



European Region

-- 2009 Salary Taxes, Social Security and Expatriate Taxation Survey --

The AGN European Region conducts annual surveys of corporate, parent companies, 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.

Introduction: The increasing expansion of the EU brings new possibilities and threats. In theory EU migrant workers should be able to accept a job anywhere in the EU without encountering artificial barriers to entry into the labour market or suffering discrimination with regard to social security benefits, but reality is more complicated. Taxes in Member States are not harmonized and are governed by national legislation and by numerous bilateral and/or multilateral agreements, conventions and arrangements concerning taxation. However, these must comply with basic principles of Community law particularly free movement and equality of treatment of workers.

The objective of the survey is to establish how much of an employee's gross salary is left after income tax and social contributions. In addition the employer's social contributions are calculated allowing comparison of the cost of employment to an employer. The survey is based on a married individual with two children, gross salary of €100,000, a company car costing €40,000 (when new), and paying mortgage interest of €7,500 per annum.

Countries Covered in 2009 include 23 members of the EU (including Isle of Man) as well as Russia, Liechtenstein, Norway, Ukraine and Switzerland.

Results of the 2009 Survey

Tax and Social Security: The survey shows that to make a good comparison, it is necessary to take into account both tax and social contributions. For example, our calculations show that in France employee income tax is €2,553 and social contributions are €21,141, and the employers' social security is €43,177. In Cyprus employee income tax is €22,394 and social contributions are €3,027, and the employers' social security is €5,844. The net salary retained by the individual is almost the same but, the cost to the employer is 141.92% of net salary in Cyprus and 187.64% in France - a big difference!

Company Cars are taxed in all countries except Greece, Poland and Russia. The tax is generally based on catalogue price although some countries use invoice price, whereas, the Isle of Man uses engine size (for this survey 1999cc was used).

The impact on the environment is becoming more of an issue. In the Netherlands for example the charge will be 14% or 22% instead of 25% when a so called "environmentally friendly" car is used. The tax is based on the percentage of CO2 emissions. Similar treatment applies in the UK.

Company Accommodation: All countries except Czech Republic, Hungary, and Romania tax the cost of providing accommodation to employees.

Company Pension Scheme premiums paid by employers are only taxed in: Austria, Cyprus, Estonia (68.3%), Liechtenstein, Ukraine (33.2%), Luxembourg and Portugal. In Luxembourg a 20% tax at source is due but the final pension paid to the employee is tax free.

Other Insurance Premiums paid by employers for life, sickness, invalidity and surviving spouse benefits are not taxed in Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Greece, Hungary, Isle of Man, Malta, Netherlands, Norway, Poland Romania, Russia, Spain and Sweden.

Share Options are not taxed in Greece, Hungary, Romania and Isle of Man.

Mobile Phones provided to employees are taxed in Cyprus (the private use), Czech Republic, Estonia, Hungary, Ireland (%private use) Italy, Norway, Romania and Ukraine.

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

Expatriate Taxation: Belgium, Finland, France, Malta, Hungary, Poland, Spain and UK do not tax payments by the employer for home visit travel nor do they tax payment of relocation costs. Only Cyprus (20%) and the Netherlands (30%) exempt from tax a percentage of the expatriate's income. Poland, Hungary and Liechtenstein do not allow expatriates to buy houses there.

CONCLUSION:

The survey shows that Liechtenstein leaves the most money in the pocket of the employee (89.7%) and Belgium the least (48.63%). However, the additional cost of employment borne by the employer is highest in France at 43% but 76.31% of gross salary is left in the hands of the employee. In Sweden the additional cost is 32% and only 55% of gross salary is in the hands of the employee. In Sweden the total cost of employing someone is almost 2.5 times net salary, in The Netherlands almost 2 times and in Belgium more than 2.5 times.

