

# Quantifying personnel costs as a factor for choosing a business location.

Costs for groups of employees in different countries.

A comparison

Albania Austria Bulgaria Croatia Czech Republic Hungary

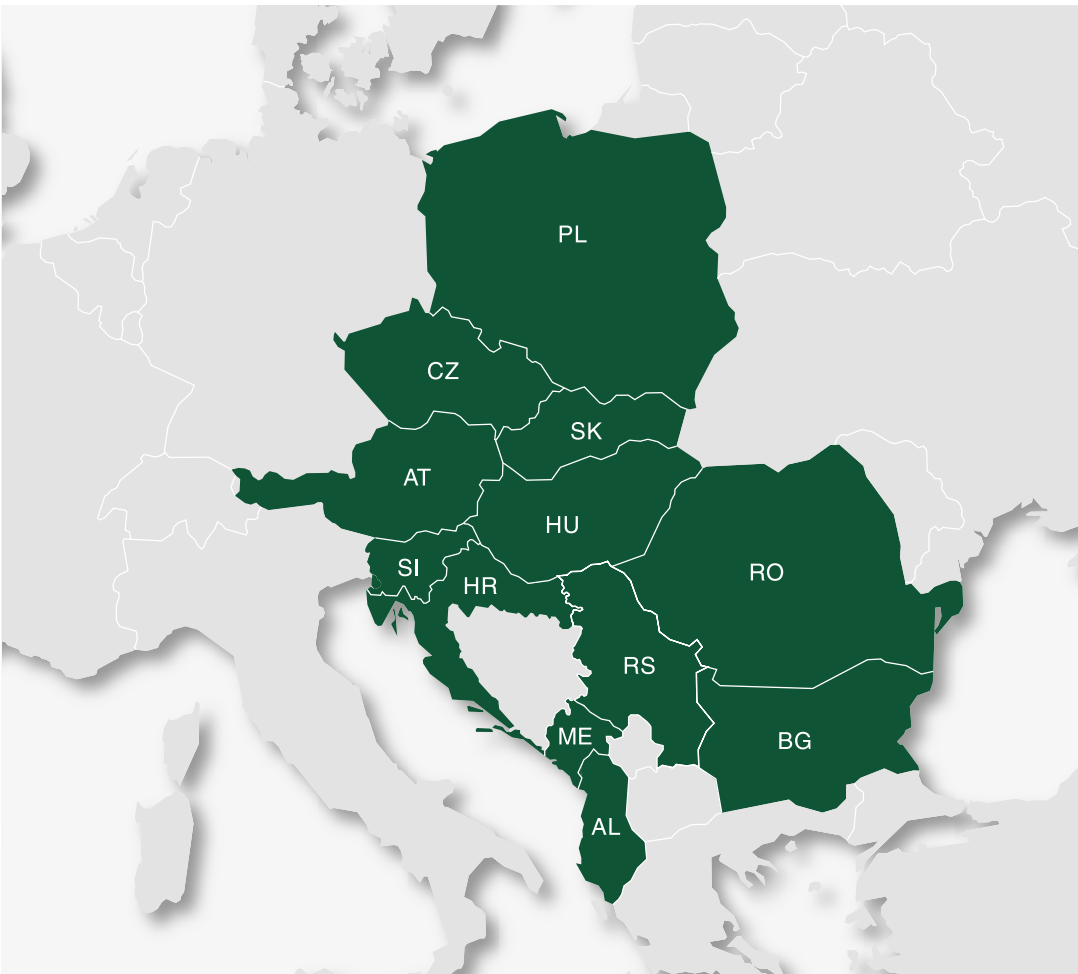
Montenegro Poland Romania Serbia Slovakia Slovenia

## Table of Contents

About the TPA Group .....	3
Executive Summary.....	4
Overview .....	6
Ratio of net income to total labour costs.....	8
Specific industry observations .....	10
Overview of company car taxation.....	12
Country Overview .....	13
Albania .....	14
Austria .....	18
Bulgaria .....	22
Croatia .....	26
Czech Republic.....	30
Hungary.....	34
Montenegro .....	38
Poland .....	42
Romania .....	46
Serbia .....	50
Slovakia .....	54
Slovenia.....	58
The authors of the study.....	62



# ABOUT THE TPA GROUP



## 12 countries. 1 company. The TPA Group.

Our most important tools are not calculators, tables and cutting-edge technology, but rather a close eye, a keen ear, a good nose and an honest talk.

Only those who communicate on an equal footing and who can identify with every project will find the most suitable solution. This is our understanding of face-to-face business. Every day at regional and international level.

## 30 offices in Central and South Eastern Europe.

The TPA Group is active in twelve countries throughout Central and South Eastern Europe: Albania, Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. Over 1,700 employees across the Group at 30 locations in twelve countries look after the concerns of customers.

## The TPA Group: Regional roots, global network.

The TPA Group is an independent member of Baker Tilly Europe Alliance and is thus able to provide to its clients with a worldwide network of tax advisors, auditors and business consultants.

The twelve countries making up the independent TPA Group are exceptionally well connected around the world through its alliance with the Baker Tilly International network, which enables them to provide high-quality services in all of the world's important economic hubs.

The Baker Tilly International network currently comprises 122 independent members in 146 countries with more than 36,000 employees, ranking among the "Top Ten" of consulting networks operating around the world.

# EXECUTIVE SUMMARY

The TPA Group, together with the personnel consulting firm Kienbaum, has conducted a survey to determine the average gross remuneration for four groups (managing directors – executives – white-collar workers – blue-collar workers) in twelve selected countries, including Austria and eleven other countries from Central and South Eastern Europe (known as the CEE / SEE region).

TPA used the gross remuneration to calculate the total costs (gross amounts, employer's share of social insurance contribution, non-wage labour costs) for employers on the one hand and the net amounts paid out to employees on the other.

## Total personnel costs for employers:

- Austria is – unsurprisingly – always in first place by a wide margin in terms of total costs.
- This is followed by Slovenia, the Czech Republic and Slovakia for all groups, all three being direct neighbours of Austria.
- Poland, Croatia and Hungary are in the middle in terms of total costs.
- Montenegro, Romania, Serbia and Bulgaria have low total costs (their ranking varies depending on the group).
- Albania consistently has the lowest total costs for all groups of persons.

Personnel costs are noticeably low in the non-EU countries. Furthermore, those countries that joined the EU earlier (Slovenia, Czech Republic, Slovakia, Poland, Hungary), have higher costs than the countries that joined the EU later (Romania, Bulgaria).

This means that personnel costs are definitely lower in South Eastern Europe. When considering the figures / calculations, it must of course be remembered that employees in the individual countries have different levels of training and qualifications and that other criteria (e.g. restrictions due to labour law provisions) should also be taken into account when deciding on a business location.

In this study, personnel costs

- for white-collar workers were expanded to include IT services, and
- for blue-collar workers, to include those working in production.

In the white-collar sector, personnel costs are consistently higher for those providing IT services: between 6% and 13%.

In the blue-collar sector, on the other hand, personnel costs are consistently lower for those working in production: between 5% and 17%.

**Conclusion:** The study confirmed general life experience that personnel costs vary greatly from one industry to the next.

### Net amounts for employees:

Please note that this study is based on gross amounts of varying sizes depending on the country. This means that, in individual cases, high net amounts may result despite high taxes and social insurance contributions.

- In this respect, due to having the highest gross amounts by far, it is again not surprising that Austria has the highest net amounts despite high taxes and social insurance contributions.
- The different tax systems (flat tax / progressive tax rate; social insurance with / without cap on contributions) mean that the outcome varies considerably between the groups as a result of the different tax systems.
- The Czech Republic is always in second place except for the blue-collar worker group; Slovenia is in second place for the blue-collar worker group.
- Slovakia appears regularly in the upper medium range of high net amounts, but other countries appear here too depending on the group, e.g. Poland (managing directors and executives), Slovenia (white-collar workers) and Croatia (blue-collar workers).
- Low net amounts can be found in Bulgaria, Montenegro, Romania and Serbia.
- Albania has the lowest net amounts. As already mentioned, however, this is not due to the high level of taxes and social insurance contributions, but to the low starting level of the average gross salaries and wages determined by the personnel consulting firm.

When looking at the net amounts, it should of course be remembered that cost of living in the individual countries is not comparable.

The ratio between the total personnel costs of the employer on the one hand and the net payments to the employees on the other, however, indicates how much the state collects proportionally in taxes and social insurance contributions and uses them, among other things, to fund its infrastructure, the various social insurance systems and other important public goods and services.

### Note

*Please note that, in some countries, certain benefits in kind are guaranteed by law and others are customary in practice.*

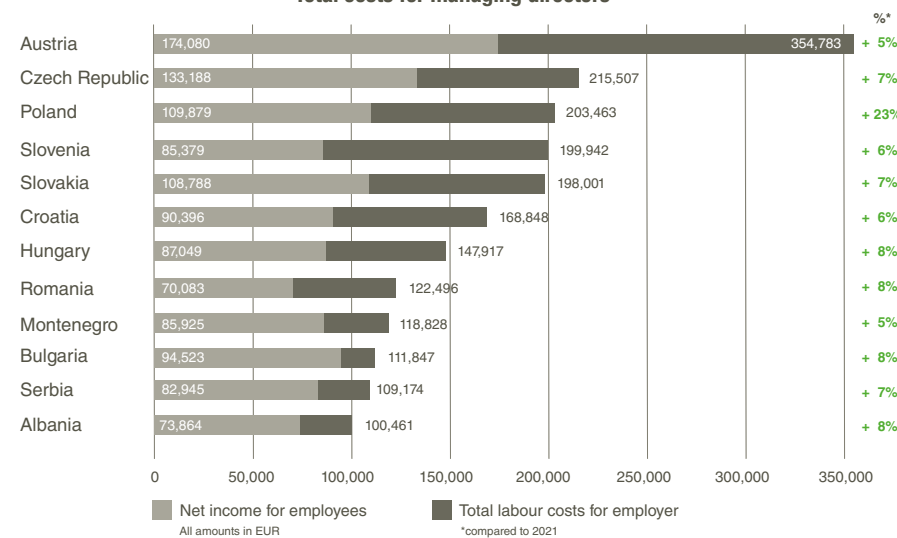
*Examples here might be, for instance, relatively high per diems for business trips (e.g. Slovakia), reimbursement of costs for travelling between home and the place of work (e.g. Slovenia), meal vouchers (e.g. Romania) and others. There is no standard approach to how these are treated for tax purposes (from tax-exempt, partially taxable to taxable). These particularities were not taken into account in the calculations.*

# OVERVIEW

## Managing directors

In Austria, the expected average personnel costs (gross amounts, employer social insurance contributions, other non-wage labour costs) for this group are about 65% higher than in the second-ranked country, the Czech Republic. Poland, Slovenia and Slovakia follow the Czech Republic as countries with high costs. The absolute difference between the second-ranked Czech Republic and the country with the lowest personnel costs (Albania) is smaller than that between Austria and the Czech Republic. **Aside from Albania, Serbia and Bulgaria have the lowest costs.**

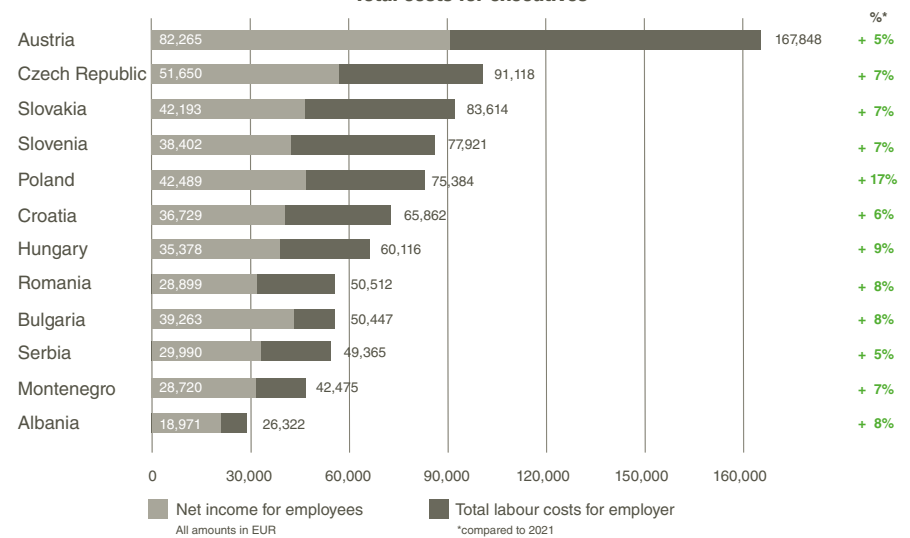
Total costs for managing directors



## Executives

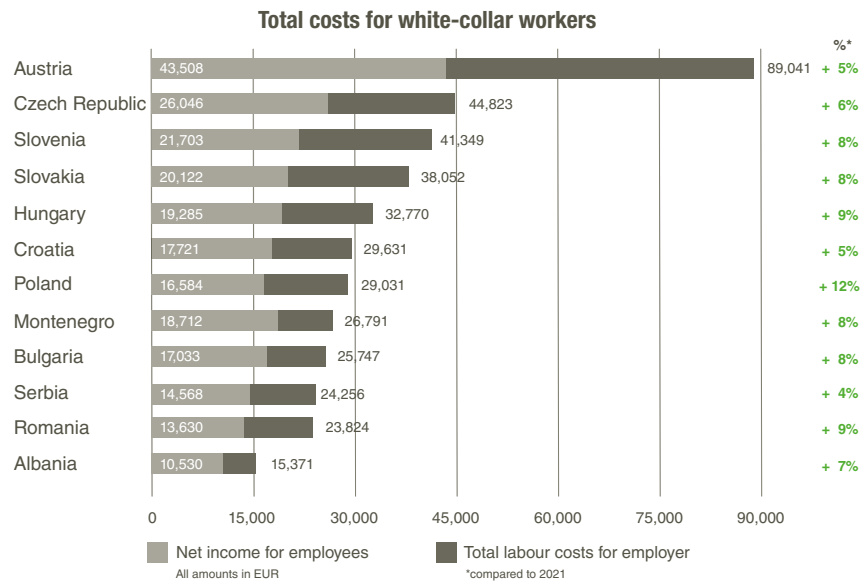
In Austria, the expected average personnel costs (gross amounts, employer social insurance contributions, non-wage labour costs) for this group are more than 85% higher than in the second-ranked country, the Czech Republic. Slovenia and Slovakia follow the Czech Republic as countries with high costs. **Albania has the lowest costs by far, with Montenegro, Romania, Bulgaria and Serbia also in the lower range.**

Total costs for executives



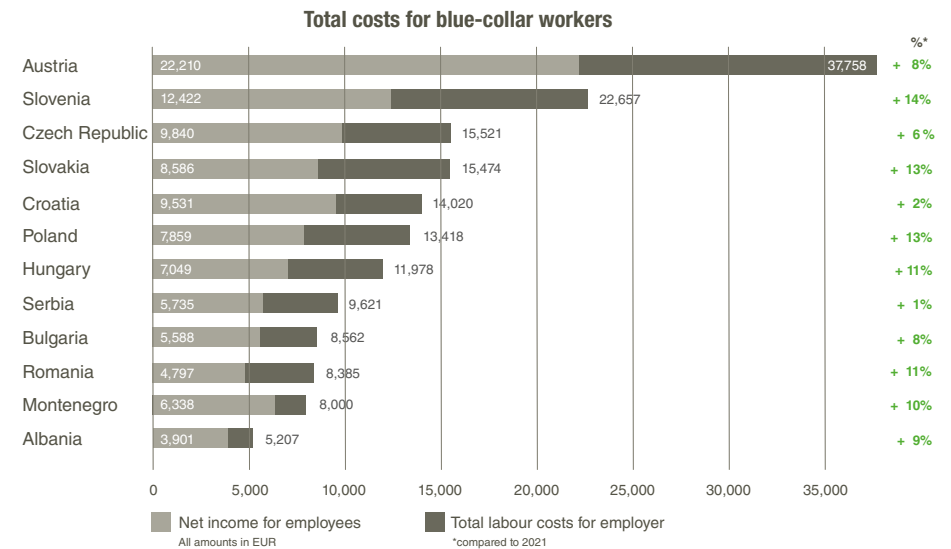
## White-collar workers

In Austria, the expected average personnel costs (gross amounts, employer social insurance contributions, other non-wage labour costs) for this group are 100% (!) higher than in the second-ranked country, the Czech Republic. Slovenia and Slovakia follow the Czech Republic as countries with high costs. **Albania has the lowest costs by far, with Romania, Serbia, Bulgaria and Montenegro also in the lower range.**

