Successful Secondments

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Foreword

Many companies send employees abroad. There are many things to consider here: there are specific regulations that apply to different countries, and the personal and professional needs of the individuals involved need to be taken into account as well.

When assignments are planned and realised
- the company that is posting the employee,
- the seconded employee and
- the receiving company

are key.

Every secondment should be designed individually. This is the only way that all interests can be evenly considered and the legal possibilities to reduce taxes and (social) charges harnessed.

With this brochure "Successful Secondments", the TPA Group offers up-to-date guidelines on
- labour law,
- social insurance and
- taxes

in and between the countries involved. We highlight the general design possibilities. The fact that our brochure provides a brief overview naturally means that it cannot answer every question in detail. Our local advisers will be happy to assist here.

Dr. Wolfgang Höfle

Mag. Andrea Rieser

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I. Introduction

A company accepts a lucrative order abroad; in order to fulfil the order, it needs to send its own employees abroad.

What seems so simple and logical at first is often much more complex in practice.

Many questions arise when it comes to secondments – both for the company that posts an employee to another country and for the employee being posted, as well as the receiving company abroad, e.g.:

- How are the rights and obligations between the parties contractually agreed?
- In which country is the income tax / wage tax to be paid?
- Who pays it?
- Where is the employee insured for social security during the secondment and where are they entitled to claim benefits from social insurance?

With this brochure, we would like to provide you with an overview of the different ways a secondment can be designed, along with the respective legal tax and social insurance implications. As such, this is only intended to serve as a preliminary basis for information. However, the brochure can in no way serve as a replacement for individual advice based on the specific facts of the case.

II. Principles

The term “secondment” comprises various different types. As a rule, it is used as a general term for “activity abroad on behalf of the – civil-law – employer”. This activity may be performed

- for the domestic employer abroad **or**
- for another company, but “on behalf of” the domestic employer **or**
- on the basis of a local employment contract with the foreign company directly for this foreign company **or**
- a combination of the basic variations above.

The civil-law design and how the situation is actually realised are the essential factors when determining the implications for tax and social insurance. Please read the following pages for more details here.

Should the realized actual circumstances and the contractual arrangement diverge, the way the situation is actually realised is normally material when determining the implications for tax and social insurance, as this is an expression of what the parties actually want.

A. Contract design

There are different contract designs possible:

- provision of assistance (works contract) by the posting company to the receiving company;
- secondment (staff provision) of the employee to the receiving company;
- employment contract (direct employment) for the employee at the company in the other country.

As a general rule, a **secondment always** exists if an employee is seconded by their employer to another country for a defined period of time to work there. If no work is performed at the other company, all that is required is a secondment agreement between the employee and the employer setting out the details of the secondment.

It is **not** necessary for the employee to work **exclusively** in the other country or for the other company during the time of the **secondment**. They may also sometimes work in the sending country for the company that posted them during this time.

In the case of the provision of assistance, it should be noted that this option may constitute the establishment of a subsidiary of the sending company in the other country, which can have far-reaching tax implications for the company and the employee.

There are special provisions in many legal areas when it comes to the **secondment** of employees.

If a **separate (local) employment contract** is concluded between the employee and the receiving company,

- the employment relationship with the previous employer can be terminated in full (sometimes with a pledge of re-employment) or
- it can also be temporarily suspended (leave of absence) or
- two parallel (part-time) employment relationships may also exist – this is referred to in practice as a “split contract”.

There are different legal implications in each of these cases.

The following explanations comprise all of the above-mentioned forms of secondment.

B. Labour law

Which employment contract law is applicable and which court is responsbile in case of any labour disputes are fundamental questions in the field of labour law.

Under employment contract law, the territorial principle generally applies, i.e. the employment contract law of the country in which the employee normally works applies. If, however, the employee temporarily works abroad, then there is the free choice of law. Mandatory claims of the sending country and legislation in the country of secondment may, however, not be circumvented by the choice of applicable law. The choice of law should be agreed in the contract.