Salary Taxes, Social Security and Expatriate Taxation

A European Comparison

2009

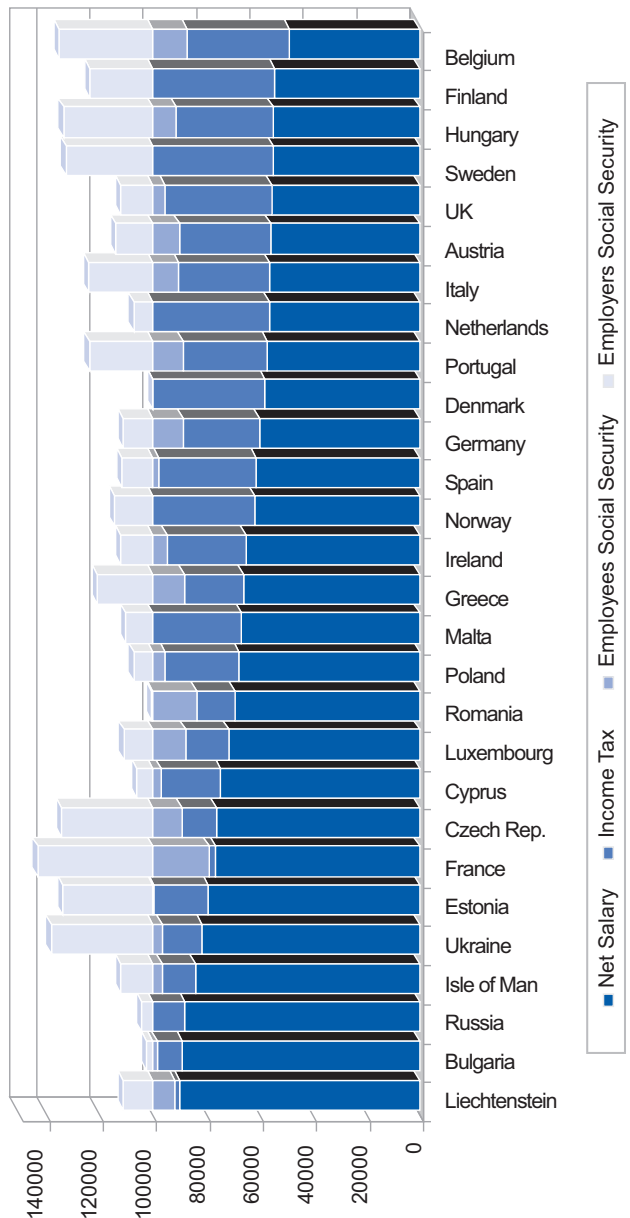
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Salary Taxes, Social Security and Expatriate Taxation - 2009 A European Comparison
 (Married person with 2 children and with a gross salary of €100,000)



The information shown is for information and comparative purposes only.
 You should seek professional advice before taking any action

Salary Taxes, Social Security and Expatriate Taxation - 2009

A European Comparison

(Married person with 2 children)