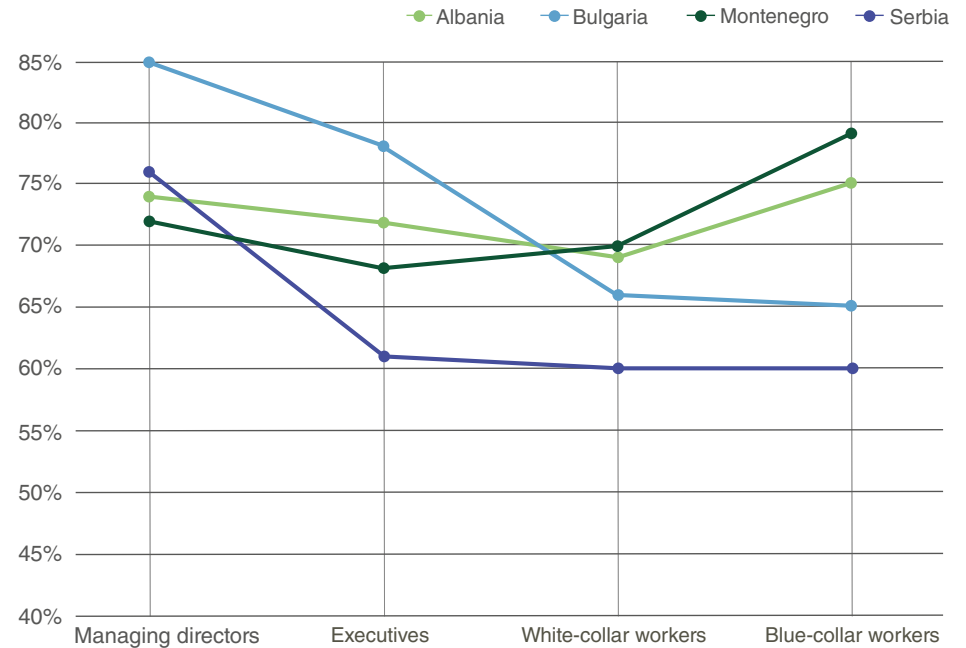
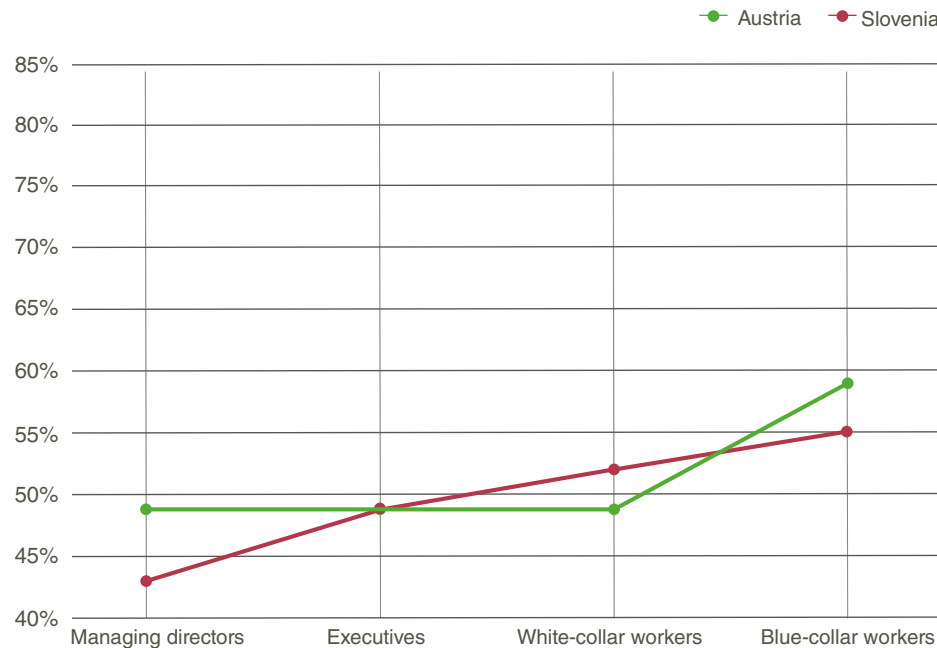


## Blue-collar workers

In Austria, the expected average personnel costs (gross amounts, employer social insurance contributions, other non-wage labour costs) for this group are 75% higher than in the second-ranked country, Slovenia. The Czech Republic comes in a distant third. **Albania has the lowest costs by far, with Montenegro, Romania and Bulgaria also in the lower range.**



# RATIO OF NET INCOME TO TOTAL LABOUR COSTS



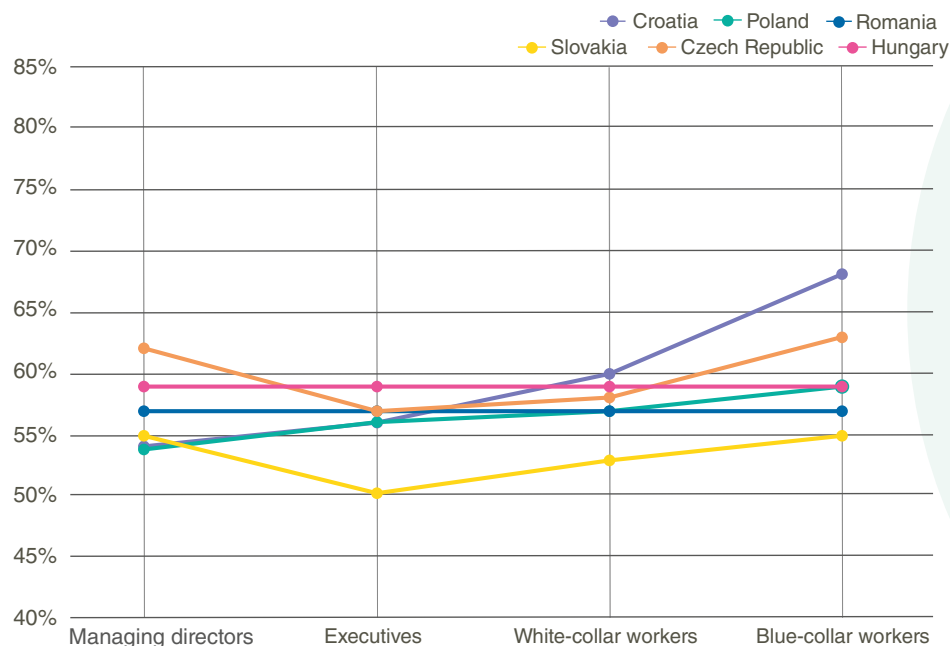
Comparing the first graph showing Austria and Slovenia with the second graph (showing Albania, Bulgaria, Montenegro and Serbia), the different lines clearly show the effects of the different tax and social insurance systems.

While in Austria and Slovenia the ratio of net income to total costs increases as remuneration decreases (in particular due to the progressive tax system and high maximum social insurance cap on contribution), the opposite is true for Albania, Bulgaria, Montenegro and Serbia (due to flat tax rates and low maximum social insurance contribution bases).

In the latter countries, this leads to the socio-politically interesting result that high earners not only earn more in absolute terms but also in relation to total costs.

**Regarding managing directors**, Bulgaria, Serbia and Albania occupy the first three places (85%, 76% and 74% ratio of net income to total costs, respectively). This can be explained simply by the fact that these countries have relatively low tax rates and limits on social insurance contributions with low maximum contribution bases.





Slovenia has the lowest ratio of net income to total costs (43%), followed by Austria (49%) – both countries being at higher income levels with progressive tax rates and high marginal tax rates (50%). In addition, Slovenia does not have a maximum contribution base.

**In the executives group,** Bulgaria has the highest ratio of net income to total costs (78%), followed by Albania (72%). This is because of low tax rates and low maximum contribution bases for social insurance. Slovenia and Austria have the lowest ratio of net income to total costs here (around 49%).

### Note regarding net amounts

The cost of living varies greatly from country to country. In practice, there are various ways and indices to measure these differences. For example, in 2020, Austria adjusted the amount of child benefit to the cost of living in the child's country of residence if the child lives in another EU country.

Country	AT	SI	SK	CZ	HR	HU	PL	RO	BG
Adjustment factor	1	0.778	0.711	0.655	0.626	0.575	0.531	0.483	0.464

No data are available here for the non-EU members Albania, Serbia, Montenegro. It can be assumed, however, that these countries are at the lower end of the cost of living range.

**As regards white-collar workers,** Montenegro and Albania have the highest ratio of net income to total costs (around 70/69%), and Austria the lowest (49%).

**As regards blue-collar workers,** Montenegro and Albania have the highest ratio of net income to total costs (79/75%), followed at some distance by Croatia (68%). All other countries are within a range of ten percentage points (55 to 65% ratio of net income to total costs).

# INDUSTRY-SPECIFIC OBSERVATIONS

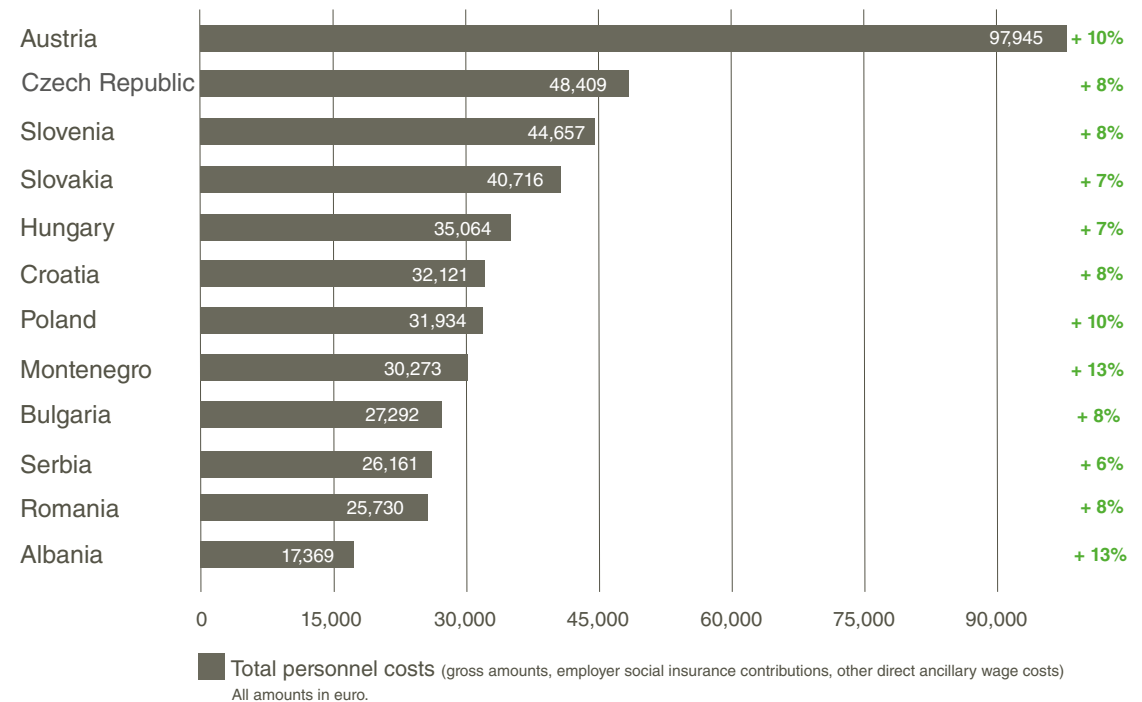
## White-collar workers in the IT INDUSTRY:

This sector is seeing strong growth in many CEE countries due to the availability of well-trained IT specialists. For this reason, it is interesting to see where the individual countries stand in terms of average personnel costs in this industry.

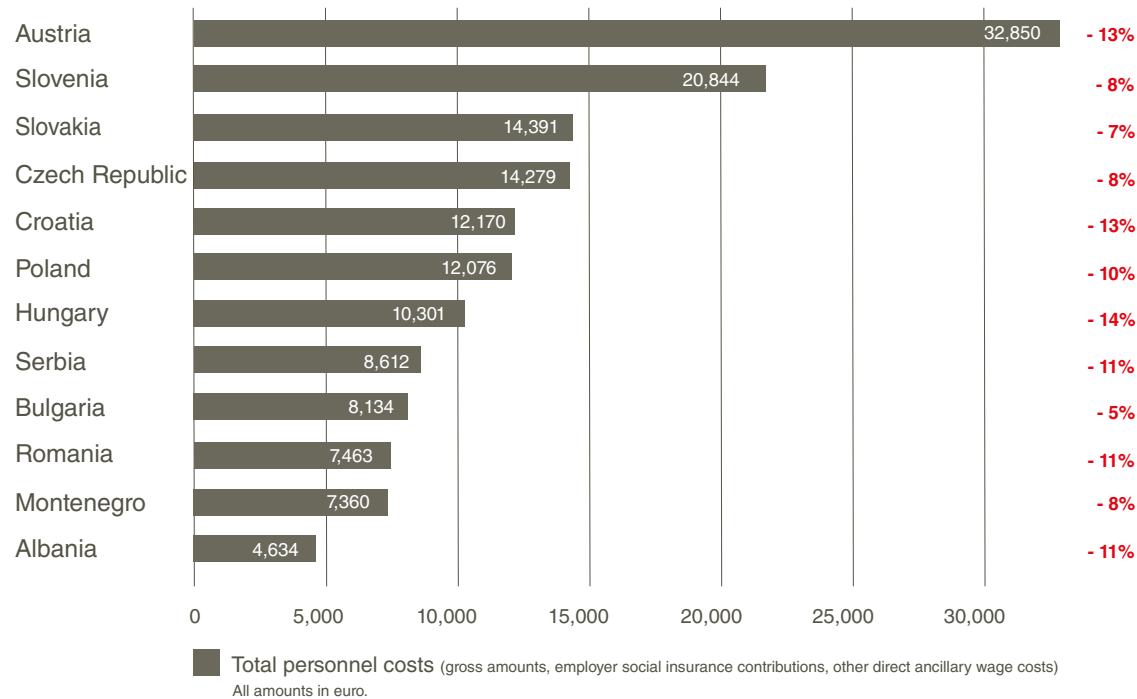
The ranking of the individual countries in terms of the average personnel costs to be expected (gross amounts, employer social insurance contributions, other see above) is, however, essentially the same as in the cross-industry analysis. This means that Austria is at the top of the pack, ahead of the second-ranked country, the Czech Republic, followed by Slovenia and Slovakia. Albania has the lowest costs by far, with Romania, Bulgaria, Serbia and Montenegro also in the lower range.

In all countries, however, the average personnel costs in the IT sector are higher than for white-collar workers as a whole, with the actual increase between 6% and 3% and in many cases around 5% (see also the percentages indicated on the right hand side of the graph).

**Total costs for white-collar workers in the IT INDUSTRY**  
Deviation from national average in %



**Total costs for white-collar workers in the IT INDUSTRY**  
Deviation from national average in %



## Blue-collar workers in the MANUFACTURING INDUSTRY:

The CEE region is a popular region for investment in production locations due to its proximity and lower labour costs. When deciding on a production location the focus is not just on labour costs, but specifically on those of production workers. The present study therefore examines whether there are differences here in personnel costs.

In contrast to the study involving white-collar workers in the IT sector, there are greater deviations in the personnel costs for blue-collar workers – depending on whether they work in manufacturing or in other sectors. The deviations range from 5% to 14% (see also the percentages in the graph on the right).

This is the reason why the position of some countries in the ranking of their personnel costs changes here.

However, personnel costs (gross amounts, employer social insurance contributions, other see above) for blue-collar workers in the manufacturing sector are – as is generally the case for blue-collar workers – at their highest in Austria, followed by Slovenia, Slovakia and the Czech Republic. Albania has the lowest costs, with Montenegro, Romania, Bulgaria and Serbia again being in the lower range.

