



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

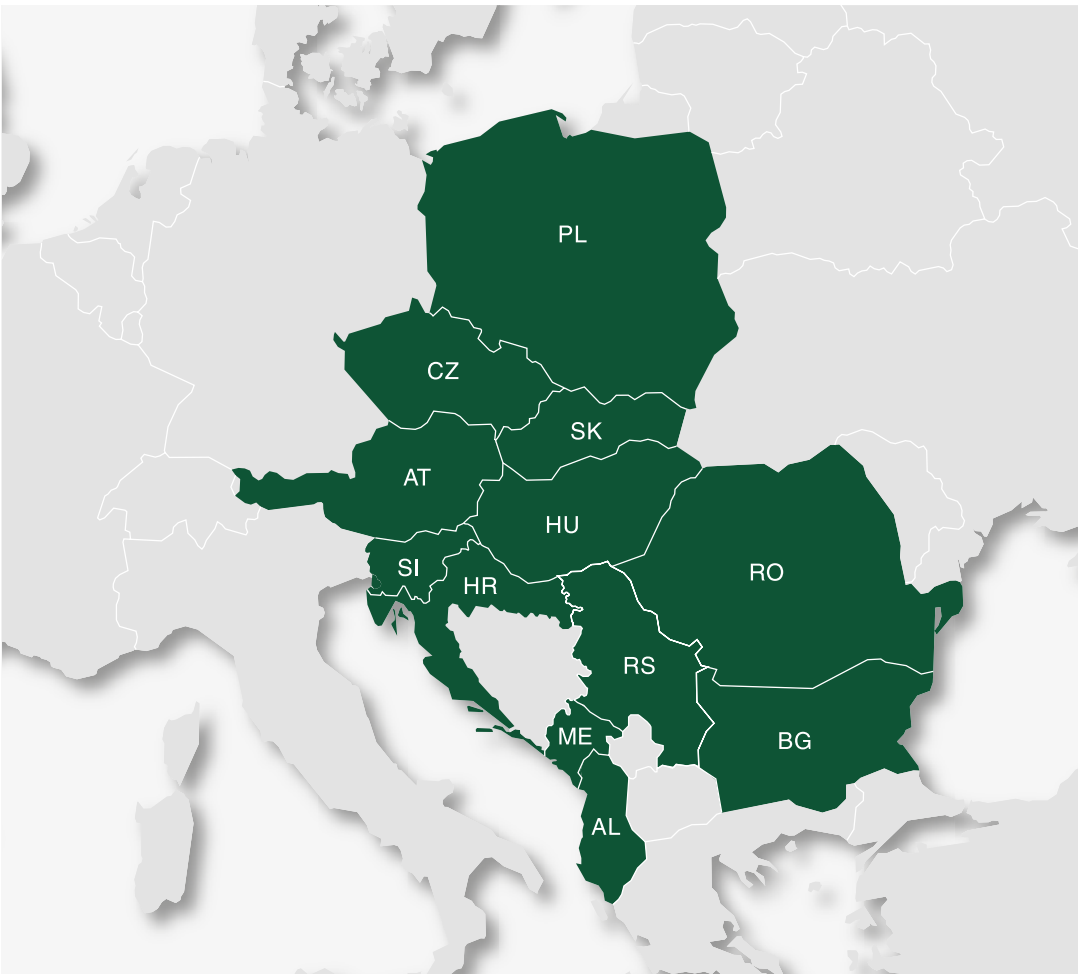


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ABOUT THE TPA GROUP



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 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

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.

As regards white-collar workers, personnel costs are consistently higher for those providing IT services: between 2% and 12%, around 5% on average.

As regards blue-collar workers, personnel costs are consistently lower for those working in production: between 4% and 19%, mostly around 10%.

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.

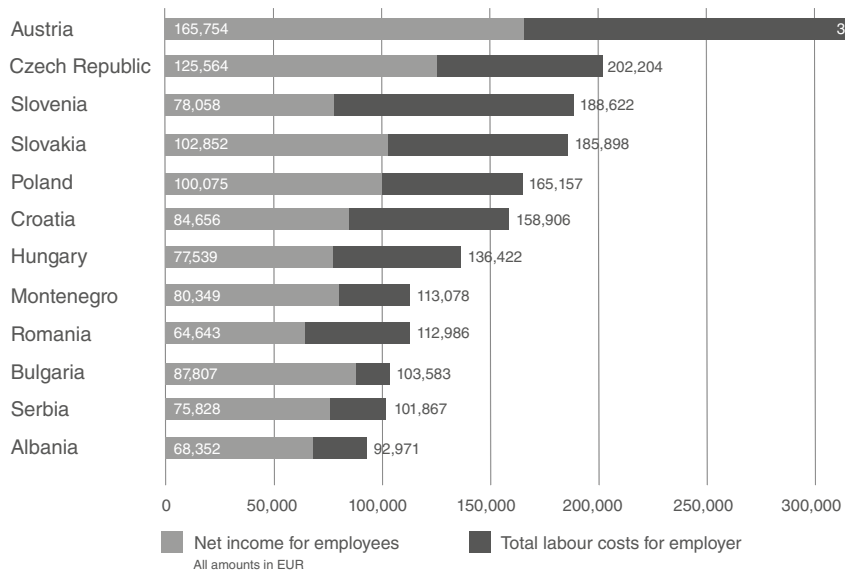
Examples here might be, for instance, relatively high per diems for business trips (e.g. Slovakia), reimbursement of costs for travelling between home and the place of work (e.g. Slovenia), meal vouchers (e.g. Romania) and others. There is no standard approach to how these are treated for tax purposes (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. 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.**

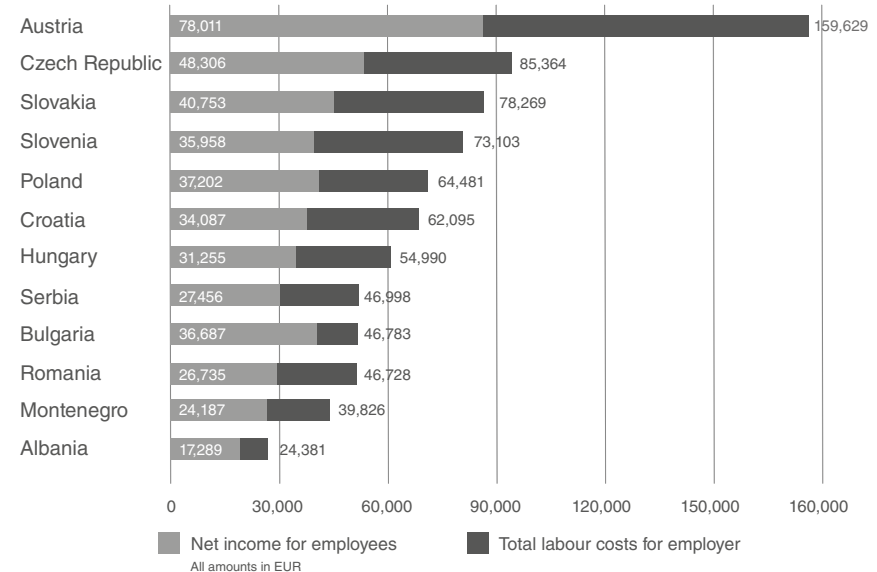
Total costs for managing directors



Executives

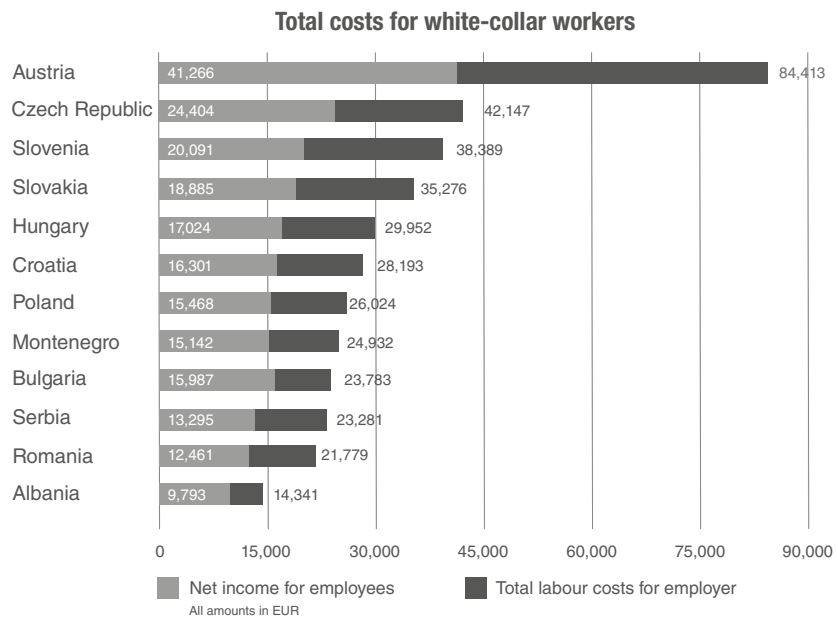
In Austria, the expected average personnel costs (gross amounts, employer social insurance contributions, non-wage labour costs) for this group are more than 85% higher than in the second-ranked country, the Czech Republic. Slovenia and Slovakia follow the Czech Republic as countries with high costs.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

