Forvis Mazars Central and Eastern European tax guide 2025

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Welcome to the CEE tax guide 2025

Welcome to Forvis Mazars' thirteenth edition of the annual Central and Eastern European tax guide.

Taxation continues to play a pivotal role in shaping business strategies, investment decisions, and economic policy across the globe. Staying informed about tax developments is essential for organisations operating internationally, and our CEE Tax Guide aims to support that need by providing a clear, comparative overview of the tax systems across Central and Eastern Europe.

In 2013, the tax guide provided data for 15 countries, and the 2025 edition has significantly expanded its coverage to include 25 jurisdictions. This growth reflects the increasing economic integration and relevance of the region, as well as rising interest from global investors and businesses seeking opportunities in these dynamic markets.

In addition to the core Central European countries - Hungary, Czech Republic, Slovakia, and Poland (the so-called Visegrád Group) - this edition covers Southeast Europe, Germany, Austria, Ukraine, Romania, Moldova, the Baltic states, and contributions from Forvis Mazars offices in Central Asia (Kazakhstan, Kyrgyzstan, and Uzbekistan).

The first part of the guide provides detailed country-specific profiles, developed in cooperation with Forvis Mazars offices in each jurisdiction. These overviews outline the main features of national tax systems. To facilitate comparison, the final section includes summary tables presenting key tax parameters side by side across all 25 jurisdictions.

This guide is crafted to assist readers in evaluating key elements of tax competitiveness across the region. It highlights important metrics such as tax and employment contribution rates, accompanied by practical examples that consider different salary levels and family statuses. The publication also emphasises VAT rates, alongside a thorough examination of the corporate income tax framework. A dedicated table offers a clear comparison of critical CIT features, including R&D tax incentives, carry-forward loss rules, group taxation, and interest deduction limitations. Additionally, each country profile includes a summary of its transfer pricing regulations.

While this guide offers detailed tax information, we know that every business faces unique challenges. That's why Forvis Mazars provides direct access to our tax experts across Central and Eastern Europe. Our specialists combine local knowledge with an understanding of your business, helping you navigate tax rules with confidence. Feel free to contact your local Forvis Mazars tax advisor – they're ready to answer your questions, clear up any doubts, and work with you to make smart tax decisions that support your growth.

We hope this guide supports your decision-making and continued growth.

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An overview of taxation system within CEE

Introduction

This brochure aims to provide current information on taxation in the 22 European states concerned, supplemented by 3 Central Asian countries, effective as of January 2025. Thanks to the cooperation of the Forvis Mazars offices, this is now our thirteenth edition.

We firmly believe that this publication will help investors understand the complexities of the various CEE tax regimes by highlighting the latest developments and trends characteristic of the respective tax regimes.

Employment Taxes

The tax rates on income and employment show significant differences in the countries in question. Half of the countries apply a flat-rate personal income tax (such as Bulgaria, Hungary, Romania, and Ukraine; ranging between 8 and 22%), while others prefer progressive tax rates (e.g. Austria, Germany and Slovenia, as Croatia and Slovakia) where the upper tax rates are often as high as 50%. There were changes in the standard PIT rates in 2025 in Estonia, as it has increased from 20% to 22%; the progressive PIT rates have been amended in some countries, too (e.g. Kosovo, Croatia, Latvia).

On average, the costs of social taxes and contributions borne by employers in the region is 17% of gross salaries, though significant differences (of over 30 percentage points) are apparent between the lowest employer burdens (Lithuania, Kosovo, and Romania: no more than 5%) and the highest employer contributions (e.g. Estonia and Slovakia: 33 and around 36%, respectively) in this case. However, this only indicates that some jurisdictions prefer to levy payroll taxes on employees rather than on employers, which makes systems hard to compare based on tax rates alone.

A much more suitable method to compare systems is to examine the tax wedge indicator. This is the ratio between the total amount of taxes and contributions paid in connection with employment and the corresponding total labor costs for the employer. The tax wedge shows the percentage of labor costs that, in any form, go to the state budget. In 2025, this indicator varies between 13 and 49% (in the case of the average wage in the private sector, without any family allowances), with an average of 38%. Compared to the OECD average of 35%, the tax wedge of the region can be considered to be high, especially in the case Member States of the EU, where the average is 43%. Of course, due to progressive tax rates, the value may be somewhat lower in the case of lower income rates and higher in the case of higher rates.

All of the above should obviously be evaluated in light of the wage level in the given country, which is the factor where the countries of the region display the most significant spread. The average of the minimum wage in the CEE countries amounts to EUR 846 with a 9% increase compared to last year. The gross minimum wage is no more than EUR 400 in Ukraine, Moldova, Kosovo and Albania. It is in the range of EUR 400 to EUR 1,000 in the majority of the region (Albania, Bulgaria, former Yugoslav countries, Baltic States and Visegrad countries), while being slightly more in Lithuania, Poland and Slovenia. On the other end of the spectrum, we can find Germany and Austria where the minimum wage exceeds EUR 2,000.
The gross average wage level shows similar differences. On average, workers in the private sector in the CEE region earn around EUR 1,700 which shows a 8% increase compared to last year. Still, the average wage is less than EUR 1,000 in Ukraine, Moldova, Kosovo and Albania, while it is in the range of EUR 1,000 to EUR 2,000 in the majority of the region (Bulgaria, former Yugoslav countries, Baltic States, Visegrad countries, except for Lithuania and Slovenia where it is slightly higher). The average wage exceeds EUR 4,000 in the top two countries, Germany and Austria.
For the first time this year, we have also been examining the average wages in the private sector adjusted by the Purchase Power Parity (PPP) index[1].

1 The source of the PPP index is the World Bank website, with the latest available data from 2023: https://data.worldbank.org/indicator/PA.NUS.PRVT.PP?year=2023. To calculate the average wage adjusted by the PPP index, the net average wage in the private sector for each country was divided by its respective PPP index. The resulting figures were then converted to euros for consistency with other data in this guide, using the EUR/USD exchange rate as of January 2, 2025 (1.12 EUR/USD).

The PPP index is an economic indicator which links the exchange rates to the price of a basket of products in each country. It is measured in terms of national currency per US dollar. Our analysis of PPP-adjusted average wages reveals some notable insights. If we rank the countries by the purchasing power of their net wages, we get very different results compared to nominal salaries; for example, while the average gross Ukrainian wage – in terms of nominal value – is little more than third of its Greek counterpart, in terms of the purchasing power of their net value, there is little difference. Similarly, although the Slovenian average gross wage is way above the Polish average (by 700 EUR), their purchasing power seems to be almost the same. We believe that this is in part due to tax reasons, but different price levels in the countries concerned also play into it. Overall, what we can conclude is that if we consider the purchasing power of net salaries, the difference between countries is much less significant than the level of gross wages alone would suggest.

Regarding tax allowances for families, we could conclude that, in three-quarters of the countries, for employees raising three children, there is no considerable increase in the net salary (and decrease of tax wedge). On the other hand, some form of family tax allowance is available in Hungary, Latvia, Bulgaria and Slovakia, which results in considerable benefits for employees; in those countries, parents with three children may be able to reduce the tax wedge by 14-18% points.

Also, a novelty this year is the inclusion of data on the availability of joint taxation. Our calculation models a family with 2 children where one of the partners earns double the average wage in the private sector while the other earns a minimum wage. Our analysis shows that joint taxation is not available or does not make a significant difference in most countries. Still, in a handful of countries joint taxation may result in considerable increase in net wage level (Bulgaria and Uzbekistan).

Value-added tax

Due to EU regulations, the rules of value-added tax are harmonized for the most part, and many non-EU Member States are also trying to align themselves to the Community system. However, applicable tax rates show significant differences. In 2025, general tax rates averaged around 20% in the region. The normal VAT rate of 25% and 27%, effective in Croatia and Hungary, respectively, still count as especially high. Slovakia has moved from the midfield to the fourth place in the list of countries with the highest VAT rates, as the Slovak normal VAT rate of 20% has been increased to 23% from 2025. It is also worth noting that standard VAT rate in Estonia will increase from 22% to 24% from July 1, 2025.

Examining the reduced tax rates provides an even more diverse image (starting from 2025 a reduced VAT rate of 15% has been introduced in Montenegro). Many countries have introduced two reduced rates, which is the maximum permitted by Directive 2006/112/EC (VAT Directive).

VAT group taxation applies in Hungary, Austria, Germany, the Czech Republic, Estonia, Latvia, North Macedonia, Poland, Romania, Slovenia and Slovakia. More jurisdictions in the region are implementing new systems to improve compliance and reduce fraud, such as electronic invoicing, online VAT registration and filing, and real-time reporting.

In 2024, Hungary and Romania introduced the e-VAT system with the aim of making VAT administration easier. Under the new regime, the Tax Authority provides taxpayers with draft VAT statements based on online invoice reporting data.

A couple of countries (for example: Poland and Romania) have implemented the Standard Audit File for Tax (SAF-T), which is a standardized XML file format for exchanging accounting data between businesses and tax authorities.

Corporate income tax

Various countries emphasize different factors when taxing corporate profit. Countries in the region typically keep the headline CIT rates around 15-24%. The reality is, however, often more complex, as a number of countries, like Poland and Slovakia, also have beneficial tax rates for smaller taxpayers. Although Hungary has the lowest general rate of 9%, it should also be noted that in certain sectors the overall profit tax rate may be as high as 50%. There are three countries where the CIT higher rate has gone up compared to last year: in Lithuania (from

15% to 16%), Estonia (from 20 to 22%) and Slovakia from 21% to 24%). The European Union consciously strives to limit the tax race and to prevent the use of the most harmful tax avoidance techniques. An important tool in this effort was the Anti-Tax Avoidance Directive (ATAD and ATAD II), officially known as Directives (EU) 2016/1164 and 2017/952. The greatest challenge for many EU Member States has been the adoption of these EU rules. For example, following ATAD implementation, the previous rules on thin capitalization were replaced or supplemented by the method tied to EBITDA-based interest limitation calculation in the majority of the countries. The standardization of offshore (controlled foreign corporation, CFC) rules can also be traced back to the ATAD. Exit taxation regulations have also appeared in many countries.

Without exception, CEE countries applying traditional corporate taxation allow the carrying forward of losses acquired in previous years and putting them against the positive tax base of later years. This amount can only be used for the purpose during a predetermined period, usually 5 years.

The states of the region readily apply a withholding tax on interest, dividend, and royalty revenues (at a rate of 15%, or even 19-20%). Naturally, these can only be applied in the light of the provisions of the corresponding tax agreements. However, Hungary still do not generally apply withholding taxes on capital income.

In most countries in the CEE region, taxpayers are allowed to prepare an IFRS-based individual financial statement and use it for tax purposes. Many CEE countries offer tax incentives to encourage companies to invest in research and development (R&D).

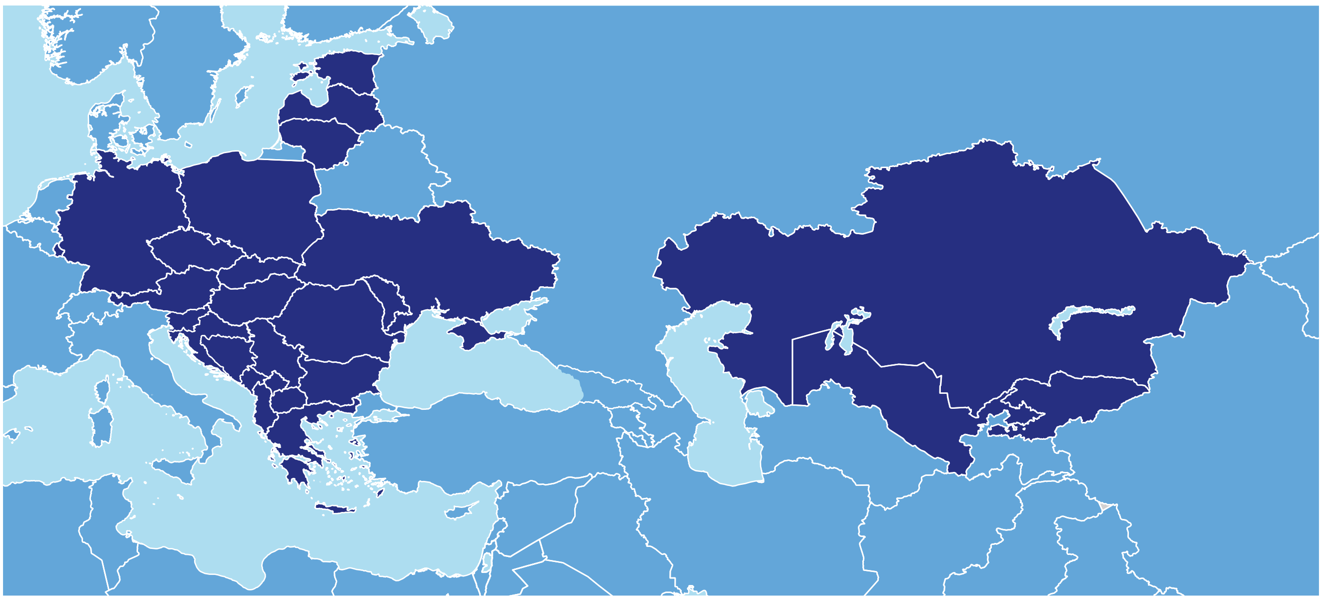
Notably, corporate group taxation is available in Hungary, Austria, Bulgaria, Germany, Poland, Romania, Serbia, Bosnia and Herzegovina (FBiH), and Montenegro.

It is a novelty in the field of corporate taxation that Poland implemented the JPK CIT (SAF-T standard control files for CIT and fixed assets) from 2025 for entities with an annual turnover of mEUR 50.