Legislation from the Austrian perspective includes provisions on minimum wages **(Lohn- und Sozialdumping-Bekämpfungsgesetz [act against wage and social dumping])**, securing payments in case of insolvency, working hours and rest periods, employee's liability and employee protection, employment protection legislation and standards concerning continued remuneration.

TIP: Specific issues (such as leave, public holidays, taking out additional insurance) should be regulated in a secondment agreement between the employee and employer.

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C. Social insurance

1. Within the EU

In contrast to tax law (see Item D), social insurance is not spread across different countries when it comes to social insurance issues within the EU. It is **always only one country** that is responsible for the insurance of an employee.

The EU Regulation applies to all (current) 28 Member States, the three EEA states (Norway, Liechtenstein and Iceland) and Switzerland. The EEA states and Switzerland currently still have bilateral agreements with Croatia.

The Regulation encompasses all insured parties: i.e. employees, self-employed persons, civil servants, students and pensioners. As per the regulation for third countries, Regulation (EU) 1231/2010, nationals from third countries who are legally resident in the EU and for which there are cross-border elements in the EU are covered by the Regulation (this extension to nationals from third countries does not apply to Denmark, the United Kingdom, EEA states and Switzerland).

The subject matter of the Regulation covers:

- benefits in the event of illness, parenthood, retirement, disability and death,
- benefits in the event of work-related accidents and illnesses,
- early retirement benefits,
- unemployment benefits and
- family-related benefits.

Benefits in kind are essentially provided here by the country in which the person in question lives or resides as if the person were insured in this Member State. It is, however, not possible to freely choose in which Member State the benefits in kind may be claimed. If an individual would like to go to another EU country just for medical treatment, then the costs of this treatment must be clarified in advance with the responsible insurance provider.

Cash benefits (as compensation for income tax) are – irrespective of the place of residence or stay – provided in accordance with the legal provisions of the country in which the individual is insured. Times accumulated in different countries are added together (e.g. pension contribution months for the question of whether the individual is entitled to claim a pension or not).

As already mentioned at the beginning, only one country is responsible for social insurance (principle of **single insurance**) and that is the country in which the employee works (**principle of country of employment**).

This means that the employee is subject to the social insurance in the country in which they actually work, generally irrespective of the employee's place of residence or the domicile of the employer. This may result in foreign registration and contribution laws becoming applicable.

The principle of country of employment only applies, however, if there is no exceptional rule.

The **following exceptions** and conflict-of-law rules apply when determining social security:

- exception in case of secondments for a period of up to 24 months (see Item a);
- exemption in case of a secondment (see Item a);
- conflict-of-law rules when working in two or more Member States (see Item b)

a) Secondment

If an employee is seconded to another Member State, the social insurance obligation remains in place in the sending country as per Regulation 883/2004 if the secondment does not last longer than **24 months** from the beginning.

If the secondment is planned for a period of more than two years from the outset, but not longer than five years, it is possible to apply for an **exemption** at the appropriate ministry of the sending country (the legal provisions of which should continue to apply), although there is no legal entitlement to this exemption application. If the secondment lasts longer than five years, the social insurance law (immediately) transfers to the country of work.

TIP: Special care should therefore be taken with the duration of the planned secondment when making an agreement with an employee. There are, however, countries within the EU that allow an exemption for a duration of longer than five years.

The sending company must have noteworthy activities in the host country, the secondment must not be a replacement of a previously posted employee and it must not be a triangular secondment either.

TIP: Even self-employed persons can post themselves abroad (temporarily)!

b) Working in two or more Member States

If work is performed in two or more Member States, the social insurance remains in place in the employee's country of residence if they perform **a material part of their work in the country of residence**.

The working time and remuneration are to be drawn on when assessing the materiality, although **25 % is an indicator for the materiality**.

