

Tax Brochure

Salary and Social Security Tax | 2015



A European Comparison

The AGN European Region conducts annual surveys of corporate taxes, parent companies, self employed, value added (VAT), salary and social security and inheritance taxes. These surveys have been produced for a number of years and provide interesting comparisons from year to year and from country to country and give an insight into trends.

Europe feels like it is getting smaller with both people and companies shopping around for tax friendly places to settle. The EU tries to make life easy with freedom of movement for workers as a fundamental rule. Reality is, however, quite different as taxes are not harmonised at Community level.

The objective of the survey is to establish how much of an employee's gross salary is left after income tax and social security charges. It also calculates the employer's social charges allowing comparison of the cost of employment to an employer. The survey is based on a married individual with two children, annual gross salary of €100,000, a company car costing €40,000 when new, and paying annual mortgage interest of €7,500.

Countries Covered: The 2015 survey covers 27 countries, 22 members of the EEA (including Isle of Man) as well as, Russia, Serbia, Turkey, Ukraine and Switzerland.

Results of the 2015 Survey

Most countries made only slight changes. France became cheaper compared to last year so the country that was the most expensive for an employer remained so. That makes France still the most expensive country to hire an employee because of an employer's social security contribution of €42,133. Likewise employees are still much better off in Russia than Finland. (Almost twice as well off.) Finland has the lowest net salary of this survey. It is interesting to notice that Sweden and Belgium did not make any changes in the income tax and social security premiums in the last five years. Maybe this is why Belgium is one of the most expensive countries to hire employees of Europe. The country that has the most spectacular changes in social security in 2015 is Poland. In 2015 the Polish employers will pay almost a third of the amount compared to 2014. (€19,000 lower) Because of a lower income tax and a spectacular lower social security rate (€10,192 lower) an employee in Poland gets around €12,500 more Net salary in 2015 compared to 2014.

Income Tax and Social Security: To make a proper comparison it is necessary to consider both tax and social charges. For example, in France employee tax and social security are €5,047 and €21,715 respectively, and the employer's social security is €42,133. In Cyprus the employee figures are €23,548

and €4,243 respectively and the employer's social security is €7,168. In both countries the net salary retained by the individual is almost the same but the percentage cost to the employer is 148.% in Cyprus and 194% in France - a big difference! France is the most expensive country for employers with a total amount of €142,133 of cost to the employer to pay an employee €100,000 gross salary.

Company Cars are taxed in all countries, except Greece, Poland, Turkey and Russia, and the amount is generally based on vehicle catalogue price. Some use actual invoiced price, some (Isle of Man) use engine size (benefit in kind is based on engine size and efficiency, not value), and some use CO2 emissions (the Netherlands charges less tax on environmentally friendly cars).

Company Pension Scheme premiums paid by employers are taxed as a benefit in only: Cyprus, Liechtenstein, Ukraine (38%) and Luxembourg (20%).

Other Insurance Premiums paid by employers for life, sickness, invalidity and surviving spouse benefits are not taxed as a benefit in about 50% of the countries.

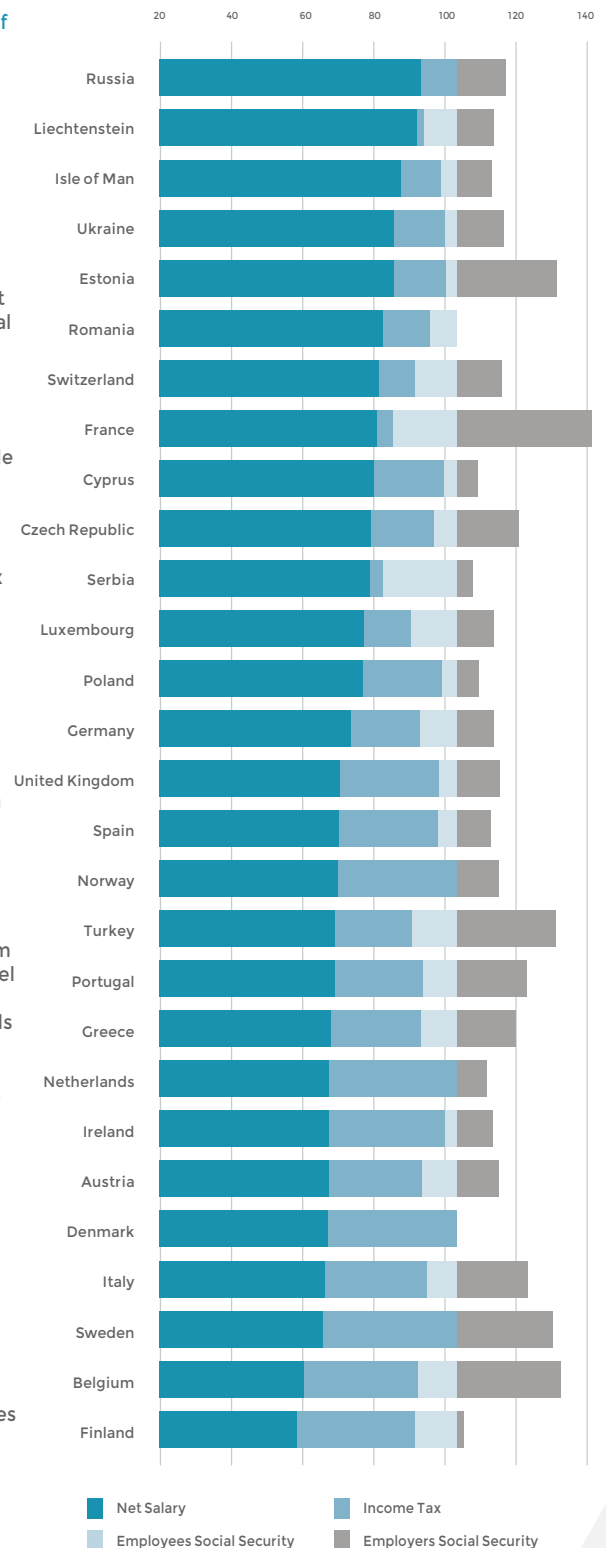
Lap-Top Computers and Internet costs are generally not treated as a benefit in kind.