Transfer pricing (TP)

The OECD's BEPS ("Base Erosion and Profit Shifting") initiative drew attention to the fact that tax authorities need to focus more on possible cross-border transactions within corporate groups. Transfer pricing regulations had previously appeared in the tax systems of practically all countries. Taxpayers operating in the CEE region also had to participate actively in the implementation of the CBC reporting system (OECD's "country-by-

Countries included in the publication

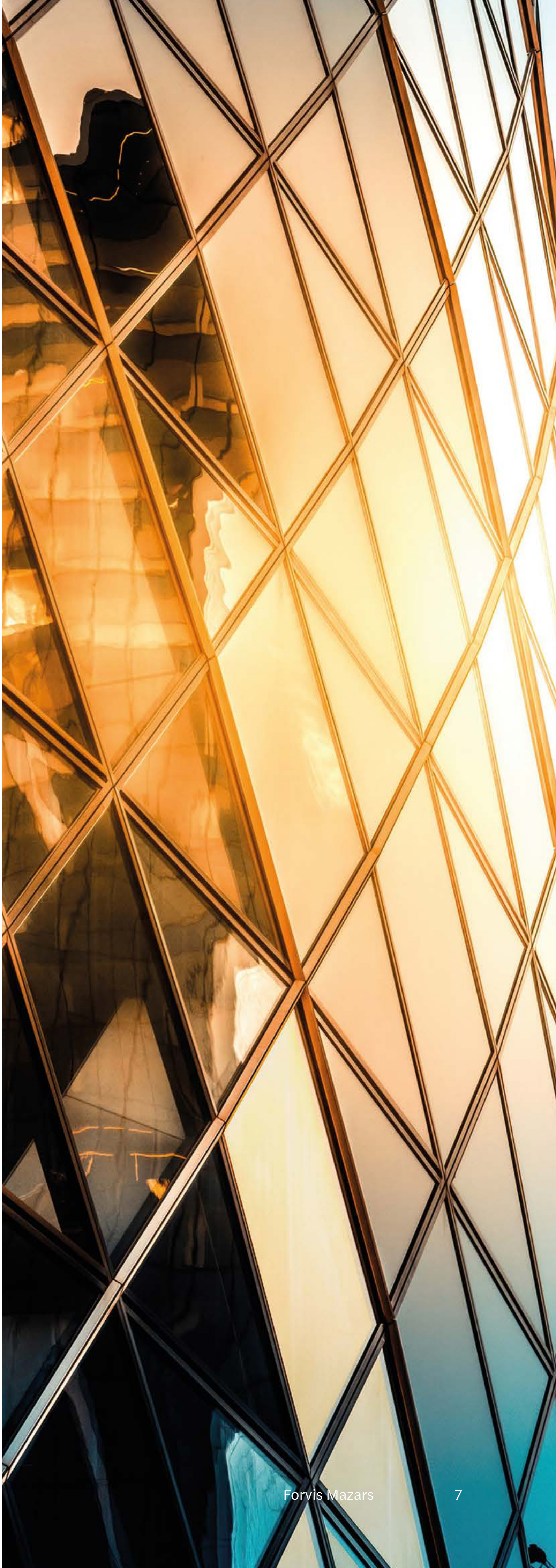


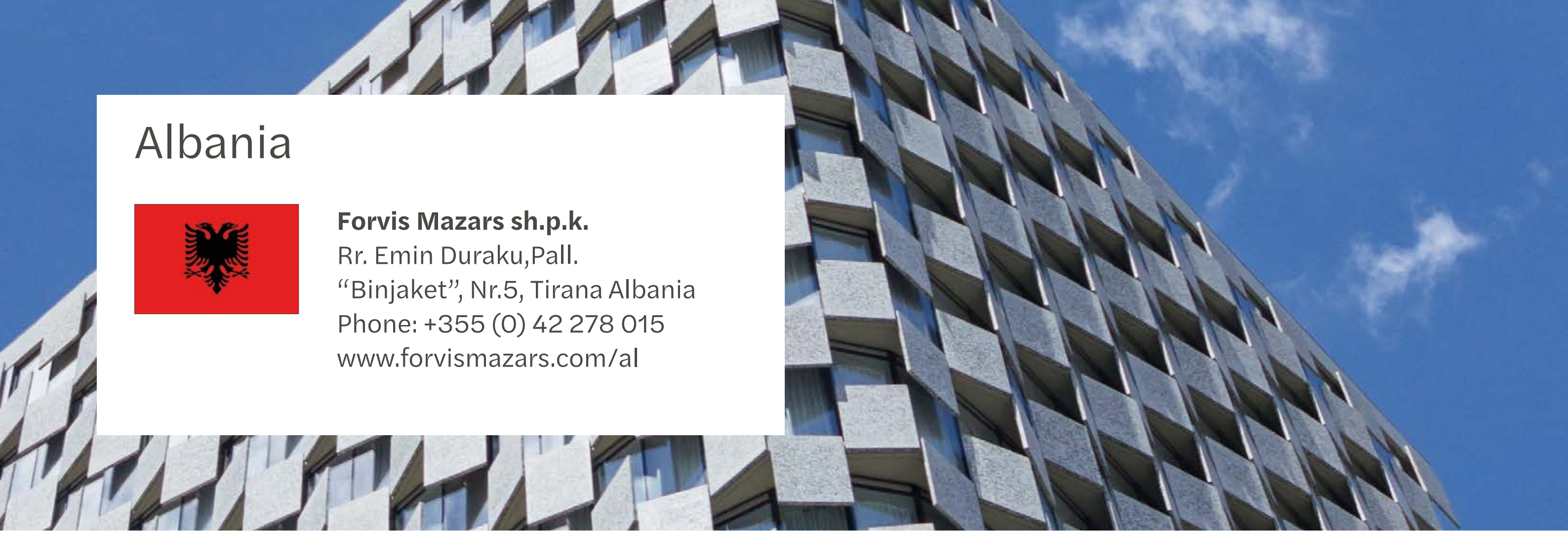
country reporting"), which promotes transparency by providing local tax authorities with the information necessary for evaluating tax risks. There is mandatory TP documentation obligation in all countries, except Kyrgyzstan.

Pillar II (GloBE Minimum Tax)

A key focus in international taxation is currently the introduction of global minimum taxation, based on the so-called Pillar II framework of the G20/OECD. On the basis of EU Directive 2022/2523 EU countries must implement the EU Directive into their domestic legislation. Based on the responses received, this has already happened in fourteen countries: Albania, Austria, Bulgaria, Croatia, the Czech Republic, Germany, Greece, Hungary, Lithuania, North Macedonia, Poland, Romania, Slovakia, and Slovenia.

A set of complicated and interlocked rules were put in place to ensure minimum effective taxation for corporate groups with an annual revenue of at least EUR 750 million. Based on these rules, a "qualifying domestic top-up tax" should be collected if the effective tax rate in a given jurisdiction is below 15%. It is clear that there are increasingly fewer opportunities for multinational companies to engage in profit-shifting.





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Corporate taxes and other direct taxes

The standard Corporate Income Tax is assessed on a current-year basis at the rate of 15%: Reduced Corporate Income Tax Rate are applicable for the specific industries;

- 5% for the entities operate in software and IT development until December 31, 2025;
- 5% for the automotive industry until December 31, 2029;
- 5% for entities which perform their activities in accordance with the Law on Entities of Agriculture Collaboration until December 31, 2029;
- 5% for agritourism industry until December 2029;

Any entity which operates a 4- or 5-star hotel and that acquires the status of special investor until December 2026 will be exempt from CIT for the first 10 years of their operation.

Fiscal losses may be carried forward for up to five consecutive years. The law does not provide for consolidated tax returns. Each company forming part of a group must file a separate tax return.
The gross amounts of interest, royalties, dividends, and shares of partnerships' profits paid to non-resident companies are subject to a withholding tax of 15%, unless a Double Taxation Treaty (DTT) provides for a lower rate. Albania has established agreements with 43 countries. 41 of these have been ratified and are currently in force.
The customs duty rates range between 0% and 15%, depending on the type of goods and the country of the origin. Local taxes consist of different categories of taxes.

Transfer pricing in Albania		
Arm's length principle	✓	Since 1998
Documentation liability	✓	Since 2014
APA	✓	Since 2014
Country-by-Country liability	✓	Since 2019
Master file-local file (OECD BEPS 13) applicable	✓	Since 2014
Penalty		
lack of documentation	✓	~ Delayed submission of documentation – EUR 100 / for each month of delay.
tax shortage	✓	0.06% on a daily basis (not more than 365 days) + late payment interest.
Related parties	50% >	Holding or controlling 50% or more of shares, or directly or indirectly.
Safe harbors	No	–
Level of attention paid by Tax Authority		**8/10**

VAT and other indirect taxes

Any person (entity or individual) that makes supplies in the course of that person's independent economic activity is required to pay VAT. For domestic supplies and for services subject to the reverse-charge mechanism, the Albanian taxable person will always be liable to account for the

VAT options in Albania	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	No
Import VAT deferment	No
Local reverse charge	Services from non-resident entities that are taxable in their own country.
Option for taxation	
letting of real estate	✓
supply of used real estate	No
VAT registration threshold	**EUR 100,000/year**

VAT. The obligation to register for VAT purposes and charge VAT is triggered when annual turnover exceeds ALL 10 million (approx. EUR 100,000). Persons involved in import or export activities and taxpayers supplying professional services must register for VAT regardless of the amount of turnover. The applicable VAT regimes are: 0%, 6%, 10% and 20%.
Customs duty in the Republic of Albania is applied by the customs authorities on the import of goods. The liability to pay duty always falls on the importer of the goods, but it is added to the cost of goods and in this way, it is finally transferred to the consumer. Starting from January 15, 2020 credit obligations or surpluses, such as tax and customs, may be offset between them. This will be possible in the special cases specified in the Ministry of Finance directive. The customs duty rates range between 0% and 15%, depending on the type of goods and the country of the origin.

Personal income tax / Social security system

According to New Income Law, personal income is categorized in three types of income;

– employment income
The employment income includes wages, salaries, allowances, other compensations and additions derived from labour or similar relations.
Also, definition of the employment income encompasses the income earned by a self-employed individual if at least 80% of the revenue earned is derived directly or indirectly from a single customer or if at least 90% of the total revenue earned is derived from 2 clients. However, such criteria do not apply if the self-employed individual provides services only to non-tax residents in Albania.

A progressive rate is applicable on employment income; 13% for yearly income up to ALL 2,040,000 and 23% for the amount over ALL 2,040,000. However Taxpayers can deduct specific amounts from their annual tax base, such as:

- Up to 600,000 ALL/year: Full deduction.
- Over 600,000 ALL/year up to 720,000 ALL/year: 420,000 ALL/year.
- Over 720,000 ALL/year: 360,000 ALL/year.

Additional deductions include 48,000 ALL for each dependent child under 18 years and education expenses up to 100,000 ALL/year if the income is less than 1,200,000 ALL/year.

–business income
The income derived for the business activity of the self-employed or entrepreneurs, are considered as bussines income and are taxed;
Net business income up to ALL 14 million 15% personal income tax, net bussines income over ALL 14 million 23% personal income tax.
Entrepreneurs and self-employed individuals realizing an annual turnover up to ALL 14 million shall continue to be subject to 0% tax until 2029.

– income from investments
Is taxed with flat rate at 15%.

Mandatory social security and health insurance contributions are due on employment income. The social security contribution is calculated on a monthly gross salary, from a minimum amount of ALL 40,000 (approximately EUR 400) to a maximum amount of ALL 176,416 (approximately EUR 1,764). The social contribution payable by the employer is 15%, while the rate payable by the employee is 9.5%. The health insurance contribution rate is 1.7% for both the employer and the employee.

Wage related taxes in Albania	Minimum wage		Average wage in private sector	
Exchange rate ALL/EUR 100	in EUR	in ALL	in EUR	in ALL
	400	40,000	730	73,000
Total wage cost	**467**	**117.00%**	**852**	**117.00%**
Social & health contribution	66.8	17.00%	121.91	17.00%
Gross salary	**400**	**100.00%**	**730**	**100.00%**
Social & health contribution	44.8	11.00%	81.76	11.00%
PIT	0	0.00%	56	7.66%
Net salary	**355**	**89.00%**	**592**	**81.00%**

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Corporate taxes and other direct taxes

Under domestic tax laws, corporations are deemed to be tax resident in Austria if they have either their registered seat or their effective place of management in Austria. In this case, the global income of the corporation is generally subject to Austrian corporate income tax. Other corporations are subject to Austrian corporate income tax only on the basis of income generated from Austrian sources. Partnerships are not subject to CIT. The corporate income tax rate is 23%.
The tax base is generally determined based on the result of the income statement under commercial law, which is then amended insofar as the tax law contains deviating rules (e.g. tax exemptions, restrictions of deductions, or tax-specific valuation rules).

Transfer pricing in Austria		
Arm's length principle	✓	Since 1988
Documentation liability	✓	Since 1988 / extended in 2016
APA	✓	Since 2011
Country-by-Country liability	✓	Business units of large MNE's must notify who is the reporting entity.
Master file-local file (OECD BEPS 13) applicable	✓	For groups with sales exceeding EUR 50m.
Penalty		
lack of documentation	✓	Up to EUR 50,000.
tax shortage	✓	Potential fines according to Tax Criminal Law.
Related parties	> 50%	Persons who are linked directly or indirectly by ownership (capital) or control.
Safe harbors	No	not applicable
Level of attention paid by Tax Authority		**8/10**

There is a yearly minimum CIT amounting to EUR 3,500 for public companies (AG) and EUR 500 for limited liability companies (GmbH). Any unused minimum amounts can be offset against future CIT payment obligations.

Tax losses can be carried forward indefinitely (but only 75% of the profit of a single year can be offset).

Thin capitalization rules (TCR) are in place in accordance with the EU-ATAD (Anti-Tax Avoidance Directive). Further restrictions relate to the deduction of interest paid to intercompany recipients. CFC rules were introduced in accordance with the EU-ATAD.