If the employee **does not perform any material work** in their country of residence, they are subject to the following legal regulations:

- employment at a company:
  - legal regulations of the Member State in which the company is domiciled;
- employment at two or more companies domiciled in a Member State:
  - legal regulations of the Member State in which the companies are domiciled;
- employment at two or more companies domiciled in two Member States, of which one is the Member State of residence:
  - legal regulations of the Member State in which the company outside the Member State of residence is domiciled;
- employment at two or more companies, at least two of which are domiciled in different Member States outside the Member State of residence:
  - legal regulations of the Member State of residence.

TIP: If the employer's country of domicile and the employee's country of residence – as in most cases – are the same, no material part of the work needs to be performed in the country of residence in order for the social security law of the country of residence = **country of domicile of the employer** to continue applying.

TIP: In case of two employment contracts (e.g. working from Tuesday to Thursday at the subsidiary in another EU country, Monday and Friday at the parent company in Austria), the social security law of the employee's country of residence continues to apply because a material part of the work is performed in Austria.

c) Special regulations in case of self-employed work in addition to employment

For the sake of completeness, we would also like to point out the following: if the employee also performs self-employed work in addition to their work as an employee, the country in which the **employed work** is performed is responsible for the social insurance in respect of any income (from employed or self-employed work). There are also special regulations concerning employees on ships and civil servants with several jobs.

d) Carrying out the insurance

The country that is responsible for the social insurance insures the activity or activities / employment relationships in accordance with its national regulations. A foreign employer is then subject to the notification and contribution laws of the responsible country.

The responsible country must issue the **PD A1 certificate**, which is then to be taken by the employee being seconded. If this certificate has been issued, the other country may not levy any social insurance contributions.

If, however, it turns out in a dispute between the two countries concerned that the insurance was not performed properly, there may be a reversal. In such a case, the national rules on limitation periods must also be observed.

2. Outside the EU

If EU standards are not applicable to the secondment, the next step is to determine if there is a **bilateral agreement on social insurance** in place. Bilateral agreements normally provide for a secondment duration of two or five years.

They are – in contrast to EU standards – to be applied even if the secondment is planned to be longer than two or five years from the outset. The agreements normally cover health, pension, accident and unemployment insurance. The scope of subject matter and personal validity is to be respectively checked in detail.

If there is no applicable agreement, only the – respective – national law shall apply. In such an event, **double or even multiple insurance** may occur.

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D. Taxes

1. Unlimited / limited income tax liability

Unlimited tax liability essentially means that the country of residence or domicile taxes the entire, worldwide income of the taxpayer. This includes income from another country. As a general rule, a person is subject to unlimited tax liability in a state where this person has a (permanent) residence or a habitual abode.

Limited tax liability, on the other hand, means that a country – put simply – only taxes income from its "sources". A country usually provides for limited tax liability for so-called non-resident taxpayers in case of certain types of income, such as for employed work carried out in the country's territory.

A country determines itself in its respective law on income tax when it views a natural person as having unlimited or limited tax liability.

If an individual lives in one country and has the centre of their life there (close personal and economic ties), but works in another country, this person may be liable to income or wage tax in both countries:

- unlimited tax liability in the country of residence
- limited tax liability in the other country.

2. Double taxation agreement

In order to avoid double taxation on income, many countries have concluded so-called double taxation agreements (DTA). A DTA is an agreement between two countries which stipulates **which country may exercise its taxation right** and how the country of residence must avoid any double taxation. A DTA does not create a taxation right, but merely divides the taxation rights between the two countries.

TIP: Check carefully which double taxation agreement applies to your case.

If an employee has a residence **in both countries** (e.g. their family residence in Austria and their flat abroad), they are probably subject to unlimited tax liability in both countries pursuant to the respective domestic laws. In this case, the residency is to be checked in accordance with the respectively applicable DTA.

TIP: If an employee is assigned to a country with which their country of residence has not concluded a double taxation agreement, it must be checked whether the country of residence has (unilaterally) passed legislation domestically that prevents double taxation in such instances.