Expatriate Taxation: Belgium, France, Romania, Poland, Spain and United Kingdom do not tax employer funded home visit travel nor do they tax the payment of relocation costs. Only Cyprus (20%) and the Netherlands (30%) exempt from tax a percentage of the expatriate's income.

Only Poland and Liechtenstein do not allow expatriates to buy houses there.

Conclusion

The survey shows that Russia (€87,975) and Liechtenstein (€86,536) leave the most money in the pocket of the employee and Finland the least (€46,104). However, the additional cost of employment to the employer is highest in France at 42% but 78.28% of gross salary is left in the hands of the employee. In Sweden and Turkey the total cost of employing someone is almost 2.5 times net salary, in Norway almost 2 times and in Belgium even more than 2.5 times. (278%).



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Country	Taxation of Benefits in Kind:		Declaration Date (end)	Company Accommodation	Company Accommodation Basis: % of rent paid	Insurance			Share Options	Mobile Phone	Meal & Hotel Allowance	Meal & Hotel Allowance. Non Business Limit tax free per day	Personal Deductions (max):					Insurances:			Taxation of personal income for:			
	Company Car	Calculation Method (% per annum or amount)				Company Pension Scheme	Life, Invalidity, Surviving Spouse	Total for Married 2 Children					Standard	Personal Loan interest	Mortgage Loan Interest	Life, Medical, 3rd party Insurance	Pension Insurance	Investment / Savings allowances	Education allowances	Salary taxable <= 183 days	Interest	Avoidance social security contributions	Entitlement to buy a house	
Austria	Y	18.00%	June	Y	75.00%	Y	0.00%	100.00%	Y	N	N	€ 4,40	€ 11,000.00	€ 11,000.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	N	Y	Y	Y
Belgium	Y	6.00%	September	Y	100.00%	N	0.00%	0.00%	Y	Y	N	€ 4.91	€ 11,100.00	€ 5,660.00	€ 0.00	€ 3,000.00	€ 1,830.00	€ 610.00	€ 0.00	€ 0.00	N	N	Y	Y
Cyprus	Y	0.00%	April	Y	100.00%	Y	100.00%	100.00%	Y	Y	N	€ 0.00	€ 1,376.00	€ 1,376.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	N	Y
Czech Republic	Y	12.00%	March	Y	100.00%	Y	0.00%	0.00%	Y	N	N	€ 0.00	€ 13,881.00	€ 1,951.00	€ 0.00	€ 10,830.00	€ 550.00	€ 550.00	€ 0.00	€ 0.00	Y	Y	Y	Y
Denmark	Y	25.00%	January	Y	100.00%	Y	0.00%	0.00%	Y	Y	N	€ 0.00	€ 5,735.00	€ 5,735.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	Y	Y
Estonia	Y	0.00%	March	Y	100.00%	Y	0.00%	0.00%	Y	Y	Y	€ 0.00	€ 9,384.00	€ 5,544.00	€ 0.00	€ 3,840.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	Y	Y
Finland	Y	0.00%	January	Y	0.00%	N	0.00%	0.00%	Y	Y	N	€ 6.10	€ 8,500.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 8,500.00	€ 0.00	€ 0.00	N	N	Y	Y
France	Y	9.00%	June	Y	0.00%	Y	0.00%	0.00%	Y	Y	N	€ 0.00	€ 10,000.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 9,634.00	€ 366.00	N	Y	Y	Y	