Some 100 double tax treaties are in place. Withholding tax can be reduced at source to treaty rates or under the EU-Parent-Subsidiary Directive, if formal requirements are met.
Global minimum tax (Pillar II) is applicable now (details see below).

VAT and other indirect taxes

VAT options in Austria	Applicable / limits
Distance selling	As of July 1, 2021, the OSS system is applicable.
Call-off stock	✓
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)*	EUR 700,000/year *
Import VAT deferment	✓
Local reverse charge	Examples: Electricity, emission quotas, cell phones, construction services, etc.
Option for taxation	
letting of real estate	✓
supply of used real estate	✓
VAT registration threshold**	**EUR 55,000/year****

* Not applicable for corporate enterprises.
** VAT exemption for domestic small businesses.

The harmonized EU-VAT-system applies. The general rate for the sale of goods and services is 20%. Reduced rates of 10% or 13% apply, for example, to agriculture products, real estate rentals with a residential purpose, entertainment, and art. Many exemptions are in place (e.g. exports, interest, insurance premiums, sale of real estate). Entrepreneurs with annual sales not exceeding EUR 55,000 are exempt from VAT obligations. Non-residents trading in Austria (B2C) are subject to registration immediately, unless they apply the OSS system (central VAT compliance in their EU-home country). Monthly/quarterly returns are filed electronically, and annual returns must be completed by June 30 of the following year. Companies represented by a tax advisor can have the deadline extended substantially.

Excise for certain alcoholic drinks (e.g. wine, beer), natural gas, oil, coal, etc., in line with the EU system.

Personal income tax / Social security system

According to the domestic tax law, individuals are deemed to be tax resident in Austria if they have their residence or habitual abode in Austria. In this case, the individual's global income is subject to Austrian income tax. Other individuals are subject to tax on income from their Austrian sources.

The term income is specified in the Income Tax Act. Tax rates are progressive from 0% (for yearly income up to EUR 13,308) to 55% (for yearly income exceeding EUR 1,000,000). Certain allowances are available depending on the taxpayer's family status. Income tax on wages is withheld and directly paid to the tax office by the employer.

Investment income (e.g. interest, dividends, capital gains from investments) is generally subject to a separate tax rate of 27.5%. Capital gains from real estate are subject to a tax rate of 30%.

Certain private expenses are deductible under various conditions (e.g. donations to charities, churches, tax advisory fees, tax losses carried forward).

Partnerships are not subject to income tax themselves. Their profit is subject to either income tax or corporate income tax at the level of the partners.

A compulsory public social security system is in place in Austria.

Social security contributions for employees are partly borne by the employee and partly by the employer. The base is the gross salary and benefits. A maximum contribution base of EUR 90,300 per year applies for 2025. Social security contributions amount to 39.05% (18.07% employee and 20.98% employer). Additionally, employers are obliged to pay other payroll-related costs amounting to approximately 8.6%.

For self-employed persons, the same maximum contribution base is used (EUR 90,300 per year for 2025).

Social security contributions amount to 26.83%. This insurance covers health, pension, and accident insurance. For the first 3 years, lower contribution bases are applicable.

No social security contributions are due for income not exceeding EUR 551.10 per month.

Wage related taxes in Austria	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	2,378		5,009	
Total wage cost	**3,070**	**129.00%**	**6,469**	**129.00%**
Employer's social security contributions and other payroll taxes	692.82	29.00%	1,459.67	29.00%
Gross salary	**2,378**	**100.00%**	**5,009**	**100.00%**
Employee's social security contributions	356.11	15.00%	898.05	18.00%
Wage tax	95.79	4.00%	694.11	14.00%
Net salary	**1,926**	**81.00%**	**3,417**	**68.00%**

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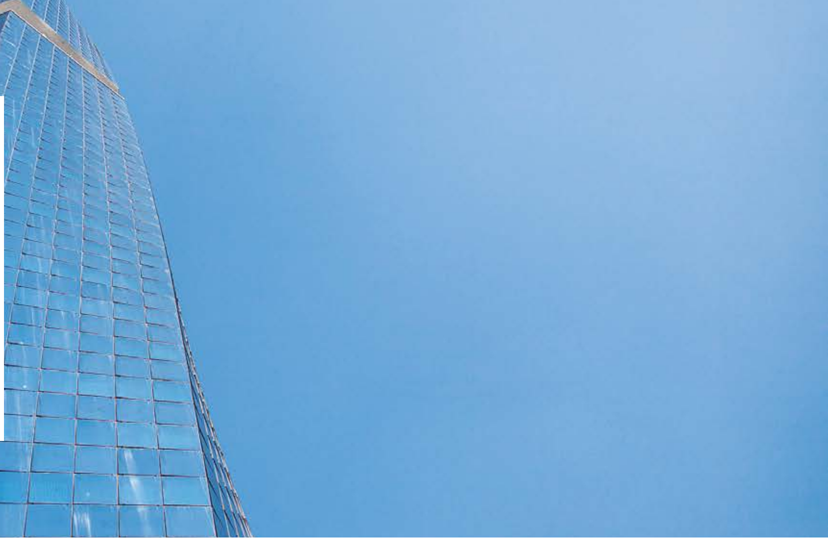

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Corporate taxes and other direct taxes

It is important to note that Bosnia and Herzegovina (BiH) is divided into three tax jurisdictions: the Federation of BiH (FBiH), the Republika Srpska (RS) and Brčko District (BD). For simplicity's sake, we will focus on the RS and FBiH.

CIT is set at a flat rate of 10%. A company in the FBiH/RS is considered resident if it is registered as a legal entity in the relevant jurisdiction, or in case its activities in BiH, qualifies as PE. Losses can be carried forward for up to 5 years in all tax jurisdictions. Loss carryback is not permitted.

Transfer pricing in Bosnia and Herzegovina		
Arm's length principle	✓	Since 1998
Documentation liability	✓	Necessary. Prescribed in the transfer pricing documentation.
APA	No	–
Country-by-Country liability	✓	Annual consolidated group ≥ EUR 750 million (previous year).
Master file-local file (OECD BEPS 13) applicable	✓	Deadline 45 FBiH/30 RS days from the request made by the tax administration.
Penalty		
lack of documentation	✓	EUR 1,524—50,867 for legal and EUR 1,278—EUR 7,669 for responsible person.
tax shortage	No	–
Related parties	25% (25%) <	Direct or indirect control /a common managing director/ significant influence.
Safe harbors	✓	FBiH-Rate for support services is 5% (administration, legal services, HR, etc.).
Level of attention paid by Tax Authority		**7/10**

There are no special limitations in the case of M&A transactions. In FBiH, interest expenses taken from related parties are tax deductible in a debt/equity ratio of 4:1 (thin cap rule). In the RS, interest expenses are not recognized for the amount of net interest expenses that exceed 30% of the tax base (without financial items). In the RS, R&D costs are recognized in line with IAS. In the FBiH and BD, R&D costs are recognized.
Profit on dividends is not included in the calculation of the tax base. In the FBiH, taxpayers who invest their own resources in production equipment to a value exceeding 50% of the profit for the current tax period see a reduction in corporate income tax liabilities for 30% of the amount for the year of the investment.
Any taxpayer who invests more than 20 million in BAM (EUR 10.2 million) over five consecutive years (minimum investment in the first year is equal to 4 million BAM (EUR 2.04 million) reduces its CIT liability by 50% of the investment in each of the 5 years.

The withholding tax rate for dividends amounts to 5% in the FBiH unless a DTT applies (currently, there are around 38 active DTT's). Interests, royalties, and technical fees paid by a BiH company to a foreign company are subject to withholdings at a rate of 10%. In the RS, there is a flat-rate withholding tax (10%) on all payments to foreign legal persons in which there is an obligation to pay withholding tax. The group taxation concept is allowed in the BiH for a group of resident companies, with a minimum of 90% (FBiH). Moreover, the parent company and its subsidiaries constitute a group of companies if they have direct or indirect control over 50% or more of the shares or stakes.

In cases of real estate acquisition in the FBiH, the transfer is taxable at the canton level. In the RS, there is no transfer tax, but the owner of the real estate has to pay property tax of up to 0.20% of the market value. (Decreased rules for production RE apply).

VAT and other indirect taxes

VAT options in Bosnia and Herzegovina	Applicable / limits
Distance selling	No
Call-off stock	✓
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	No
Import VAT deferment	No
Local reverse charge	✓
Option for taxation	
letting of real estate	✓
supply of used real estate	No
VAT registration threshold	**approx. EUR 51,129/year**

The general rate is 17%. There are no reduced rates apart from the 0% rate. Main VAT-exempt services include banking services, insurance, healthcare, etc. Export exemption and exemption for deliveries to free zones apply. Specific thresholds are as follows.

Amendments to the VAT rulebook have been officially introduced as of August 2, 2020. The Rulebook prescribes the conditions and manner in which VAT refunds for VAT paid by non-residents in BiH can be claimed.

Both custom duties and excise duties on goods imported into BiH constitute types of indirect taxation in BiH.

Personal income tax / Social security system

In the FBiH, personal income is taxed at a flat rate of 10%, and is applicable for active income and passive income. Dividends are not taxable in the BiH.

In the RS, personal income is taxed at a rate of 8%, assignment fees at a rate of 13%, and all other passive income at a rate of 10% (interest, real estate rental, etc.).

In the RS, employees contribute 31% of the gross salary. In the FBiH, employer contributions are set at 10.5% and employee contributions at 31% of the gross salary.

Wage related taxes in Bosnia and Herzegoniva	Minimum wage in FBiH		Minimum wage in the RS	
Exchange rate BAM/EUR 1.95	in EUR	in BAM	in EUR	in BAM
	799	1,562	688	1,345
Total wage cost	**892**	**112.00%**	**688**	**100.00%**
SSC (employer)	93	11.70%	-	-
Gross salary	**799**	**100.00%**	**688**	**100.00%**
SSC (employee)	248	31.00%	213	31.00%
PIT	40	5.00%	14	2.00%
Net salary	**511**	**64.00%**	**461**	**67.00%**

Wage related taxes in Bosnia and Herzegoniva	Average wage in FBiH		Average wage in the RS	
Exchange rate BAM/EUR 1.95	in EUR	in BAM	in EUR	in BAM
	1,141	2,231	1,126	2,202
Total wage cost	**1,274**	**112.00%**	**1,126**	**100.00%**
SSC (employer)	133	11.70%	-	-
Gross salary	**1,141**	**100.00%**	**1,126**	**100.00%**
SSC (employee)	354	31.00%	349	31.00%
PIT	63	5.50%	49	4.35%
Net salary	**724**	**63.00%**	**728**	**65.00%**

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Corporate taxes and other direct taxes

Bulgaria has a flat corporate income tax rate of 10%, applied to the annual tax profit reduced by tax losses carried forward within five subsequent years. Bulgaria applies thin capitalization rules to interest expenses from loans or leasing provided or guaranteed by related parties. Advance tax payments should be made each month or quarter, based on the estimated tax profit for the current year.

Withholding tax rates are 5% for dividends and 10% for exhaustively listed other income from source in Bulgaria, including capital gain, gain from sale of immovable property, interests and royalties. (Double Tax Treaties can be applied to decrease or eliminate the withholding tax). There is no withholding tax if the dividends, interests, and royalties are paid in favour of a parent company registered in an EU Member State subject to some additional requirements.

Transfer pricing in Bulgaria		
Arm's length principle	✓	Since 1989
Documentation liability	✓	A TP local file is obligatory for companies subject to some criteria.
APA	No	–
Country-by-Country liability	✓	Yes
Master file-local file (OECD BEPS 13) applicable	✓	Where the company required to prepare an LF is an MNE member.
Penalty		
lack of documentation	✓	0.5% for lack of local file; BGN 5,000 to 10,000 for lack of a master file.
tax shortage	✓	BGN 1,500 to BGN 5,000
Related parties	50% <	Direct or indirect control, or personally related.
Safe harbors	No	–
Level of attention paid by Tax Authority		**10/10**

1) Bulgaria has National top-up tax on profits of multinational enterprise (MNE) groups and large-scale domestic groups. There is a threshold of 750 million euro (for the previous two years) on group level calculated in the consolidated report of the group. The Global Minimum Tax could be applied if the criteria for the national top-up tax are not met. The rate is a maximum of 15% on the profits.

2) Local taxes are determined by each municipality within the ranges stated in the Local Taxes and Fees Act. Local taxes and fees include:

- real estate tax: the tax rate is in the range of 0.1% to 4.5%. The base for taxation of non-residential real estates of companies is the higher of the book value or the value calculated by municipality tax valuation. The base for taxation of all residential real estate is the municipality's tax valuation;
- transportation vehicle tax: determined as an exact amount, depending on vehicle type and power;
- gift tax: applied to gifts of all kinds, with very limited exemptions. Applies also to forgiven payables. There are two ranges of rates applicable: between 0.4% and 0.8% for gifts between siblings and their children; and between 3.3% and 6.6% for all other gifts;
- tax on the acquisition of property for a consideration: applies to real estate, vehicles, and limited real estate rights acquired for a consideration. The tax rate range is between 0.1% and 3% of the value of the property, or, in the case of exchange, the value of the more expensive property;
- inheritance tax: exempt to a limited extent (family members);
- patent tax: applied to micro enterprises or individuals whose activities are small services such as tailoring, very small stores, carpentry, etc. These are fixed amounts, determined by each municipality;

– a wide range of other fees (such as tourist tax; tax on the carriage of passengers by taxi; refuse collection fee) or other fees usually imposed for specific services, such as social services, technical, and other.

VAT and other indirect taxes

VAT options in Bulgaria	Applicable / limits
Distance selling	EUR 35,790/year
Call-off stock	✓
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	EUR 500,000/ preceding 12 months
Import VAT deferment	No
Local reverse charge	Waste and related services and agricultural production (seeds and grain).
Option for taxation	
letting of real estate	✓
supply of used real estate	✓
VAT registration threshold	**Approx. EUR 84,875/ last 12 months (from January 1, 2025).**

The standard VAT rate is 20% and reduced rate is 9% or 0%.