Total costs for executives



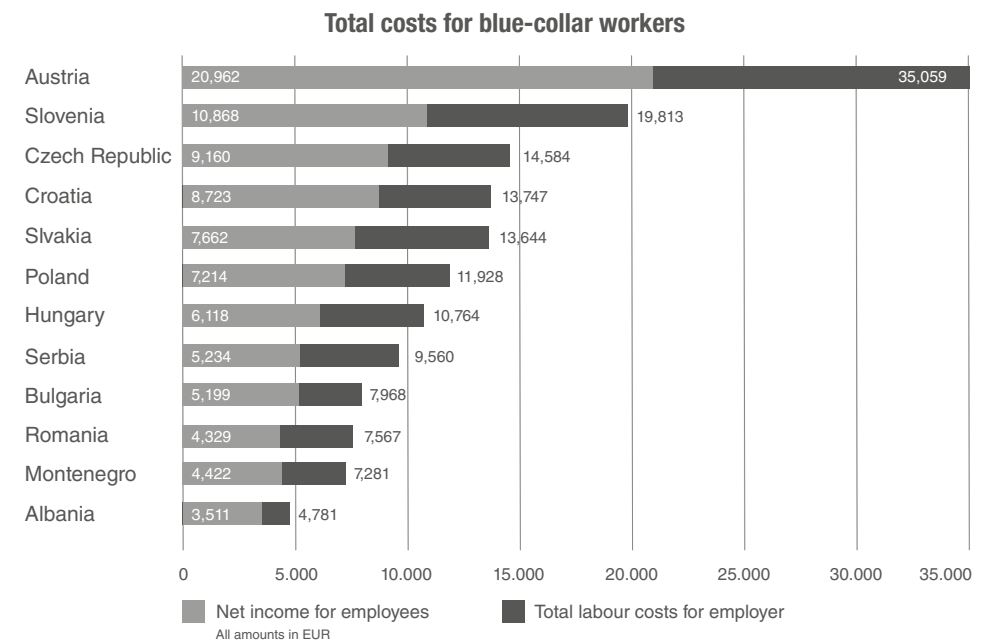
White-collar workers

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.**

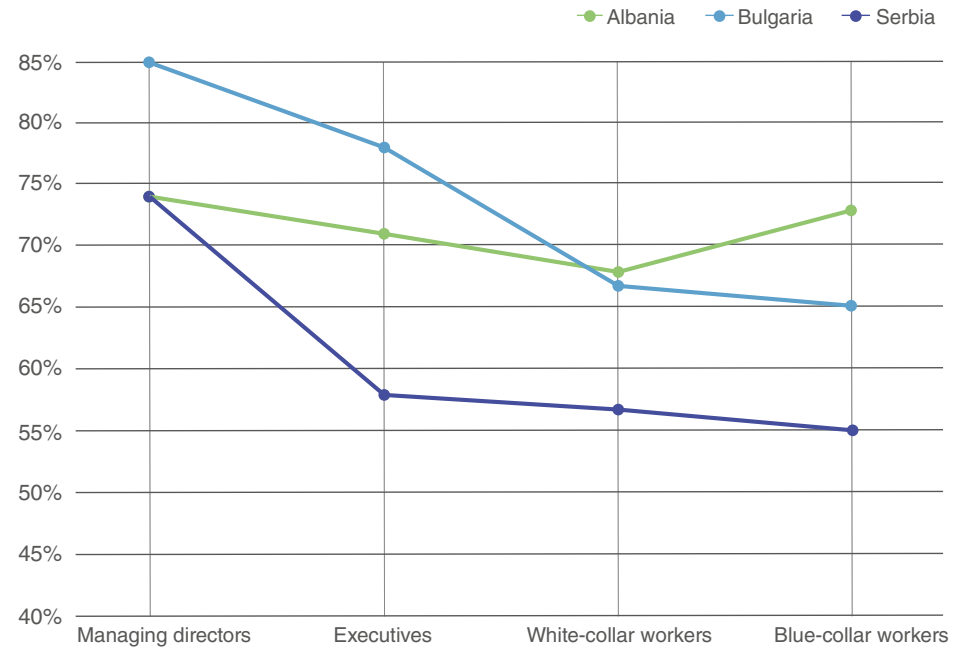
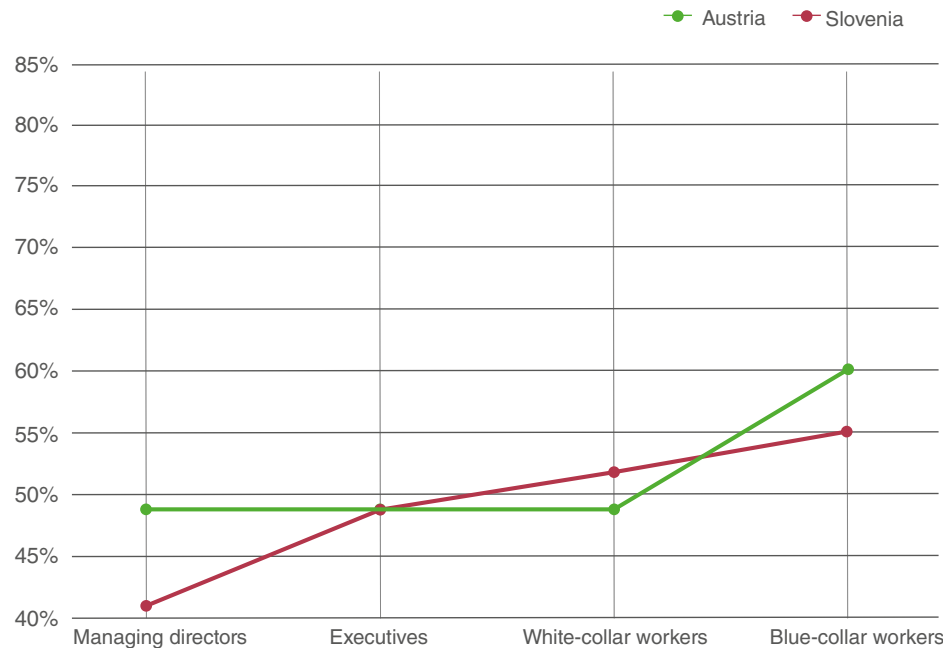


Blue-collar workers

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

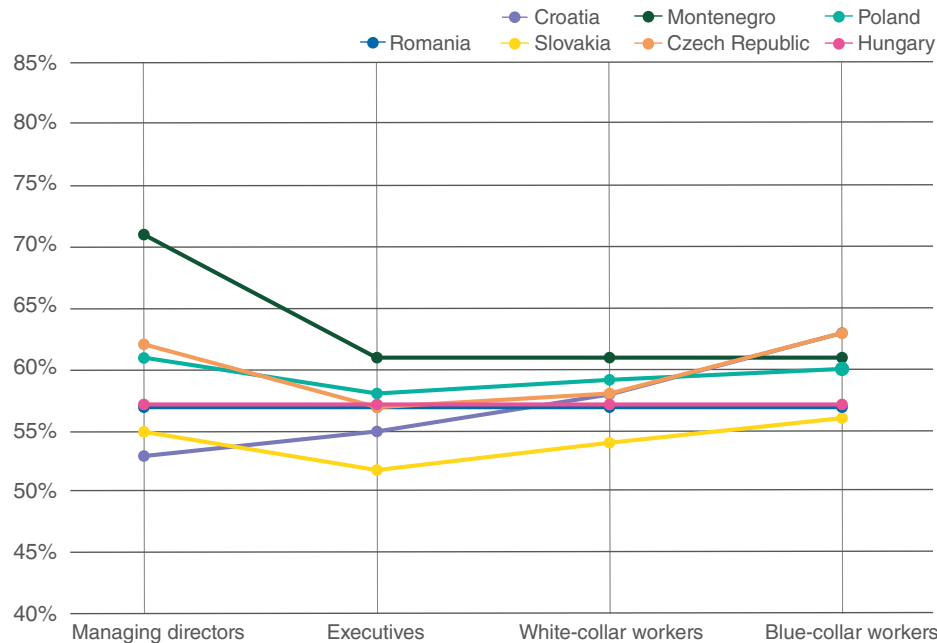


Comparing the first graph showing Austria and Slovenia with the second graph (showing Albania, Bulgaria and Serbia), the different lines clearly show the effects of the different tax and social insurance systems.

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 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%, 80% 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 (42%), 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 (71%). 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 48%).

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 2019, 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, Bulgaria and Albania again have the highest ratio of net income to total costs (around 67/68%), and Austria the lowest (48%).

As regards blue-collar workers, Albania has the highest ratio of net income to total costs (73%), followed at some distance by Bulgaria (65%). All other countries are within a range of nine percentage points (55 to 64% ratio of net income to total costs).

INDUSTRY SPECIFIC OBSERVATIONS

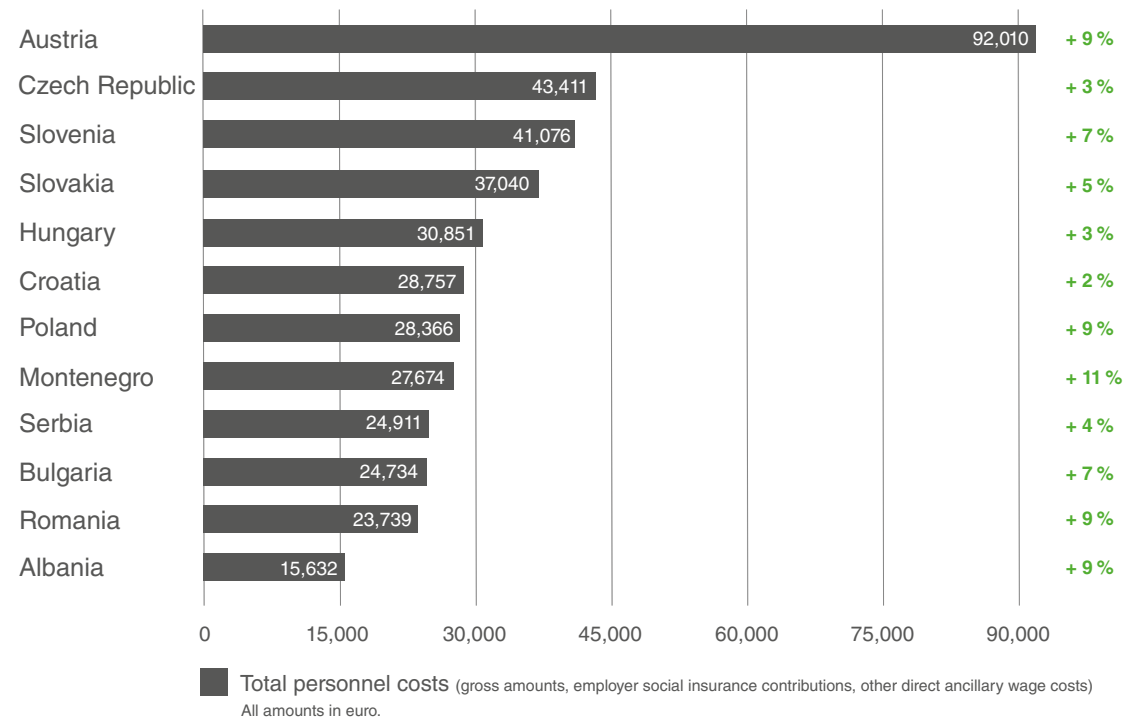
White-collar workers in the IT INDUSTRY:

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.

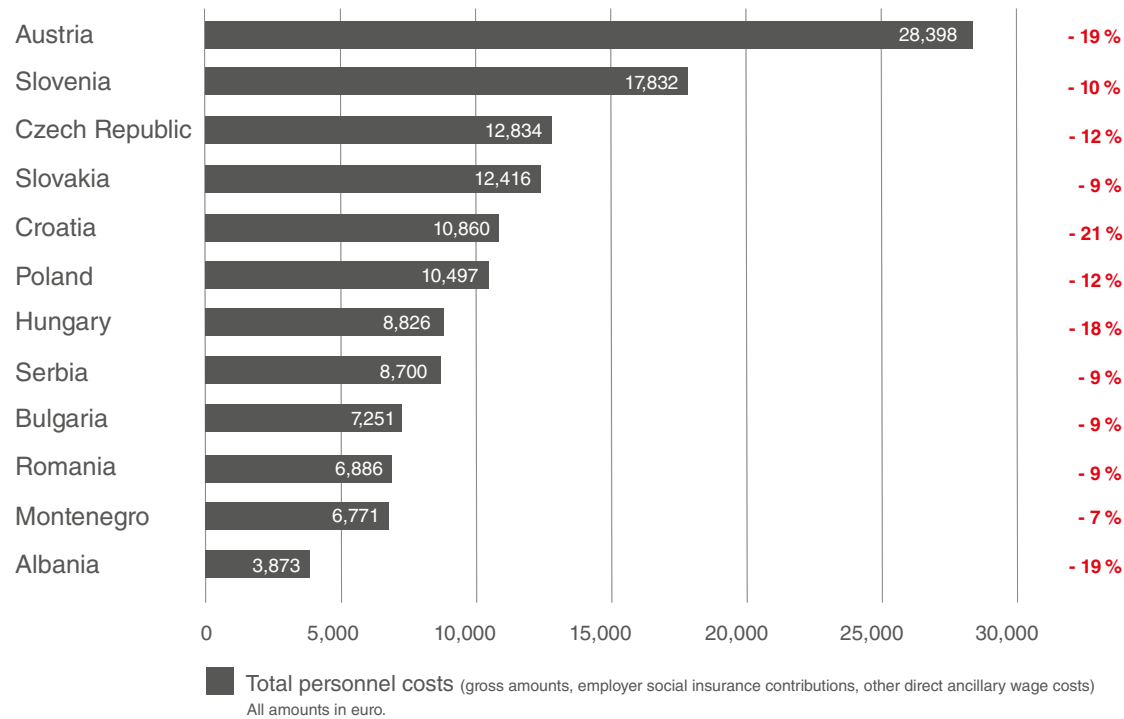
The ranking of the individual countries in terms of the average personnel costs to be expected (gross amounts, employer social insurance contributions, other see above) is, however, essentially the same as in the cross-industry analysis. This means that Austria is at the top of the pack, ahead of the 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 2% to 12% 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 blue-collar workers in the MANUFACTURING 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 you don't just focus on labour costs, but specifically 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 7% to 21% and in many cases around 10% (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 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 |
| Albania | NO | NO | NO | NO |
| Austria | YES | YES | NO | NO |
| Bulgaria | NO | NO | NO | NO |
| Croatia | NO | Partially | NO | Partially |
| Czech Rep. | NO | Partially ⁴ | NO | Partially |
| Hungary | NO | Partially ⁵ | NO | Partially |
| Montenegro | YES | NO | YES | NO |
| Poland | NO | Partially | NO | Partially |
| Romania | NO | Partially ¹ | NO | Partially |
| Serbia | NO | NO | NO | NO |
| Slovakia | NO | Partially ² | NO | Partially |
| Slovenia | NO | YES ³ | NO | NO |

