



# CEE Tax & Payroll Newsletter

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mazars

**Get a better overview of the most important changes in tax, labour, and payroll legislation in the CEE region.**

The CEE Tax & Payroll Newsletter aims to share Mazars' latest news on tax, labour, and payroll legislation in the Central and Eastern Europe region, with the scope of helping you to prepare for the changes that could lie ahead in the following countries: Austria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia, and Ukraine.

## CEE Tax & Payroll Newsletter

**Insights to guide you through today's evolving regional tax, labour, and payroll landscape.**

Mazars is one of the longest-running players in the Central and Eastern European audit, tax, and advisory market. We have developed regional competence centres while working collaboratively on a single integrated platform. Our approach offers you the competitive advantage of accessing both a multinational footprint of exceptional professionals and insights into the tax and payroll marketplace.

[Austria](#)   [Croatia](#)   [Czech Republic](#)   [Hungary](#)  
[Poland](#)   [Romania](#)   [Slovakia](#)   [Slovenia](#)   [Ukraine](#)

### Tax

Companies that operate across borders or have a presence in multiple jurisdictions know that complying with local tax laws, and meeting reporting requirements is a resource-intensive task. It demands local market expertise from trained professionals.

Our regional network is ideally suited to serve large multinationals and international-minded mid-sized companies that need on the ground expertise in multiple jurisdictions. We also have substantial expertise helping fast growing companies that need a tax efficient structure for their first international expansion.

### HR & payroll

A complete set of skills, one point of contact within the CEE region. With a solid team of experienced HR and payroll specialists, we are able to successfully support clients throughout Central & Eastern Europe.

We are continuously developing our HR and payroll offering by investing in labour legislation trainings and further growing our people. This means our services are always consistent, provided by a highly trained and motivated team.

## OECD Pillar 2 GloBE in CEE: Preparing for a different tax future

by our joint regional team of tax experts in Central & Eastern Europe



## OECD Pillar 2 GloBE in CEE: Preparing for a different tax future

More than 140 jurisdictions have now signed up in principle to the global minimum tax framework, representing a ground-breaking plan to update key elements of the international tax system, which is no longer fit for purpose in a global and digitalised economy.

The Pillar 2 Global Anti-Base Erosion (GloBE) rules have been developed by the Organisation for Economic Co-operation and Development (OECD) to provide a common system of taxation that ensures multinational enterprises (MNEs) pay a global minimum tax (GMT) of 15% in each jurisdiction where they operate and generate income.

On 14 March 2022, the [OECD published a comprehensive commentary and illustrative examples](#) of what the implementation of the GloBE rules could look like. However, with the rules still evolving keeping track of progress is essential.

Dealing with GloBE requires an international approach that joins the dots between how parent entities and subsidiaries are impacted based on revenue and location.

As an internationally integrated

partnership operating in over 90 countries and territories around the world, the ability to draw on the expertise of more than 44,000 professionals enables us to collaborate closely with impacted clients.

### Status of implementation in Central and Eastern Europe

EU Directive 2022/2523 sets forth rules for the implementation of a global minimum level of taxation for large multinational groups and large-scale domestic groups operating in the EU (Pillar 2).

The Directive should be transposed into national legislation by the end of 2023.

Taxpayers members of a multinational group or a large-scale domestic group located in an EU Member State, with annual revenue exceeding EUR 750 million in the last two of the four fiscal years immediately preceding the reporting year are subject to Pillar 2 obligations.

The Directive provides a mechanism based on three interdependent model rules commonly referred to as the Global anti-Base Erosion (GloBE), according to which a top-up tax should be collected in instances in which the Effective income Tax Rate (ETR) of a

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multinational group in a specific jurisdiction is below the Minimum Tax Rate (MTR) of 15%.

In [Austria](#), a draft legislation will be published and subsequently sent to Parliament later this year. It is likely that a new law will be enforced, because of the number of rules necessary to transpose the Directive into Austrian legislation. No significant deviations are expected between the local legislation and the provisions of the Directive.

[Croatia](#) has yet to implement the EU Directive 2022/2523, as well as any local tax legislation in connection to Pillar 2. A draft legislation is expected to be published in the following period.

In the [Czech Republic](#), large multinational and domestic corporations will be required to pay a minimum income tax of at least 15%. The corresponding draft of the law - the Act on Equalisation Taxes for the Purpose of Ensuring the Minimum Taxation Level of Large Multinational and Domestic Groups - was approved by the Czech Government on 16 August 2023. It is set to take effect from December 31, 2023. The Act is a transpositional legal regulation that incorporates into Czech legislation the Directive.