The tax rate is 9% for exhaustively listed supplies, such as hotel services, books, baby items. Provision of a general tourist service, Intra-Community Delivery and other specific supplies are subject to 0%.

Services exempt from VAT are exhaustively listed, such as financial and insurance services, transfer of buildings, educational services, medical and social services, etc.

VAT payers are required to submit monthly VAT returns, sales and purchase registers, VIES, and Intrastat returns.

Excise duties (on mineral oils, spirits, beer, wine, tobacco and tobacco products, natural gas, electricity, and solid fuels).

Personal income tax / Social security system

Personal income tax is applied at a flat rate of 10% on most of the income. The tax rate for dividends or liquidation shares paid in favour of an individual is 5%. The tax rate for amounts received from the expiry of life insurance, if its duration was more than 15 years, is 7%.

Income from employment and self-employment is subject to social security and health insurance contributions. In the case of employment, the employee's contribution amounts to 13.78% (10.58% social security and 3.2% health insurance). For the employer, this contribution is 18.92% (14.12% and 4.8%, respectively). There are different contribution rates for specific positions involving higher risk (miners, pilots, workers in chemical and other harmful production facilities, etc.). The maximum assessment base for social and health insurance contributions is BGN 3,400 (approx. EUR 1,739).

Wage related taxes in Bulgaria	Minimum wage		Average wage in private sector	
Exchange rate BGN/EUR 1.95	in EUR	in BGN	in EUR	in BGN
	551	1,077	1,291	2,525
Total wage cost	**656**	**119.00%**	**1,537**	**119.00%**
Social security contribution – employer	77	14.00%	181	14.00%
Health insurance – employer contribution	28	5.00%	65	5.00%
Gross salary	**551**	**100.00%**	**1,291**	**100.00%**
Employee's contribution	77	14.00%	181	14.00%
Calculated personal income tax after employees' contributions	55	10.00%	129	10.00%
Net salary	**419**	**76.00%**	**981**	**76.00%**

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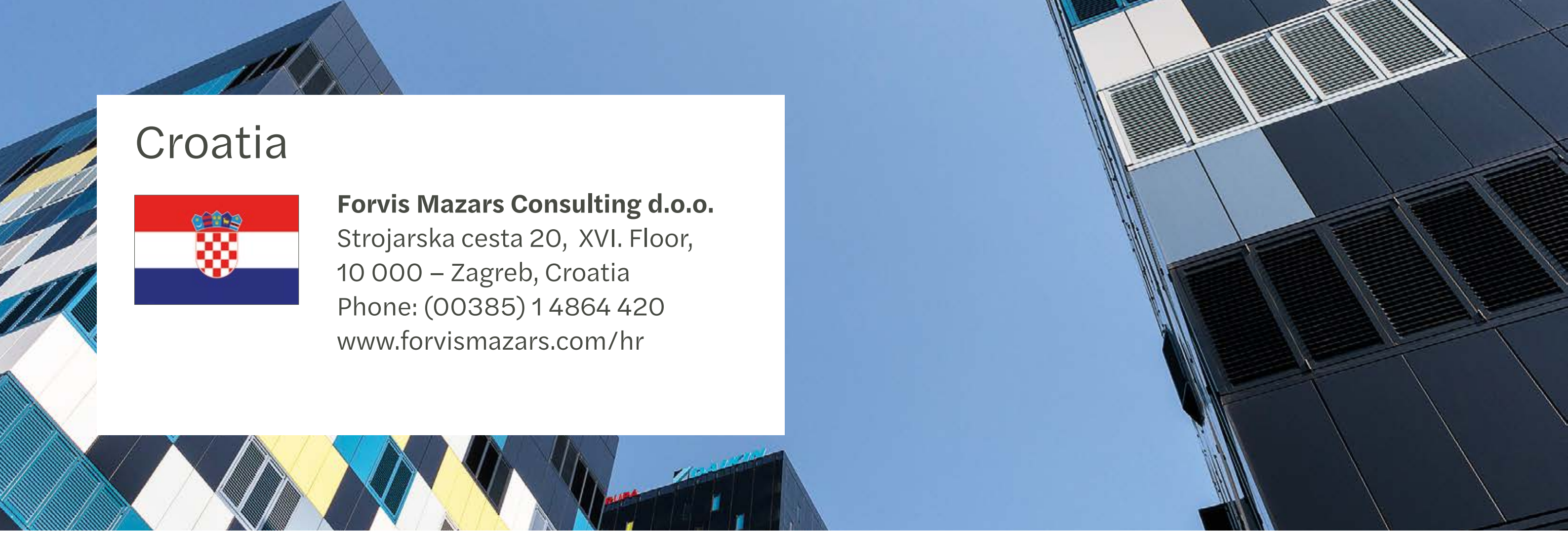

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Corporate taxes and other direct taxes

In Croatia, Corporate Income Tax (CIT) rates depend on annual revenues: 18% applies to revenues exceeding EUR 1,000,000 while 10% applies to revenues below EUR 1,000,000. Enterprises with annual revenues below this threshold have the option to determine their CIT base using the cash flow principle. Tax losses can be carried forward for up to five years. Croatia applies a thin capitalization rule (4:1); however, this does not apply if shareholders are financial institutions or CIT/PIT payers in Croatia. Additionally, various tax incentives are available, including allowances for new investments, R&D activities, and employee education.

A 15% withholding tax (WHT) is applied to interest and royalty payments made by a Croatian company to a foreign company. As of October 12, 2023, there is no longer an obligation to withhold tax on payments for market research services, tax and business consulting, and auditing services—except when paid to entities in EU non-cooperative jurisdictions. The WHT rate on dividends, profit shares, and payments to foreign performers is set at 10%. Croatia currently has 70 active double tax treaties. A 25% withholding tax applies to all payments made to offshore companies for services not explicitly exempted under Croatian tax law. Additionally, EU Directives on withholding tax are applicable. The exemption from withholding tax on interest and royalty payments between affiliated companies extends beyond EU-based entities to include companies from EEA countries (Norway, Iceland, and Liechtenstein) and Switzerland.

Transfer pricing in Croatia		
Arm's length principle	✓	Since 2004
Documentation liability	✓	Since 2004
APA	✓	APA is available as of January 1, 2017.
Country-by-Country liability	✓	Since FY 2017.
Master file-local file (OECD BEPS 13) applicable	No	Master file-local file represents informal legislative framework.
Penalty		
lack of documentation	✓	Not specifically stated, general rules apply (up to EUR 26,545).
tax shortage	✓	Additional tax charged and 100% of that tax is non-deductible.
Related parties	50% (25%) <	Direct/indirect control (25% commonly used) or control functions.
Safe harbors	✓	Interest rates on loans / low-value adding services.
Level of attention paid by Tax Authority		**9/10**

A 3% Real Estate Transfer Tax (RETT) applies to the transfer of immovable property. The taxable base is the market value of the property at the time the tax liability arises, and the taxable person is the buyer.

VAT and other indirect taxes

In Croatia, the standard VAT rate is 25%. A reduced rate of 13% applies to services involving the preparation and serving of meals, tourist accommodation services, newspapers, the supply of electrical energy, etc., while a reduced rate of 5% applies to milk, books, etc. The VAT rate of 5% will be applicable to supplies of gas and heating from thermal units, firewood, pellets, briquettes, and wood chips until March 31, 2025.

The most important VAT-exempt services are banking services, insurance, educational services (under certain conditions), gambling, certain services provided by medical professionals and dentists, and certain other activities. The zero VAT rate (0%) also applies to the supply and installation of solar panels on private residential buildings and public buildings. Activities of public interest are exempt from VAT regardless of their institutional

VAT options in Croatia	Applicable / limits
Distance selling	Threshold for exemption is EUR 10,000/year. OSS applicable.
Call-off stock	✓
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	EUR 2,000,000/year
Import VAT deferment	✓ – for all Croatian VAT payers with the right to full input VAT deduction.
Local reverse charge	Available
Option for taxation	
letting of real estate	No
supply of used real estate	✓
VAT registration threshold	**EUR 60,000/year**

form. As from January 1, 2025, Entrepreneurs are obliged to register for VAT purposes during the calendar year in which the total value of supplies exceeds a threshold of EUR 60,000.

Excise duties, special tax on motor vehicles, special tax on coffee and non-alcoholic beverages.

Personal income tax / Social security system

Units of local and regional self-government apply tax rates within the following range, depending on the given local and regional self-government unit: lower rate: 15%–23% (monthly tax base up to EUR 5,000 /annual tax base up to EUR 60,000) and higher rate: 25%–33% (monthly tax base above EUR 5,000 /annual tax base above EUR 60,000). The 12% rate is withheld from certain types of income, e.g. dividends, capital gains, lease of real estate, etc. The payment of occasional awards up to an amount not exceeding EUR 700 (e.g. Christmas bonus, etc.) and payment of a premium performance award (e.g. bonuses) up to EUR 1,200 per employee per annum is deemed as non-taxable. Also, it should be noted that there are many other non-taxable receipts (employee meal costs, rental costs, etc.). Tax regulations prescribe a non-taxable flat-rate compensation to cover the costs of employees working from home to an amount not exceeding EUR 4 per day working from home, or EUR 70 per month. Basic personal allowance amounts to EUR 600.

Active incomes fall under the scope of the SSC system: individual pension social contributions equal 20% (employee contribution) and health and unemployment contributions of 16.5% represent employer contributions. As from January 1, 2025, employers will no longer have a five-year exemption from paying health insurance contributions for employees under 30. Instead, a one-year exemption will apply only to workers starting their first job (signing a permanent employment contract for the first time). Passive incomes are generally only subject to taxes.

Wage related taxes in Croatia	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	970		1,900	
Total wage cost	**1,130**	**116.00%**	**2,214**	**117.00%**
Employer's contribution	160	16.50%	314	16.50%
Gross salary	**970**	**100.00%**	**1,900**	**100.00%**
Employees' contributions	215	22.20%	592	31.15%
Net salary	**755**	**78.00%**	**1,308**	**69.00%**

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Corporate taxes and other direct taxes

The general corporate income tax (CIT) rate is 21%, with a 5% rate for basic investment funds and 0% for pension funds.
Tax losses may be carried forward for up to 5 taxable periods and also carried back for 2 taxable periods. The maximum amount that may be carried back from one taxable period is limited to CZK 30 million (approx. EUR 1.2 million).
An R&D tax allowance of up to 110% of eligible R&D costs can be deducted from base deduction.
Thin capitalization rules limit tax-deductible financial expenses from related parties exceeding 4× equity (6× for banks and insurance companies).
The EU ATAD rules apply – covering deductibility of exceeding borrowing costs; CFC rules; Exit taxation; Hybrid mismatch rules.

Transfer pricing in Czech Republic		
Arm's length principle	✓	Since 1993
Documentation liability	✓	Since 2006 (scope of documentation is only recommended)
APA	✓	Since 2006
Country-by-Country liability	✓	From FY 2016
Master file-local file (OECD BEPS 13) applicable	✓	The recommended scope of TP documentation corresponds to the OECD Guidelines.
Penalty		
lack of documentation	No	–
tax shortage	✓	20% on tax underpayment or 1% of decreased tax loss. + late payment interest
Related parties	25% <	Direct or indirect control or personally related.
Safe harbors	✓	Low value-added services:3%-7% mark-up.
Level of attention paid by Tax Authority		**9/10**

Investment incentives in a form of tax relief are available for up to 10 taxable periods.
A 60% windfall tax applies to certain fossil fuel, energy, and banking sector taxpayers from 2023 to 2025 on a specially calculated tax base.
A 15% withholding tax generally applies to dividends, royalties, interest, and Czech sourced income, unless reduced by a double tax treaty (DTT). The Czech Republic has over 90 DTTs concluded.
If there is no DTT or agreement for the exchange of information in place, the payments are subject to a 35% withholding tax.

Dividend distributions and capital gains on subsidiary shares are tax-exempt if conditions are met. Interest and royalty payments may also be exempt under the EU Interest and Royalty Directive with tax authority approval.
Road tax is imposed on selected heavy trucks and trailers.
A real estate tax applies to land and buildings, with tax rates generally depending on the type of property, while the final amount of tax may also be influenced by local rates (applied by local authorities). There is no real estate transfer tax.

VAT and other indirect taxes

The standard VAT rate is 21%, the reduced VAT rate is 12%.
The reduced VAT rate is applicable on goods such as foodstuffs and additives usually intended for food preparation, products used as food supplements or substitutes, feed for animals, tap water, seeds, plants, medicines, medical devices meeting certain conditions, newspapers and magazines meeting certain conditions, real estates meeting criteria for social housing etc. The reduced VAT rate does not apply on beverages except selected beverages (e.g. milk, soya milk). The reduced VAT rate is further applicable on services such as accommodation, catering services except serving beverages other than tap water and selected beverages, water distribution and wastewater removal, heating and cooling, a ground mass passenger transport,

VAT options in Czech Republic	Applicable / limits
Distance selling	EU threshold – EUR 10,000/year OSS system applicable.
Call-off stock	✓
VAT group registration	✓ – only for Czech legal entities.
Cash accounting – yearly amount in EUR (approx.)	No
Import VAT deferment	✓
Local reverse charge	Examples: waste, some electronic devices, used real estate, construction work.
Option for taxation	
letting of real estate	✓ – only to Czech VAT payers for the performance of economic activities.
supply of used real estate	✓ – except the first supply within 23 calendar months after a building approval or substantial construction change (this is a new time test effective from July 1, 2025).
VAT registration threshold	**Approx. EUR 84,875/ last 12 months (from January 1, 2025).**

construction works on residential housing, admission to educational, cultural, artistic, sporting or similar events etc.
The VAT exemption without deduction applies on supplies of developed land, undeveloped land not intended to be developed, buildings/apartments/ non-residential premises except the first supply within 23 calendar months after an approval or substantial construction change (this is a new time test effective from July 1, 2025). The VAT-exempt services without deduction include financial and insurance services, renting of real estate, mail services, radio and TV services, education, medical and social care services.