¹ E-car owners enjoy local tax benefits

² Accelerated depreciation from 4 to 2 years for e-cars

³ be Preferential benefit in kind for e-cars

⁴ Discounted road tax for e-cars

⁵ No vehicle car tax for e-cars

Overview of company car taxation

Even if the issue of having a company car does not necessary 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 commercially rounded to one hundred euros).

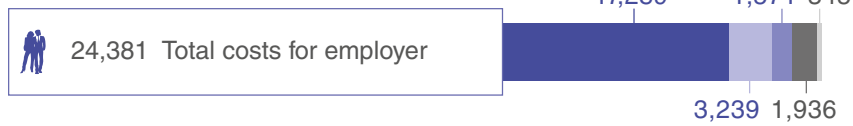


Personnel costs

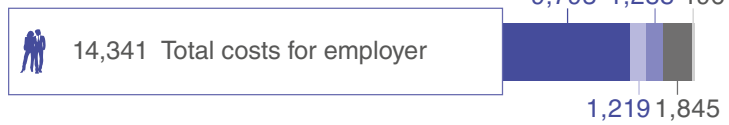
Managing directors



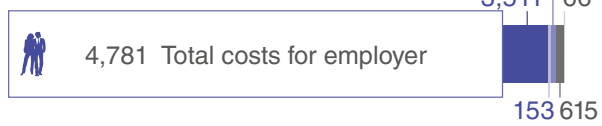
Executives



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 89,700 per year was calculated for a salaried manager. This results in a net amount of EUR 68,400 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 93,000 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 22,100 per year was calculated for an executive. This results in a net amount of EUR 17,300 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 24,400 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 12,300 per year was calculated for a white collar worker. This results in a net amount of EUR 9,800 per year after deductions for social insurance and tax. The total cost to the employer is EUR 14,300 per year. Costs vary from sector to sector e.g. 8% above average for IT services.

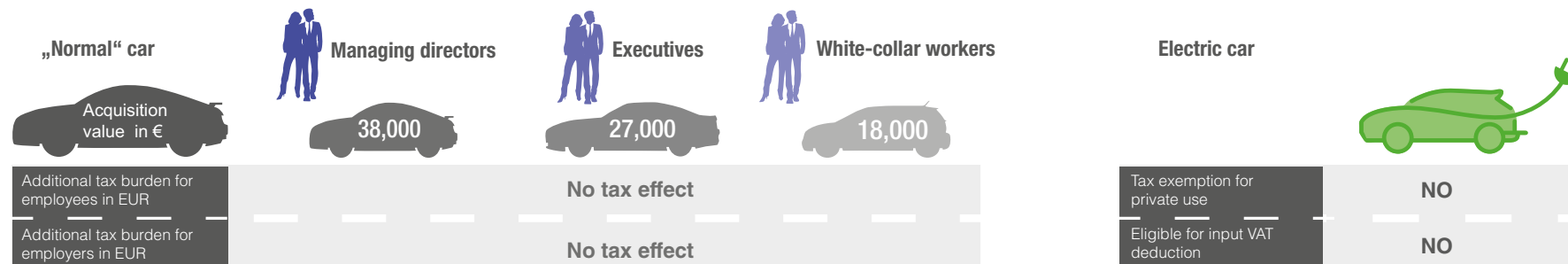
If the white-collar worker is also provided with a company car which they use for private purposes up to 50 % of the time, this does not affect their annual tax burden.

Result for blue-collar workers:

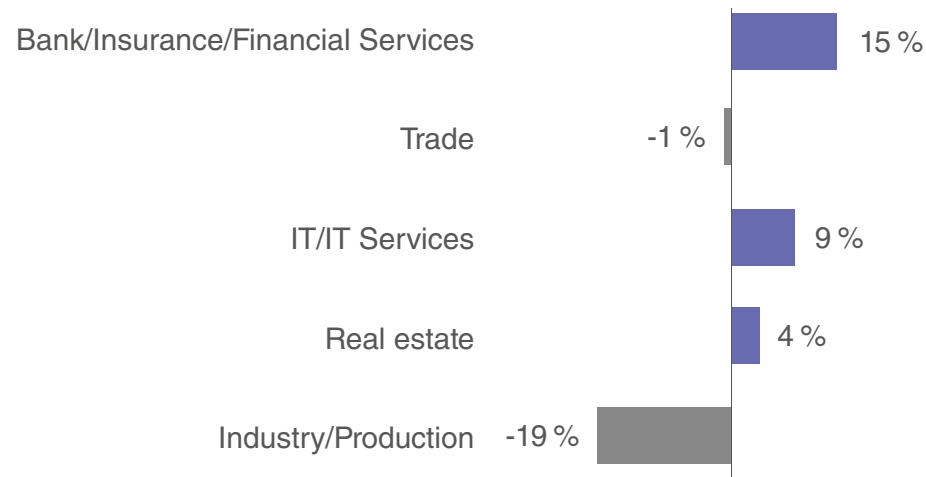
An average total gross salary of EUR 4,100 per year was calculated for a blue-collar worker. This results in a net amount of EUR 3,500 per year after deductions for social insurance and tax.

For the employer, total costs amount to is EUR 4,800 per year. Costs vary from sector to sector e.g 19% below the average for production.

Company car



Industry comparison based on gross amount



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

- Economy slumped by -3.8% in 2020 due to the covid crisis, but recovery at the beginning of the year leads us to forecast GDP growth of up to 6% in 2021
- Growth drivers in the energy, infrastructure and tourism sectors
- Young people benefit from the rise in remote work

Your expert for Albania



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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 1,240 monthly or EUR 14,880 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 2021: ALL 132,312 (monthly) = approx. EUR 1,090 monthly or approx. EUR 13,080 annually.

Employer's contribution: 16.7% of gross total remuneration, thereof 1.88% for health insurance

Employee contribution: 11.2% of gross total remuneration, thereof 1.82% 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.



Please see our brochure on Investing in Albania for further information on the Albanian tax system.



Personnel costs

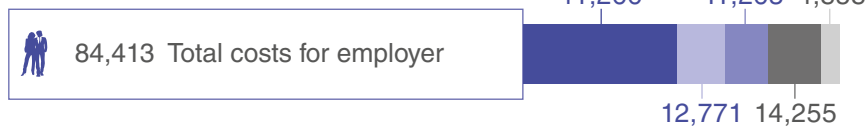
Managing directors



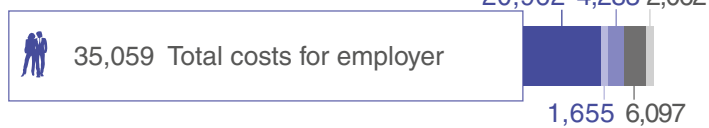
Executives



White-collar workers



Blue-collar workers



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

Result for managing directors:

An average total gross salary of EUR 295,000 per year was calculated for a salaried manager. This results in a net amount of EUR 165,800 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 337,500 per year.

If the manager is also provided with a company car with an acquisition value of EUR 50,000 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 (CO2 emissions of 0 g/km).

Result for executives:

An average total gross salary of EUR 131,500 per year was calculated for an executive. This results in a net amount of EUR 78,000 per year after deductions for social insurance and tax. The total cost to the employer is EUR 159,600 per year.

If the executive is also provided with a company car (not an e-car) with an acquisition value of EUR 39,000 which they use for private purposes 50% of the

time, the additional annual tax burden for the executive is EUR 4,000 and for the employer EUR 800.

Result for white-collar workers:

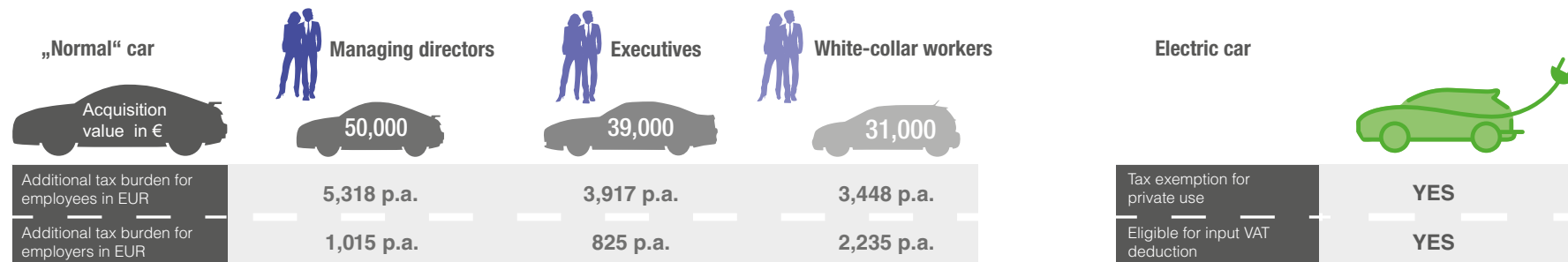
An average total gross salary of EUR 65,300 per year was calculated for a white-collar worker. This results in a net amount of EUR 41,300 per year after deductions for social insurance and tax. The total cost to the employer is EUR 84,400 per year.

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.