It introduces two new direct taxes into the Czech tax system – the allocated equalisation tax and the Czech equalisation tax.

The allocated equalisation tax will be imposed on parent entities of large companies with annual revenues exceeding 750 million EUR if their overall effective taxation is less than 15%. Based on the proposed rules, an equalisation tax will be determined for the parent entity in relation to each country where the group operates and where the group's effective taxation is lower than 15%.

The Czech equalisation tax is aimed at preserving the primary right of the Czech Republic to tax income derived from sources within its territory. Due to various tax exemptions and similar measures, it might occur that the income of a member entity of a group operating in the Czech Republic is subject to an effective rate lower than 15%. The Czech equalisation tax ensures that these revenues are taxed within the Czech Republic's jurisdiction.

In [Hungary](#) no draft domestic legislation was issued at this time, however, the expectation is that Hungarian rules would not differ significantly from the provisions of the Directive. Also, it is more

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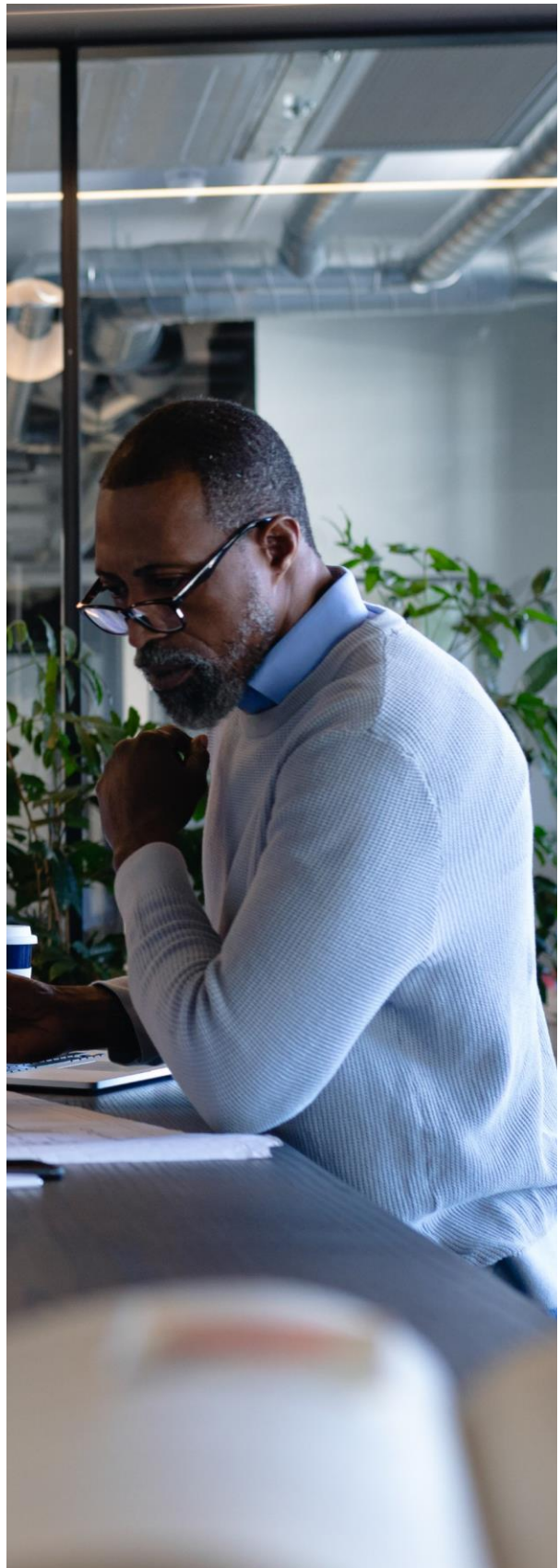
likely than not that Hungary would implement the rules regarding the qualified minimum domestic top-up tax (QMDTT) in order to collect the additional tax revenues at local level.

In [Poland](#), the government has yet to publish a bill containing domestic regulations implementing the Directive. According to press releases, Pillar 2 regulations are to be implemented in Poland only from January 1, 2025.

This would mean that in 2024 the Pillar 2 regulations may apply to those companies operating in Poland, but only in the case of implementation of relevant regulations in the parent jurisdictions.

[Romania](#) has not formally published a draft legislation concerning the implementation of the Directive into local legislation. The expectation is for the Directive to be implemented by the end of this year with minimum deviations, however, it is possible for the application of some rules, like the Income Inclusion Rule (IIR) and Undertaxed Payments Rule (UTPR) to be postponed.

