial visas for new hires granted for and can they be extended?

Usually initial visas are granted for three months. Before the expiry of the visa, the employee has to apply for a residence permit with an authorisation to work. This permit is always granted for a limited period, but can be extended if the purpose of the visit and the conditions governing the initial granting of the permit remain unchanged. It should be noted that some immigration categories for working activities only permit a maximum stay in Germany (e.g. see question 8.7 above for international staff exchange).

9.8 Is labour market testing required when the employee extends their residence?

For the extension of a residence permit, the same conditions apply as for the granting (Sec. 8 Residence Act). Therefore labour market testing is required in the above-named cases (see questions 9.2 and 9.3).

9.9 Can employees coming as new hires apply for permanent residence?

If employees are newly hired, they cannot apply for permanent residence immediately. In general it is necessary to have a residence permit for five years (see question 12.1 below). In derogation from these limits, a settlement permit can already be issued after shorter periods in special cases (for example, highly qualified foreigners may immediately receive an indefinite settlement permit subject to certain preconditions, Sec. 19 Residence Act).

10 Conditions of Stay for Work Permit Holders

10.1 What are the conditions of stay of those who obtain work permits and are resident on this basis?

There are no specific conditions.

10.2 Are work permit holders required to register with municipal authorities or the police after their arrival?

Work permit holders have to register with the residents' registration office where their residence is. For this registration a valid passport is required. The data will automatically be transmitted to the Federal Central Tax Office. The work permit holder will receive his personal tax identification number from the Federal Central Tax Office, which he has to transmit to his employer.

11 Dependants

11.1 Who qualifies as a dependant of a person coming to work on a sponsored basis?

Under Sec. 27 to 36 Residence Act the preconditions are mentioned. Generally parents, spouses (wife and husband) and children are qualified as dependants. Children include, irrespective of whether they are minors or adults or have left the family home, marital or non-marital adopted, step and fostered children. A foreigner must have a settlement or residence permit or an EU Blue Card and sufficient living space before his family is allowed to join him. Further requirements must also be fulfilled, depending on the status of the foreigner resident in Germany.

The subsequent immigration of spouses requires due to Sec. 30 Residence Act that both spouses must be aged 18 years or older and that the person arriving in Germany to join his/her spouse must in principle have at least a basic knowledge of German.

11.2 Do civil/unmarried or same-sex partners qualify as family members?

Civil/unmarried partners do not qualify as family members. Samesex partners qualify as family members, if they have a registered partnership.

11.3 Do spouses and partners have access to the labour market when they are admitted as dependants?

Due to Sec. 27 para. 5 and Sec. 29 Residence Act generally spouses and partners (in a registered partnership) have access to the labour market in Germany when they are admitted as dependants under the conditions of Sec. 29, 30 and 31 Residence Act. The Federal Employment Agency checks independently all legal prerequisites, whether the subsequent immigration's employment can be approved.

11.4 Do children have access to the labour market?

Children have access to the labour market, too, Sec. 27 para. 5 Residence Act. Like spouses' and partners' access to the labour market, the Federal Employment Agency checks independently all legal prerequisites for an employment.

12 Permanent Residence

12.1 What are the conditions for obtaining permanent residence?

Employees of third countries need a settlement permit or an EU long-term residence permit if they want to remain in Germany permanently. They are entitled to a settlement permit (Sec. 9 Residence Act) if they have had a residence permit for five years and satisfy further statutory preconditions for a settlement permit (e.g. securing a livelihood with long-term and regular income, acquiring an adequate knowledge of the German language, basic knowledge of the legal and social systems and living conditions in Germany).

If an employee of a third country has been in Germany for five years and has been in possession of a residence title, he has a right to an EU long-term residence permit (Sec. 9a Residence Act), subject to certain preconditions (e.g. the employee's livelihood and that of his family members entitled to support are secured through fixed and regular income; sufficient knowledge of the German language, basic knowledge of the legal and social systems and living conditions in Germany). This permit is largely equivalent to the settlement permit.

In derogation from the principle of having a residence permit for five years, a settlement permit can already be issued after shorter periods (e.g., highly qualified foreigners may immediately receive an indefinite settlement permit subject to certain preconditions, Sec. 19 Residence Act).

12.2 Is it possible to switch from a temporary work visa to a work visa which leads to permanent residence?

A short-term visa cannot be converted in the country into a longterm authorisation to stay in Germany. The foreign employee first has to leave Germany and apply for a new visa for the longer stay at the German embassy or consulate abroad.

It is necessary to point out that long-term permission is always granted for a limited period, but can be extended if the purpose of the visit and the conditions governing the initial granting of the permit remain unchanged. After having a residence permit for five years, it is possible to obtain a permanent residence, subject to certain preconditions (see question 12.1 above). If a settlement permit or an EU long-term residence permit is obtained, these permits authorise any type of employment as a permanent residence title.

13 Bars to Admission

13.1 What are the main bars to admission for work?

If an employee does not meet the general requirements for issuing a residence title (this means amongst other things that he has to have a passport and a secure livelihood during his stay), he cannot receive a residence permit for the purpose of employment. Moreover, if grounds for deportation exist (Sec. 53 to 55 Residence Act), a residence permit will not be granted.

13.2 Are criminal convictions a bar to obtaining work permission or a visa?

Yes, criminal convictions can lead to a refusal of a visa or residence permit, deportation or restriction to re-enter Germany.

Moreover, permissions for work can be refused if an employer has violated German immigration and labour lending rules. Furthermore, a company that is subcontracting work to a third party is regularly liable for the immigration compliance of the subcontractor.

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- Cartels & Leniency
- Class & Group Actions
- Competition Litigation
- Construction & Engineering Law
- Copyright
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- Corporate Immigration
- Corporate Recovery & Insolvency
- Corporate Tax
- Data Protection
- Employment & Labour Law
- Environment & Climate Change Law
- Franchise
- Gambling
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- International Arbitration
- Lending & Secured Finance
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