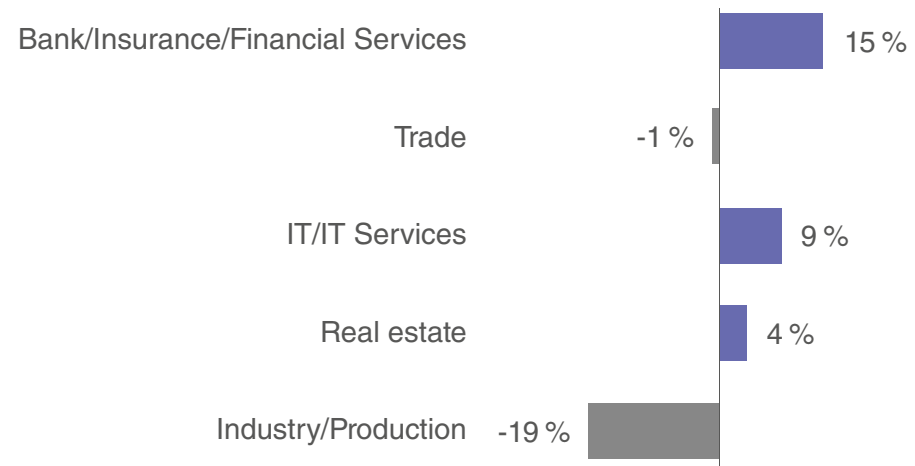
Result for blue-collar workers:

An average total gross salary of EUR 26,900 per year was calculated for a blue-collar worker. This results in a net amount of EUR 21,000 per year after deductions for social insurance and tax. The total cost to the employer is EUR 35,000 per year.

Company car



Industry comparison based on gross amount



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AUSTRIA

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

35% 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 77,700 per year in 2021

Employer's contribution: 21.23% 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.



Please see our brochure on Investing in Austria for further information on the Austrian tax system.



Personnel costs

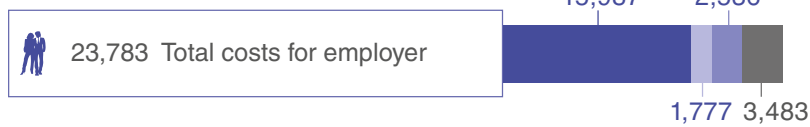
Managing directors



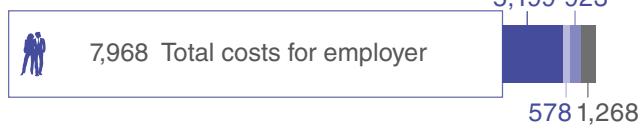
Executives



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 100,100 per year was calculated for a salaried manager. This results in a net amount of EUR 87,800 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 103,600 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 43,300 per year was calculated for an executive. This results in a net amount of EUR 36,700 per year after deductions for social insurance and tax. The total cost to the employer is EUR 46,800 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 700; there is no additional tax burden for the employer.

Result for white-collar workers:

An average total gross salary of EUR 20,300 per year was calculated for a white-collar worker. This results in a net amount of EUR 16,000 per year after deductions for social insurance and tax. The total cost to the employer is EUR 23,800 per year. Costs vary from sector to sector e.g. 8% above average for IT services.

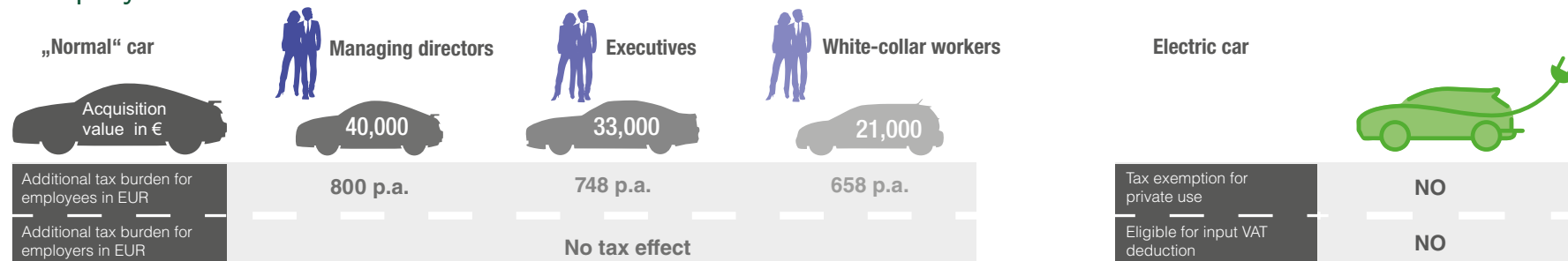
If the white-collar worker is also provided with a company car which they use for private purposes 50% of the time, the additional annual tax burden for the white-collar worker if the car has an acquisition value of EUR 21,000 and running costs of EUR 13,000 (incl. 15% depreciation per year) amounts to approx. EUR 700; there is no additional tax burden for the employer.

Result for blue-collar workers:

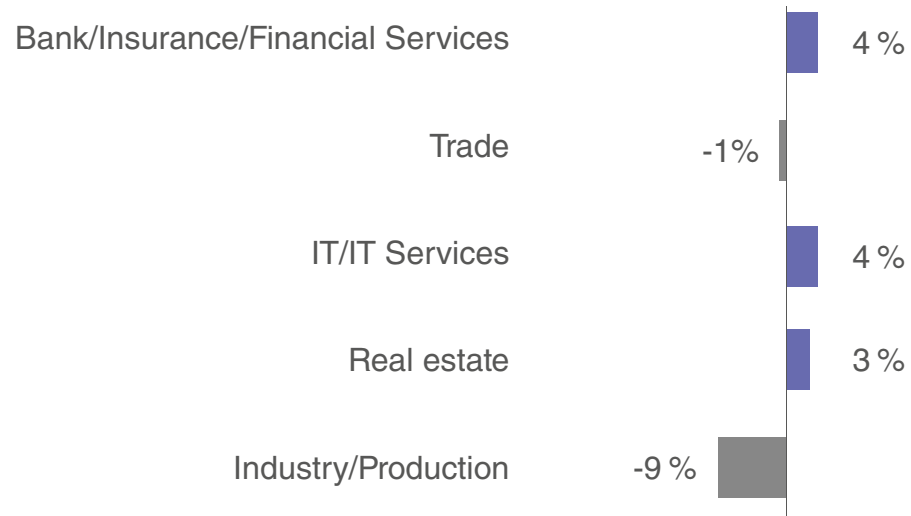
An average total gross salary of EUR 6,700 per year was calculated for a blue-collar worker. This results in a net amount of EUR 5,200 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 8,000 per year. The costs vary from sector to sector and are, for example, about 9% below the average for production.

Company car



Industry comparison based on gross amount



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

- Economy slumps by -3.8% in 2020 due to the covid crisis
- Shortage of skilled workers persists
- Euro to be adopted in 2024 at the earliest
- Next to Poland, Bulgaria is the country with the highest share of coal used to produce energy

Your expert for Bulgaria



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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 2021 to: BGN 3,000 = approx. EUR 1,500 monthly or approx. EUR 18,000 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.



Please see our brochure on Investing in Bulgaria for further information on the Bulgarian tax system.



Personnel costs

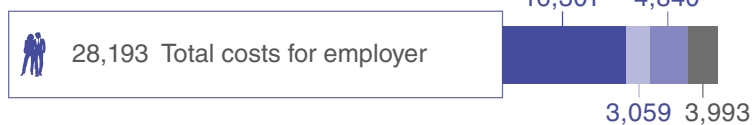
Managing directors



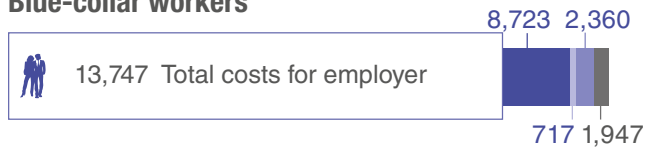
Executives



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 136,400 per year was calculated for a salaried manager. This results in a net amount of EUR 84,700 per year after deductions for social insurance and tax.

For the employer, total costs amount to is EUR 158,900 per year.

If the manager is also provided with a company car with an acquisition value of EUR 42,000, 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 53,300 per year was calculated for an executive. This results in a net amount of EUR 34,100 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 62,100 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 24,200 per year was calculated for a white-collar worker. This results in a net amount of EUR 16,300 per year after deductions for social insurance and tax. The total cost to the employer is EUR 28,200 per year. Costs vary from sector to sector e.g. 2% above average for IT services.

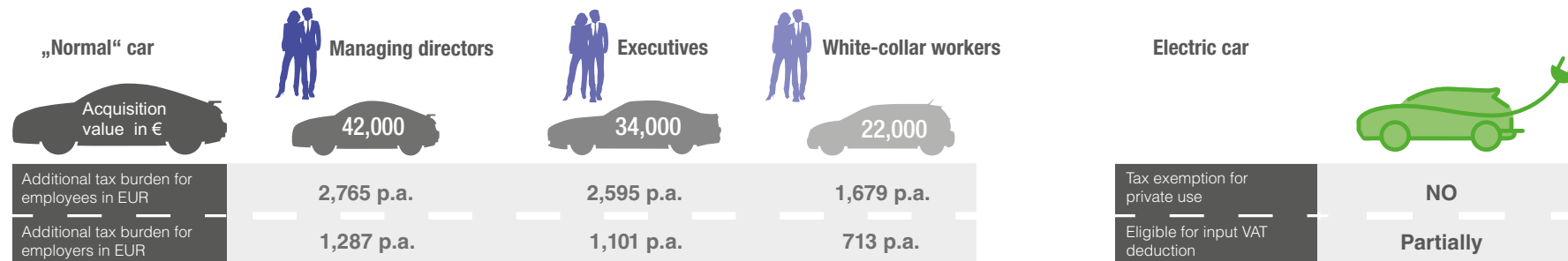
If the white-collar worker is also provided with a company car with an acquisition value of EUR 22,000, the additional annual tax burden for the white-collar worker is approx. EUR 1,700; the additional tax burden for the employer amounts to approx. EUR 700.

Result for blue-collar workers:

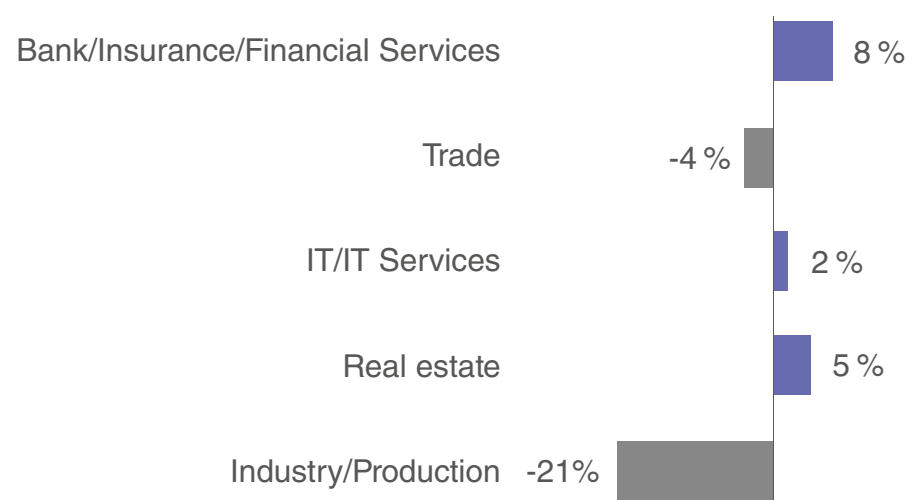
An average total gross salary of EUR 11,800 per year was calculated for a blue-collar worker. This results in a net amount of EUR 8,700 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 13,700 per year. The costs vary from sector to sector and are, for example, about 21% below the average for production.

Company car



Industry comparison based on gross amount



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

- Economy slumped by -8.4% in 2020 as a result of the covid crisis (tourism, private consumption, investments); forecast for 2021: +5.1%
- Investors remain confronted by challenging framework conditions (efficiency of the judiciary, excessive regulation, lack of skilled workers, rigidity of labour law)
- 80% of public-sector investment is financed by EU funds.
- 800 branches of Austrian companies; Austria is the largest foreign investor
- Market opportunities: Water/wastewater, waste management, transport infrastructure.