Country	Taxation of Benefits in Kind: Company Car	Taxation of Benefits in Kind: Calculation Method (% per annum or amount)	Declaration Date (end)	Company Accommodation	Company Accommodation Basis: % of rent paid	Insurance	Insurance Company Pension Scheme	Insurance Life, Invalidity, Surviving Spouse	Share Options	Mobile Phone	Meal & Hotel Allowance	Meal & Hotel Allowance: Non Business Limit tax free per day	Personal Deductions (max) total for Married 2 Children	Personal Deductions (max) Standard	Personal Deductions (max) Personal Loan interest	Personal Deductions (max) Mortgage Loan Interest	Personal Deductions (max) Life, Medical, 3rd party Insurance	Insurances: Pension Insurance	Insurances: Investment / Savings allowances	Insurances: Education allowances	Taxation of personal income for expatriates: Salary taxable < 183 days	Taxation of personal income for expatriates: Interest	Taxation of personal income for expatriates: Avoidance social security contributions	Taxation of personal income for expatriates: Entitlement to buy a house
Austria	Y	18.00 %	April	Y	75.00 %	Y	0.00 %	100.00 %	Y	N	N	€26	€0	€0	€0	€0	€0	€0	€0	€0	N	N	Y	Y
Belgium	Y	0.00 %	July	Y	0.00 %	N	0.00 %	0.00 %	Y	Y	N	€5	€11.100	€5.660	€0	€3.000	€1.830	€610	€0	€0	N	Y	Y	Y
Bulgaria	Y	25.00 %	April	Y	100.00 %	Y	100.00 %	0.00 %	Y	N	Y	€1	€30.648	€0	€0	€2.256	€19.228	€9.164	€0	€0	Y	N	Y	Y
Cyprus	Y	0.00 %	April	Y	100.00 %	Y	100.00 %	100.00 %	Y	Y	N	€0	€0	€0	€0	€0	€0	€0	€0	€0	Y	Y	N	Y
Czech Republic	Y	12.00 %	March	N	0.00 %	Y	0.00 %	0.00 %	Y	Y	N	€0	€11.926	€926	€0	€11.000	€0	€0	€0	€0	Y	Y	Y	Y
Denmark	Y	25.00 %	June	Y	100.00 %	Y	0.00 %	0.00 %	Y	Y	Y	€65	€0	€0	€0	€0	€0	€0	€0	€0	Y	Y	Y	Y
Estonia	Y	100.00 %	March	Y	100.00 %	Y	68.30 %	68.30 %	Y	Y	Y	€0	€28.293	€6.902	€0	€6.391	€0	€15.000	€0	€0	N	N	Y	Y
Finland	Y	22.80 %	January	Y	0.00 %	N	0.00 %	0.00 %	Y	Y	N	€5	€16.336	€3.550	€0	€4.286	€0	€8.500	€0	€0	N	N	Y	Y
France	Y	9.00 %	June	Y	0.00 %	Y	0.00 %	0.00 %	Y	Y	N	€5	€55.664	€34.012	€0	€3.400	€0	€7.886	€10.000	€366	Y	Y	N	Y
Germany	Y	12.00 %	May	Y	100.00 %	Y	0.00 %	100.00 %	Y	N	Y	€24	€23.330	€15.668	€0	€0	€4.002	€0	€1.500	€2.160	Y	Y	Y	Y
Greece	N	0.00 %	May	Y	100.00 %	N	0.00 %	0.00 %	N	N	Y	€0	€25.100	€14.000	€0	€7.500	€600	€600	€0	€2.400	Y	Y	N	Y
Hungary	Y	0.00 %	January	N	0.00 %	N	0.00 %	0.00 %	N	Y	N	€2	€0	€0	€0	€0	€0	€0	€0	€0	N	N	N	N
Ireland	Y	30.00 %	October	Y	100.00 %	Y	0.00 %	100.00 %	Y	N	N	€0	€6.690	€5.490	€0	€1.200	€0	€0	€0	€0	Y	Y	Y	Y
Isle of Man	N	0.00 %	September	Y	0.00 %	Y	0.00 %	0.00 %	N	N	Y	€0	€27.740	€20.240	€0	€7.500	€0	€0	€0	€0	Y	Y	Y	Y
Italy	Y	0.00 %	February	Y	0.00 %	Y	0.00 %	100.00 %	Y	Y	Y	€5	€6.075	€0	€0	€6.075	€0	€0	€0	€0	N	Y	N	Y
Liechtenstein	Y	10.00 %	April	Y	100.00 %	Y	100.00 %	100.00 %	Y	N	Y	€16	€29.715	€14.065	€0	€0	€3.875	€11.775	€0	€0	N	N	N	N
Luxembourg	Y	18.00 %	March	Y	75.00 %	Y	20.00 %	20.00 %	Y	N	N	€6	€21.880	€1.416	€2.688	€6.000	€2.688	€6.400	€2.688	€0	Y	Y	Y	Y
Malta	Y	14.00 %	June	Y	0.00 %	N	0.00 %	0.00 %	Y	Y	N	€0	€0	€0	€0	€0	€0	€0	€0	€0	N	N	N	Y
Netherlands	Y	25.00 %	April	Y	52.00 %	N	0.00 %	0.00 %	Y	N	N	€4	€11.598	€4.098	€0	€7.500	€0	€0	€0	€0	N	N	N	Y
Norway	Y	30.00 %	April	Y	100.00 %	Y	0.00 %	0.00 %	Y	Y	Y	€5	€26.394	€18.894	€0	€7.500	€0	€0	€0	€0	N	Y	Y	Y
Poland	N	0.00 %	April	Y	100.00 %	Y	0.00 %	0.00 %	Y	N	N	€0	€0	€0	€0	€0	€0	€0	€0	€0	Y	Y	Y	N
Portugal	Y	9.00 %	April	Y	100.00 %	Y	100.00 %	100.00 %	Y	Y	Y	€6	€2.161	€855	€0	€586	€0	€0	€0	€720	Y	Y	Y	Y
Romania	Y	16.00 %	February	N	0.00 %	N	0.00 %	0.00 %	N	N	Y	€8	€1.098	€698	€0	€0	€200	€200	€0	€0	N	Y	N	Y
Russia	N	0.00 %	April	Y	100.00 %	Y	0.00 %	0.00 %	Y	N	Y	€0	€9.628	€0	€0	€7.500	€0	€1.064	€0	€1.064	Y	Y	Y	Y
Spain	Y	20.00 %	June	Y	10.00 %	N	0.00 %	0.00 %	Y	N	N	€0	€12.100	€12.100	€0	€0	€0	€0	€0	€0	Y	Y	Y	Y
Sweden	Y	0.00 %	May	Y	100.00 %	Y	0.00 %	0.00 %	Y	N	N	€23	€10.150	€1.300	€0	€7.500	€0	€1.350	€0	€0	N	Y	Y	Y
Ukraine	Y	15.00 %	April	Y	15.00 %	Y	33.20 %	4.00 %	Y	Y	Y	€0	€0	€0	€0	€0	€0	€0	€0	€0	Y	Y	Y	Y
United Kingdom	Y	35.00 %	January	Y	100.00 %	Y	0.00 %	100.00 %	Y	N	Y	€0	€323.070	€7.070	€0	€0	€0	€316.000	€0	€0	Y	N	Y	Y

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