3. Residency within the meaning of a DTA

In order to assign the taxation right, it must be clarified in which country the employee is resident within the meaning of the DTA, i.e. which country is the country of residence. To his end, the following factors (so-called **tie-breaker rules**) are to be checked in the following order:

1. An individual is basically deemed to be a resident of the country in which they are liable to taxation pursuant to the applicable law due to their place of residence, their the habitual abode or another similar feature.
2. If they are resident in both countries, they are only deemed to be resident of the country in which they have a habitual abode.
3. If they have a permanent place of abode in both countries, the centre of vital interests of the person is considered.
4. If the centre of vital interests cannot be determined, a person is deemed to be a resident of the country in which they have their habitual abode.
5. If the individual does not normally reside in either country or if they normally reside in both of the countries, they are deemed to be a resident of the country whose nationality they hold.
6. If it is not possible to determine residency in this way either, the authorities of the countries in question must reach an agreement through a mutual agreement procedure.

As an employee who carries out cross-border activities normally has two places of residence, the **"centre of their vital interests"** (bullet point 3 above) is normally the most important criterion. This refers to the place where the taxpayer has closer personal and economic relations.

However, the **personal relations** are, in most cases, more important than the economic ones. The following criteria are indicative of close personal relations: family residence, religious, cultural, sporting, artistic, social or community activities, memberships, retirement planning at a certain location, etc.

The country in which the person's life interests are centred is, according to DTA law, deemed to be the country of residence; the other country is deemed to be the source country which may only tax income assigned to is as per the DTA.

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As already stated, a DTA does not create a taxation right, but **merely divides the taxation rights between the two countries**. Nor does it contain any provisions as to how such a taxation right accorded to a country is exercised by the respective country.

Each country carries out the actual taxation autonomously. It may, in turn, make a distinction between taxpayers with limited and unlimited tax liability under domestic law, and tax these differently.

4. Income from employment

The DTA concluded by Austria stipulates the basic rule of the **taxation right of the country of residence** of the employee being seconded. As a result, residency is to be determined according to the criteria above.

The **location of work principle** is stipulated by the DTAs as an exception: if the work is performed in another (DBA contract) country, this country has the right to tax this income.

a) Exception from the location of work principle

There is however, in turn, a **counter-exception** from the location of work principle (does not apply, however, to cases of employee secondment or staff provision – see here letter b). The right to tax income remains with the country of residence if

- **(1)** the recipient does not spend more than 183 days in the other country within a calendar or tax year or within a 12-month period that begins or ends within the tax year in question **and**
- **(2)** the remuneration is paid by or for an employer that is not domiciled in the other country **and**
- **(3)** the remuneration is not paid by an establishment that the employer has in the other country.

Only if **all three conditions** are met together does the **taxation right remain with the country of residence** of the employee, despite the place of work being abroad.

If only one of these conditions is not met, the seconded employee is retroactively – i.e. from the first day of work – made liable for income or wage tax in the **country of work**.

Special rules apply to employees in the international shipping and aviation industry. Individual DTAs also stipulate special regulations for cross-border commuters, as well as for compensation for supervisory board members and managing directors. Moreover, there are regular special provisions for students, professors, orchestra members, (entertaining) artists, sportspersons, civil servants and pensioners.

ad (1) 183 days rule

The 183 days rule is the most important exception to the location of work principle. In the case of an assignment abroad that does not exceed six months, the taxation right (provided the other two conditions are also met) does not transfer to the other country but remains with the country of residence. Without this simplification rule, every employee who – even only briefly – works abroad would become immediately liable for tax in that country.

The physical presence in the country of work is definitive when calculating the 183 days – i.e. for the question of whether the tax liability remains with the country of residence or not. Partial presence, i.e. parts of days such as the days of arrival or departure, are counted as full days. Furthermore, all days on which the person is present in a "country of work", i.e. including holiday, illness, weekends, public holidays, etc., are considered in this calculation.