# OVERVIEW OF COMPANY CAR TAXATION



	Electric car		„Normal“ car	
	Tax-free for private use	Eligible for input VAT deduction	Tax-free for private use	Eligible for input VAT deduction
<b>Albania</b>	NO	NO	NO	NO
<b>Austria</b>	YES	YES	NO	NO
<b>Bulgaria</b>	NO	NO	NO	NO
<b>Croatia</b>	NO	Partially	NO	Partially
<b>Czech Rep.</b>	NO	Partially	NO	Partially
<b>Hungary</b>	NO	Partially <sup>4</sup>	NO	Partially
<b>Montenegro</b>	YES	NO	YES	NO
<b>Poland</b>	NO	Partially	NO	Partially
<b>Romania</b>	NO	Partially <sup>1</sup>	NO	Partially
<b>Serbia</b>	NO	NO	NO	NO
<b>Slovakia</b>	NO	Partially <sup>2</sup>	NO	Partially
<b>Slovenia</b>	YES	YES <sup>3</sup>	NO	NO

<sup>1</sup> E-car owners enjoy local tax benefits

<sup>2</sup> Accelerated depreciation from 4 to 2 years for e-cars

<sup>3</sup> Preferential benefit in kind for e-cars

<sup>4</sup> No vehicle car tax for e-cars

## Overview of company car taxation

Even if the issue of having a company car does not necessarily affect a company's choice of location, it is certainly interesting for managers or executives who will be working there to see if there are special regulations here in any specific country. From our analysis, we see that in Austria the private use of company cars is well regulated and that, in the case of electric cars, there are even tax-free benefits in kind available. The table shows that certain other countries have also already started promoting e-mobility (e.g. Poland, Romania, Slovakia). The incentives offered by other countries do not always consist of making private use by employees tax-free; other approaches are taken here instead. It is certainly interesting for companies to know whether e-cars are eligible for input VAT deduction (either partially or in full) in the respective country (different regulations in different countries), whether accelerated depreciation is permitted (e.g. Slovakia), whether the "car" tax is waived (e.g. Hungary), whether motor vehicle tax applies, and much more besides.

It should also be mentioned that tax legislation is generally very fluid and numerous legislative initiatives for e-mobility will certainly be launched in many countries over the next few years.

## General information about the country overview

There are relatively few cross-border studies on this topic compared with those conducted solely at the national level. Past studies have been mostly focused on how net amounts from identical gross amounts vary per country. Yet, when choosing a business location, actual costs are far more relevant, which is why this study uses average actual salaries (including the usual bonus payments) in the respective country.

The total costs for the company were calculated for four simplified salary levels (managing directors, executives, white-collar workers and blue-collar workers) on the one hand, and the corresponding net amounts received by the employees on the other hand (each rounded to one hundred euros).

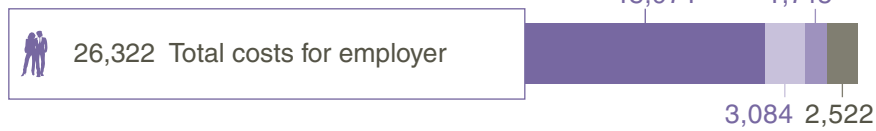


## Personnel costs

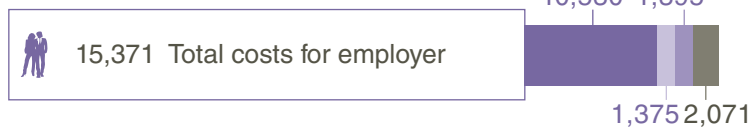
### Managing directors



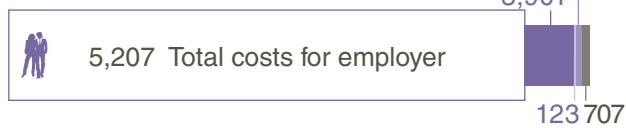
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employee social insurance contribution  
 Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

### Result for managing directors:

An average total gross salary of EUR 96,700 per year was calculated for a salaried manager. This results in a net amount of EUR 73,864 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 100,461 per year.

If the manager is also provided with a company car which they use for private purposes up to 50% of the time, this does not affect their annual tax burden.

### Result for executives:

An average total gross salary of EUR 23,800 per year was calculated for an executive. This results in a net amount of EUR 18,971 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 26,322 per year.

If the executive is also provided with a company car which they use for private purposes up to 50% of the time, this does not affect their annual tax burden.

### Result for white-collar workers:

An average total gross salary of EUR 13,300 per year was calculated for a white-collar worker. This results in a net amount of EUR 10,530 per year after deductions for social insurance and tax. The total cost to the employer is EUR 15,371 per year. Costs vary from sector to sector e.g. 13% above average for IT services.

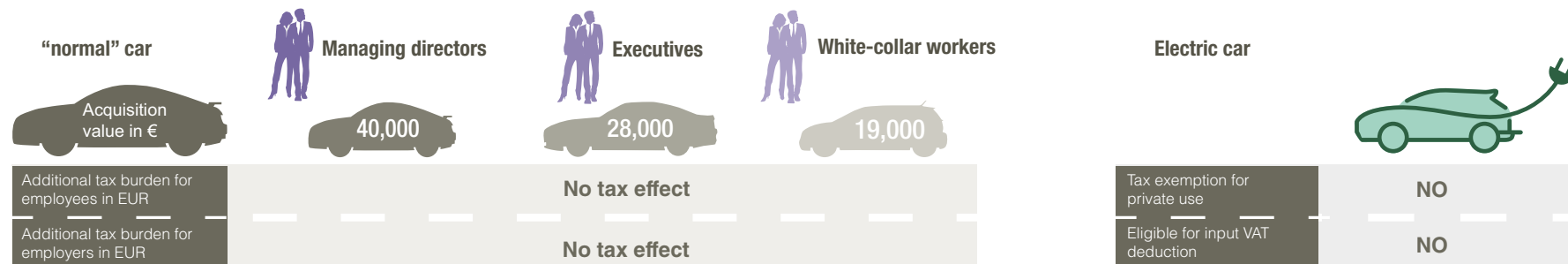
If the white-collar worker is also provided with a company car which they use for private purposes up to 50% of the time, this does not affect their annual tax burden.

### Result for blue-collar workers:

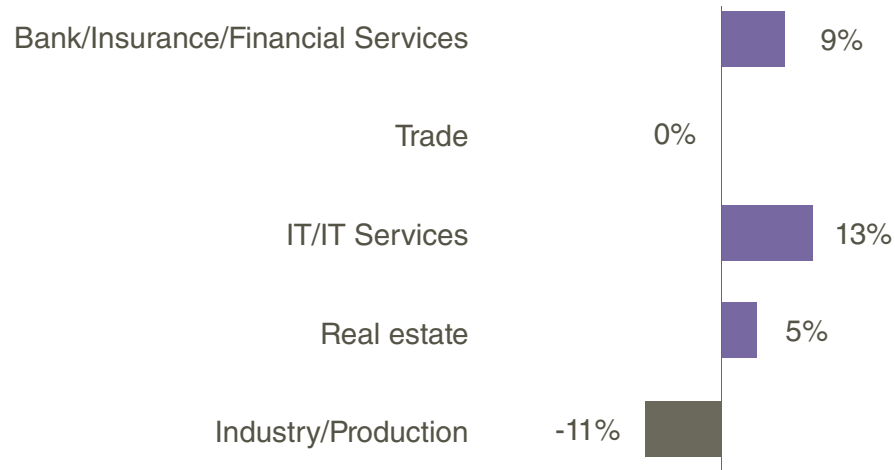
An average total gross salary of EUR 4,500 per year was calculated for a blue-collar worker. This results in a net amount of EUR 3,901 per year after deductions for social insurance and tax.

For the employer, total costs amount to is EUR 5,207 per year. Costs vary from sector to sector e.g 11% below the average for production.

### Company car

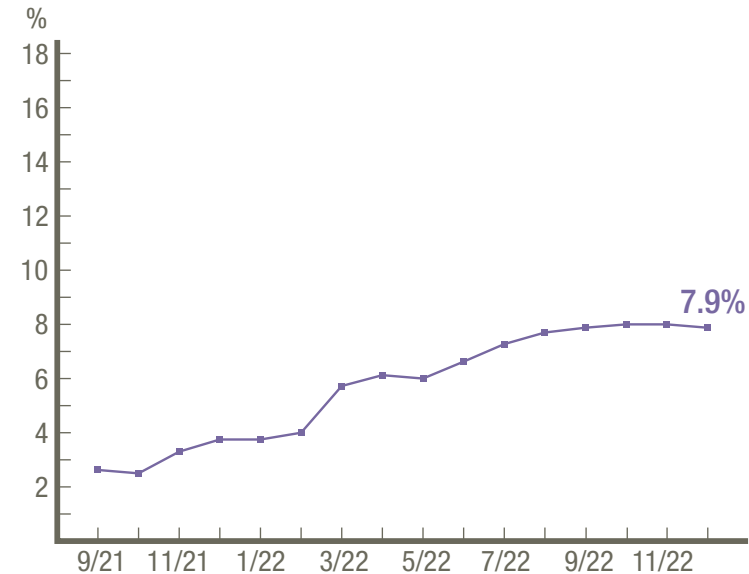


## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- The Albanian economy grew by 8.5% in 2021. In 2022, the growth rate will be lower due to the global economy.
- In the second half of 2022, accession negotiations with the EU have begun. However, there is still a need to catch up in some areas (legal reforms, fight against organised crime).
- The Albanian economy grew by 8.5% in 2021. In 2022, the growth rate will be lower due to the global economy.
- There is export potential for Austria; the areas of infrastructure, energy and tourism, among others, appear to be interesting.

# ALBANIA



## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Albania.

No further tax optimisation measures, in particular bonus payments and certain personal tax allowances, were taken into account.

### Income tax:

0% up to ALL 30,000 = approx. EUR 250 monthly or approx. EUR 3,000 annually; 13% between ALL 30,001 and ALL 150,000 = approx. EUR 1,667 monthly or EUR 20,000 annually; portions of income above this amount: 23%.

Social insurance contributions do not reduce the tax base.

### Social insurance:

Essentially capped at the maximum contribution base (health insurance without maximum contribution base); amount in 2022: ALL 141,130 (monthly) = approx. EUR 1,176 monthly or approx. EUR 14,113 annually.

**Employer's contribution:** 16.7% of gross total remuneration, thereof 1.70% for health insurance

**Employee contribution:** 11.2% of gross total remuneration, thereof 1.70% for health insurance

### Ratio of net income to total labour costs:

White-collar workers are the worst off because they have to pay both social insurance contributions and tax on their entire income. Managing directors, on the other hand, benefit from the maximum contribution base for social insurance and blue-collar workers from the low basic tax rate.

## Your expert for Albania



Laura Konda  
Partner / Auditor  
Laura.Konda@tpa-group.al  
+355 4 234568

## Personnel costs

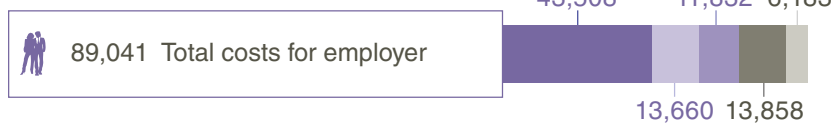
### Managing directors



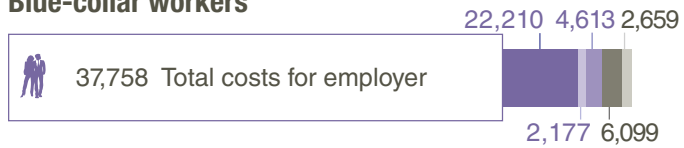
### Executives



### White-collar workers



### Blue-collar workers



## Result for managing directors:

An average total gross salary of EUR 310,600 per year was calculated for a salaried manager. This results in a net amount of EUR 174,080 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 354,783 per year.

If the manager is also provided with a company car with an acquisition value of EUR 49,000 which they use for private purposes 50% of the time, the additional annual tax burden for the manager is approx. EUR 5,300 and for the employer EUR 1,000. These additional taxes do not apply in the case of an e-car (CO<sub>2</sub> emissions of 0 g/km).

## Result for executives:

An average total gross salary of EUR 138,800 per year was calculated for an executive. This results in a net amount of EUR 82,265 per year after deductions for social insurance and tax. The total cost to the employer is EUR 167,848 per year.

If the executive is also provided with a company car (not an e-car) with an acquisition value of EUR 38,000 which they use for private purposes 50% of the time, the additional annual tax burden for the executive is EUR 3,900 and for the employer EUR 800.

## Result for white-collar workers:

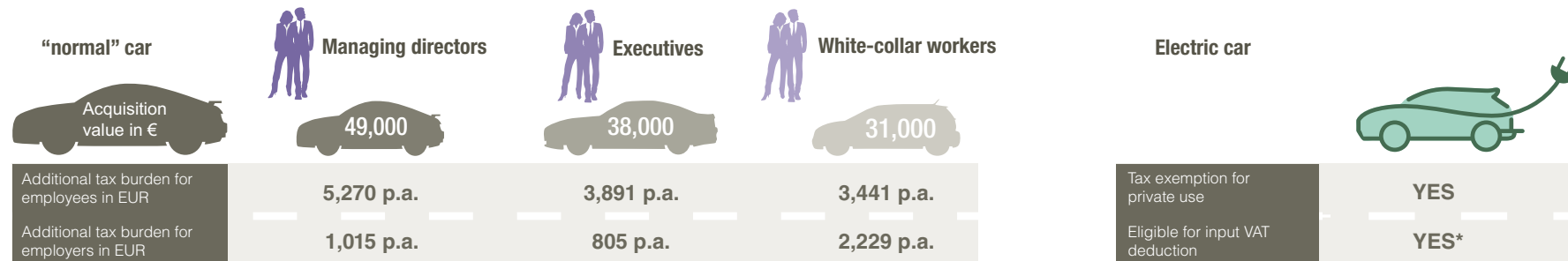
An average total gross salary of EUR 69,000 per year was calculated for a white-collar worker. This results in a net amount of EUR 43,508 per year after deductions for social insurance and tax. The total cost to the employer is EUR 89,041 per year. Costs vary from sector to sector and are, for example, about 10% above average for IT services. 10% above the average for IT services.

If the white-collar worker is also provided with a company car (not an e-car) with an acquisition value of EUR 31,000 which they use for private purposes 50% of the time, the additional annual tax burden for the white-collar worker is EUR 3,400 and for the white-collar worker EUR 2,200.

## Result for blue-collar workers:

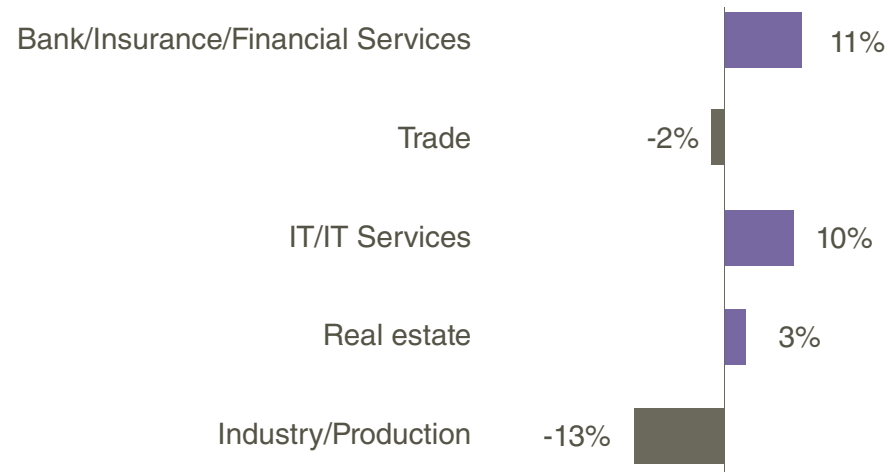
An average total gross salary of EUR 29,000 per year was calculated for a blue-collar worker. This results in a net amount of EUR 22,210 per year after deductions for social insurance and tax. The total cost to the employer is EUR 37,758 per year. The costs vary from sector to sector and are, for example, about 13% below the below the average.