The VAT exemption with deduction applies on supply of books and other similar goods if certain conditions are met.

VAT payers are generally obliged to submit three types VAT reports - VAT return, EC Sales List and Control Statement (detailed records for selected transactions) on a monthly or quarterly basis, depending on the turnover and status of the VAT payer.
Other indirect taxes include excise duties (on mineral oils, spirits, beer, wine, raw tobacco, tabacco products and other non-tabacco nicotine products) and an enviromental (energy) tax (on natural gas, electricity, and solid fuels).

Personal income tax / Social security system

Personal income tax is applied at progressive rates of 15% and 23% on all types of income (employment, self-employment, rental incomes, capital gains, interest) with exemptions of certain types to dividends and interest or director fees paid to non-residents, which are taxed at a flat rate of only 15%.
Czech social security contributions of 24.8% are assessed on a capped annual assessment base of CZK 2,234,736.
Czech health insurance contributions of 9% are assessed on an uncapped assessment base.

Wage related taxes in Czech Republic	Minimum wage		Average wage in private sector	
Exchange rate CZK/EUR 25.17	in EUR	in CZK	in EUR	in CZK
	826	20,800	1,849	46,557
Total wage cost	**1,105**	**134.00%**	**2,474**	**134.00%**
Employer social security contribution	205	24.80%	459	24.80%
Employer health insurance contribution	74	9.00%	166	9.00%
Gross salary	**826**	**100.00%**	**1,849**	**100.00%**
Employee social security contribution	59	7.10%	131	7.10%
Employee health insurance contributions	37	4.50%	83	4.50%
Czech personal income tax	124	15.00%	277	15.00%
Net salary	**606**	**73.00%**	**1,358**	**73.00%**

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Corporate taxes and other direct taxes

Income derived by a resident company is not taxed if retained. The taxation of profit distribution (dividends) is cash-based and the tax rate applied will therefore depend on the date of the profit distribution. Upon distribution, CIT is levied at a rate of 22/78 (28.21%) of the net amount of the profit distribution, corresponding to 22% on the gross amount (distribution + CIT) of the distribution. Resident credit institutions and Estonian branches of non-resident credit institutions are required to make quarterly advance payments of income tax on the previous quarter's profit, at a rate of 18%. These advance payments can be taken into consideration when distributing profits and calculating income tax liability.

The following payments are subject to withholding tax (unless tax treaty restricts or reduces the rate):

Transfer pricing in Estonia		
Arm's length principle	✓	Since 2007
Documentation liability	✓	Since 2007
APA	No	–
Country-by-Country liability	✓	Since 2016
Master file-local file (OECD BEPS 13) applicable	✓	Since 2019
Penalty		
lack of documentation	No	–
tax shortage	✓	22/78 tax on gross value of underpayment + late payment interest
Related parties	Broad definition	The concept of a related person encompasses a wide range of relationships.
Safe harbors	No	–
Level of attention paid by Tax Authority		**9/10**

1) 7% withholding tax applies to dividend payments made to resident or non-resident individuals (applies to dividends taxed at a lower tax rate 14/86 prior to the 2025 changes).
2) Royalties (including payments for the use of industrial, commercial, or scientific equipment) paid to non-residents are generally subject to 10% withholding tax under domestic law.
3) 22% on rental payments to non-residents for the use of immovable property located in Estonia, and movable property subject to registration in Estonia.
4) Interest, royalties, and rental payments to resident individuals.
5) 10% on payments to non-resident companies for services provided in Estonia.
6) Salaries, directors' fees, and service fees paid to individuals.
7) 10% on payments for the activities of non-resident artists or athletes carried out in Estonia.

Starting January 1, 2025, the preferential 14/86 tax rate on dividends will be replaced by a standard 22/78 rate.

VAT and other indirect taxes

VAT applies to the supply of goods and services performed by a taxable person in the course of their business activities in Estonia.

A taxable person is one who is engaged in business, that is, independent economic activity in the course of which goods or services are supplied, and is registered or required to register for VAT.
The standard 22% rate applies to the supply of all goods and services not qualifying for the reduced rate of 9%, 13% or exemption. A reduced rate applies to accommodation, books, certain periodicals, listed pharmaceutical products, and medical devices.
The VAT rate on the export of goods, and the intra-Community supply of goods and certain services is 0% (i.e. exemption with credit).

VAT and all other taxes are administered by the Estonian Tax and Customs Board (www.emta.ee).

VAT options in Estonia	Applicable / limits
Distance selling	From July 1, 2021, the OSS system is applicable.
Call-off stock	✓
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)	✓ Cash accounting possible up to EUR 200,000 yearly.
Import VAT deferment	✓
Local reverse charge	✓ – on certain goods.
Option for taxation	
letting of real estate	✓ – in some cases.
supply of used real estate	✓ – in some cases.
VAT registration threshold	**> EUR 40,000**

The following transactions are subject to Estonian VAT:

1) The supply of goods and provision of services with a place of supply in Estonia;

2) The import of goods into Estonia;

3) Intra-Community acquisition of goods in Estonia;

4) The supply of goods or services specified in the Estonian VAT Act, providing the taxable person has opted for taxation thereof.

Certain forms of supply are subject to a 0% rate (i.e. exemption with credit or zero-rating), including, but not limited to:

1) The export of goods;

2) Intra-Community supply of goods;

3) The products listed in Annex V of the VAT Directive and which can be placed into a licensed VAT warehouse;

4) Supply of services which are not deemed to be supplied in Estonia.

Other indirect tax types in Estonia include excise duty and the environmental protection charge. From July 1, 2025, Estonia's standard VAT rate will increase from 22% to 24%.

Personal income tax / Social security system

Estonia has a proportional (i.e. flat) tax rate of 22% which applies to all items of income derived by any resident taxpayer. The gross income of resident individuals includes their worldwide income from all sources, irrespective of the origin of the income. Taxable income includes both active income such as employment and business income, as well as passive income. An annual basic exemption of 7,848 euros is provided for an annual income of up to 14,400 euros. If annual income increases from 14,400 euros to 25,200 euros, the basic exemption decreases proportionally. If annual income is above 25,200 euros, the basic exemption drops to 0.
The Estonian social tax of 33% (comprising 20% social security contributions and 13% health insurance contributions) must be paid by employers in addition to the gross salary. Currently, employees are not required to make any personal social tax contributions. The Estonian pension system is based on three pillars.

Wage related taxes in Estonia	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	886		1,736	
Total wage cost	**1,185**	**134.00%**	**2,323**	**134.00%**
Social tax	292	33.00%	573	33.00%
Employer unemployment insurance premium	7	0.80%	14	0.80%
Gross salary	**886**	**100.00%**	**1,736**	**100.00%**
Employee's unemployment insurance premium	14	1.60%	28	1.60%
Personal income tax	48	5.00%	318	18.00%
Net salary	**824**	**93.00%**	**1,390**	**80.00%**

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Corporate taxes and other direct taxes

Corporations (capital companies, associations and estates) are subject to unlimited corporate income tax liability if either their registered seat or their effective place of management is located in Germany (so-called tax residents). In this case, the worldwide income of the corporation is subject to German corporate income tax (taxation on the basis of universal principle). Non-tax resident corporations are taxed with their domestic income (taxation on the basis of the territorial principle). The corporate income tax rate is 15%. The solidarity surcharge amounts to 5.5% and is levied additionally on the corporate income tax and not on the income (i.e. overall tax burden 15.825%).

Transfer pricing in Germany		
Arm's length principle	✓	Since 1983
Documentation liability	✓	Since 2003
APA	✓	Since 2006
Country-by-Country liability	✓	From FY 2016
Master file-local file (OECD BEPS 13) applicable	✓	From FY 2017
Penalty		
lack of documentation	✓	Authorities may estimate tax basis, penalty 5—10% of estimated additional income.
tax shortage	✓	Subject to fines and imprisonment in severe cases. Self-denunciation possible.
Related parties	≥ 25%	Direct / indirect control, entitlement of profits or the proceeds of liquidation.
Safe harbors	✓	(revenue-based for master and local file)
Level of attention paid by Tax Authority		**9/10**

Partnerships are generally tax transparent, however, it is possible to opt for an intransparent taxation. In addition, German municipalities levy trade tax if the taxpayer (individual or corporation) conducts in Germany a business through a German permanent establishment. The tax rates depend on the municipality in which the business is conducted and vary between 7% (minimum tax rate) and 31.5%. In most cases the tax rate is 14%. Germany levies withholding taxes i. a. on dividends and interest (26.375%) and on royalties (15.825%). In case of a lower tax treaty rate, the PSD or the IRD, only under specific conditions the payments may be made with lower rate, otherwise a reimbursement procedure takes place (during between 1.5 – 2 years). Germany has strict anti-avoidance regimes restricting directive or treaty relief.
Germany has a large treaty network, currently double tax conventions with respect to taxes on income and capital applicable with 94 jurisdictions (as of January 1, 2025).

Germany has specific rules in the External Tax Relations Act for foreign income with provisions i. a. on transfer pricing, CFC-taxation and switch-over clause for foreign PE-income. Furthermore, Germany introduced in 2021 the Combating Tax Havens Act implementing all proposed measures of the EU. Jurisdictions qualify as non-cooperative tax jurisdictions, if they are blacklisted by the EU. Germany does not levy a wealth tax, even though the provisions still exist. In politics the reactivation as well as the introduction of one-time levy is sometimes discussed, but currently it is not on the table. Germany levies a gift and inheritance tax with tax rates depending on the kinship and the value of the transfer (0–50%).

VAT and other indirect taxes

Germany complies with the VAT directive 2006/112/EC. Germany has made use of various options granted by the directive. It is possible to set up a VAT group between two VAT-tax payers. Specific deliveries and other services are tax exempt.

VAT options in Germany	Applicable / limits
Distance selling	✓
Call-off stock	✓
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)	EUR 800,000/year
Import VAT deferment	✓ – on 26th of the second month after import
Local reverse charge	✓ – in some specific cases (in particular, construction work, gold)
Option for taxation	
letting of real estate	✓ – for commercial real estate
supply of used real estate	✓
VAT registration threshold	**Registration as entrepreneur is mandatory; Thresholds for small business regulation: less than EUR 25k in preceding calendar year and less than EUR 100k in ongoing calendar year.**

The VAT rate in Germany is 19%. A reduced rate of 7% applies to certain alimentary and other selected items. In addition to VAT, there are various excise duties on imported goods, as well as real estate transfer tax (see below).
The transfer of real estate is taxed. In order to mitigate this tax often complex share- or interest deal structures are set up, and less than 90% of the respective shares or interest in the real-estate holding entity are transferred. Additionally, specific exemptions may be applicable.
The rate differs depending on the state, in which the real estate is located. The rates range between 3.5% and 6.5%.
Germany also levies excise taxes (some harmonized by EU law, others not).

Personal income tax / Social security system

Individuals are subject to unlimited income tax liability if either their domicile or habitual abode is located in Germany (tax residents). In this case, they are taxed on the basis of their worldwide income (universal principle). Non-resident tax payers are taxed on the basis of their domestic income (territorial principle). Resident tax payers can deduct also specific living expenses and extraordinary expenses.
The taxable income of each individual is subject to the tax schedule. Spouses may apply for the spouses schedule.
Capital income is taxed with a final tax of 26.375% on a gross basis. Dividends in the business assets are taxed with the partial income method, i. e. 60% of the profit is taxable. The sale of real estate is tax exempt i. a. after a 10 years private if held in the private assets.

The German social security system has five pillars (health insurance, pension insurance, unemployment insurance, nursing care insurance and accident insurance). The contributions are evenly split between the employee and the employer with the exception of the accident insurance, which is only paid by the employers. The contributions amount in 2025 as follows:

a) health insurance 14.6% (to be split evenly), in some cases an additional contribution (on average 2.5%) is due and also split evenly;
b) pension insurance 18.6% (to be split evenly);
c) unemployment insurance 2.6% (to be split evenly);
d) nursing care insurance 4.2% (in case of children less, contribution to be split evenly);
e) the accident insurance paid only be the employer.