Considering that some CEE countries, like the Czech Republic, have already



## OECD Pillar 2 GloBE in CEE: Preparing for a different tax future

implemented the new rules, while in other countries enforcement is imminent, in scope multinational groups should finalise their preparations. The analysis should focus on determining which group entities are within the scope, understanding local requirements, and calculating the ETR in each jurisdiction.

As [Slovakia](#) holds a specific position, where only a very small number of parent entities have their headquarters, the Slovak Ministry of Finance has decided to use the option given by the directive not to start the immediate application of the Income Inclusion Rule (IIR) and the Undertaxed Profit Rule (UTPR). Instead, to benefit from the top-up tax revenues collected on the low-taxed constituent entities located in the territory of Slovakia, they elected to apply a qualified domestic top-up tax system.

In this respect, a draft Act on top-up tax to ensure a minimum level

of taxation for multinational enterprise groups and large-scale domestic groups has been prepared. If the effective taxation of income of qualified entities located in Slovakia is lower than 15%, the minimum taxation of these entities will be ensured by collection of the top-up tax. If approved by the Slovak Parliament, the Act becomes effective as of 31 December 2023.

In [Slovenia](#), the Ministry of Finance published in June 2023 proposed local law changes to implement the Directive into domestic legislation. The act must be approved by the government until the end of 2023 with start of use from 2024 onwards. The proposed local law is more or less a direct translation of the Directive, implementing the additional minimum tax, which brings the effective minimal tax rate to 15 % for the relevant multinational corporations.

# The CEE perspective on the Work-Life Balance Directive for parents and family caregivers

by our joint regional team of payroll experts in Central & Eastern Europe



# The CEE perspective on the Work-Life Balance Directive for parents and family caregivers

Often simply referred to as the "Work-Life Balance Directive," The (EU) 2019/1158 Directive for parents and family caregivers, is a significant piece of legislation introduced by the European Union to address the challenges faced by working parents and family carers. This directive is aimed at promoting a more equitable work-life balance, recognising the importance of supporting individuals who bear the dual responsibilities of employment and caring for their families or dependents.

The directive is a crucial step in advancing gender equality and fostering a more caring and inclusive society for all EU citizens.

## Perspective in Central and Eastern Europe

**Austria** is now fully implementing the 2019/1158 Work-Life Balance Directive for parents and family caregivers into national law, with the decision of the National Council of 20.09.2023.

Regarding **parental leave**, for children born after 01.11.2023, there will only be an entitlement to parental leave until the end of the 22nd month of the child's life, i.e. there will be a reduction of two months. In deviation from

this, however, the entitlement continues to exist for a total of two full years if the parents share it, but each part must amount to at least two months.

Furthermore, the entitlement to parental leave is still valid until the child reaches the age of two if the parent taking parental leave is a single parent at the time of notification of parental leave, i.e. if there is no other parent or if the other parent does not live in the same household.

**Parental part-time work** allows parents who notify their employer of their intention to take parental part-time leave as of 01.11.2023 to take parental part-time leave until the child reaches the age of 8 (previously 7), up to a maximum of seven years.

In terms of **caregiver leave**, previously, employees were only entitled to caregiver leave if they had to care for a close relative living in the same household. As of 01.11.2023, the requirement of living in the same household will no longer apply to close relatives of the employee. At the same time, sick persons living in the same household as the employee no longer have to be close relatives of the employee in order to be able to claim caregiver leave for them.

## The CEE perspective on the Work-Life Balance Directive for parents and family caregivers

Directive 2019/1158 on work-life balance for parents and carers. The Directive sets out minimum requirements regarding paternity leave, parental leave, care leave, and flexible working arrangements for workers who are parents or caregivers, i.e. institutes that were already regulated in some form by Czech law before the Directive was promulgated.

Compared to other Member States, the Czech Republic has long provided a high level of protection of employees' rights; for example, the Czech Labour Code already fulfilled the requirements for paternity leave, parental leave, and leave for force majeure before the Directive came into force. Thus, only minimal changes in this area have already been made during 2022.

In September 2023, the so-called transposing amendment to the Labour Code came into force, which is related to the implementation of the above-mentioned Directive and Directive 2019/1152 on transparent and predictable working conditions in the EU.

Key changes include the enshrinement of the right to telework.



## The CEE perspective on the Work-Life Balance Directive for parents and family caregivers

The intention is that parents of young children or caregivers, in particular, will have the best possible support in law and good conditions for combining family life with work.