Your expert for Croatia



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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 2021: HRK 661,032 = around EUR 88,100 per year.

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

Employee contribution: 15 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).



Please see our brochure on Investing in Croatia for further information on the Croatian tax system.



Personnel costs

Managing directors



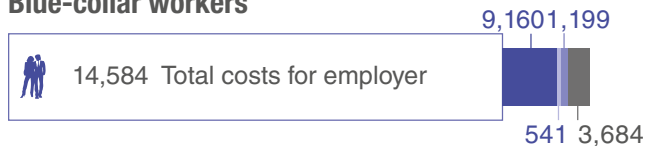
Executives



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 170,300 per year was calculated for a salaried manager. This results in a net amount of EUR 125,600 per year after deductions for social insurance and tax.

For the employer, total costs amount to is EUR 202,200 per year.

If the manager is also provided with a company car with an acquisition value of EUR 42,000, 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 63,800 per year was calculated for an executive. This results in a net amount of EUR 48,350 per year after deductions for social insurance and tax.

For the employer, total costs amount to is EUR 85,500 per year.

If the executive is also provided with a company car with an acquisition value of EUR 32,000, the additional annual tax burden for the executive and for the employer amounts to approx. EUR 1,000 to EUR 1,100 each.

Result for white-collar workers:

An average total gross salary of EUR 31,500 per year was calculated for a white-collar worker. This results in a net amount of EUR 24,400 per year after deductions for social insurance and tax. The total cost to the employer is EUR 42,100 per year. Costs vary from sector to sector e.g. 3% above average for IT services.

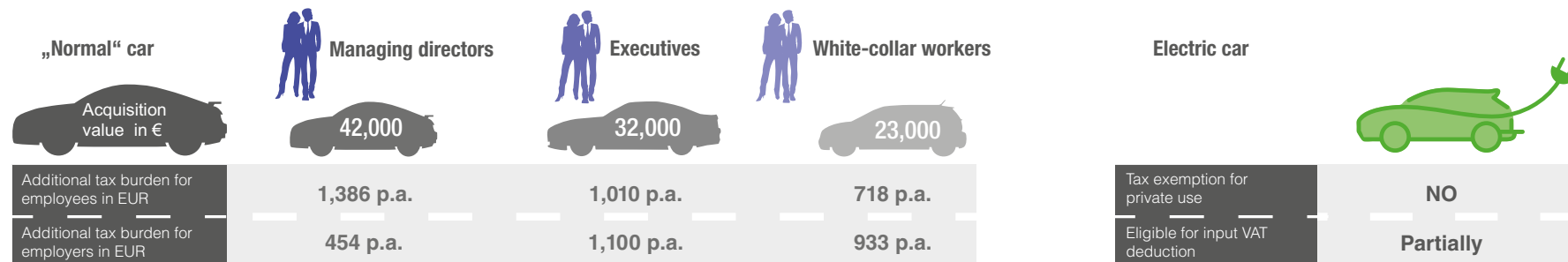
If the white-collar worker is also provided with a company car with an acquisition value of EUR 23,000, the additional annual tax burden for the white-collar worker is approx. EUR 700; the additional tax burden for the employer amounts to approx. EUR 900.

Result for blue-collar workers:

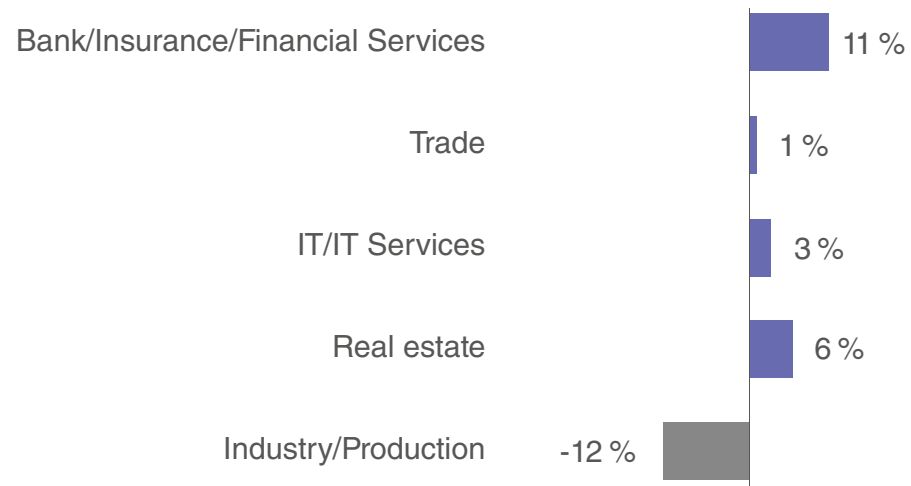
An average total gross salary of EUR 10,900 per year was calculated for a blue-collar worker. This results in a net amount of EUR 9,200 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 14,600 per year. The costs vary from sector to sector and are, for example, about 12% below the average for production.

Company Car



Industry comparison based on gross amount



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

- The covid crisis slowed down a normally successful economy in 2020 (5.6%); economic recovery in 2021 depends heavily on Germany
- Industry is already back on course for growth (motor vehicle production, civil engineering)
- Large regional differences in wage costs (high: Prague, Central Bohemia; low: Karlovy Vary)
- Reduction in income tax from 2021 by abolishing what is known as the “supersized gross wage”: Up to and including 2020, the basis for calculating income tax was not the gross wage, but rather the gross wage increased by the employer’s social insurance contributions, i.e. the supersized gross wage.

Your expert for the Czech Republic



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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 1,701,168 (= approx. EUR 66,000);
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 2021: CZK 1,701,168 = around EUR 66,000 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.

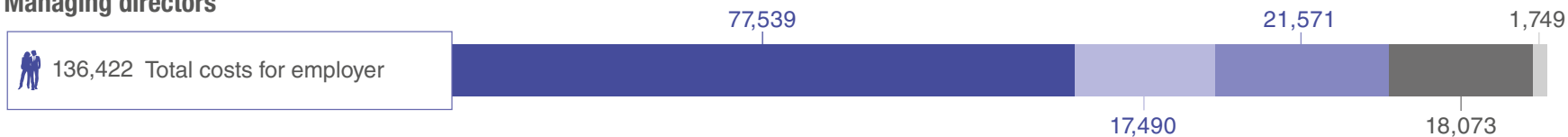


Please see our brochure on Investing in the Czech Republic for further information on the Czech tax system.

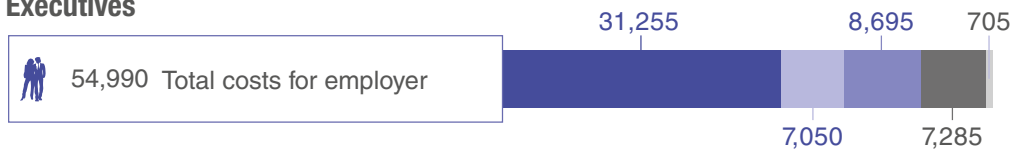


Personnel costs

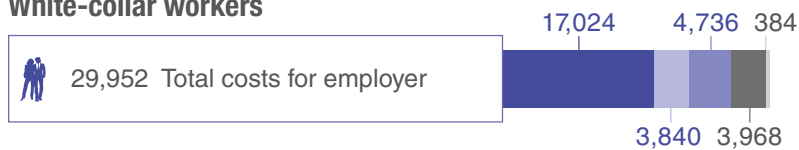
Managing directors



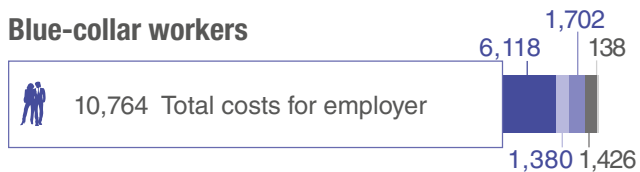
Executives



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 116,600 per year was calculated for a salaried manager. This results in a net amount of EUR 77,500 after deductions for social insurance and tax.

For the employer, total costs amount to is EUR 136,400 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 730; there is no additional tax burden for the manager.

Result for executives:

An average total gross salary of EUR 47,000 per year was calculated for an executive. This results in a net amount of EUR 31,300 per year after deductions for social insurance and tax.

For the employer, total costs amount to is EUR 55,000 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 370; there is no additional tax burden for the employee.

Result for white-collar workers:

An average total gross salary of EUR 25,600 per year was calculated for a white-collar worker. This results in a net amount of EUR 17,000 per year after deductions for social insurance and tax. The total cost to the employer is EUR 30,000 per year. Costs vary from sector to sector e.g. 3% above average for IT services.

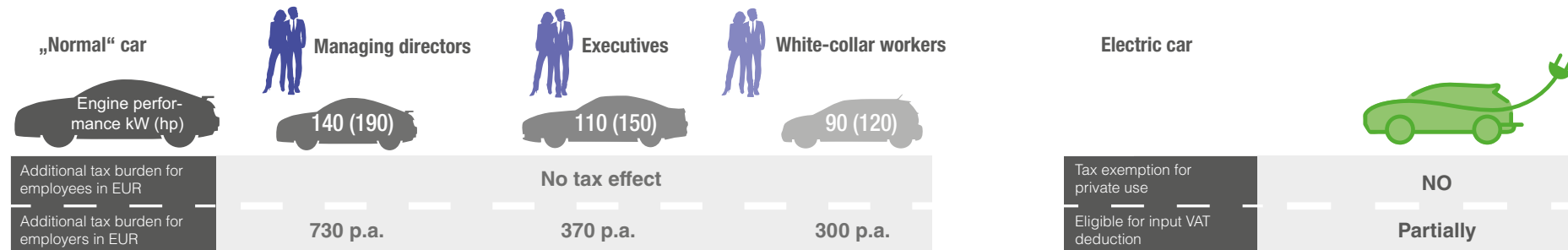
If the white-collar worker is also provided with a company car with an engine performance of 90kW (120 hp), the additional annual tax burden for the employer is approx. EUR 300; there is no additional tax burden for the employee.

Result for blue-collar workers:

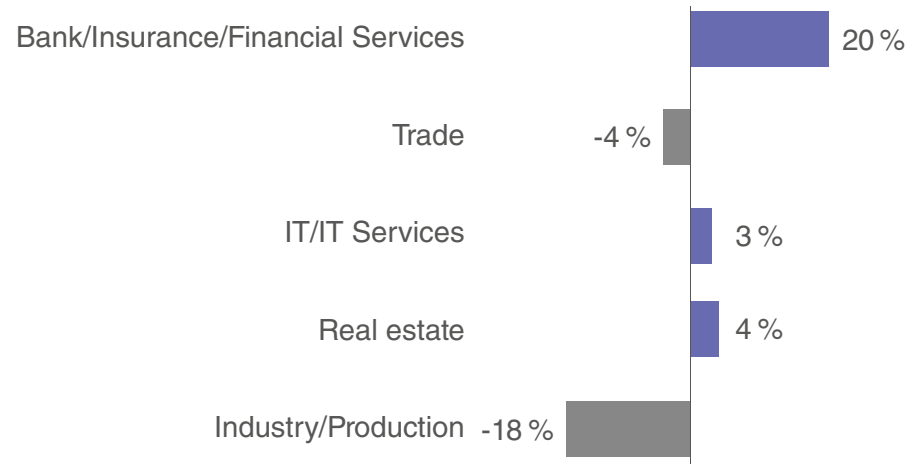
An average total gross salary of EUR 9,200 per year was calculated for a blue-collar worker. This results in a net amount of EUR 6,100 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 10,800 per year. The costs vary from sector to sector and are, for example, about 17% below the average for production.