## Company car



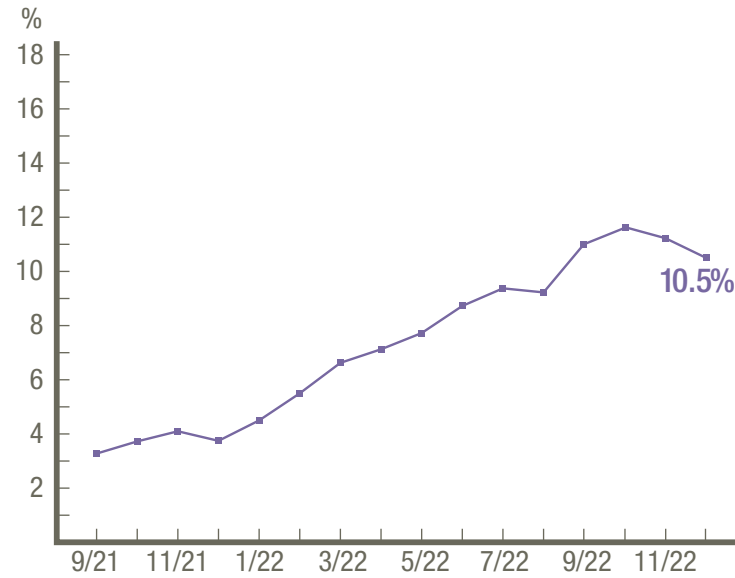
\* from 40,000 acquisition costs, the costs are gradually adjusted

### Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

### Inflation from September 2021 to December 2022



## Notes about the calculations

All the calculations here have been simplified considerably and are based on the assumption that the salary is only subject to tax and social insurance obligations in Austria and that the salary is paid out 14 times a year so as to be able to benefit from the tax allowances for holiday and Christmas pay. No further tax optimisation measures, in particular bonus payments and certain personal tax allowances, were taken into account.

### Income tax (EUR):

0% up to 11,000

20% between 11,001 and 18,000

32.5% between 18,001 and 31,000

42% between 31,001 and 60,000

48% between 60,001 and 90,000

50% between 90,001 and 1,000,000

Any portions of income above this amount: 55%.

Employee social insurance contributions reduce the tax base.

### Social insurance::

Essentially capped at the maximum contribution base, amounting to: EUR 79,380 per year in 2022

**Employer's contribution:** 21.13% of total gross remuneration

**Employee contribution:** 18.12% of total gross remuneration

Other non-wage labour costs (not capped at maximum contribution base): Employer contribution to the FLAG (Family Burdens Equalisation Fund), employer contribution surcharge, municipal tax, contributions to the employee pension fund – all together currently around 9% of gross total remuneration.

### Ratio of net income to total labour costs:

The highest net rate is among blue-collar workers (about 60%). For all other groups of employees, the rate is below 50%. This is due to the progressive tax rate and a relatively high maximum contribution base for social insurance.

## Your expert for Austria



### Wolfgang Höfle

Tax advisor

wolfgang.hoefle@tpa-group.at

+43 1 58835-146

## Personnel costs

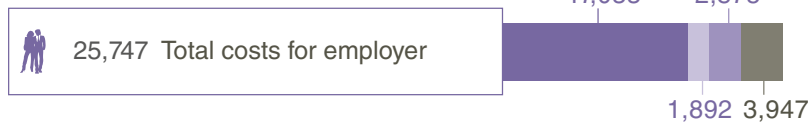
### Managing directors



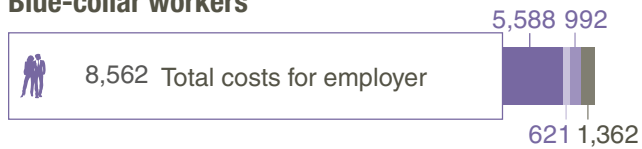
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employee social insurance contribution  
 Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

## Result for managing directors:

An average total gross salary of EUR 107,900 per year was calculated for a salaried manager. This results in a net amount of EUR 94,523 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 111,847 per year.

If the manager is also provided with a company car which they use for private purposes 50% of the time, the additional annual tax burden for the manager if the car has an acquisition value of EUR 40,000 and running costs of EUR 16,000 (incl. 15% depreciation per year) amounts to approx. EUR 800; there is no additional tax burden for the employer.

## Result for executives:

An average total gross salary of EUR 46,500 per year was calculated for an executive. This results in a net amount of EUR 39,263 per year after deductions for social insurance and tax. The total cost to the employer is EUR 50,447 per year.

If the executive is also provided with a company car which they use for private purposes 50% of the time, the additional annual tax burden for the executive if the car has an acquisition value of EUR 33,000 and running costs of EUR 15,000 (incl. 15% depreciation per year) amounts to approx. EUR 740; there is no additional tax burden for the employer.

## Result for white-collar workers:

An average total gross salary of EUR 21,800 per year was calculated for a white-collar worker. This results in a net amount of EUR 17,033 per year after deductions for social insurance and tax. The total cost to the employer is EUR 25,747 per year. Costs vary from sector to sector e.g. 5% above average for IT services.

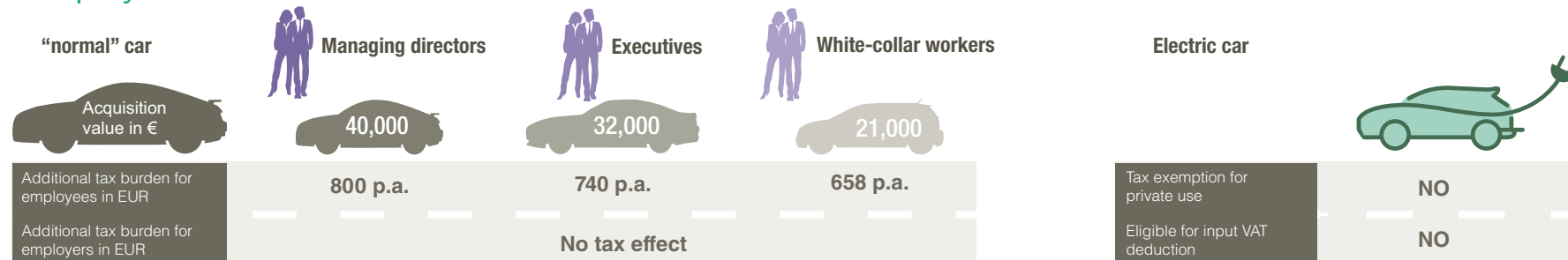
If the white-collar worker is also provided with a company car which they use for private purposes 50% of the time, the additional annual tax burden for the white-collar worker if the car has an acquisition value of EUR 21,000 and running costs of EUR 13,000 (incl. 15% depreciation per year) amounts to approx. EUR 660; there is no additional tax burden for the employer.

## Result for blue-collar workers:

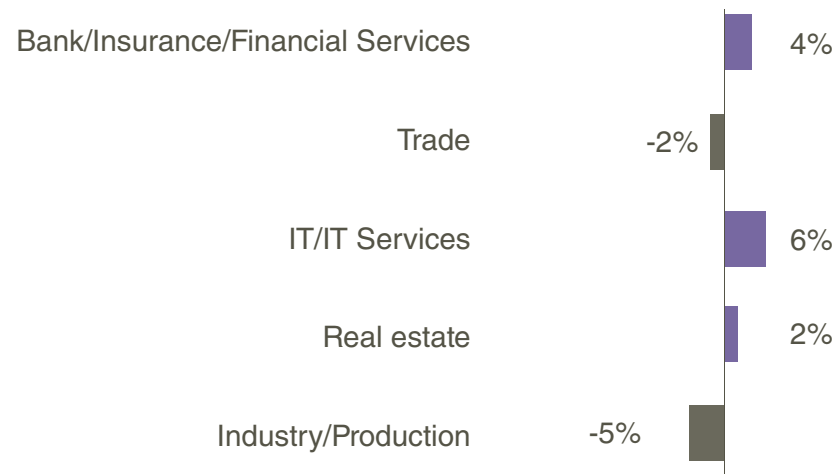
An average total gross salary of EUR 7,200 per year was calculated for a blue-collar worker. This results in a net amount of EUR 5,588 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 8,562 per year. The costs vary from sector to sector and are, for example, about 5% below the average for production.

## Company car

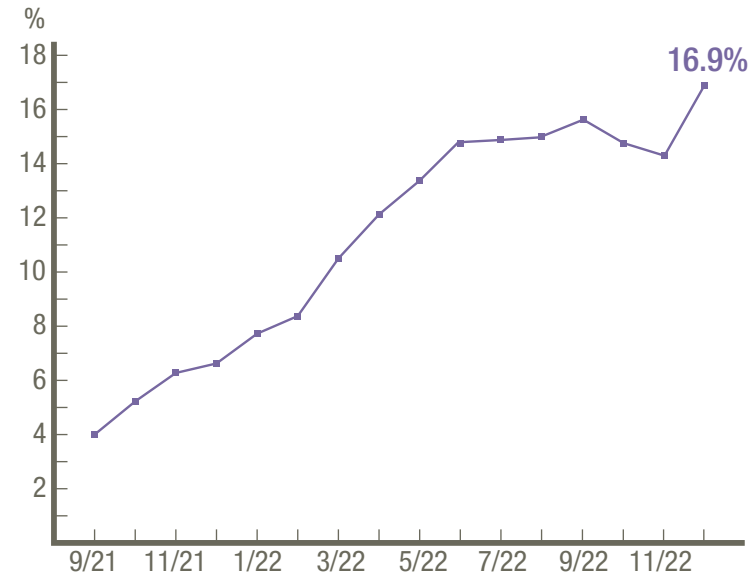


## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- Euro accession in 2024 at the earliest
- Bulgaria is one of the main beneficiaries of the Next Generation Fund (EU funding period 2021-2027), with investments mainly in the environmental and digital and digital sectors
- Austria is the largest investor in Bulgaria after the Netherlands (and before Germany).

# BULGARIA



## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Bulgaria and that the personal income tax rate is a flat 10%.

### Income tax:

10% (flat).

Employee social insurance contributions reduce the tax base. In the case of company cars used for private purposes, the company may bear the tax burden for the share of the vehicle's private use without any additional tax being incurred in the employee's payroll. In practice, the option of estimating car use as being a 50/50 split between private and business use for the purpose of calculating taxes is often used.

### Social insurance:

Essentially capped at the maximum contribution base, amounting in 2022 to: EUR 1,738 monthly or approx. EUR 20,856 annually.

**Employer's contribution:** 18.92% of total gross remuneration

**Employee contribution:** 13.78% of total gross remuneration

## Ratio of net income to total labour costs:

The combination of a flat tax with a low maximum contribution base for social insurance means that net rate rises as income goes up (!). This means that blue-collar workers have the lowest ratio of net income to total labour costs.

## Your expert for Bulgaria



**Ilona Tafkova**

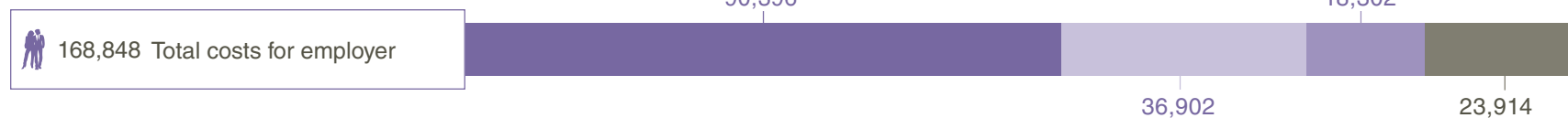
Partner

ilona.tafkovar@tpa-group.bg

+ 359 2 9816645

## Personnel costs

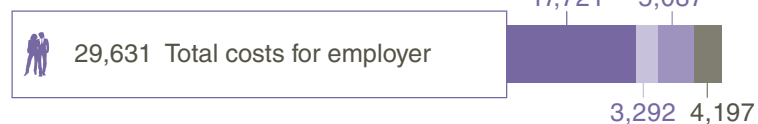
### Managing directors



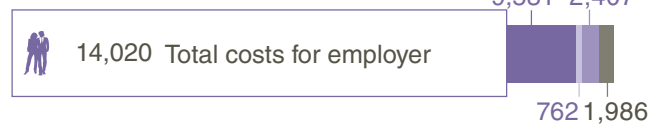
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employee social insurance contribution  
 Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

## Result for managing directors:

An average total gross salary of EUR 145,600 per year was calculated for a salaried manager. This results in a net amount of EUR 90.396 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 168,848 per year.

If the manager is also provided with a company car with an acquisition value of EUR 43,000, the additional annual tax burden for the manager is approx. EUR 2,800; the additional tax burden for the employer amounts to approx. EUR 1,300.

## Result for executives:

An average total gross salary of EUR 57,200 per year was calculated for an executive. This results in a net amount of EUR 36,729 per year after deductions for social insurance and tax. The total cost to the employer is EUR 65,862 per year.

If the executive is also provided with a company car with an acquisition value of EUR 34,000, the additional annual tax burden for the executive is approx. EUR 2,600; the additional tax burden for the employer amounts to approx. EUR 1,100.

## Result for white-collar workers:

An average total gross salary of EUR 26,100 per year was calculated for a white-collar worker. This results in a net amount of EUR 17,721 per year after deductions for social insurance and tax. The total cost to the employer is EUR 29,631 per year. Costs vary from sector to sector e.g. 8% above average for IT services.

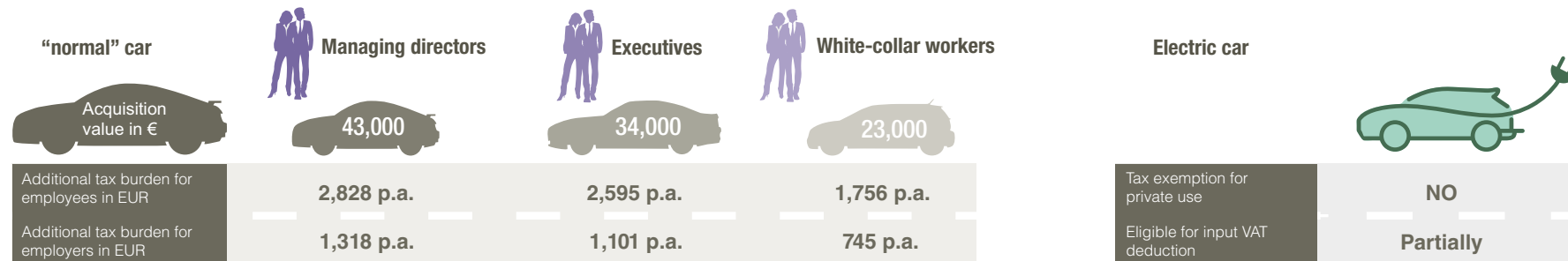
If the white-collar worker is also provided with a company car with an acquisition value of EUR 23,000, the additional annual tax burden for the white-collar worker is approx. EUR 1,750; the additional tax burden for the employer amounts to approx. EUR 750.

## Result for blue-collar workers:

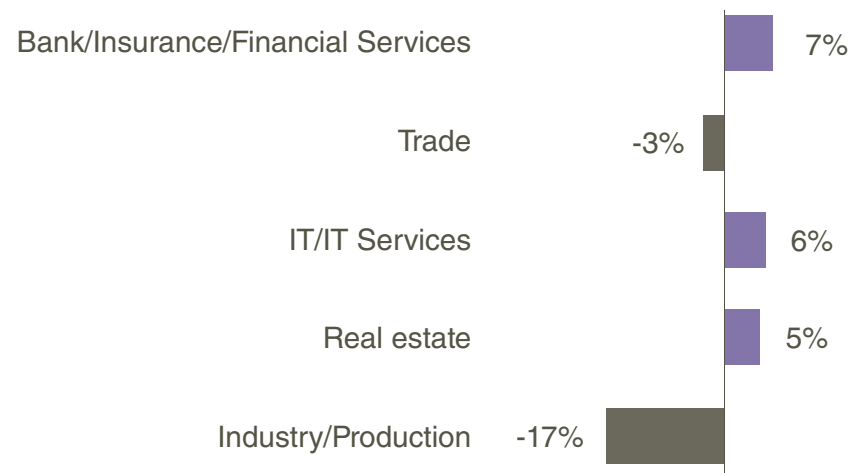
An average total gross salary of EUR 12,700 per year was calculated for a blue-collar worker. This results in a net amount of EUR 9,531 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 14,020 per year. The costs vary from sector to sector and are, for example, about 13% below the average for production.