Wage related taxes in Germany	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	2,222		4,634	
Total wage cost	**2,688**	**121.00%**	**5,605**	**121.00%**
Employer´s social security contributions	466	20.95%	971	20.95%
Gross salary	**2,222**	**100.00%**	**4,634**	**100.00%**
Employee´s income tax	168	6.22%	698	15.06%
Employee´s social security contributions	479	21.55%	999	21.55%
Net salary	**1,605**	**72.00**	**2,937**	**63.00%**

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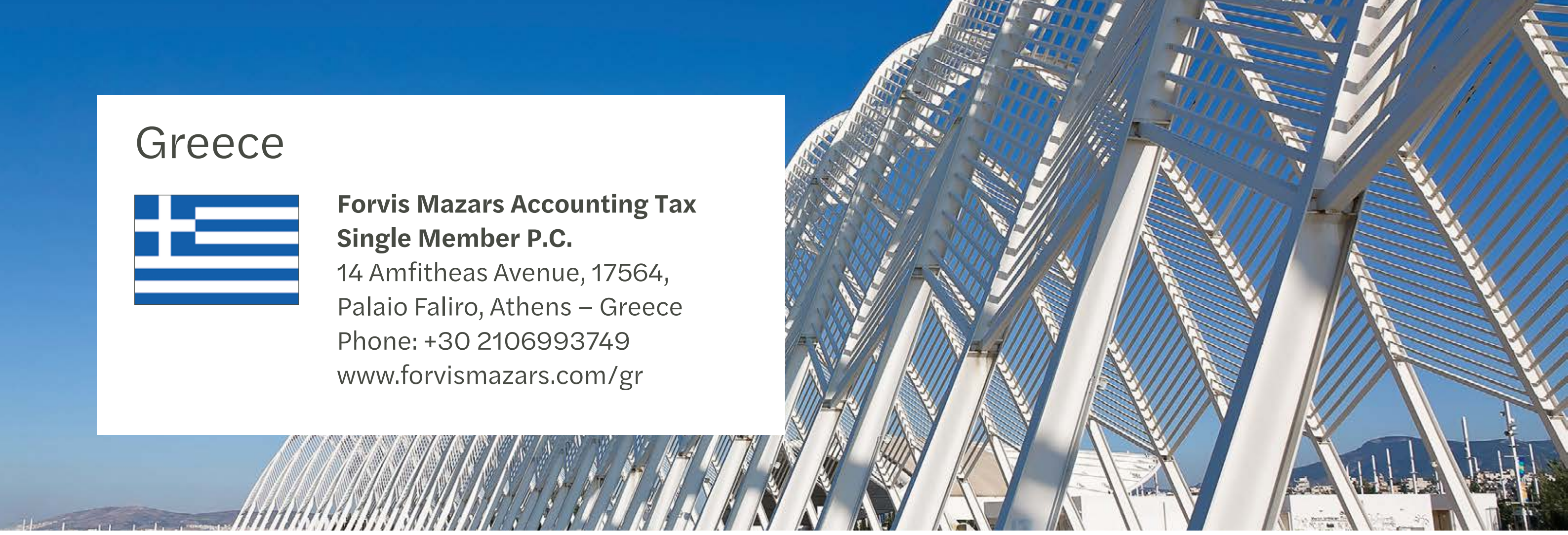

Greece

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Corporate taxes and other direct taxes

Greece applies a flat corporate income tax rate of 22% to resident corporations. Non-resident corporations are subject to taxation in Greece on income earned within the country. The 22% tax rate is applied to taxable income after deducting business expenses, depreciation, and provisions for bad debts. Notable tax adjustments and non-deductible items include payments made outside the banking system, transfer pricing adjustments, personal consumption expenditure, bad debts not subject to legal action, payments to low-tax jurisdictions, unpaid social security contributions, and thin capitalization interest, where such interest exceeds 30% of EBITDA or EUR 3 million. Corporations also pay an annual business tax of up to EUR 1,000 and must prepay 80% of next year's tax based on current income, reduced to 50% for the first three years of operation for new businesses. Dividends in Greece are subject to a 5% withholding tax. Interest payments are taxed at 15%, while royalties are subject to a 20% withholding tax. Greece has implemented the EU Parent-Subsidiary Directive, allowing for withholding tax exemptions on dividends, interest, and royalties in intragroup EU transactions, provided specific conditions are met.

As of tax year 2025 and onwards, a CIT exemption in the taxation of intragroup dividends and the transfer of shares is also applicable in Greece when the distributor or transferor is based on a country outside the EU, to the extent that certain conditions are met.

The Uniform Tax on Real Estate Property (ENFIA) applies to all real estate rights in Greece, including ownership, usufruct, occupancy, and surface rights. The principal tax ranges from EUR 2 to 16.20 per square meter for buildings and EUR 0.0037 to 9.25 per square meter for land, depending on location and use. Starting in 2025, individuals can receive a 20% ENFIA reduction for insured residences valued up to EUR 500,000, or a 10% reduction for higher-value properties, insured for at least three months in the previous year. Legal entities are subject to a 5.5‰ supplementary tax on total property value, reduced to 1‰ for self-used real estate. The Special Tax on Real Estate Property (SRET) imposes a 15% tax on the objective value of properties, if no exemption applies. Capital gains from the sale of shares and real estate are taxed at 22% for corporations, while for individuals, real estate capital gains tax is suspended until December 31, 2026.

Transfer pricing in Greece		
Arm's length principle	✓	Since 1994
Documentation liability	✓	Since 2008
APA	✓	Since 2014
Country-by-Country liability	✓	Since 2016
Master file-local file (OECD BEPS 13) applicable	✓	Since 2015
Penalty		
lack of documentation	✓	1% transactions (EUR 500—2K) for inaccuracy if Summary Table late, total > EUR 200K.
tax shortage	✓	Fine 1‰ transactions (EUR 2.5K—10K) for non-submission; up to EUR 20K for missing doc.
Related parties	33% <	Direct/indirect control, management dependence, or decisive influence.
Safe harbors	No	–
Level of attention paid by Tax Authority		**10/10**

VAT and other indirect taxes

The standard VAT rate in Greece is 24%, with a reduced 13% rate for basic products, live animals, supplies for special needs, children's car seats, diapers, cyclists' helmets, and services like accommodation, care services, and food outlets.

VAT options in Greece	Applicable / limits
Distance selling	EUR 10,000/year
Call-off stock	✓
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	Optional for small companies with a turnover of up to 2m
Import VAT deferment	✓
Local reverse charge	B2B sales for laptops, tablets, cell phones, and game consoles under conditions
Option for taxation	
letting of real estate	Optional on business rentals
supply of used real estate	No
VAT registration threshold	**Not applicable to taxable persons. Small businesses with turnover up to EUR 10,000 may be VAT-exempt. The EUR 10,000 threshold also applies to pan-EU digital services and goods under the OSS.**

A 6% super-reduced rate applies to medicines, books, newspapers, theater tickets, and utilities. These rates are reduced by 30% on the islands of Leros, Lesvos, Kos, Samos, and Chios. Exceptionally, services for removing architectural barriers for disabled persons are taxed at 4%. From January 1, 2024, the reduced VAT rate of 13% for goods and services related to transportation and gyms, and the reduced VAT rate of 6% for cinemas and public health are permanent.
The Digital Transaction Fee, replacing stamp duty, applies to transactions like loans, commercial leases, deposits, sales of movable/intangible goods (when they are not subject to VAT), business transfers, and inheritance (voluntary and partial distribution of an inheritance, including distribution through an auction). It must be declared and paid by the end of the month following the transaction, with parties deciding on the tax cost distribution. Tax rates are: 3.60% for transactions between individuals, non-residential leases, compensation, and transactions with the State or municipalities; 2.40% for certain transactions between businesses and third parties; 1.20% for payments to individuals or board members, and deposits/withdrawals from legal entities; and 0.30% for checks presented to financial institutions.

Personal income tax / Social security system

In Greece, taxable employment income includes all remuneration, both cash and in-kind benefits (e.g., private use of a company car, benefits over EUR 300/year). Personal income tax is progressive, with rates from 9% to 44% based on income. A family tax allowance, ranging from EUR 777 to EUR 1,780, may reduce the tax payable, subject to conditions. Rental income from immovable property is also taxed progressively, from 15% to 45%, depending on the amount earned.
In Greece, employment income is subject to Social Security Contributions (SSC) under E.F.K.A. Employees contribute 13.37%, and employers contribute 21.79% of the gross salary, covering both full-time and part-time workers. Benefits include unemployment, illness, disability, retirement, and death. Contributions are capped at EUR 7,572.62 of gross salary. Employers are responsible for both their own contributions and withholding employee contributions, which must be promptly remitted to the social security system.

Wage related taxes in Greece	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	830		1,342	
Total wage cost	**1,011**	**122.00%**	**1,634**	**122.00%**
Employer contribution	181	21.79%	292	21.79%
Gross salary	**830**	**100.00%**	**1,342**	**100.00%**
Employee’s contribution	111	13.37%	179	13.37%
Withholding tax	9.83	1.00%	113.52	8.00%
	0	0.00%	0	0.00%
Net salary	**709**	**85.00%**	**1,049**	**78.00%**

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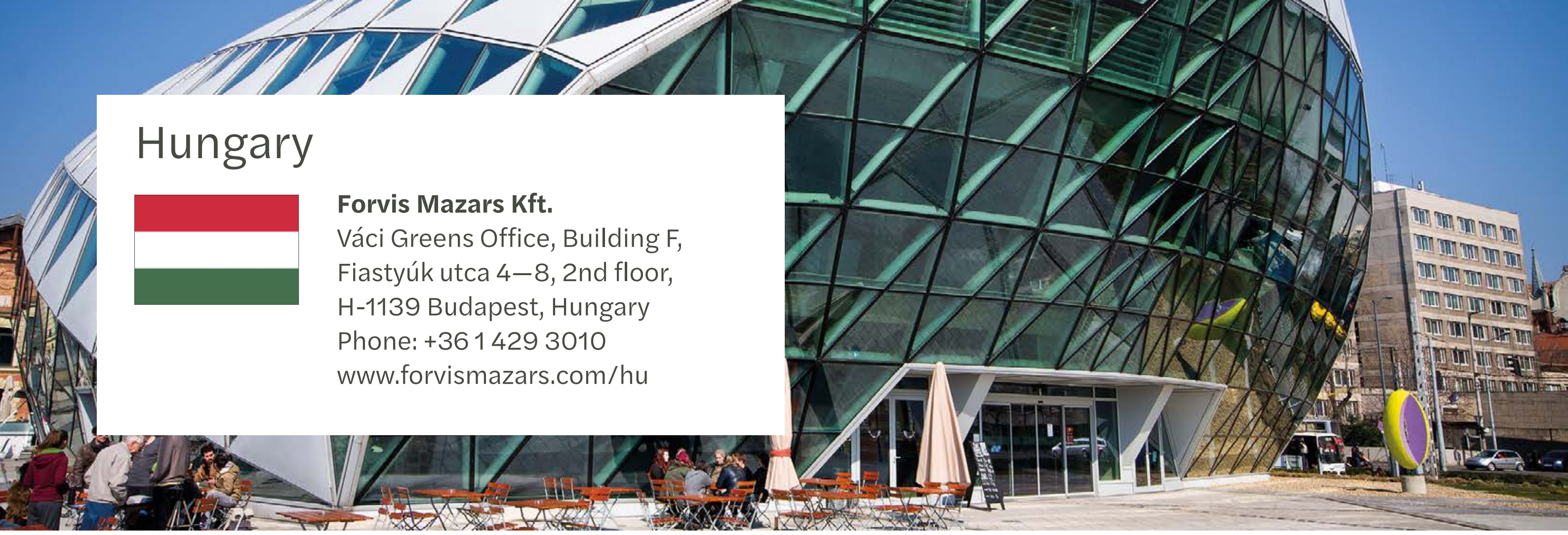

Hungary

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Corporate taxes and other direct taxes

In Hungary, a corporate income tax rate of 9% is applicable, which is the lowest rate in the EU. The tax base is the adjusted pre-tax profit. Losses can be carried forward for 5 years and may be used to reduce the tax base up to a maximum of 50% of the tax base. Thin capitalization rules have been replaced by the interest-limitation rules set out by ATAD (30% of EBITDA or approx. MEUR 2.5). Exit tax and hybrid mismatch regulations are also applied. Group taxation is available in Hungary for CIT purposes, which allows related parties to avoid some of the transfer pricing documentation obligations. IFRS accounting is optional for larger companies (above approx. MEUR 1.5 of revenue or 50 employees) and is obligatory for financial institutions and listed companies. There is a wide range of tax allowances for new investments, as well as for R&D activities. Hungary provides a tax exemption for holding structures: capital gains on shares and intellectual property under certain conditions are tax free, and a 50% tax allowance is applicable on royalty incomes.

Transfer pricing in Hungary		
Arm's length principle	✓	Since 1996
Documentation liability	✓	Since 2003
APA	✓	Since 2007
Country-by-Country liability	✓	Since 2016
Master file-local file (OECD BEPS 13) applicable	✓	Since 2018
Penalty		
lack of documentation	✓	TEUR 12 / missing documentation, doubled for a recurrence
tax shortage	✓	50% on tax underpayment+ late payment interest
Related parties	> 50%	Direct or indirect control or common managing director.
Safe harbors	✓	Low value-added services: 3%—7% mark-up.
Level of attention paid by Tax Authority		**9/10**

There is no withholding tax on dividends, interest, and royalties paid by a Hungarian company to a foreign company. Hungary has a wide international treaty network with more than 80 treaties on the avoidance of double taxation. However, the United States-Hungary tax treaty has been terminated as of 2024.

Local business tax of up to 2% is payable on net sales revenue. A number of windfall taxes have been introduced for the financial years of 2022-2024. Some of those have been already abolished (e.g. windfall taxes for producers of pharmaceutical drugs); however the Government extended the effect of windfall taxes for the banking and insurance sectors, futhermore for energy suppliers till the end of 2025.

VAT and other indirect taxes

The standard VAT rate is 27%, while the reduced rates are 18% (e.g. bread, milk) and 5% (e.g. some dairy products, eggs, newspapers, books, medicines, certain meat products, new residential real estate, internet access services, accommodation services and restaurant services). Hungary introduced a number of measures aimed at enforcing the law, such as the online cash registers and domestic sales reports. Taxpayers are required to use billing software capable of automatically providing the tax authority with real-time invoice data. Thus, from 2021, each invoice is essentially reported to the tax authority in real-time. The so called e-VAT system has been introduced in 2024 with the aim of making VAT administration easier. Under the new regime, the Tax Authority provides taxpayers with draft VAT statements based on online invoice reporting data.

Other indirect tax types in Hungary include excise duty on energy products, alcohol and tobacco

VAT options in Hungary	Applicable / limits
Distance selling	TEUR 10 /year
Call-off stock	✓
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)	Approx. TEUR 300/year
Import VAT deferment	✓
Local reverse charge	Sale of waste, agricultural products, construction services etc.
Option for taxation	
letting of real estate	✓
supply of used real estate	✓
VAT registration threshold	**No**

products, financial transactional tax, insurance tax, "chips tax" (levied on unhealthy foods and drinks), and retail tax. The previous green tax on products heavily polluting the environment (e.g. all kinds of electric equipment, accumulators and batteries, packaging materials, etc.) have been replaced by EPR (Extended Producer Responsibility) fees.