TIP: In order for the exception rule to be applied, **exact records** of the employee's times of arrival and departure (travel calendar) must be kept. The tax authorities examine these very closely and strictly.

The division of taxation rights to income is based on the actual working days performed in the respective country. In the event of any work in another (third) country which does not have its own taxation right according to the DTA, the country of residence shall have the taxation right.

ad (2) Domicile of the employer

In addition to the 183 days rule, the NON-residency of the employeR in the country of work is important.

An employer is basically deemed to be a resident, according to the DTA, if they are liable to taxation pursuant to the law of a country due to their place of residence, habitual abode, place of management or another similar feature. Legal entities are generally considered to be domiciled where the place of the actual management is located.

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ad (3) Business establishments of the employer in the country of work

Another important factor is that the employer does not have its own business establishment in the country of work. A business establishment is basically a permanent, fixed local facility to exercise all or some of the company's activities, e.g. a branch office, agency, manufacturing plant or workshop.

TIP: In practice, a business establishment within the meaning of a DTA is normally only assumed after a period of six months.

Some more recent DTAs also provide for a so-called **service business establishment**. In such cases, there is no need for a fixed facility in another country for a business establishment to be created.

Digression: "Business establishments for income tax purposes"

The issue of "business establishments for income tax purposes" has come under increased scrutiny by tax authorities due to stricter **regulation** at EU level.

- The home office of an employee may constitute a business establishment, particularly if this is also given as the contact address for customers.
- The work of a field representative (without the power to conclude agreements) may constitute a business establishment, even if they are only involved in negotiating key contract components.

If a secondment is designed as **provision of assistance** and premises are made available for (joint) use by the seconded employee by the company at which the employee will work for their employer, this may also result in the creation of a business establishment for the sending company. Exactly how the work is handled here must be examined very closely.

In addition to the allocation of taxation rights in respect of the employee's remuneration in the country of work, the creation of a business establishment also leads to income-tax liability and normally also VAT liability on the part of the sending company. There may also be further-reaching, domestically regulated (payment) obligations for the company.

b) Economic versus civil-law employer

Some countries – **including Austria** since the middle of 2014 – assess the term "employer" from an economic perspective. In the event of a secondment (staff provision), it must therefore be **checked** whether the sending company is still to be considered as the **employer** when applying the DTA (legal perspective).

As part of the economic perspective, the feature of being an employer depends on who is an employer from an economic perspective (according to the typical functions of an employer). The company that economically covers the costs for the assigned employee is to be considered the economic employer.

That means that if as part of a (Group) secondment, the costs are charged to the foreign company to which the employee was assigned, the employing company is generally to be considered the economic employer.

The consequence here is that the exception presented under Item a) does not apply and the employee is liable for tax in the other country from the first day of their work as part of the assignment.

The Austrian perspective

In the event of **inbound secondments** (= secondments to Austria from another country), the tax authorities take the view, in the case of an assignment, that this refers to an economic employer and that there is an immediate taxation right in Austria.

In the event of **outbound secondments** (= secondments from Austria to another country), Austria only waives its taxation right in the case of an assignment if the other country also follows the definition of an economic employer and (demonstrably) taxes the employee from the first day of work.

Here, there may be differing viewpoints taken by the respective national tax authorities, in particular always when the sending country takes the civil-law perspective and the country of work takes the economic perspective. This may make it necessary to launch a so-called mutual agreement procedure.

In the meantime, the economic employer perspective is applied in almost every country in which the TPA Group is active (with the exception of Poland).

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5. Special features for foreign nationals under Austrian tax law

a) Flat-rate professional allowance for expats

Since 2016, Austria stipulates that in the case of expats – i.e. workers sent by internationally active companies to Austria (e.g. to a branch office or affiliated company) – a special flat-rate professional allowance may be

- considered by the employer in its payroll accounting to reduce the tax burden or
- applied for by the employee when filing their tax return.