## Company car

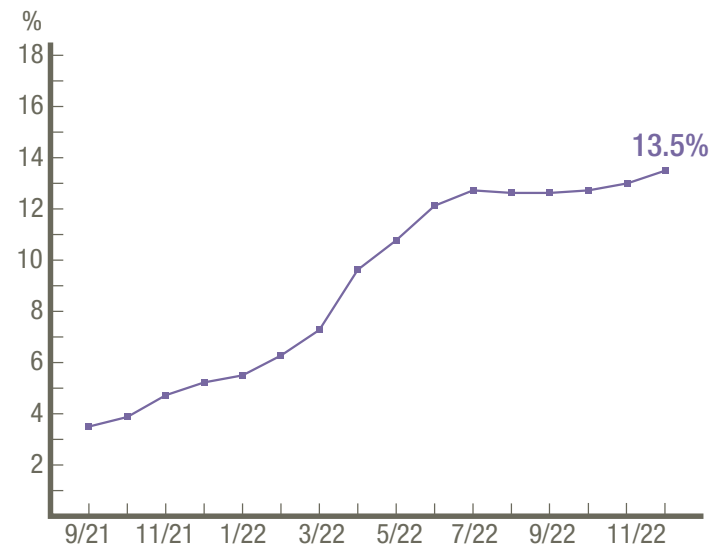


## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- GDP increased by 10.4% in 2021, outlook weaker in 2022 due to Ukraine crisis
- Tourism is the most important economic sector, accounting for 20% of GDP.
- Austria is the largest investor after the Netherlands. Bureaucracy, inefficient judiciary and corruption are problem areas, however.
- Promising sectors: Water, waste management, transport infrastructure, construction, building supplies.
- 80% of public investments are financed by EU funds.
- It is estimated that a quarter of the labour force is partly paid "illegally".

# CROATIA

## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Croatia. No tax allowances were taken into account and the highest surtax (= surcharge on income tax liability) of 18% applicable to employees in Zagreb was applied.

### Income tax:

20% up to HRK 360,000 (= approx. EUR 48,000);

portions of income above this amount: 30%.

Employee social insurance contributions reduce the tax base.

### Social insurance:

Maximum contribution base, value 2022: around EUR 91,510 per year.

**Employer's** contribution: 16.5% of gross total remuneration for health insurance (not capped at a maximum contribution base).

**Employee** contribution: 15%+5% or 20% of gross total remuneration for pension insurance (capped at a maximum contribution base).

## Ratio of net income to total labour costs:

The ratio is at its highest for blue-collar workers because they are only subject to the lower basic tax rate of 20%. As income rises, the net ratio decreases (higher tax rate, health insurance not capped at maximum contribution base).

## Your expert for Croatia



### Bojan Huzanić

Partner / Tax Advisor

bojan.huzanic@tpa-group.hr

+385 1 6461 783

## Personnel costs

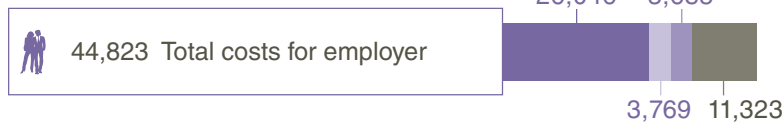
### Managing directors



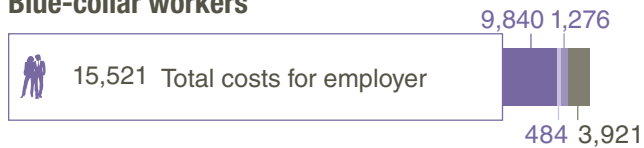
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employee social insurance contribution  
 Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

## Result for managing directors:

An average total gross salary of EUR 180,400 per year was calculated for a salaried manager. This results in a net amount of EUR 133,188 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 215,507 per year.

If the manager is also provided with a company car with an acquisition value of EUR 44,000, the additional annual tax burden for the manager is approx. EUR 1,500; the additional tax burden for the employer amounts to EUR 500.

## Result for executives

An average total gross salary of EUR 68,100 per year was calculated for an executive. This results in a net amount of EUR 51,650 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 91,118 per year.

If the executive is also provided with a company car with an acquisition value of EUR 33,000, the additional annual tax burden for the executive and for the employer amounts to approx. EUR 1,000 to EUR 1,300 each.

## Result for white-collar workers:

An average total gross salary of EUR 33,500 per year was calculated for a white-collar worker. This results in a net amount of EUR 26,046 per year after deductions for social insurance and tax. The total cost to the employer is EUR 44,823 per year. Costs vary from sector to sector e.g. 8% above average for IT services.

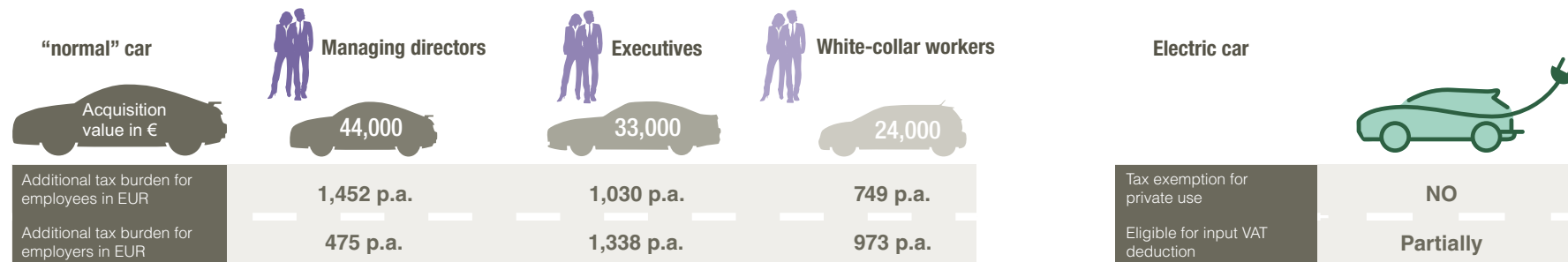
If the white-collar worker is also provided with a company car with an acquisition value of EUR 24,000, the additional annual tax burden for the white-collar worker is approx. EUR 700; the additional tax burden for the employer amounts to approx. EUR 1,000.

## Result for blue-collar workers:

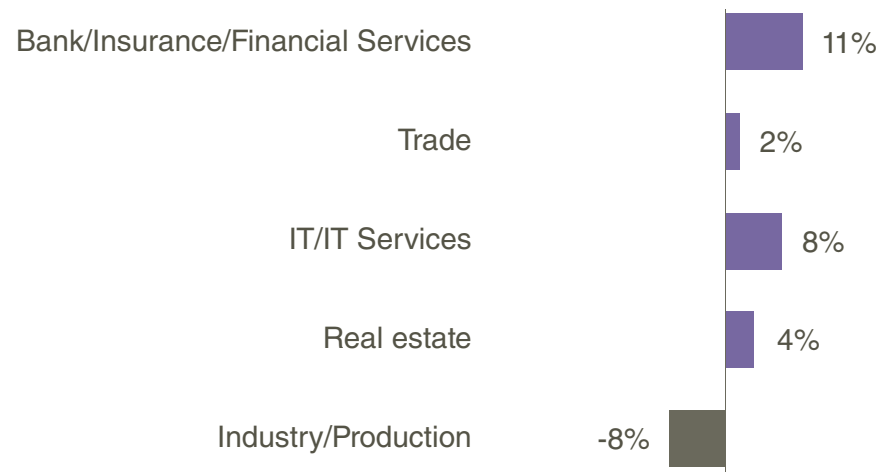
An average total gross salary of EUR 11,600 per year was calculated for a blue-collar worker. This results in a net amount of EUR 9,840 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 15,521 per year. The costs vary from sector to sector and are, for example, about 8% below the average for production.

## Company Car

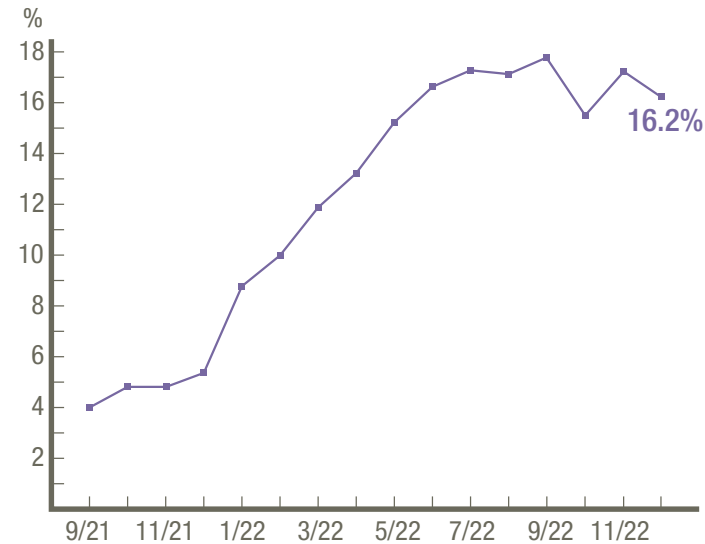


## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- Lowest unemployment rate in the EU. There is a shortage of staff, especially in the manufacturing and ICT sectors.
- The Czech Republic is a net recipient in the EU.
- Czech Republic wants to develop from an extended workbench into technology centres, strategic service centres and more sophisticated production projects.
- Automotive remains key industry, however. Promising sectors: Industrial supplies, machinery, components, higher-value consumer and leisure goods, energy-saving construction, renewable energy sources, automation/robotics



## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Czech Republic.

### Income tax (EUR):

15% up to CZK 1,867,728 (= approx. EUR 76,280);  
portions of income above this amount: 23%.

Employee social insurance contributions do not reduce the tax base!

### Social insurance:

Essentially capped at the maximum contribution base (health insurance without maximum contribution base);

amount in 2022: EUR 76,280 per year.

**Employer's contribution:** 33.8% of gross total remuneration, thereof 9% for health insurance

**Employee contribution:** 11% of gross total remuneration, thereof 4.5% for health insurance

For the employer, up to approx. 5% occupational group-specific accident insurance contributions can be added here.

### Ratio of net income to total labour costs:

Managers have a higher rate than executives. While it is true that the higher tax rate (23%) is already applied to the larger portion of the income in the case of the managing directors, social insurance contributions in the Czech Republic are very high overall, although they are capped at a maximum contribution base with the exception of health insurance.

## Your expert for the Czech Republic



### Jan Soška

Partner / Tax Advisor

jan.soska@tpa-group.cz

+420 (222) 826-341

## Personnel costs

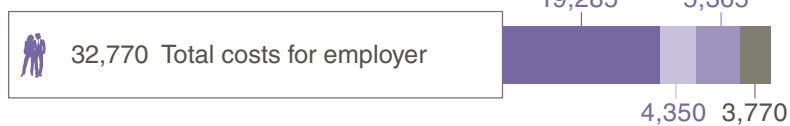
### Managing directors



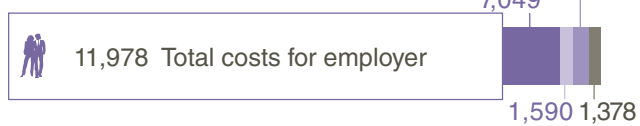
### Executives



### White-collar workers



### Blue-collar workers



## Result for managing directors:

An average total gross salary of EUR 130,900 per year was calculated for a salaried manager. This results in a net amount of EUR 87,049 after deductions for social insurance and tax. For the employer, total costs amount to EUR 147,917 per year.

If the manager is also provided with a company car with an engine performance of 140 kW (190 hp), the additional annual tax burden for the employer is approx. EUR 1,230; there is no additional tax burden for the manager.

## Result for executives:

An average total gross salary of EUR 53,200 per year was calculated for an executive. This results in a net amount of EUR 35,378 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 60,116 per year.

If the executive is also provided with a company car with an engine performance of 110 kW (150 hp), the additional annual tax burden for the employer is approx. EUR 600; there is no additional tax burden for the employee.

## Result for white-collar workers:

An average total gross salary of EUR 29,000 per year was calculated for a white-collar worker. This results in a net amount of EUR 19,285 per year after deductions for social insurance and tax. The total cost to the employer is EUR 32,770 per year. Costs vary from sector to sector e.g. 7% above average for IT services.

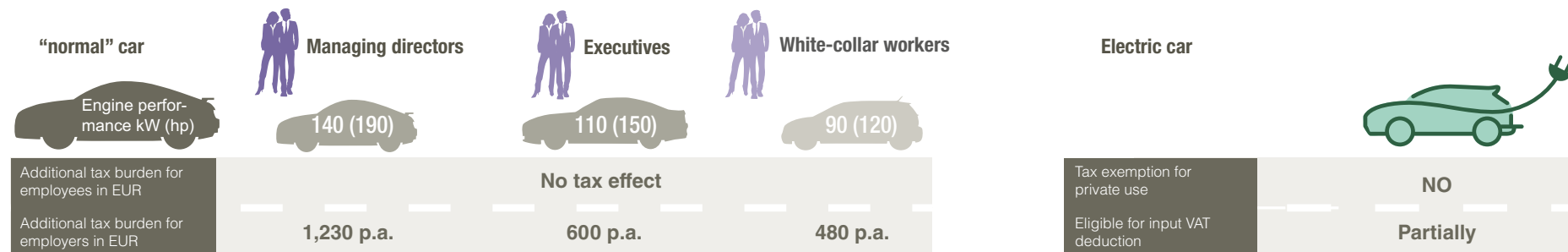
If the white-collar worker is also provided with a company car with an engine performance of 90kW (120 hp), the additional annual tax burden for the employer is approx. EUR 500; there is no additional tax burden for the employee.

## Result for blue-collar workers:

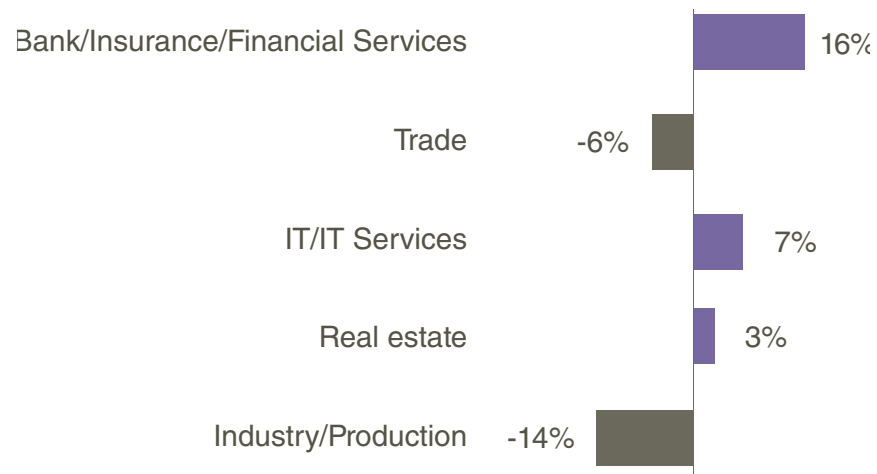
An average total gross salary of EUR 10,600 per year was calculated for a blue-collar worker. This results in a net amount of EUR 7.049 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 11,978 per year. The costs vary from sector to sector and are, for example, about 14% below the average for production.