Company Car



Industry comparison based on gross amount



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

- Hungary's GDP was down 5.0% in 2020 due to the covid crisis; it is expected return to pre-crisis levels in 2021.
- Shortage of skilled workers due to emigration.
- Construction industry is a promising sector
- Hungary would like to sustainably strengthen its position as a location for e-mobility (tax benefits for e-cars, e-buses for local public transport from 2022, test environments for self-driving and electrically powered vehicles)

Your expert for Hungary



József Szemerédi

Partner / Tax Advisor

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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 7,700 to HUF 44,000 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: 17% 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.



Please see our brochure on Investing in Hungary for further information on the Hungarian tax system.



Personnel costs

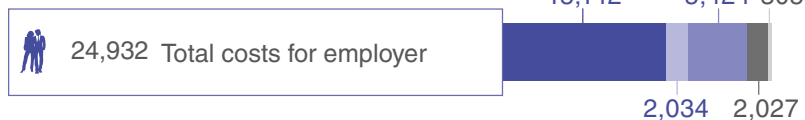
Managing directors



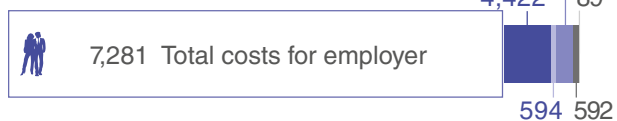
Executives



White-collar workers



Blue-collar workers



Result for managing directors:

An average total gross salary of EUR 102,500 per year was calculated for a salaried manager. This results in a net amount of EUR 80,300 per year after deductions for social insurance and tax.

For the employer, total costs amount to is EUR 113,100 per year.

Result for executives:

An average total gross salary of EUR 36,100 per year was calculated for an executive. This results in a net amount of EUR 24,200 per year after deductions for social insurance and tax.

For the employer, total costs amount to is EUR 39,900 per year.

Result for white-collar workers:

An average total gross salary of EUR 22,600 per year was calculated for a white-collar worker. This results in a net amount of EUR 15,100 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 25,000 per year. Costs vary from sector to sector e.g. 11% above average for IT services.

Result for blue-collar workers:

An average total gross salary of EUR 6,600 per year was calculated for a blue-collar worker. This results in a net amount of EUR 4,400 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 7,300 per year. The costs vary from sector to sector and are, for example, about 9% below the average for production.

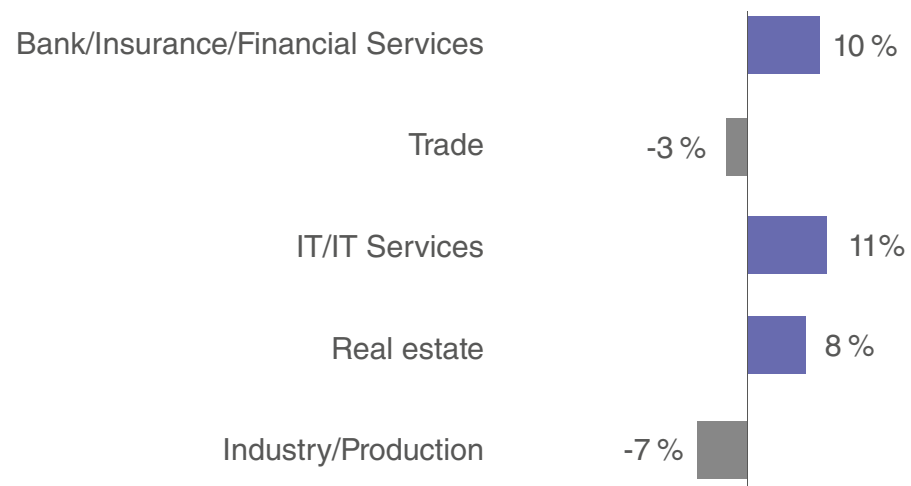
Company car

Electric car



| | |
|----------------------------------|-----|
| Tax exemption for private use | YES |
| Eligible for input VAT deduction | NO |

Industry comparison based on gross amount



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

- Massive collapse in economic activity due to COVID-19 (GDP 2020 down by more than 10%); state-owned airline went bankrupt
- Economy not very diversified; tourism the most important pillar of the economy
- Problems on the labour market (vocational training must be brought more in line with the requirements of the economy; workforce mobility must be increased)
- Accession to the EU 2025 uncertain

Your expert for Montenegro



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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:

9% (flat).

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:

The employee contribution is capped at a maximum contribution base of EUR 53,858 per year.

Employer's contribution: 8.97% of total gross remuneration

Employee contribution: 24% 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 – with the exception of the managing directors (tax and social insurance contributions are flat here, so to speak). In the case of managing directors, the rate is higher because of social insurance contributions being limited to the maximum contribution base here.



Please see our brochure on Investing in Montenegro for further information on the Montenegrin tax system.



Personnel costs

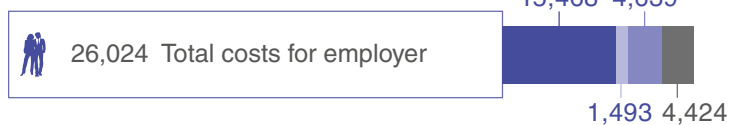
Managing directors



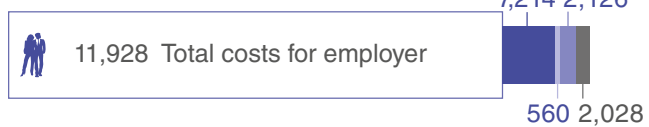
Executives



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 153,000 per year was calculated for a salaried manager. This results in a net amount of EUR 100,100 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 165,200 per year.

If the manager is also provided with a company car which they use for private purposes 50% of the time, this has an effect on the employee's annual tax burden depending on the engine capacity (+ EUR 233 for engine capacities of up to 1,600 cm³ or EUR 372 for engine capacities over 1,600 cm³); the employer is required to pay EUR 28 (up to 1,600 cm³) or EUR 45 (over 1,600 cm³) in additional taxes annually.

Result for executives:

An average total gross salary of EUR 56,400 per year was calculated for an executive. This results in a net amount of EUR 37,200 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 64,500 per year.

If the executive is also provided with a company car, this has an effect on the employee's annual tax burden depending on the engine capacity (+ EUR 233 for engine capacities of up to 1,600 cm³ or EUR 372 for engine capacities

over 1,600 cm³); the employer is required to pay EUR 28 (up to 1,600 cm³) or EUR 45 (over 1,600 cm³) in additional taxes annually.

Result for white-collar workers

An average total gross salary of EUR 21,600 per year was calculated for a white-collar worker. This results in a net amount of EUR 15,500 per year after deductions for social insurance and tax. The total cost to the employer is EUR 26,000 per year. Costs vary from sector to sector e.g. 9% above average for IT services.

If the white-collar worker is also provided with a company car, this has an effect on the employee's annual tax burden depending on the engine capacity (+ EUR 196 for engine capacities of up to 1,600 cm³ or EUR 314 for engine capacities over 1,600 cm³); the employer is required to pay EUR 137 (up to 1,600 cm³) or EUR 218 (over 1,600 cm³) in additional taxes annually.

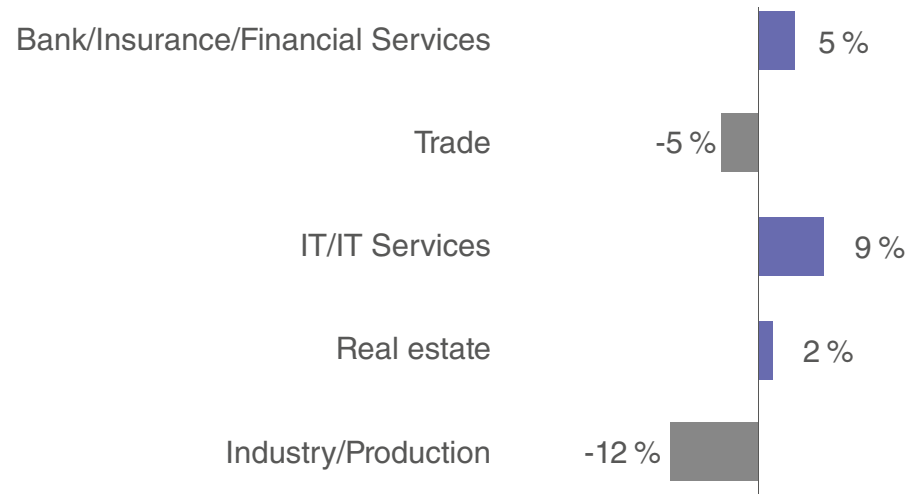
Result for blue-collar workers:

An average total gross salary of EUR 9,900 per year was calculated for a blue-collar worker. This results in a net amount of EUR 7,200 per year after deductions for social insurance and tax. The total cost to the employer is EUR 12,000 per year. The costs vary from sector to sector and are, for example, about 12% below the average for production.

Company car

| | „Normal“ car | | Managing directors | | Executives | | White-collar workers | | Electric car | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|--|
| Acquisition value in € | 42,000 | | 28,000 | | 28,000 | | 20,000 | | - | |
| Engine | < 1,600m ³ | > 1,600m ³ | < 1,600m ³ | > 1,600m ³ | < 1,600m ³ | > 1,600m ³ | < 1,600m ³ | > 1,600m ³ | - | |
| Additional tax burden for employees in EUR | 233 p.a. | 372 p.a. | 233 p.a. | 372 p.a. | 196 p.a. | 314 p.a. | - | | NO | |
| Additional tax burden for employers in EUR | 28 p.a. | 45 p.a. | 28 p.a. | 45 p.a. | 137 p.a. | 218 p.a. | - | | Partially | |

Industry comparison based on gross amount



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

- Poland's GDP was -3.5% in 2020 due to the covid crisis; it is expected to be +3.1% in 2021.
- Poland is seen as a winner as regards the 2021-2027 EU budget.
- Future topic no. 1: green transformation; Polish e-car brand unveiled.
- There are major differences in income across different sectors: Incomes are at their highest in the information and communication sector and at their lowest in the clothing industry.
- Coal mines are to be closed; new projects (near the sea) are planned for nuclear energy.

Your expert for Poland



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Senior Manager

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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:

17% up to PLN 85,528 (= approx. EUR 19,000),
portions of income above this amount: 32%.

Employee social insurance contributions reduce the tax base

Social insurance:

Maximum contribution base only applies to pension and disability insurance;
amount in 2021: PLN 157,770 = around EUR 35,000 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): 1.25% is deducted from the gross remuneration and 7.75% is due along with income tax.

Ratio of net income to total labour costs:

Executives come off worst here. This is due to the fact that they already have to pay 32% income tax instead of 17% for the larger portion of their income; additionally- only about 1/3 of their income exceeds the maximum contribution base. All other employee groups come in at around 60%.



Please see our brochure on Investing in Poland for further information on the Polish tax system.