One of the new features will be the possibility to provide home office workers with reimbursement of the most common expenses in the form of a lump amount. For employees working under agreements for work outside the employment relationship (full-time equivalent, agreement on work performance), the amendment brings greater predictability of work and the right to leave.

In addition to the changes caused by the requirement to implement the Directive into Czech law, the amendment to the Labour Code also modernises the service of process in employment relations. It establishes rules for the service of important documents, regulates the list of such documents, and allows bilateral documents relating to the establishment, amendment, or termination of an employment relationship to be concluded and served electronically if the employee gives his or her written consent to the employer.

**Romania** has also gradually implemented the EU Directive 2019/1158 on work-life balance for parents and caregivers.

**Childcare leave** extends now from one month to two months for the parent who did not initially claim this right (as non-transferable to the other parent, except for the situation when it comes to a single-parent family or if the other parent does not meet the conditions to be able to enter the childcare leave).

The monthly allowance for children born from twins, triplets, or multiples is supplemented by 50% starting with the second child.

Employees requesting childcare leave have the obligation to notify the employer at least 10 days before the end of maternity leave or, as the case may be, before the estimated date of starting childcare leave, by submitting a request in a lethic or electronic format, specifying the expected period of parental leave.

In the situation where the employee does not specify in the application the expected period, the employer will approve the application for entry into parental leave for the maximum period.

In terms of **flexible work** in

## The CEE perspective on the Work-Life Balance Directive for parents and family caregivers

Romania, employees who have dependent children up to the age of 11 years can benefit from 4 days per month in which they can carry out their activity in telework or work from home, at their express request, in compliance with the legal regulations in force (eg: drawing up an addendum that regulates the performance of the activity in a telework or work from home).

The request for carrying out the activity in telework regime or work from home must be accompanied by a declaration of own responsibility of the other parent or legal representative of the child, if both parents / legal representatives have the status of employees, showing that he did not simultaneously request to carry out the activity in a similar regime.

If the parent or legal representative is a single person, the declaration of the other parent or legal representative is not necessary.

Employees who request to carry out their activity in conditions of telework or work from home have the obligation to have all the means necessary to fulfill their duties according to the job description.

**Additional leaves** (carer's leave, unexpected absence from work, and paternal leave) now include new types of leave.

Carer's leave (5 working days in a calendar year, at the written request of the employee, in order to provide personal care/support to a relative/person living in the same household who needs care/support, following a serious medical condition).

The absence from work in unexpected circumstances (maximum of 10 working days in a calendar year, provided with the condition that the employer is informed in advance and that the period of absence is fully recovered up to the employee's normal working hours).

Paternal leave according to the provisions of Law 210/1999 (10 working days for each newborn child, based on the employee's request; supplemented by 5 working days for each newborn child, based on the childcare course graduation certificate, regardless of when this certificate was obtained).

**Slovenia** has already transposed the EU Directive 2019/1158 into its local legislation in November 2022, and the legislation changes came into force on 1 April 2023.

## The CEE perspective on the Work-Life Balance Directive for parents and family caregivers

However, before the EU Directive was implemented, Slovene legislation already included specific provision with respect to the professional and private life of parents and caregivers.

Regarding the father's leave, the local provisions before 1 April 2023 were 30 calendar days, with at least 15 calendar days to be used at birth or until the child's 1st birthday, while the rest could be used until the end of the child's first grade of primary school.

While Directive 2019/1158 states a minimum standard of 10 working days (14 calendar days), to be used at the time of child's birth, with the possibility to be used in part before and after the child's birth, after 1 April 2023, 15 calendar days were provided to be used at the child's birth.

The other remaining 15 days become part of parental leave days.

In terms of parental leave, before 1 April 2023, up to 260 days were provided for the mother and 230 days for the father. From these, 75 days could have been carried forward and used up to the end of the child's first grade of primary school. Also, a split was possible per agreement between the parents, by which the father can



## The CEE perspective on the Work-Life Balance Directive for parents and family caregivers

transfer 130 days to the mother, and the mother can transfer 100 days to the father.

Directive 2019/1158 states a minimum standard of 4 months, with 2 months of parental leave that cannot be carried forward, but to be used before the child gets to a certain age (up to age 8, still to be determined by the state).

After 1 April 2023, the split ratio per agreement between the parents changed, so that the father can now transfer up to 100 days to the mother, and the mother can transfer up to 100 days to the father. The unused amount of days can be used up to the child's 8th birthday.