Personal income tax / Social security system

PIT has a flat rate of 15%, and it is generally applicable both to active (e.g. salaries, assignment fee) and passive incomes (e.g. capital gains, dividend, and interest). Tax payable on active income can be reduced by family tax allowance amounting to THUF 20 (approx. EUR 50) for up to 2 children; and THUF 33 (EUR 80) from 3 children per month per child. The amount of family tax allowance will be increased by 50% from July 1, 2025 and doubled from 2026. Mothers raising or having raised four or more children enjoy lifelong personal income tax exemption for employment income. Employees under 25 years of age are tax exempt in the case of they are EEA or Serbian/Ukrainian citizens. Benefits-in-kind are taxed at two rates, depending on the type of benefit: PIT plus social tax calculated on a special tax base altogether amounting to 33.04% or 28%, respectively, which is to be paid only by the employer.

Active income falls under the scope of the SSC system: the social security contribution payable by the individuals concerned is 18.5%; the employer's social tax is 13%. Some passive incomes are also subject to 13% social tax; however, there is an upper limit in the case of dividends. Other types of passive income (e.g. capital gains on shares in stock exchange companies, or interest) are exempt from social tax.

Wage related taxes in Hungary	Minimum wage		Average wage in private sector	
Exchange rate HUF/EUR 411.51	in EUR	in HUF	in EUR	in HUF
	707	290,800	1,781	733,064
Total wage cost	**799**	**113.00%**	**2,013**	**113.00%**
Social contribution tax	92	13.00%	232	13.00%
Gross salary	**707**	**100.00%**	**1,781**	**100.00%**
Employees' contributions	131	18.50%	330	18.50%
Personal income tax	106	15.00%	267	15.00%
Net salary	**470**	**66.50%**	**1,184**	**66.50%**

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Kazakhstan

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Corporate taxes and other direct taxes

In general, the concept resembles the CIT concept applied in developed countries worldwide. Taxable income is calculated as annual income minus expenses. It is possible to deduct expenses linked to incomes recognized for CIT purposes, provided that such expenses are properly documented. Dividends and capital gains are not excluded

Transfer pricing in Kazakhstan		
Arm's length principle	✓	Since 2009
Documentation liability	✓	Since 2009
APA	✓	Since 2009
Country-by-Country liability	✓	Since 2016
Master file-local file (OECD BEPS 13) applicable	✓	Since 2019
Penalty		
lack of documentation	N/A	From EUR 740 to EUR 7,400
tax shortage	N/A	From 20% up to 300% of tax shortage.
Related parties	N/A	TP rules apply to all cross-border transactions even if the parties are unrelated. The transfer pricing law defines related parties as individuals or legal entities whose special mutual relations may allow the economic results of the transactions to be influenced. In consequence, the Kazakh authorities can treat any transaction as a transaction between related parties based on their set of market prices.
Safe harbors	N/A	A 10% deviation is allowed only for producers of agricultural products.
Level of attention paid by Tax Authority		**8/10**

from taxable income by default, it is necessary to analyze who is the beneficiary etc. to identify the applicable taxation regime. There are certain limits on deductibility of expenses such as: up to 3% of taxable profit for certain fees paid to companies from offshore jurisdictions, up to 4% of taxable profit for sponsorship fees. Also, thin capitalization rule is applied to interest on related party loans. The list is not exhaustive. Depreciation expenses on fixed assets differ from IFRS principles and are calculated on a group basis based on tax book value as of the reporting date. Loss carry-forward can be done within the following 10 calendar years inclusively, the rule on the carrying forward of losses does not apply to losses generated from the sale of securities, etc.
There are Controlled Foreign Company rules (CFCs).
WHT applies to incomes paid to non-residents who are not registered for tax purposes in Kazakhstan. Taxable incomes are listed in the Tax Code.
Kazakhstan has signed 55 treaties on the avoidance of double taxation. The treaty rates prevail over the Tax Code; however, any non-residents are required to have a duly issued tax residency certificate in order to apply the treaty. The multilateral instrument (MLI) entered into force in Kazakhstan from October 2020; however, it is important to check the MLI accession documents signed with each country as some of them have not signed/ratified the MLI or have done so under certain conditions.
Small and medium businesses may enjoy a special tax regime, according to which the Unified Tax on income is paid. Such tax replaces CIT.

VAT and other indirect taxes

The VAT concept is quite similar to the concept applied in developed countries worldwide. The VAT applicable to turnover is in general based on the total value of sales (Output VAT). VAT payable to suppliers (input VAT) is offset against from Output VAT. Input VAT cannot be offset if goods, works, and services purchased are not related to taxable turnover, a VAT-invoice is not issued by a supplier or is issued with

VAT options in Kazakhstan	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	No
Import VAT deferment	No
Local reverse charge	✓
Option for taxation	
letting of real estate	No
supply of used real estate	No
VAT registration threshold	**79 mKZT (approx. 149 kEUR)**

the violation of the legal requirements, the supplier is declared by a court to be an inactive entity, etc. The VAT rate for export goods is 0%, and there is a certain procedure for the refund of the related input VAT. Special VAT procedures apply to the export/import of goods to/from the countries belonging to the Eurasian Economic Union such as Russia, Belarus, Kyrgyzstan, and Armenia.

Excise Tax is paid by importers or sellers of
1) all types of alcohol
2) alcoholic products
3) tobacco products
4) heated tobacco products and nicotine-containing liquids for use in electronic cigarettes
5) gasoline (except for jet fuel), diesel fuel ethanol mix petrol (gasohol), phenol, nephras, mixed light hydrocarbons, ecological fuel
6) motor vehicle
7) crude oil, gas condensate
8) alcohol-containing medical products registered in accordance with the legislation of the Republic of Kazakhstan as medicinal products.

Sellers of fuel and diesel are also liable for Excise Tax.

Personal income tax / Social security system

A resident of the Republic of Kazakhstan shall be any individual who stays in the country at least 183 calendar days in any consecutive 12-month period ending in the current tax period (calendar year) or, though not permanently residing in the Republic of Kazakhstan, whose center of vital interests is within the Republic of Kazakhstan.
Income from employment is taxed at the rate of 10% regardless of the tax residency status of an individual. For other types of incomes, the rate depends on the type of income and tax residency status of an individual.
Social Tax, Social Contributions, social health insurance contributions and employer's pension fund contributions are paid at the expense of an employer. Mandatory pension fund contributions and mandatory social health insurance contributions are withheld from employment income by the employer.

Wage related taxes in Kazakhstan	Minimum wage		Average wage in private sector	
Exchange rate KZT/EUR 547	in EUR	in KZT	in EUR	in KZT
	155	85,000	713	390,000
Total wage cost	**187**	**120.00%**	**859**	**121.00%**
Social tax	17.05	11.00%	78.43	11.00%
Pension contributions by employer	3.87	2.00%	17.82	3.00%
Social contributions	3.75	5.00%	35.65	5.00%
Medical insurance contributions by employer	3.1	2.00%	14.26	2.00%
Gross salary	**155**	**100.00%**	**713**	**100.00%**
Personal income tax	15.50	10.00%	71.30	10.00%
Pension contributions	15.50	10.00%	71.30	10.00%
Medical insurance contributions	4.65	3.00%	21.39	3.00%
Net salary	**120**	**77.00%**	**549**	**77.00%**

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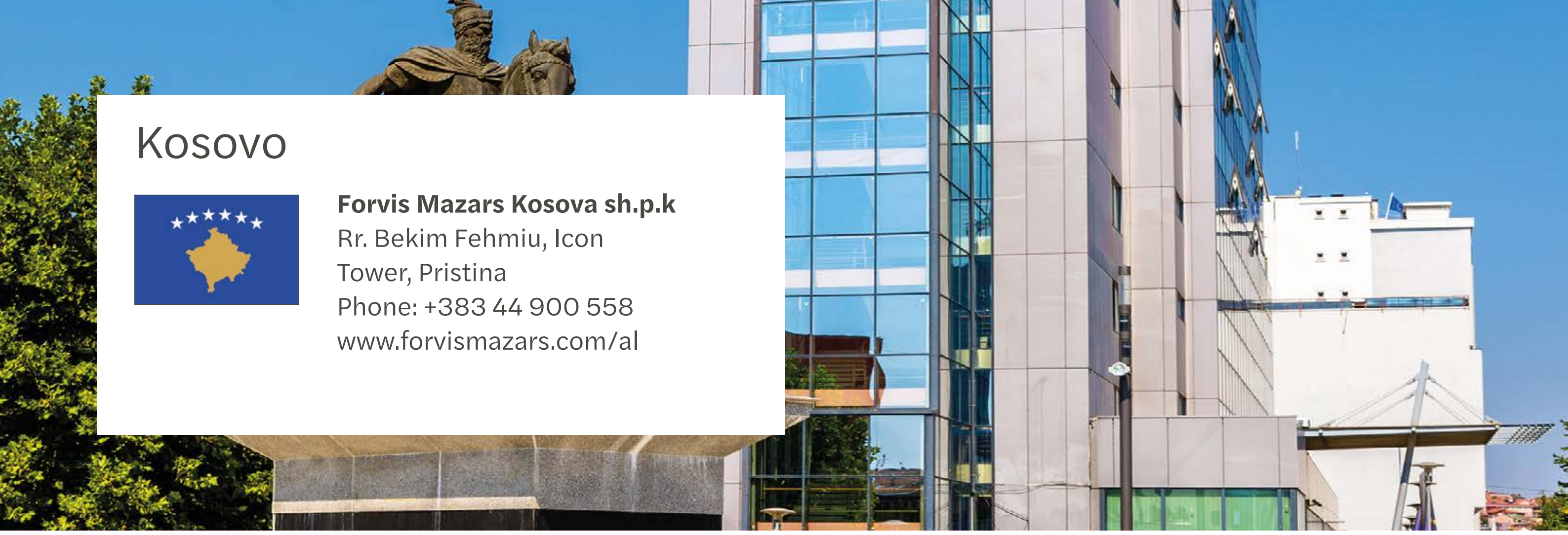

Kosovo

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Corporate taxes and other direct taxes

Resident companies are taxed on their worldwide income, while non-residents are taxed only on income from Kosovo sources. Kosovo's Corporate Income Tax (CIT) follows worldwide taxation principles. The annual turnover threshold for CIT has been reduced from EUR 50,000 to EUR 30,000. Companies or sole traders with gross income above EUR 30,000 must pay CIT, while those below can choose a special quarterly payment. The CIT rate is 10%, paid quarterly. Taxable income is the difference between gross income and allowable deductions, with the tax period being the calendar year. Losses can be carried forward for six years.

Withholding tax applies to income from interest, royalties, rents, and games of chance for both residents and non-residents. All income, except rent (9%), is taxed at 10%. Even if the recipient is subject to corporate income tax, withholding tax applies and is offset against the annual tax return.

Transfer pricing (TP) regulations, effective from 2017, govern pricing between affiliated entities with at least 50% ownership or voting rights. Taxpayers engaging in controlled transactions above EUR 300,000 annually must submit a form by March 31 of the following year. The rules apply only to cross-border transactions, with safe harbors allowing a 7% profit markup on low value-adding services without a transfer pricing study.

Transfer pricing in Kosovo		
Arm's length principle	✓	Since 2017
Documentation liability	✓	Since 2017
APA	✓	Since 2017
Country-by-Country liability	✓	From FY 2017 (with transitional rules).
Master file-local file (OECD BEPS 13) applicable	✓	From FY 2018 on.
Penalty		
lack of documentation	✓	A maximum of EUR 2,500.
tax shortage	N.A.	N.A.
Related parties	50% <	Direct or indirect control or common managing director.
Safe harbors	✓	Low value-added services: mark-up to a maximum 7%.
Level of attention paid by Tax Authority		**9/10**

VAT and other indirect taxes

In Kosovo, VAT applies to goods or services supplied for payment by a taxable person and on imported goods. A taxable person is anyone independently carrying out economic activities. Exports are exempt from VAT, with input VAT deductions allowed. VAT on imports is collected at the border based on customs value and duties. The VAT rate is 18% standard and 8% reduced, excluding exempt or export supplies.

No other indirect tax are applicable.

VAT options in Kosovo	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	No
Import VAT deferment	✓
Local reverse charge	Supply of construction and construction-related works; construction activities.
Option for taxation	
letting of real estate	✓
supply of used real estate	No
VAT registration threshold	**EUR 30,000/year**

Personal income tax / Social security system

Resident taxpayers are taxed on income from Kosovo and abroad, while non-residents are taxed only on Kosovo-sourced income. Gross income includes wages, rent, business activity, interest, capital gains, and other income that increases net worth. Taxpayers include individuals, businesses, and companies. Personal Income Tax is applied at progressive rates (0% to 10%) for the calendar year.

The Kosovo Pension Savings Fund is responsible for administering and managing individual pension saving accounts. This fund obliges the employee and the employer to contribute to financing the employee's pension at the rate of 5% from the employee's salary and 5% from the employer.