Personnel costs

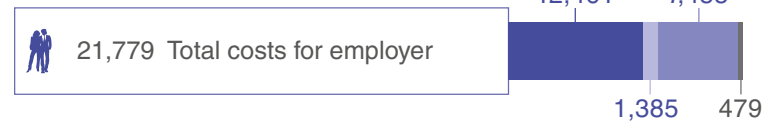
Managing directors



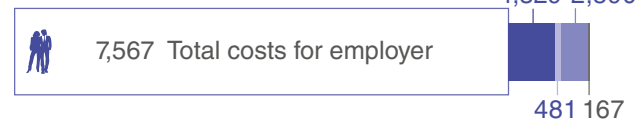
Executives



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 110,500 per year was calculated for a salaried manager. This results in a net amount of EUR 64,600 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 113,000 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 45,700 per year was calculated for an executive. This results in a net amount of EUR 26,700 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 46,700 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 250; there is no additional tax burden of substance for the employer.

Result for white-collar workers

An average total gross salary of EUR 21,300 per year was calculated for a white-collar worker. This results in a net amount of EUR 12,500 per year after deductions for social insurance and tax. The total cost to the employer is EUR 22,000 per year. Costs vary from sector to sector e.g. 9% above average for IT services.

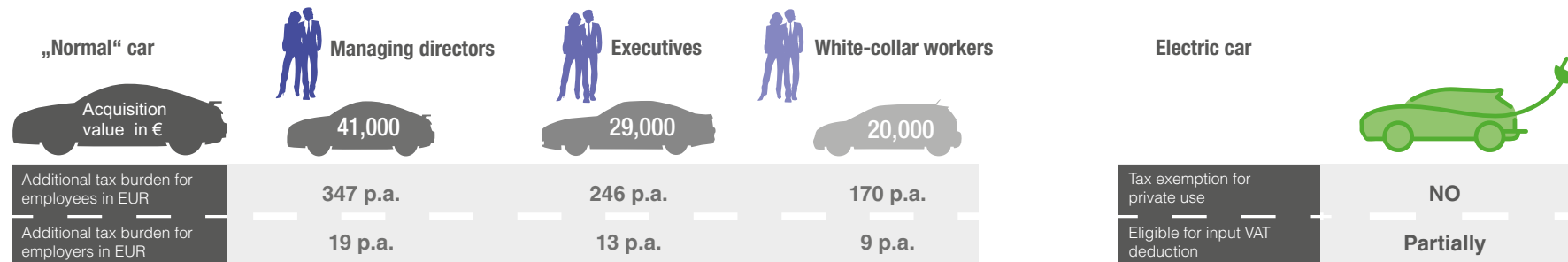
If the white-collar worker is also provided with a company car with an acquisition value of EUR 20,000, the additional annual tax burden for the executive is approx. EUR 170; there is no additional tax burden of substance for the employer.

Result for blue-collar workers:

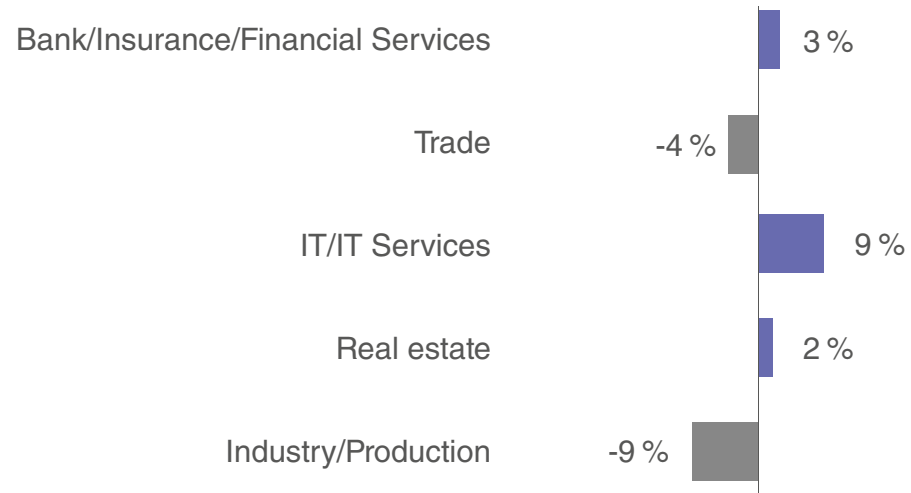
An average total gross salary of EUR 7,400 per year was calculated for a blue-collar worker. This results in a net amount of EUR 4,300 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 7,600 per year. The costs vary from sector to sector and are, for example, about 9% below the average for production.

Company car



Industry comparison based on gross amount



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

- Romania's GDP was -3.9% in 2020 due to the covid crisis; it is expected to increase by 4% in 2021.
- Romania is considered to be a beneficiary of the 2021-2027 EU funding programme.
- Incomes are distributed very unevenly from region to region. Incomes are at their highest in Bucharest and other cities, and at their lowest in rural areas and the north-east of the country.
- The currency has lost some value in recent years; the euro will not be introduced before 2024.
- Studies suggest that the shadow economy accounts for more than a quarter of GDP.

Your expert for Romania



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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.

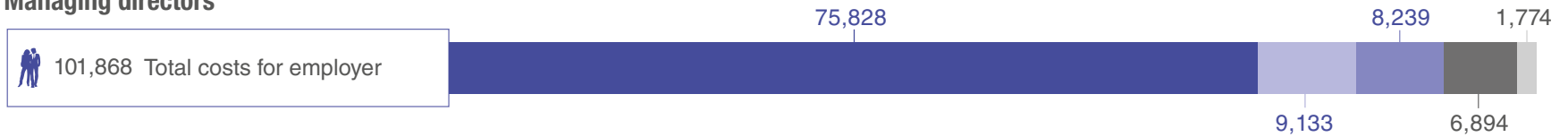


Please see our brochure on Investing in Romania for further information on the Romanian tax system.



Personnel costs

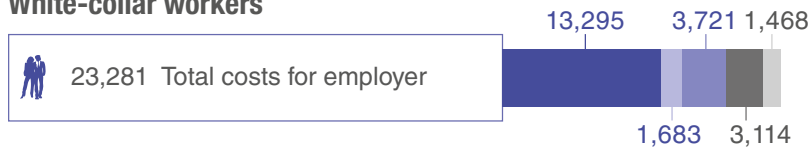
Managing directors



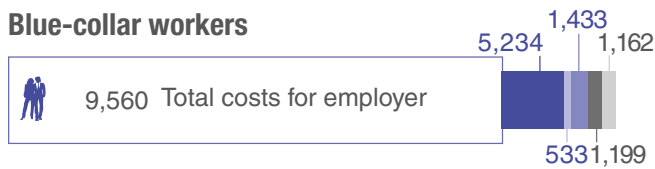
Executives



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 93,200 per year was calculated for a salaried manager. This results in a net amount of EUR 75,800 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 101,900 per year.

If the manager is also provided with a company car with an acquisition value of EUR 38,000, 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 39,200 per year was calculated for an executive. This results in a net amount of EUR 27,500 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 47,000 per year.

If the executive is also provided with a company car with an acquisition value of EUR 27,000, the additional annual tax burden for the executive is approx. EUR 1,400; the additional tax burden for the employer amounts to approx. EUR 770.

Result for white-collar workers:

An average total gross salary of EUR 18,700 per year was calculated for a white-collar worker. This results in a net amount of EUR 13,300 per year after deductions for social insurance and tax. The total cost to the employer is EUR 23,300 per year. Costs vary from sector to sector e.g. 2% above average for IT services.

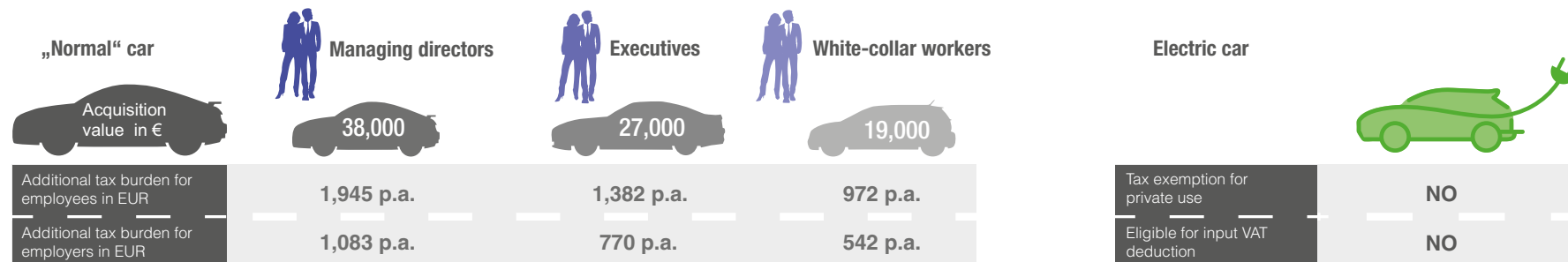
If the white-collar worker is also provided with a company car with an acquisition value of EUR 19,000, the additional annual tax burden for the white-collar worker is approx. EUR 1,000; the additional tax burden for the employer amounts to approx. EUR 500.

Result for blue-collar workers:

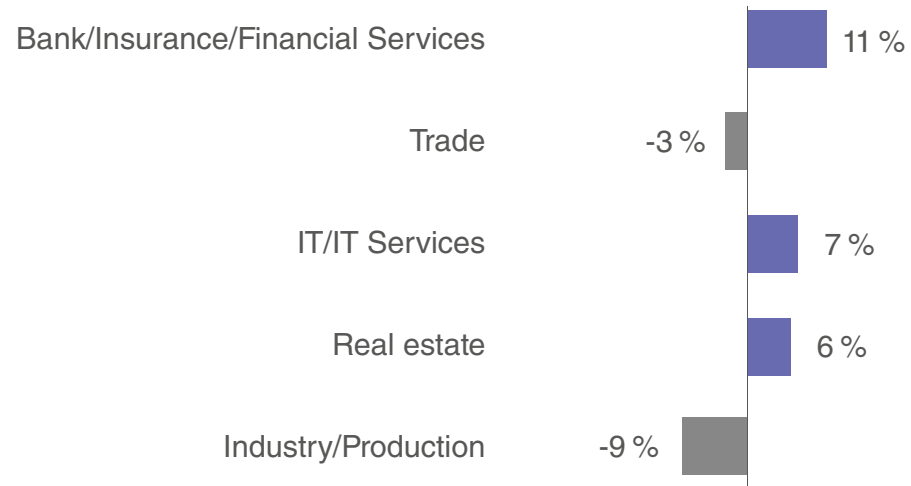
An average total gross salary of EUR 7,200 per year was calculated for a blue-collar worker. This results in a net amount of EUR 5,200 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 9,600 per year. The costs vary from sector to sector and are, for example, about 16% below the average for production.

Company Car



Industry comparison based on gross amount



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

- Economic slump of -1.1% in 2020 less than in neighbouring countries (agriculture, industrial production and construction industry only slightly affected); significant growth expected again for 2021.
- Accession to the EU in 2025 uncertain.

Your expert for Serbia



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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 2021: RSD 4,869,000 = around EUR 41,400 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.

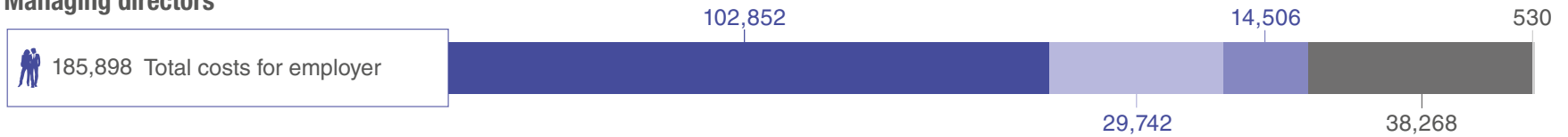


Please see our brochure on Investing in Serbia for further information on the Serbian tax system.