## Company Car

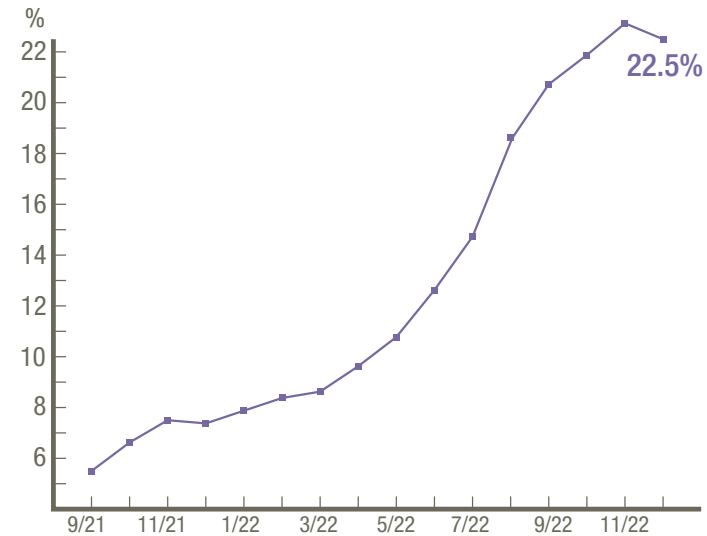


## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- Hungary is one of the largest net recipients in the EU
- As of 1.1.2022, minimum wages were increased by approx. 19%.
- The currency (forint) has recently depreciated significantly.
- Strong growth in 2021 in building construction and civil engineering
- Only green buses will soon be in use in urban transport
- Austria is the largest direct investor in Hungary after Germany and the Netherlands (brick and sugar production, car trade, paper, packaging and construction industry, retail trade).
- Market opportunities can also be identified in the creative and energy industries, online trade and logistics.

# HUNGARY

## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Hungary.

### Income tax:

15% (flat), calculated and deducted from gross remuneration; employee contributions to social insurance do not reduce the tax base!

Special tax allowances (e.g. for career starters, employees in research and development, etc.) were not taken into account in the calculations.

There is company car tax in Hungary payable for each company car (not included in the calculations above).

The amount of the company car tax depends on the environmental class and the electric power (in kW) of the vehicle and ranges from HUF 14,000 to HUF 81,200 per month. E-cars (zero-emission cars) are not subject to company car tax.

### Social insurance:

Hungary does not have a maximum contribution base.

Employer's contribution: 13% of total gross remuneration

Employee contribution: 18.5% of total gross remuneration

### Ratio of net income to total labour costs:

The ratio of these parameters is the same across all groups of employees. This system is the most transparent, so to speak. Flat rates apply when calculating tax and social insurance contributions.

## Your expert for Hungary



### József Szemerédi

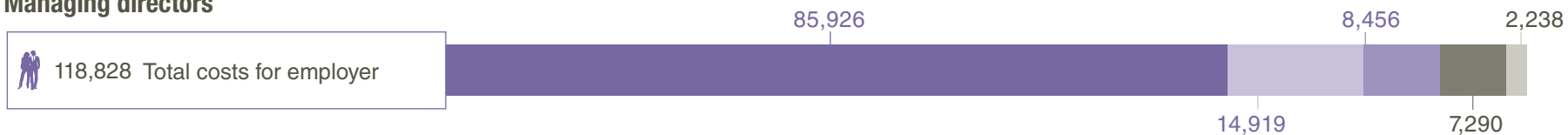
Partner / Tax Advisor

jozsef.szemeredi@tpa-group.hu

+36 (1) 345 45-00

## Personnel costs

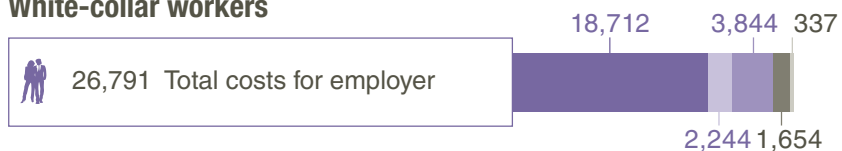
### Managing directors



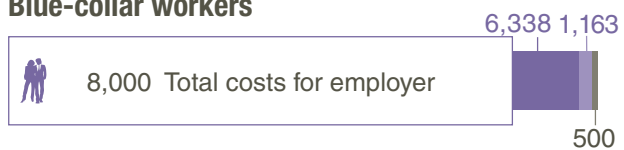
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employee social insurance contribution  
 Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

### Result for managing directors:

An average total gross salary of EUR 109,300 per year was calculated for a salaried manager. This results in a net amount of EUR 85,926 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 118,828 per year.

### Result for executives:

An average total gross salary of EUR 39,200 per year was calculated for an executive. This results in a net amount of EUR 28,720 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 42,475 per year.

### Result for white-collar workers:

An average total gross salary of EUR 24,800 per year was calculated for a white-collar worker. This results in a net amount of EUR 18,712 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 26,791 per year. Costs vary from sector to sector e.g. 13% above average for IT services.

### Result for blue-collar workers:

An average total gross salary of EUR 7,500 per year was calculated for a blue-collar worker. This results in a net amount of EUR 6,338 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 8,000 per year. The costs vary from sector to sector and are, for example, about 8% below the average for production.

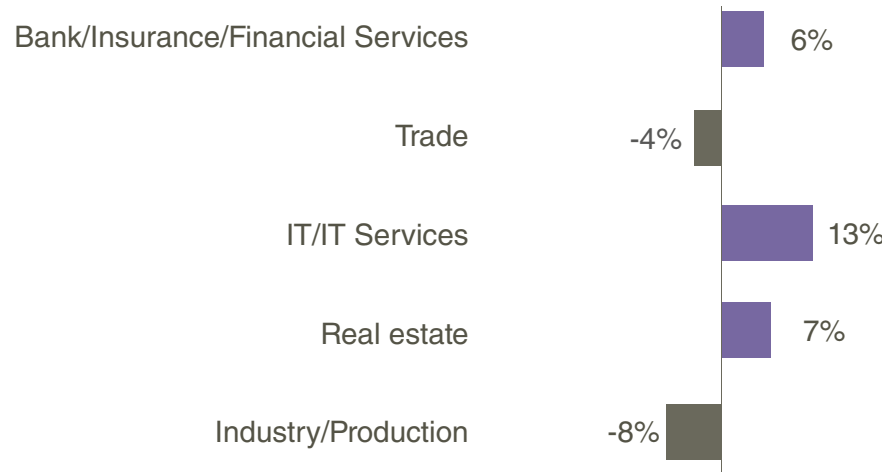
## Company car

### Electric car



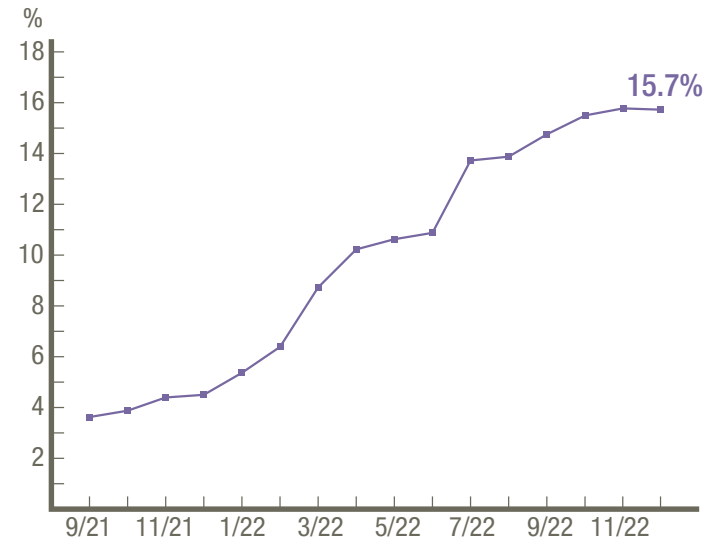
Tax exemption for private use	NO
Eligible for input VAT deduction	NO

## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- In Montenegro, the euro is the currency without being part of the eurozone.
- About 25% of the GDP is due to tourism.
- The potential for renewable energy is far from being fully exploited.
- There is also potential for investment in the (transport) infrastructure and in the modernisation of the drinking water/waste water system. modernisation of the drinking water/waste water network.
- EU negotiations continue, improvements in the rule of law are required

# MONTENEGRO



## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Montenegro. No further tax optimisation measures, in particular bonus payments and certain personal tax allowances, were taken into account.

### Income tax:

8,400 tax-free  
further 3,600: 9% tax rate  
above that: 15%

Social insurance contributions do not reduce the tax base. Another surtax is set by the local tax authorities (e.g. 15% of the wage tax), but paid by the employer, meaning that it is to be considered as other labour costs.

### Social insurance:

There is no cap with a maximum contribution base.

**Employer's contribution:** 6.67% of total gross remuneration

**Employee contribution:** 15.50% of total gross remuneration

### Ratio of net income to total labour costs:

The ratio of these parameters is highest for workers, at approx. 79%. This is due to the income tax-free allowance before the input tax rate.

## Your expert for Montenegro



### Dušanka Ivović

Partner / Tax advisor

dusanka.ivovic@tpa-group.me

+382 20 656 208

## Personnel costs

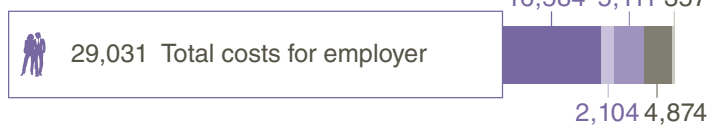
### Managing directors



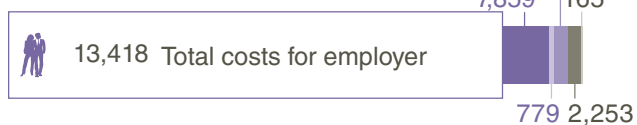
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employer social insurance contribution

Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

## Result for managing directors:

An average total gross salary of EUR 166,800 per year was calculated for a salaried manager. This results in a net amount of EUR 109,879 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 203,463 per year.

If the managing director is also provided with a company car which he uses privately, this has an effect on the employee's annual tax burden depending on the engine power (+214 euros for engine power up to 60kW or 340 euros for engine power over 60kW); the employer has to pay 138 euros (up to 60kW) or 219 euros (over 60kW) in additional annual taxes.

## Result for executives:

An average total gross salary of EUR 61,800 per year was calculated for an executive. This results in a net amount of EUR 42,489 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 75,384 per year.

If the executive is also provided with a company car which he uses privately, this has an effect on the employee's annual tax burden depending on the engine power (+ 214 euros for engine power up to 60kW or 340 euros for engine power over 60kW); the employer has to pay 138 euros (up to 60kW) or 219 euros (over 60kW) in additional annual taxes.

power over 60kW); the employer incurs additional annual taxes of 138 euros (up to 60kW) or 219 euros (over 60kW).

## Result for white-collar workers

An average total gross salary of EUR 23,800 per year was calculated for a white-collar worker. This results in a net amount of EUR 16,584 per year after deductions for social insurance and tax. The total cost to the employer is EUR 29,031 per year. Costs vary from sector to sector e.g. 10% above average for IT services.

If the white-collar worker is also provided with a company car which he uses privately, this has an effect on the employee's annual tax burden depending on the engine power (+214 euros for engine power up to 60kW or 340 euros for engine power over 60kW); the employer has to pay 138 euros (up to 60kW) or 219 euros (over 60kW) in additional annual taxes.

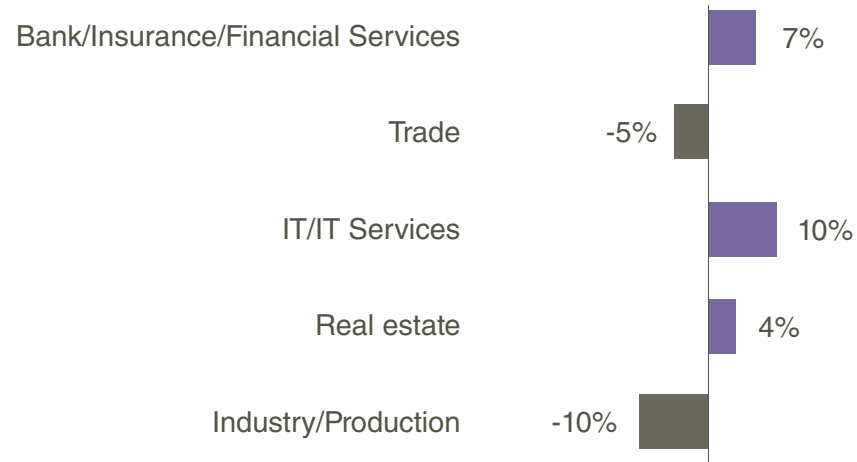
## Result for blue-collar workers:

An average total gross salary of EUR 11,000 per year was calculated for a blue-collar worker. This results in a net amount of EUR 7,859 per year after deductions for social insurance and tax. The total cost to the employer is EUR 13,418 per year. The costs vary from sector to sector and are, for example, about 10% below the average for production.

## Company car

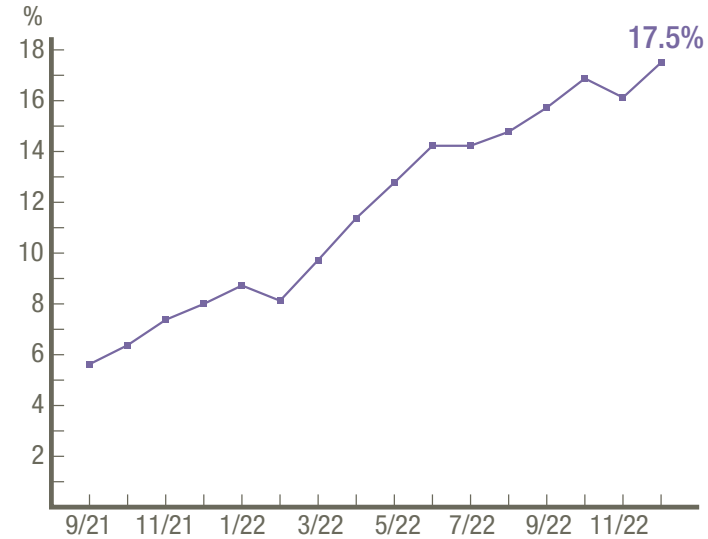
"normal" car/ electric car	Managing directors		Executives		White-collar workers		Electric car
	Acquisition value in €	Engine power	Acquisition value in €	Engine power	Acquisition value in €	Engine power	
	43,000	< 60kW / > 60kW	30,000	< 60kW / > 60kW	21,000	< 60kW / > 60kW	
Additional tax burden for employees in EUR	214 p.a. / 340 p.a.		214 p.a. / 340 p.a.		214 p.a. / 340 p.a.		NO
Additional tax burden for employers in EUR	138 p.a. / 219 p.a.		138 p.a. / 219 p.a.		138 p.a. / 219 p.a.		Partially

## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- The no. 1 topic of the future is the green energy transition. Energy and waste management have a promising future.
- Poland is one of the most important producers of vehicles and spare parts in Central and Eastern Europe.
- There is also potential in design, programming and IT. In the areas of fintech and gaming, Poland is at the forefront in Europe.
- Poland benefits from the trend towards re-shoring and near-shoring.

# POLAND

## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Poland. No further tax optimisation measures, in particular bonus payments and certain personal tax allowances, were taken into account.

### Income tax:

12% up to EUR 26,666,

portions of income above this amount: 32%.

The employee contributions to social security reduce the tax base.

### Social insurance:

Maximum contribution base only applies to pension and disability insurance; amount in 2022: around EUR 39,480 per year.

**Employer's contribution:** 20.48% of total gross remuneration, thereof 16.26% for pension and disability insurance (1.67% was used for accident insurance; the figure varies between 0.67% and 3.33%).

**Employee contribution:** 13.71% of total gross remuneration, thereof 11.26% for pension and disability insurance. Please note: Health insurance (9%) is additional (without maximum contribution base): 9% is due along with income tax.

### Ratio of net income to total labour costs:

The net rate is between 54% and 59%. It increases with decreasing income. This is due to the lower tax rate for the first income shares.

## Your expert for Poland



### Magdalena Siedlecka

Senior Manager

Accounting & Payroll Outsourcing

magdalena.siedlecka@tpa-group.pl

+48 61 63 00 500

## Personnel costs

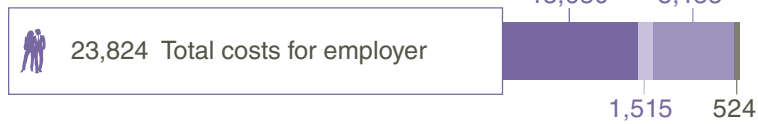
### Managing directors



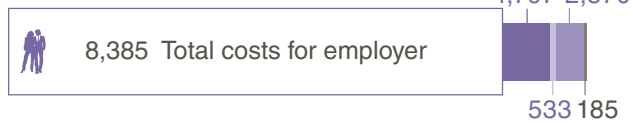
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employer social insurance contribution  
 Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

## Result for managing directors:

An average total gross salary of EUR 119,800 per year was calculated for a salaried manager. This results in a net amount of EUR 70,083 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 122,496 per year.