The **flat-rate professional allowance amounts to 20%** of the contribution basis, but no more than EUR 10,000.00 per calendar year. The allowance is to be pro-rated if the employee joins or leaves during the year. The contribution basis is the gross remuneration minus tax-free or tax-deductible remuneration components (e.g. special payments within a sixth part of the year, tax-free overtime payments).

The **following prerequisites** must be met for availment of the flat-rate allowance:

- employment on behalf of a foreign employer in Austria as part of an employment relationship with an Austrian employer (Group company or domestic payroll tax business establishment);
- employment in Austria only on a temporary basis (maximum of five years);
- the employee had no place of residence in Austria during the past ten years;
- the previous place of residence abroad is retained; and
- Austria has the right to tax the employee's income.

If it is planned from the outset that the period of employment in Austria will last longer than five years, the flat-rate allowance may not be claimed. This also applies in the case of a fixed-term employment relationship with the option of extending the employment relationship beyond five years.

If the flat-rate allowance is claimed, no additional professional expenses may be claimed. The employee shall, however, always be free to claim **actual professional expenses that are higher** instead of the flat-rate allowance.

b) Immigration benefit for certain groups of people

In the case of people who arrive from abroad to promote **science and research, art or sport** so the move is in the public's interest, there are tax benefits available in Austria under certain conditions.

The benefit is such that an additional tax burden arising from the move to Austria should be eliminated. The additional tax burden is to be avoided by ensuring that the taxation of foreign income in Austria does not exceed that of the country of origin. Only the domestic income generated in Austria is subjected to regular taxation.

In the case of **scientists and researchers**, the immigration benefit was expanded and made even more attractive in 2016. In the case of these top talents, there is also a **flat-rate allowance of 30%** applicable to the income taxed at the usual rates, which is aimed at compensating for the additional costs of moving to Austria and the tax disadvantage attributable to domestic income. This allowance is, however, limited to five years.

If the allowance is granted, no additional company expenses, professional expenses or exceptional expenses connected to the move to Austria may be claimed.

c) Application for unlimited tax liability

The tax liability of individuals without a place of residence or habitual abode in Austria is limited to just their domestic income. As part of their income tax return – which is also voluntary – an amount of EUR 9,000.00 is added to the tax base in the case of limited tax liability. This amount does not come into effect during ongoing payroll accounting. This means that, due to the standard tax-free allowance of EUR 11,000.00, individuals with a limited tax liability only have a basic tax-free income of EUR 2,000.00. It is therefore often worth considering establishing a (secondary) place of residence in Austria (this leads to unlimited tax liability in Austria with all the associated advantages and disadvantages).

EU/EEA citizens who are not resident in Austria but earn most of their income here (at least 90% of their income is generated in Austria, or the foreign income does not exceeded a total of EUR 11,000.00) may opt for unlimited tax liability in their tax assessment or income tax return. Despite unlimited tax liability, only the Austrian income will be taxed here. However, EUR 9,000.00 is no longer added when the assessment is made. In addition to this, personal tax credits (in particular single earner, single parent or child support tax credits), special expenses and exceptional expenses may be claimed.

II. Principles

6. Avoiding double taxation

The so-called “methods article” of the respective DTA regulates how to avoid double taxation. There are two options here:

- exemption method subject to progression;
- credit method.

The exemption method means that the foreign income is not taxed in the country of residence. However, the county of residence includes this income when determining the tax rate applicable to the rest of the individual’s income (subject to progression).

In contrast, the credit method means that the country of residence taxes the individual’s entire, worldwide income but deducts any tax already paid in the country of work from the tax due (sometimes only partially); in any case, the credit is limited to the amount of tax payable in the country of residence.