Personnel costs

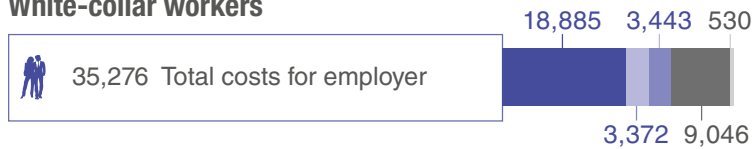
Managing directors



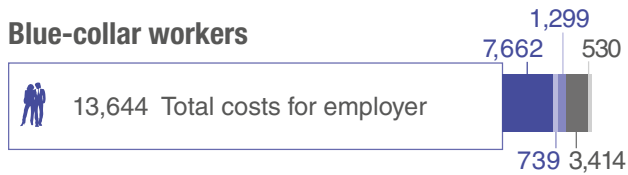
Executives



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 147,100 per year was calculated for a salaried manager. This results in a net amount of EUR 102,900 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 185,900 per year.

If the manager is also provided with a company car with an acquisition value of EUR 38,000, the additional annual tax burden for the manager is approx. EUR 1,400; there is no additional tax burden for the employer.

Result for executives:

An average total gross salary of EUR 57,500 per year was calculated for an executive. This results in a net amount of EUR 40,800 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 78,300 per year.

If the executive is also provided with a company car with an acquisition value of EUR 26,000, the additional annual tax burden for the executive is approx. EUR 900; there is no additional tax burden for the employer.

Result for white-collar workers:

An average total gross salary of EUR 25,700 per year was calculated for a white-collar worker. This results in a net amount of EUR 18,900 per year after deductions for social insurance and tax. The total cost to the employer is EUR 35,300 per year. Costs vary from sector to sector e.g. 4% above average for IT services.

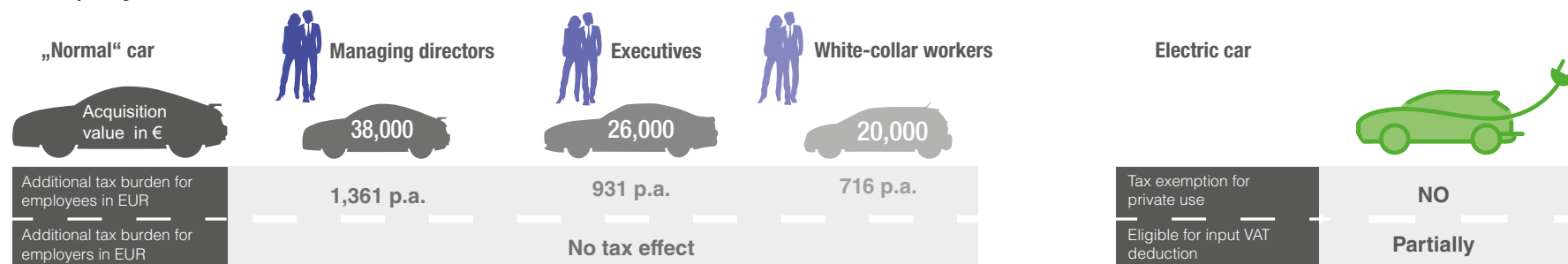
If the white-collar worker is also provided with a company car with an acquisition value of EUR 20,000, the additional annual tax burden for the white-collar worker is approx. EUR 700; there is no additional tax burden for the employer.

Result for blue-collar workers:

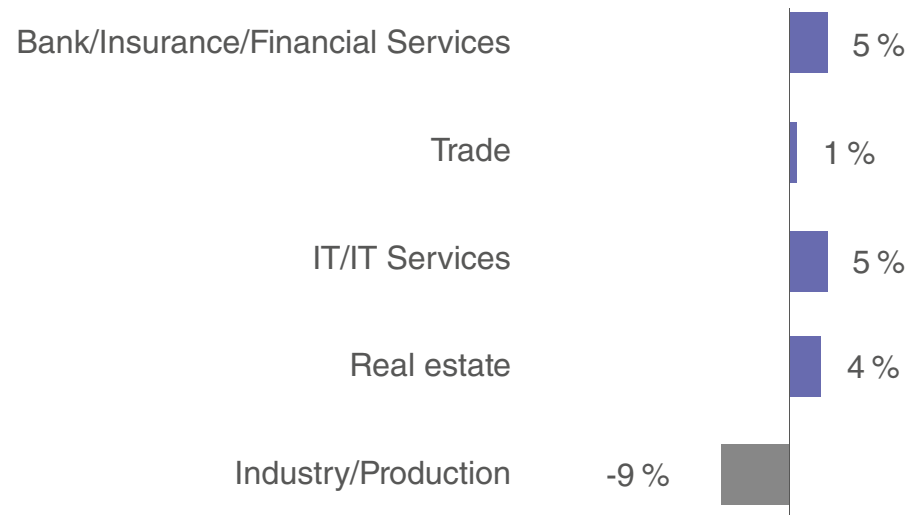
An average total gross salary of EUR 9,700 per year was calculated for a blue-collar worker. This results in a net amount of EUR 7,700 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 13,700 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



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

- Economic growth is expected to reach +4.4% in 2021; in 2020, GDP slumped by -5.2%.
- The automotive sector remains the most important pillar of the Slovak economy.
- Shared service centres constitute a fast-growing sector of the economy, especially in the areas of finance and IT.
- The shortage of skilled workers has led to a significant increase in salaries and wages in recent years. The changes in the world of work (automation) may ultimately mean that one third of existing jobs could be at risk.

Your expert for Slovakia



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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%.

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.



Please see our brochure on Investing in Slovakia for further information on the Slovakian tax system.



Personnel costs

Managing directors



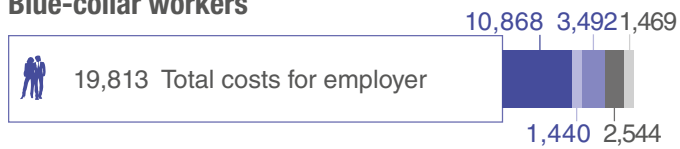
Executives



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 161,200 per year was calculated for a salaried manager. This results in a net amount of EUR 78,100 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 188,600 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 4,400; the additional tax burden for the employer amounts to approx. EUR 1,200.

Result for executives:

An average total gross salary of EUR 61,700 per year was calculated for an executive. This results in a net amount of EUR 36,000 per year after deductions for social insurance and tax. For the employer, total costs amount to is EUR 73,100 per year.

If the executive is also provided with a company car with an acquisition value of EUR 27,000, the additional annual tax burden for the executive is approx. EUR 2,300; the additional tax burden for the employer amounts to approx. EUR 800.

Result for white-collar workers:

An average total gross salary of EUR 31,800 per year was calculated for a white-collar worker. This results in a net amount of EUR 20,100 per year after deductions for social insurance and tax. The total cost to the employer is EUR 38,400 per year. Costs vary from sector to sector e.g. 7% above average for IT services.

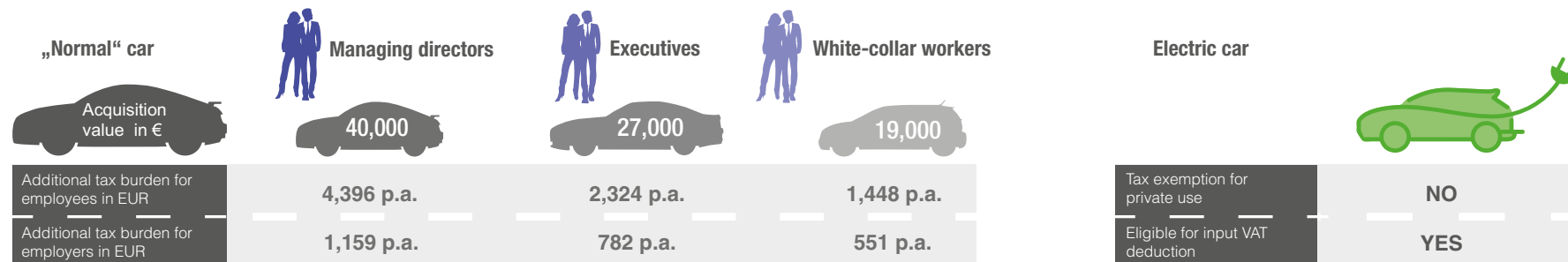
If the white-collar worker is also provided with a company car with an acquisition value of EUR 19,000, the additional annual tax burden for the white-collar worker is approx. EUR 1,400; the additional tax burden for the employer amounts to approx. EUR 600.

Result for blue-collar workers:

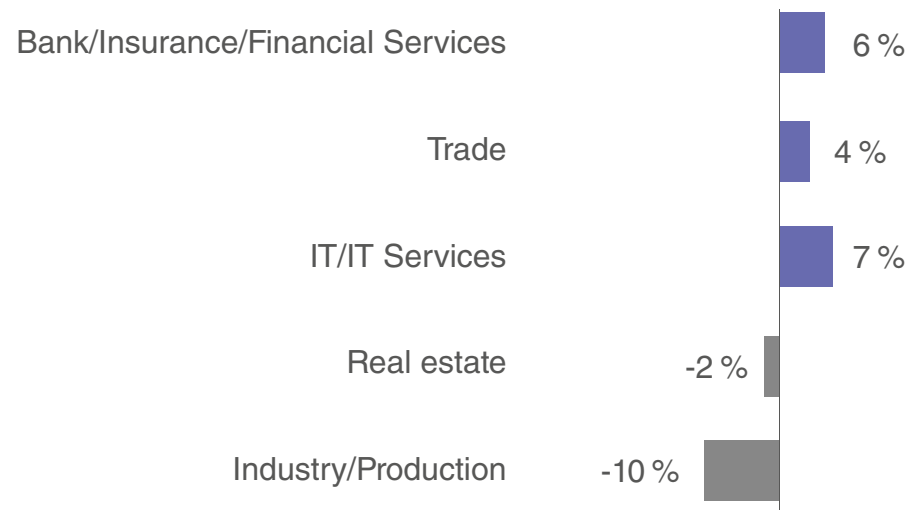
An average total gross salary of EUR 15,800 per year was calculated for a blue-collar worker. This results in a net amount of EUR 10,900 per year after deductions for social insurance and tax.

The total cost to the employer is EUR 19,800 per year. The costs vary from sector to sector and are, for example, about 9% below the average for production.

Company Car



Industry comparison based on gross amount



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

- Economic growth is expected to reach approx. 5% in 2021; in 2020, GDP slumped by -5.5%.
- Austria is by far the most important investor country.
- Slovenia is valued for its high level infrastructure, especially surrounding the port to the Mediterraneanas well as because of the availability of Slovenian supplier companies, political stability and the productivity of its workers, which is considered to be higher than in other South Eastern European countries.

Your expert for Slovenia



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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 8,500

26% between 8,501 and 25,000

33% between 25,001 and 50,000

39% between 50,001 and 72,000

Any portions of income above this amount: 50%.

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.



Please see our brochure on Investing in Slovenia for further information on the Slovenian tax system



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