If the manager is also provided with a company car with an acquisition value of EUR 41,000, the additional annual tax burden for the manager is approx. EUR 350; there is no additional tax burden of substance for the employer.

## Result for executives:

An average total gross salary of EUR 49,400 per year was calculated for an executive. This results in a net amount of EUR 28,899 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 50,512 per year.

If the executive is also provided with a company car with an acquisition value of EUR 30,000, the additional annual tax burden for the executive is approx. EUR 250; there is no additional tax burden of substance for the employer.

## Result for white-collar workers

An average total gross salary of EUR 23,300 per year was calculated for a white-collar worker. This results in a net amount of EUR 13,630 per year after deductions for social insurance and tax. The total cost to the employer is EUR 23,824 per year. Costs vary from sector to sector e.g. 8% above average for IT services.

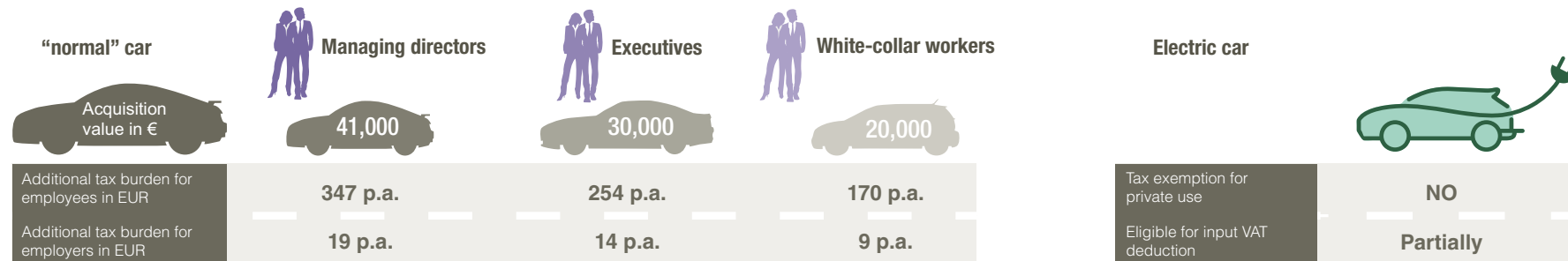
If the white-collar worker is also provided with a company car with an acquisition value of EUR 20,000, the additional annual tax burden for the executive is approx. EUR 170; there is no additional tax burden of substance for the employer.

## Result for blue-collar workers:

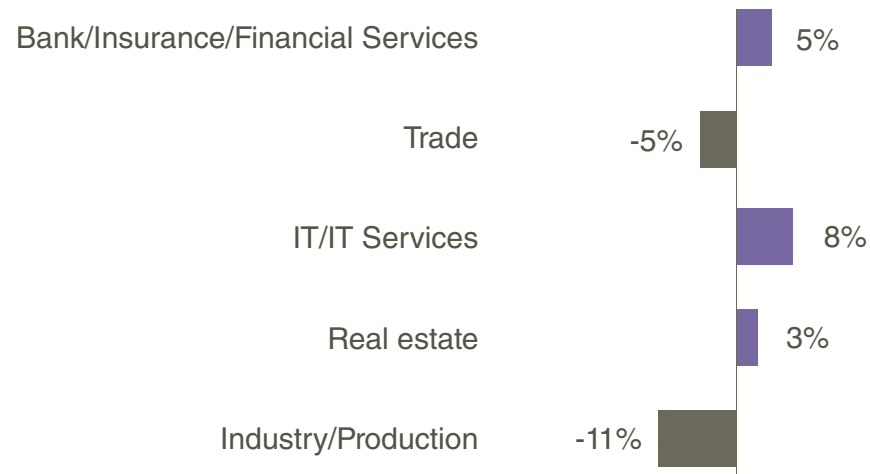
An average total gross salary of EUR 8,200 per year was calculated for a blue-collar worker. This results in a net amount of EUR 4,797 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 8,385 per year. The costs vary from sector to sector and are, for example, about 11% below the average for production.

## Company car

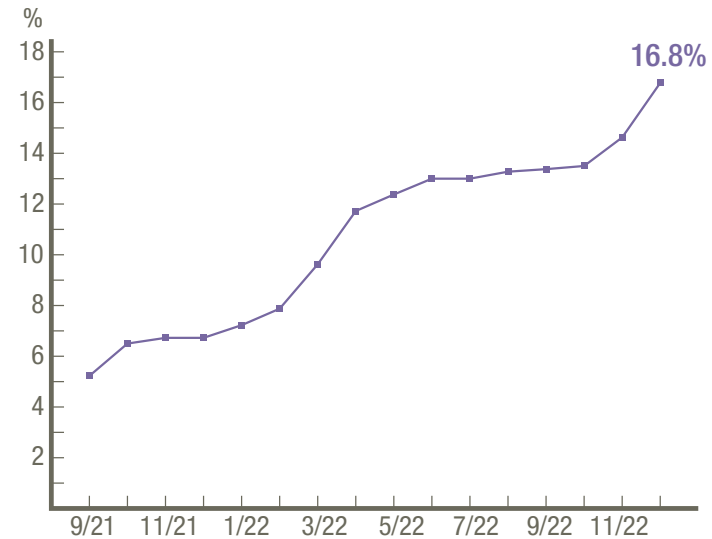


## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- Romania's economy grew by 5.9% in 2021.
- Romania benefits from the new EU funding programme 2021 - 2027 with up to 100 billion euros, with a focus on digitalisation and the environment.
- Austria's exports to Romania are at a new record high.
- Austria is the second most important investor in Romania after Germany.
- Incomes within Romania are very unevenly distributed, lowest in the north-east.
- VAT fraud and the shadow economy still account for a significant share..



## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Romania.

No further tax optimisation measures, in particular bonus payments and certain personal tax allowances, were taken into account.

### Income tax:

10% (flat).

Assessment base: total gross remuneration minus social insurance contributions.

### Social insurance:

Not capped with a maximum contribution base.

Employer's contribution: 2.25% of total gross remuneration

Employee contribution: 35% of total gross remuneration

### Ratio of net income to total labour costs:

The ratio of these parameters is the same across all groups of employees (57.5%). This system is the most transparent, so to speak. Flat rates apply when calculating tax and social insurance contributions.

## Your expert for Romania



### Claudia Stanciu

Partner / Tax Advisor

Claudia.Stanciu@tpa-group.ro

+40 21 3100669

## Personnel costs

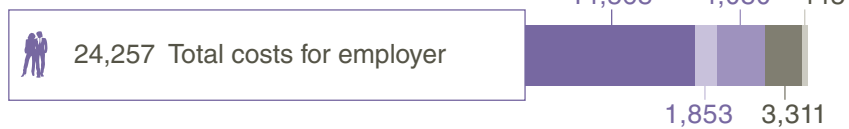
### Managing directors



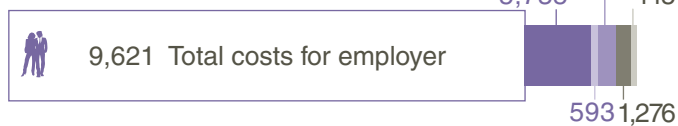
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employee social insurance contribution  
 Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

## Result for managing directors:

An average total gross salary of EUR 101,900 per year was calculated for a salaried manager. This results in a net amount of EUR 82,945 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 109,174 per year.

If the manager is also provided with a company car with an acquisition value of EUR 40,000, the additional annual tax burden for the manager is approx. EUR 2,000; the additional tax burden for the employer amounts to approx. EUR 1,100.

## Result for executives:

An average total gross salary of EUR 42,500 per year was calculated for an executive. This results in a net amount of EUR 29,990 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 49,365 per year.

If the executive is also provided with a company car with an acquisition value of EUR 29,000, the additional annual tax burden for the executive is approx. EUR 1,500; the additional tax burden for the employer amounts to approx. EUR 800.

## Result for white-collar workers:

An average total gross salary of EUR 20,500 per year was calculated for a white-collar worker. This results in a net amount of EUR 14,568 per year after deductions for social insurance and tax. The total cost to the employer is EUR 24,257 per year. Costs vary from sector to sector e.g. 8% above average for IT services.

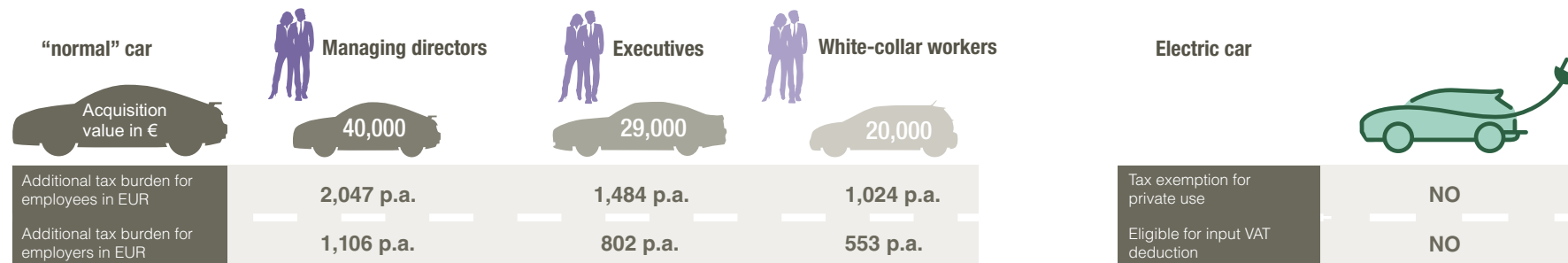
If the white-collar worker is also provided with a company car with an acquisition value of EUR 20,000, the additional annual tax burden for the white-collar worker is approx. EUR 1,000; the additional tax burden for the employer amounts to approx. EUR 550.

## Result for blue-collar workers:

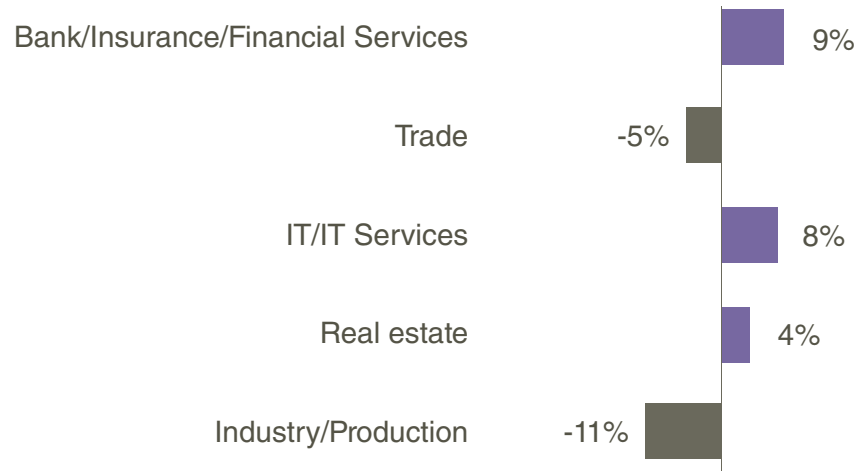
An average total gross salary of EUR 7,900 per year was calculated for a blue-collar worker. This results in a net amount of EUR 5,735 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 9,621 per year. The costs vary from sector to sector and are, for example, about 11% below the average for production.

## Company Car

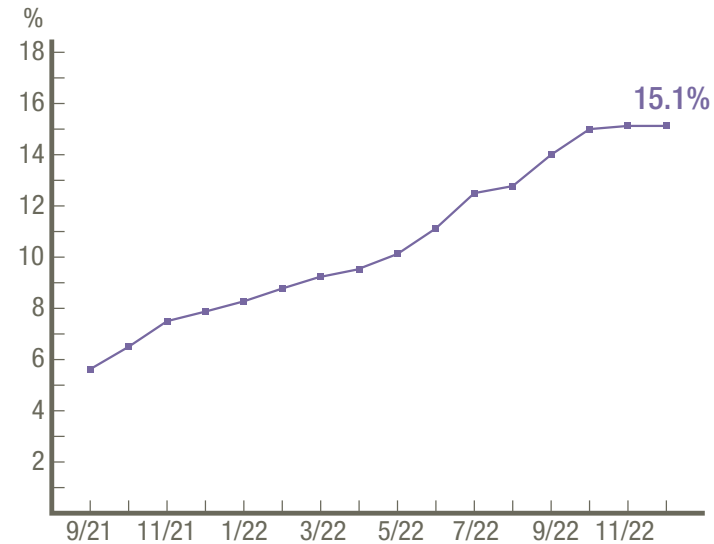


## Industry comparison based on gross amount



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- Economic slump of -1.1% in 2020 less than in neighbouring countries (agri- Economy grew stronger than expected in 2021 with +7.4%, brisk investment and construction activity)
- Despite the pandemic, the inflow of foreign investments is unbroken
- Austrian companies are mainly active in the service sector (banks, insurance, mobile telephony, petrol stations, logistics). Market entry opportunity in the environment and water/wastewater sectors.
- Inflation weighs on purchasing power
- EU accession negotiations progressing only slowly

# SERBIA

## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Serbia.

### Income tax:

10% (flat).

If an employee earns more than RSD 2,987,424 = around EUR 25,400, they must file a tax return and pay any additional tax as required. There is a progressive tax calculation in place for annual income exceeding this amount, namely 10% up to RSD 5,974,848, and 15% for portions of income above this.

Employee social insurance contributions reduce the tax base.

### Social insurance:

Essentially capped at the maximum contribution base (= five times the monthly average salary according to official statistics; 12-month reference period from October of the year before last to September of last calendar year); amount in 2022: RSD 5,293,680 = around EUR 45,090 per year

Employer's contribution: 16.65% of total gross remuneration

Employee contribution: 19.90% of total gross remuneration

### Ratio of net income to total labour costs:

The low flat tax combined with the maximum contribution base for social insurance means that the net rate is by far the highest for managing directors. The average incomes of the other groups examined are below the maximum contribution base.

## Your expert for Serbia



### Ana Perović

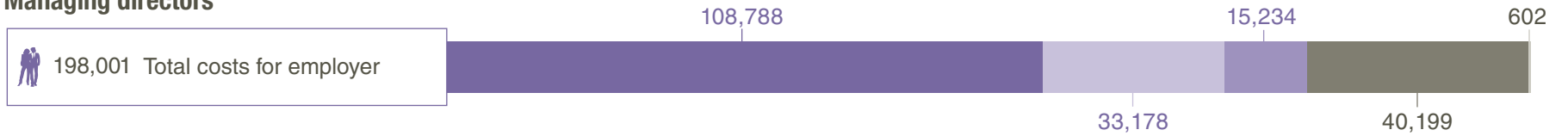
Director TAX Department

ana.peroivc@tpa-group.rs

+381 11 655 88 00

## Personnel costs

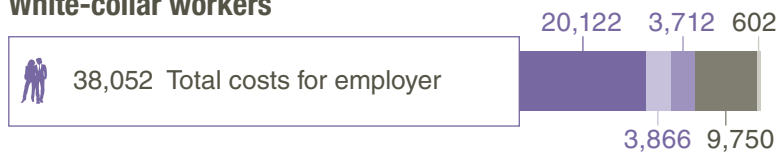
### Managing directors



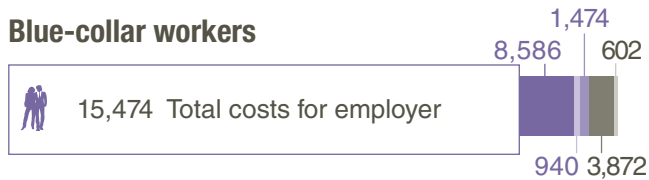
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employee social insurance contribution  
 Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

## Result for managing directors:

An average total gross salary of EUR 157,200 per year was calculated for a salaried manager. This results in a net amount of EUR 108,788 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 198,001 per year.

If the managing director is also provided with a company car with an acquisition value of EUR 40,000, the additional annual tax burden for the managing director is approx. EUR 1,400, and for the employer there are additional costs of approx. EUR 1,700 per year.