The [Slovak](#) legislation implemented the EU Directive 2019/1158 in by the Act 350/2022 Coll. amending several laws, including the Labour Code and the Social Insurance Act. With the effect as of 01.11.2022 fathers are entitled to take paternity leave which was previously referred to as parental leave. The novelty is that the first 2 weeks can be taken within 6 weeks after childbirth. During this period, fathers are paid paternity allowance which is covered by the social insurance (sickness

insurance) and it amounts to 75% of the father's daily assessment base. This allowance may be paid in parallel to the mother's maternity or parental allowance.

If fathers opt to take 2 weeks after childbirth, these are deducted from their overall paternity leave entitlement of 28 weeks. Their overall paternity leave will be then split into 2 weeks of paternity allowance and 26 weeks of maternity allowance which can be later taken up to the child's age of 3 years.

It is important to mention that not all fathers are not automatically entitled to the paternity allowance, there is a set of conditions to be met related to the length of insurance, childcare, or no income during the paternity allowance period, etc.

Before November 2022, fathers were entitled to 28 weeks of paid parental leave which could not overlap with mothers' paid maternity or parental leave. The legislation change allowed this overlap, aiming to strengthen the father-child relationship in early childhood and equalise the distribution of childcare duties. The experience has shown that fathers really enjoy the change.

## News from the CEE countries

Austria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia, Ukraine



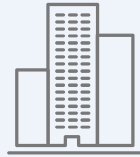
## News from the CEE countries



**2000+**  
professionals



**57**  
partners



**26**  
offices



**20+**  
countries

The overview of the most important tax and payroll insights from Central and Eastern Europe will help you navigate more efficiently through the changes that occur in the following countries: Austria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia, and Ukraine.

Learn about all the updates below.



### Austria

- Mazars CEE Tax Guide 2023.  
[Read more.](#)
- EU Mobility Directive, implemented by Austria through the EU Reorganisation Act.
- Company register disclosure obligation.
- Coming into force of the Virtual Shareholders' Meetings Act.
- Automatic exchange of bank information.

[Read more](#) about the updates.

## News from the CEE countries



### Croatia

- Amendments to the tax regulations in 2024.
- Overview of countries with which the Republic of Croatia has confirmed reciprocity in the field of VAT refund to foreign taxpayers.
- The Tax Authority's opinion regarding the Pan-European Pension Product.  
[Read more](#) about all the updates.



### Czech Republic

- Agreements for work performed outside employment relationship.  
[Read more.](#)
- Changes in the area of home office.  
[Read more.](#)
- Amendment to the Act on the stay of foreigners and related legislation.  
[Read more.](#)
- CBAM: New obligation for importers.  
[Read more.](#)
- New rules set to combat VAT fraud - records of cross-border payments.  
[Read more.](#)

## News from the CEE countries



### Hungary

- Carbon dioxide (CO2) quota tax. [Read more](#)
- Deadline for refund applications for VAT paid abroad. [Read more](#).
- Group taxation – applications for establishing a CIT group. [Read more](#).
- Employment of Guest Workers in Hungary. [Read more](#).



### Poland

- Cancellation of the state of epidemiological threat.
- The accession of Poland to the Framework agreement on cross-border telework.
- Planned increase in the minimum wage in 2024.
- New provisions regulating proceedings in the labour court. [Read more](#) about the updates.

## News from the CEE countries



### Romania

- Introduction of the global minimum tax in Romania. [Read more.](#)
- Reporting obligations for Digital Platform Operators. [Read more.](#)
- Public Country-by-Country Reporting/ Public CbCR. [Read more.](#)
- Minimum gross base wage per country guaranteed in payment. [Read more.](#)



### Slovakia

- Approved amendments to the Slovak Income Tax Act and the draft Act on top-up tax. [Read more.](#)
- Contribution relief for food producers.
- Termination of the pandemic nursing allowance.
- Minimum wage amount for 2024.
- Expected re-increase of meal allowance amounts.

[Read more](#) about all the updates.

## News from the CEE countries



### Slovenia

- Case law - Claiming special tax relief for dependent family members for residents of EU or EEA Member States (VRRS Judgment X Ips 21/2022).
- Amendment to the Corporate Income Tax Act.
- Intervention measures to deal with the consequences of the devastating floods in Slovenia.

[Read more](#) about the updates.



### Ukraine

- Mazars partnering for Ukraine's reconstruction. [Read more](#).
- Mandatory technical control for companies' cars. [Read more](#).
- Essential amendments to the Tax Code.
- Other income of gig-specialists, subject to personal income tax.
- Currency restrictions on the sale of non-cash foreign currency.

[Read more](#) about the updates.

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\*where permitted under applicable country laws

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