Almost a decade behind many other countries with similar laws, Germany has implemented a new pay transparency law. This unprecedented move is a significant step forward in addressing gender pay gaps and promoting equal pay for similar work.

**Equal Work and Work of Equal Value**

The Pay Transparency Act (“PTA”) aims at closing the gender pay gap. The law comes into force on July 1, 2017, in companies with more than 500 employees. Companies are obligated to provide a written response within three months unless they are bound by a collective labor agreement. If the employer fails to provide a response, the company bears the burden of proof that no violation of the equal pay law has taken place, should the affected employee file a complaint. Companies are required to carry out a strategic stress test to ensure compliance with the equal pay law. For now, the legislation has refrained from requiring companies to perform an internal audit report (Lagebericht) and collect data on gender pay gaps. The government has until the end of 2017 to prepare to receive requests.

**Individual Information Right**

Employees may not file the first information request until six months after July 1, 2017, as employees have until the end of 2017 to prepare for the information requests. The PTA change will have a significant impact on how companies treat pay and compensation. The new act with the goal of transparency in gender pay will come into force in Germany on July 1, 2017.

**Changes to Legislation**

The German parliament has identified a gender pay gap and intends to close it. Companies are obligated to provide a written response within three months unless they are bound by a collective labor agreement. If the employer fails to provide a response, the company bears the burden of proof that no violation of the equal pay law has taken place. Companies are required to provide the information right on a random basis to avoid a proactive or reactive disclosure. Waiting for individual requests to occur on a random basis may avoid request fatigue and disclosure for some time, but it may create pockets of access to information on the employer's compensation and not play a major role in practice, although large companies may otherwise does not permit discovery or pretrial disclosure. This is especially important because Germany implemented the new law on July 1, 2017. Companies with more than 500 employees will be obligated to publish regular reports on their gender pay gap by the end of 2017. Companies will be required to publish regular reports on their gender pay gap by the end of 2017.

**Three Key Takeaways**

1. Pay the same: German companies will be required to provide comparable pay for comparable work based on gender. This is supported by expert opinion and is similar to existing legal frameworks in other countries. Companies will have to prepare estimates on comparable work and work of equal value. The law will come into force in 2017.
2. Companies have to identify and systematize comparable work. Companies will have to identify and systematize comparable work and work of equal value. The law will come into force in 2017.
3. Pay on a regular basis: Companies will have to pay on a regular basis after the first review. Companies will have to pay on a regular basis after the first review. The law will come into force in 2017.

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