III. Examples

A. Net salary

2017	EUR	EUR	EUR	EUR	EUR
Gross salary:	**40.000**	**60.000**	**90.000**	**120.000**	**150.000**
Albania [1]	28.830	43.550	65.630	87.710	109.790
Bulgaria [1]	34.085	52.085	79.085	106.085	133.085
Croatia [1] [2]	24.646	34.105	49.316	65.709	82.102
Austria [3]	27.754	38.339	55.816	73.179	90.065
Poland [1]	26.740	39.971	60.127	79.663	98.585
Romania [1]	28.056	42.080	63.126	84.168	105.211
Serbia [1]	30.143	48.143	75.143	102.143	129.143
Slovakia [1]	28.058	41.071	61.672	83.272	104.872
Slowenia [4]	22.876	33.159	47.477	59.250	70.935
Czech Republic [1]	27.560	41.660	63.305	84.950	106.595
Hungary [1]	26.600	39.900	59.850	79.800	99.750

The following calculation examples are essentially based on employment in the country in question (full income tax and social insurance in the respective country), the taxpayer is not married and does not have any children.
1) The currency translation was made using the rate at the beginning of 2017.
2) The employee works in Zagreb (18 % municipal tax).
3) Payment is made 14 times and the allowance for special payments has been accounted for.
4) The calculation does not include the negligible statutory special payment (recourse) or the travel and board fees that must be paid out under labour law. The general tax credit has been accounted for.

B. Total costs

2017	EUR	EUR	EUR	EUR	EUR
Gross salary:	**40.000**	**60.000**	**90.000**	**120.000**	**150.000**
Albania	41.972	62.312	92.822	123.332	153.842
Bulgaria	42.929	62.929	92.929	122.929	152.929
Croatia	46.880	70.320	105.480	140.640	175.800
Austria	52.281	78.369	113.159	145.868	178.577
Poland	46.493	67.363	98.668	129.973	161.278
Romania	49.384	74.069	111.107	148.144	185.176
Serbia	45.370	65.370	95.370	125.370	155.370
Slovakia	54.320	81.480	118.358	151.778	185.198
Slowenia	46.440	69.660	104.490	139.320	174.150
Czech Republic	53.800	78.238	111.088	143.938	176.788
Hungary	49.400	74.100	111.150	148.200	185.250

III. Examples

C. Net salary to total costs

2017	EUR	EUR	EUR	EUR	EUR
Gross salary:	**40.000**	**60.000**	**90.000**	**120.000**	**150.000**
Albania	68,69 %	69,89 %	70,71 %	71,12 %	71,37 %
Bulgaria	79,40 %	82,77 %	85,10 %	86,30 %	87,02 %
Croatia	52,57 %	48,50 %	46,75 %	46,72 %	46,70 %
Austria	53,09 %	48,92 %	49,32 %	50,17 %	50,43 %
Poland	57,51 %	59,34 %	60,94 %	61,29 %	61,13 %
Romania	56,81 %	56,81 %	56,82 %	56,81 %	56,82 %
Serbia	66,44 %	73,65 %	78,79 %	81,47 %	83,12 %
Slovakia	51,65 %	50,41 %	52,11 %	54,86 %	56,63 %
Slowenia	49,26 %	47,60 %	45,44 %	42,53 %	40,73 %
Czech Republic	51,23 %	53,25 %	56,99 %	59,02 %	60,30 %
Hungary	53,85 %	53,85 %	53,85 %	53,85 %	53,85 %

D. Conclusion

Bulgaria has the lowest charges for taxes and social insurance. This means that the employee receives the highest net amount here.

Slovenia has the highest charges for taxes and social insurance, which means that the employee receives the lowest net amount here.

Despite the fact that the 13th and 14th payments are only subject to a tax rate of six percent, Austria has the third highest charges for taxes and social insurance, after Croatia and Slovenia. On average, the employee only receives around 50 % of the total remuneration.

This confirms the general rule in Austria that the employee costs the employer twice as much as the amount paid out according to the "pay slip".

Notes

TPA locations

TPA has 12 offices in Austria. Furthermore we are present in the following 10 countries in Central and South Eastern Europe: Albania, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia.

All our offices and contact persons can be accessed at:

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