## Result for executives:

An average total gross salary of EUR 61,400 per year was calculated for an executive. This results in a net amount of EUR 42,193 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 83,614 per year.

If the executive is also provided with a company car with an acquisition value of EUR 28,000, the additional annual tax burden for the executive is approx. EUR 1,000, and for the employer there are additional costs of approx. EUR 1,200 per year.

## Result for white-collar workers:

An average total gross salary of EUR 27,700 per year was calculated for a white-collar worker. This results in a net amount of EUR 20,122 per year after deductions for social insurance and tax. The total cost to the employer is EUR 38,052 per year. Costs vary from sector to sector e.g. 7% above average for IT services.

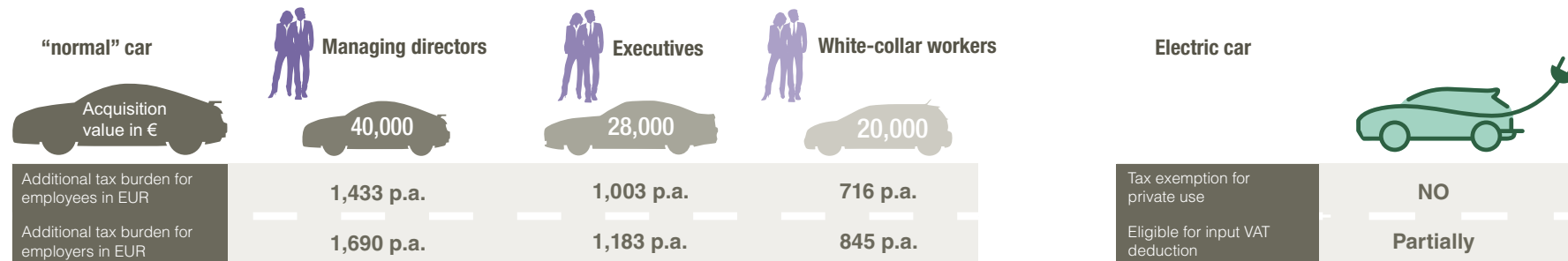
If the white-collar worker is also provided with a company car with an acquisition value of EUR 20,000, the additional annual tax burden for the white-collar worker is approx. EUR 700, and for the employer there are additional costs of approx. EUR 850 per year.

## Result for blue-collar workers:

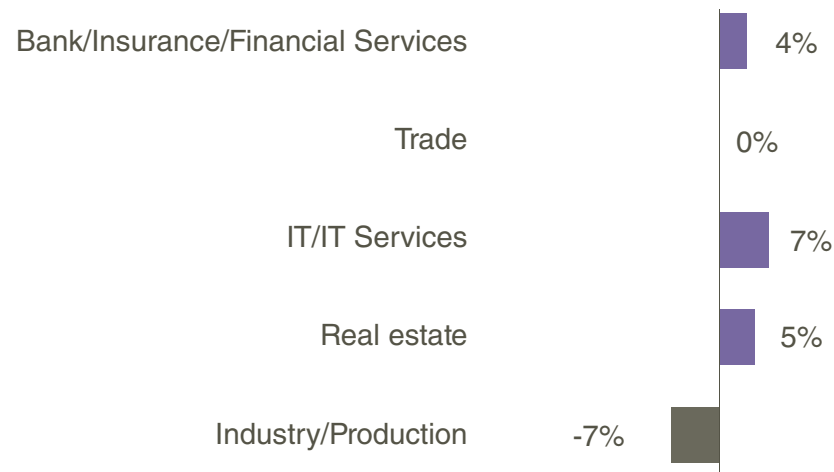
An average total gross salary of EUR 11,000 per year was calculated for a blue-collar worker. This results in a net amount of EUR 8,586 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 15,474 per year. The costs vary from sector to sector and are, for example, about 7% below the average for production.

## Company Car

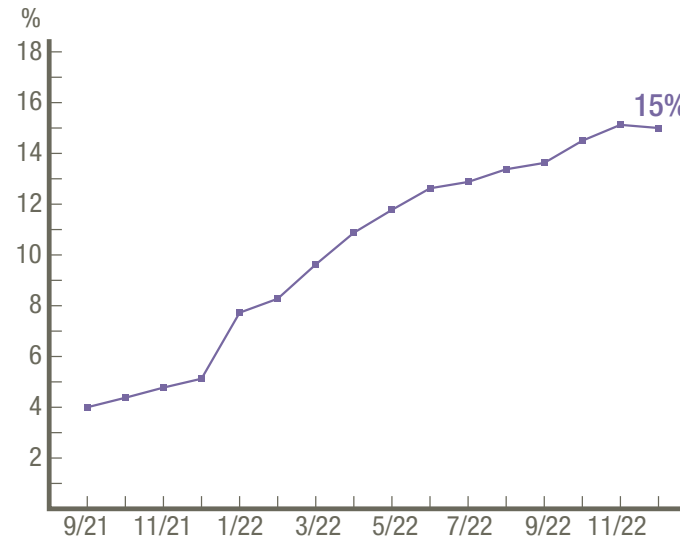


## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- GDP in 2021 was +3%, the Ukraine war is driving inflation and dampening recovery. Slovakia supports Ukraine with military material and reception of displaced persons.
- Slovakia is fully dependent on Russian oil, gas and uranium.
- The automotive sector is the main pillar of the Slovak economy (40% of industrial exports).
- West-East divide. Wages are lower in the east, especially in rural regions.
- Besides Austria, the most important investor countries are Germany and the Netherlands.
- Market opportunities arise in mechanical engineering, ICT, (tourism) infrastructure, automotive.

# SLOVAKIA



## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Slovakia.

### Income tax (EUR):

19%. For portions of income above approx. EUR 38,000: 25%.

The employee contributions to social security reduce the tax base.

### Social insurance:

Essentially capped at the maximum contribution base (health and accident insurance not capped); amount in 2021: approx. EUR 91,500 per year.

**Employer's contribution:** 35.2% of total gross remuneration (thereof 10.8% for health and disability insurance)

**Employee contribution:** 13.4% of gross total remuneration (thereof 4% for health insurance)

### Ratio of net income to total labour costs:

The ratio of these parameters is at its highest among blue-collar workers and at its lowest among executives. Blue-collar workers benefit from the lower tax rate (19%). The income of the executives is still below the maximum contribution basis, while a portion of manager income is already exempt from social insurance contributions.

## Your expert for Slovakia



### Mária Janušková

Partner / Tax Advisor

maria.janusкова@tpa-group.sk

+421 2 57 351 124

## Personnel costs

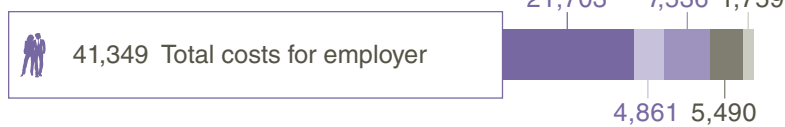
### Managing directors



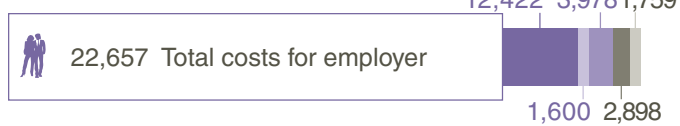
### Executives



### White-collar workers



### Blue-collar workers



Net amount for employee  
 Wage tax for employee  
 Employee social insurance contribution  
 Employer social insurance contribution  
 Other non-wage labour costs  
 All amounts in EUR

### Result for managing directors:

An average total gross salary of EUR 170,700 per year was calculated for a salaried manager. This results in a net amount of EUR 85,379 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 199,942 per year.

If the manager is also provided with a company car with an acquisition value of EUR 41,000, the additional annual tax burden for the manager is approx. EUR 5,300; the additional tax burden for the employer amounts to approx. EUR 1,500.

### Result for executives:

An average total gross salary of EUR 65,600 per year was calculated for an executive. This results in a net amount of EUR 38,402 per year after deductions for social insurance and tax. For the employer, total costs amount to EUR 77,921 per year.

If the executive is also provided with a company car with an acquisition value of EUR 28,000, the additional annual tax burden for the executive is approx. EUR 3,000; the additional tax burden for the employer amounts to approx. EUR 1,000.

### Result for white-collar workers:

An average total gross salary of EUR 34,100 per year was calculated for a white-collar worker. This results in a net amount of EUR 21,703 per year after deductions for social insurance and tax. The total cost to the employer is EUR 41,349 per year. Costs vary from sector to sector e.g. 8% above average for IT services.

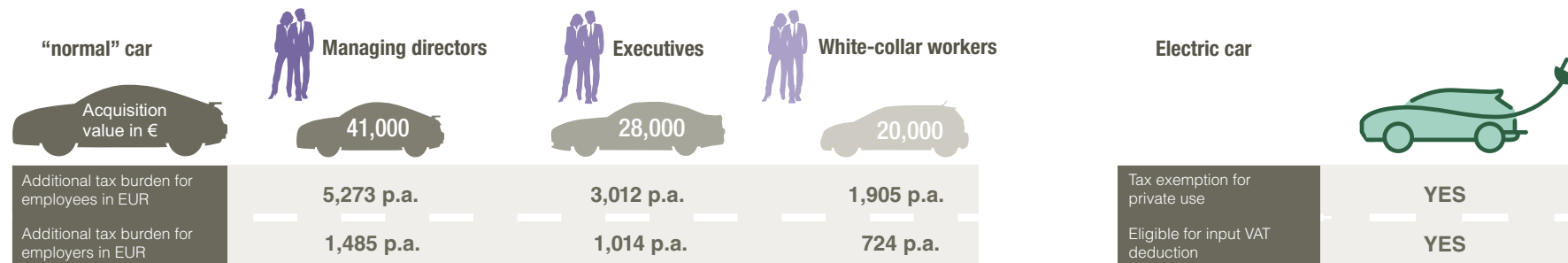
If the white-collar worker is also provided with a company car with an acquisition value of EUR 20,000, the additional annual tax burden for the white-collar worker is approx. EUR 1,900; the additional tax burden for the employer amounts to approx. EUR 700.

### Result for blue-collar workers:

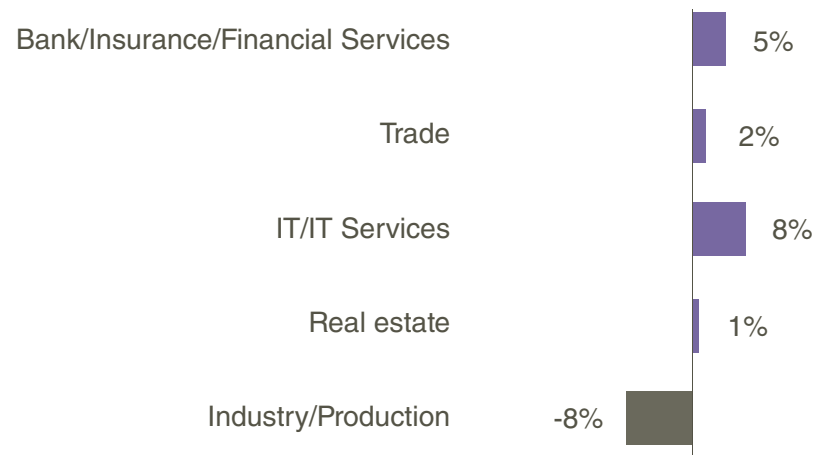
An average total gross salary of EUR 18,000 per year was calculated for a blue-collar worker. This results in a net amount of EUR 12,422 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 22,657 per year. The costs vary from sector to sector and are, for example, about 7% below the average for production.

### Company Car

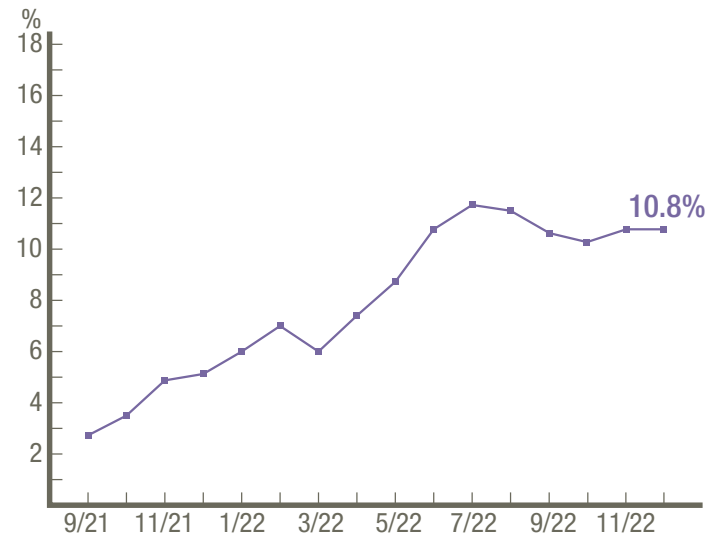


## Industry comparison based on gross amount\*



\*The % rate for the gross amount may differ from the % rate for the total cost comparison due to ancillary wage costs.

## Inflation from September 2021 to December 2022



### Selected highlights from the country report of Advantage Austria / Austrian Economic Chamber:

- 5% GDP plus estimated for 2022
- Energy crisis, skills shortages and supply chain disruption dampen growth
- Austria's share of direct investment in Slovenia is 25% (largest investor), especially in paper/cardboard production, machinery/ steel products, vehicle supplies, building materials, chemical products.
- 1/3 of the goods arriving at the port of Koper are destined for Austria

# SLOVENIA

## Notes about the calculations:

All calculations are highly simplified and based on the premise that there is 100% tax and social insurance liability in Slovenia.

### Income tax (EUR):

16% up to 8,755

26% between 8,756 and 25,750

33% between 25,751 and 51,500

39% between 50,501 and 74,160

Any portions of income above this amount: 45%.

Employee social insurance contributions reduce the tax base.

### Social insurance:

There is no maximum contribution base.

**Employer's contribution:** 16.10% of total gross remuneration

**Employee contribution:** 22.10% of total gross remuneration

### Ratio of net income to total labour costs:

The net rate decreases as income increases. This is due to the fact that there is no maximum contribution base for social insurance and the tax scale is progressive. This means that managers have the lowest net rate.

## Your expert for Slovenia



### Mojca Mlakar

Partner / Tax Advisor

Mojca.mlakar@tpa-group.si

+386 1 520 86 60

# THE AUTHORS OF THE STUDY



## Klaus Bauer-Mitterlehner

Tax advisor | Partner  
Member of the CEE Management Team  
International Contact Partner for Baker Tilly  
Member International Board of Baker Tilly

Klaus Bauer-Mitterlehner is primarily responsible for the strategic development of our offices in Central and South Eastern Europe. He has also specialised in particular in giving tax advice to real estate companies, the construction and ancillary construction trade as well as to open and closed German real estate funds when it comes to their investments in Central and South Eastern Europe.

klaus.bauer-mitterlehner@tpa-group.at  
+43 1 58835-206 | +43 664 2147811



## Thomas Haneder

Tax advisor | Partner  
Member of the CEE Management Team  
Expert for South Eastern Europe  
Certified IAS / IFRS expert

Thomas Haneder is largely responsible for the development and expansion of the TPA Group in South Eastern Europe and is in charge of the TPA offices in Albania, Bulgaria, Croatia, Montenegro and Serbia. The expert for South Eastern Europe advises companies when entering the region's markets. He specialises in international tax law and tax cross-border investments from a tax perspective.

thomas.haneder@tpa-group.at  
+43 1 58835-246 | +43 664 1266106



## Wolfgang Höfle

Tax advisor | Management consultant at TPA  
 Subject specialist and author  
 Special expert lay judge at the Supreme Court.

Wolfgang Höfle is considered to be the expert in the field of income tax and social insurance consulting in Austria. His work also includes the areas of employee postings, payroll checks and pension law.

wolfgang.hoefle@tpa-group.at  
 +43 1 58835-146

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Calculations are simplified / individual cases deviate

Photos: istockPhotos. Klaus Ranger, Ingo Petramer,

Concept, design: TPA; [www.tpa-group.at](http://www.tpa-group.at), [www.tpa-group.com](http://www.tpa-group.com)

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