Germany	Y	12.00%	May	Y	0.00%	Y	0.00%	0.00%	Y	N	Y	€ 3.10	€ 20,474.00	€ 1,000.00	€ 0.00	€ 0.00	€ 3,800.00	€ 4,072.00	€ 1,602.00	€ 10,000.00			Y	Y
Greece	N	0.00%	June	Y	100.00%	N	0.00%	0.00%	N	N	Y	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	N	Y	N	Y
Ireland	Y	30.00%	December	Y	100.00%	Y	0.00%	100.00%	Y	N	N	€ 0.00	€ 4,950.00	€ 4,950.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	Y	Y
Isle of Man	Y	20.00%	April	Y	100.00%	N	0.00%	0.00%	N	N	Y	€ 0.00	€ 24,367.00	€ 24,367.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	N	Y
Italy	Y	0.00%	September 30, 2015 with reference to year 2014	Y	0.00%	Y	0.00%	100.00%	Y	Y	Y	€ 5.29	€ 1,600.00	€ 1,600.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	N	N	Y	Y
Liechtenstein	Y	10.00%	April	Y	100.00%	Y	100.00%	100.00%	Y	N	N	€ 0.00	€ 38,695.00	€ 17,727.00	€ 0.00	€ 0.00	€ 11,273.00	€ 9,695.00	€ 0.00	€ 0.00	Y	Y	N	N
Luxembourg	Y	18.00%	March	Y	75.00%	Y	20.00%	20.00%	Y	N	N	€ 7.00	€ 21,880.00	€ 1,416.00	€ 2,688.00	€ 6,000.00	€ 2,688.00	€ 6,400.00	€ 2,688.00	€ 0.00	Y	Y	Y	Y
Netherlands	Y	25.00%	April	Y	100.00%	N	0.00%	0.00%	Y	N	N	€ 4.45	€ 14,570.00	€ 7,070.00	€ 0.00	€ 7,500.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	N	N	Y	Y
Norway	Y	30.00%	April	Y	100.00%	Y	0.00%	0.00%	Y	Y	N	€ 5.00	€ 29,119.00	€ 21,619.00	€ 0.00	€ 7,500.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	N	Y	Y	Y
Poland	N	0.00%	April	Y	100.00%	Y	0.00%	0.00%	Y	N	N	€ 0.00	€ 3,512.00	€ 3,512.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	Y	N
Portugal	Y	9.00%	April or May	Y	100.00%	N	0.00%	0.00%	Y	N	N	€ 4.27	€ 946.00	€ 650.00	€ 0.00	€ 296.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	Y	Y
Romania	Y	20.00%	February	Y	100.00%	Y	0.00%	0.00%	N	Y	N	€ 8.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	N	Y	N	Y
Russia	N	0.00%	April	Y	100.00%	Y	0.00%	0.00%	Y	N	Y	€ 0.00	€ 9,100.00	€ 0.00	€ 0.00	€ 7,500.00	€ 0.00	€ 933.00	€ 0.00	€ 667.00	Y	Y	N	Y
Serbia	Y	0.00%	March	Y	1.00%	Y	0.00%	0.00%	Y	N	Y	€ 0.00	€ 5,180.00	€ 5,179.84	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	Y	Y
Spain	Y	20.00%	June	Y	100.00%	Y	0.00%	0.00%	Y	Y	N	€ 53.34	€ 16,779.00	€ 15,079.00	€ 0.00	€ 1,700.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	Y	Y
Sweden	Y	0.00%	May	Y	100.00%	Y	0.00%	0.00%	Y	N	N	€ 23.00	€ 12,250.00	€ 3,400.00	€ 0.00	€ 7,500.00	€ 0.00	€ 1,350.00	€ 0.00	€ 0.00	N	Y	Y	Y
Switzerland	Y	10.00%	April	Y	100.00%	N	0.00%	0.00%	Y	N	N	€ 0.00	€ 16,607.00	€ 4.25	€ 0.00	€ 2,063.00	€ 2,937.00	€ 3,978.00	€ 0.00	€ 7,625.00	N	N	Y	Y
Turkey	N	0.00%	Per Month,23	Y	0.00%	Y	0.00%	0.00%	Y	Y	Y	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	Y	Y
Ukraine	Y	20.00%	April	Y	20.00%	Y	38.00%	0.00%	Y	Y	Y	€ 0.00	€ 20.00	€ 20.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	Y	Y	Y	Y
United Kingdom	Y	35.00%	January	Y	100.00%	Y	0.00%	100.00%	Y	N	Y	€ 0.00	€ 60,000.00	€ 12,000.00	€ 0.00	€ 0.00	€ 0.00	€ 48,000.00	€ 0.00	€ 0.00	Y	N	Y	Y

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