Wage related taxes in Kosovo	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	350		500	
Total wage cost	**368**	**105.00%**	**525**	**105.00%**
Contributions social 5% of gross salary	17.50	5.00%	25	5.00%
Gross Salary	**350**	**100.00%**	**500**	**100.00%**
Contributions social 5% of gross salary	17.50	5.00%	25	5.00%
Personal income tax	7	1.88%	19	3.70%
Net salary	**326**	**93.00**	**456**	**91.00%**

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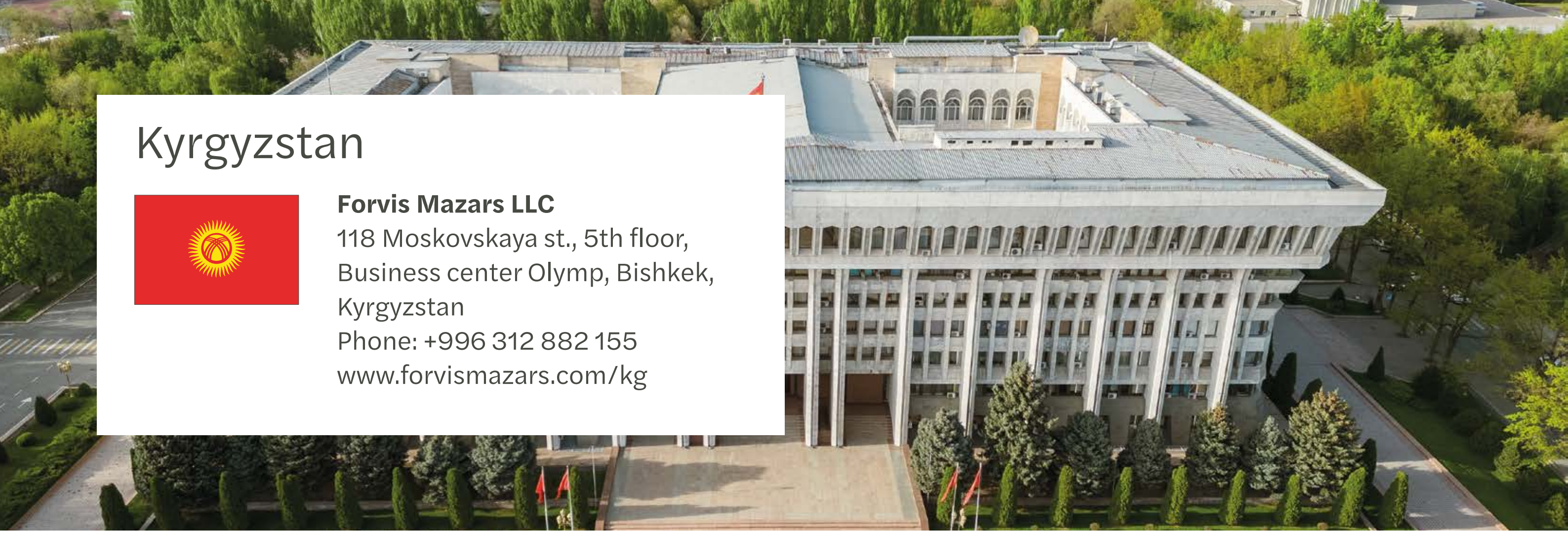

Kyrgyzstan

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Corporate taxes and other direct taxes

Taxable income is calculated as annual income minus expenses. Only properly documented expenses may be deducted, provided that expenses are related to the taxable income. Dividends and capital gains are excluded from taxable income. The percentage of depreciation norms for fixed assets is set out in the Tax Code and is substantively similar to IFRS principles. Losses can be carried forward within the following 5 calendar years inclusively; the rule on carrying forward losses does not apply to losses generated during periods when a company enjoyed tax benefits. There are no thin capitalization rules.
WHT is applied to incomes paid to non-residents that are not registered for tax purposes in Kyrgyzstan. Taxable incomes are listed in the Tax Code. Kyrgyzstan has signed 32 treaties on the avoidance of double taxation. Though the treaty rates prevail over the Tax Code, it is important to have a duly issued tax residency certificate for the non-resident to apply the treaty. The multilateral instrument (MLI) is not in force.

Transfer pricing in Kyrgyzstan		
Arm's length principle	✓	Since 2009
Documentation liability	No	N/A
APA	No	N/A
Country-by-Country liability	No	N/A
Master file-local file (OECD BEPS 13) applicable	N/A	N/A
Penalty		
lack of documentation	✓	N/A
tax shortage	N/A	N/A
Related parties	N/A	N/A
Safe harbors	20%	N/A
Level of attention paid by Tax Authority		**8/10**

VAT and other indirect taxes

The VAT concept is quite similar to the concept applied in developed countries worldwide. Turnover subject to VAT is in general the total value of sales (Output VAT). VAT paid to suppliers (input VAT) is deducted from Output VAT. Input VAT cannot be offset if the goods, works, or services purchased are not related to the taxable turnover, the VAT-invoice is not issued by a supplier or is issued in violation of legal requirements, the supplier is declared by court as inactive entity, etc. The VAT rate for the export of goods is 0% and there is a procedure for refund of the related input VAT. A special VAT procedure applies to the export/import of goods to/from the countries belonging to the Eurasian Economic Union such as Russia, Belarus, Kazakhstan, and Armenia.
Sales tax applies to revenue besides VAT. The rate varies from 0% to 5% depending on the type of activity and whether the revenue was received in cash or not.

Excise tax is paid by importers and sellers of:

1) Alcoholic products
2) Tobacco products
3) Oil products.

VAT options in Kyrgyzstan	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	Available without limits.
Import VAT deferment	No
Local reverse charge	✓
Option for taxation	
letting of real estate	No
supply of used real estate	No
VAT registration threshold	**No**

Personal income tax / Social security system

The following are recognized as tax residents: citizens of the Kyrgyz Republic and any individual remaining in the Kyrgyz Republic for at least 183 calendar days in any consecutive 12-month period ending in the current tax period (calendar year).

All types of income are taxed at a rate of 10% regardless of the tax residency status of the individual and the type of incomes received.

The following social contributions are withheld from employee income: 8% to the Pension Fund, 2% to the State Pension Fund. The following social contributions are paid by an employer on employee income: 2% to the Compulsory Health Insurance Fund, and 0.25% to the Employee Health Improvement Fund.

Wage related taxes in Kyrgyzstan	Minimum wage		Average wage in private sector	
Exchange rate KGS/EUR 97	in EUR	in KGS	in EUR	in KGS
	191	18,500	464	45,000
Total wage cost	**195**	**102.00%**	**474**	**102.00%**
Social contributions	4.30	2.00%	10.40	2.00%
Gross salary	**191**	**100.00%**	**464**	**100.00%**
Personal income tax	19	10.00%	46	10.00%
Social contributions	19	10.00%	46	10.00%
Net salary	**153**	**80.00%**	**372**	**80.00%**

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Corporate taxes and other direct taxes

Since 2018, CIT is, in general, payable only on the distribution of profit: dividends (also interim dividends), payments qualifying as dividends, non-business expenses, loans issued to related parties, interest payments subject to thin capitalization rules, bad debts to be written off, transfer pricing adjustments, liquidation quota, etc. The CIT rate is 20% of the gross taxable value (expense/distribution value) or 25% of the net value (i.e. a 20/80 rate).

Since 2018, the following thin capitalization rules are applicable: (1) the debt/equity ratio exceeds 4 to 1; (2) if the amount of net interest expense exceeds EUR 3 million, the deductible interest amount of 30% of EBITDA applies. The appropriate interest excess part will be subject to 25% CIT effective rate. If either of the two thin capitalization thresholds are exceeded, the result leading to highest tax liability would apply.

Transfer pricing in Latvia		
Arm's length principle	✓	Since 2005
Documentation liability	✓	Since 2013
APA	✓	Since 2013
Country-by-Country liability	✓	Since 2017
Master file-local file (OECD BEPS 13) applicable	✓	Since 2018
Penalty		
lack of documentation	✓	Penalty of up to 1% of the controlled transaction, but not exceeding EUR 100K.
tax shortage	✓	20% tax on gross value of underpayment + late payment interest.
Related parties	> 50%	There is specified conditions listed by law.
Safe harbors	✓	Low value-added services: 5% mark-up.
Level of attention paid by Tax Authority		**9/10**

Tax exempt capital gains: from 2018 onwards, distributed profit from the sale of directly owned shares (except for shares of low/tax free companies) is not subject to CIT unless the company has held the relevant shares for less than 36 months, or the shares belong to a company the majority of whose assets by value is comprised of real estate located in Latvia. Exemption does not apply where the main purpose of setting up the taxpayer or the structure is to benefit from the holding regime (i.e. tax optimization or avoidance of taxes has taken place).

Tax exemption is not applicable to profits from the sale of financial instruments (e.g. investment fund notes, securities, bonds, etc.) or to royalties and interest received.

WHT of 20% is applied to management and consulting service fees paid by Latvian companies to foreign companies; 3% WHT is applied to remuneration paid to a foreign company for the disposal of real estate located in Latvia, or for the disposal of shares holding real estate located in Latvia; 5% WHT is applied to remuneration paid to a foreign company for renting or leasing of real estate in Latvia; and 20% WHT is applied to all payments to offshore companies.

VAT and other indirect taxes

The general VAT rate is 21% for the sale of goods and services. A reduced rate of 12% is used, for example, for medical goods, periodicals, accommodation services, and thermal energy supplied to private individuals. Furthermore, a reduced 5% VAT rate is applicable for the supply of fruit and vegetables typically grown in Latvia. As of January 1, 2022, the VAT rate for books, news websites, etc. has been reduced from 12% to 5%, and on e-books from 21% to 5%. A 0% tax rate is applicable for the export of goods and supplies in customs territories. Exemptions are in place for postal services, medical

VAT options in Latvia	Applicable / limits
Distance selling	OSS system from July 1, 2021. VAT registration threshold – EUR 10,000/year.
Call-off stock	✓
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)	EUR 300,000/year applicable to private entrepreneurs or agricultural companies.
Import VAT deferment	✓
Local reverse charge	Timber services, construction services, grain crops, metal, etc.
Option for taxation	
letting of real estate	No
supply of used real estate	✓
VAT registration threshold	**EUR 50,000/year**

and health services, certain financial services, etc. Entrepreneurs with annual sales of less than EUR 50,000 are exempt from VAT obligations. Monthly returns are electronically recorded. The options/limits based on the EU Directive are determined in the VAT Act.

Other indirect tax types in Latvia include excise and customs duties, and some transactions related to public administration (e.g. submitting application forms, issuing certificates, granting permissions, etc.) are also subject to stamp duty.

Personal income tax / Social security system

As of January 1, 2025, a new progressive PIT rate was introduced, which includes the following: 25.5% is applied for income of less than EUR 105,300 per year; and 33% for income exceeding EUR 105,300 per year. A maximum amount for the object of social contribution tax is set starting from 2025 in the amount of EUR 105,300.

The tax on annual income of more than EUR 105,300 per year is calculated in a recapitulative order when submitting the annual income declaration. If a payroll tax book is not submitted at a place of employment, the salary tax rate is 25.5% regardless of monthly income.

Also, from 1st of January 2025, the non-taxable minimum has been increased and been fixed to EUR 510 (please see wage calculations below).

Income from capital and capital gains is taxed with a 25.5% PIT rate.

Additionally, as of January 1, 2025, an additional 3% rate is applicable to the total excess of taxable annual income over 200,000 euros (including capital gains and non-taxable dividends).

Active incomes fall under the scope of the SSC system: individual social contributions equal a total of 34.09%, of which the employer's contribution is 23.59% and the employee's contribution is 10.5%. Benefits in kind earned within employment are taxed with PIT and SSC at standard rates. The examples below show the cost to the employer and employee in the cases of the minimum and the average wage in the private sector.

Wage related taxes in Latvia	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	740		1,666	
Total wage cost	**915**	**124.00%**	**2,059**	**124.00%**
Social contribution tax	175	23.59%	393	23.59%
Gross salary	**740**	**100.00%**	**1,666**	**100.00%**
Employee social contribution	78	10.50%	175	10.50%
Personal income tax	39	5.00%	250	23.00%
Net salary	**623**	**84.00%**	**1,241**	**67.00%**

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Corporate taxes and other direct taxes

The general rate for corporate income tax is 16% in Lithuania. An incentive corporate income tax rate of 6% is applied to small companies with an annual turnover of up to EUR 300,000 and with no more than 10 employees. Small companies can apply a 0% corporate income tax rate for their first financial year.

In Lithuania, the ordinary losses incurred may be carried forward to the subsequent taxable periods for an unlimited time, as long as the entity continues the activities that generated the losses. The amount of losses carried over to the subsequent taxable periods is limited to 70% of taxable profit for the corresponding taxable period. The 70% limit does not apply to small companies. Capital losses associated with the transfer of derivative financial instruments and securities may only be carried forward for 5 years and can only be covered from future capital gains.

Transfer pricing in Lithuania		
Arm's length principle	✓	Since 2004
Documentation liability	✓	Since 2004
APA	✓	Since 2012
Country-by-Country liability	✓	Since 2016
Master file-local file (OECD BEPS 13) applicable	✓	Since 2019
Penalty		
lack of documentation	✓	EUR 1,820—5,590 (EUR 3,770—6,000 for recurrences)
tax shortage	✓	20%—100% on tax underpayment + late payment interest
Related parties	> 25%	Direct or indirect control.
Safe harbors	✓	Low value-added services: 5% mark-up.
Level of attention paid by Tax Authority		**9/10**

Under certain conditions there is no withholding tax on dividends, interest, or royalty paid by a Lithuanian company to a foreign company. Lithuania has a wide international treaty network with more than 58 double tax treaties.

The standard withholding tax rate on dividends 16%.

Companies are also subject to two types of taxes on capital:

- Immovable property tax: tax on property deemed to be immovable by law and located in Lithuania (buildings and constructions, unfinished constructions excepted). The annual tax rate varies from 0.5% to 3% of the taxable value of immovable property. Tax rates are set by municipalities according to the territory where the immovable property is located. The tax period is a calendar year.
- Land tax: tax on land owned in Lithuania, to be paid by both resident and non-resident entities and individuals. The tax rate varies from 0.01% to 4% of the taxable value of the land. Tax rates are set by municipalities and depend on the location of the land. The tax period is a calendar year.

VAT and other indirect taxes

The general rate is 21%, the reduced rates are 9% (e.g. books, central heating, public transportation, tourist accommodation, cultural activities) and 5% (e.g. medicine, journals, newspapers, and technical aids for the disabled). The options/limits based on the EU Directive are presented within the VAT legislation.

Other types of indirect tax in Lithuania include excise duty, the environmental protection charge, and the data storage device tax.

VAT options in Lithuania	Applicable / limits
Distance selling	EUR 10,000/year; the OSS system is applicable.
Call-off stock	✓
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	No, it is an optional regime for agricultural producers only.
Import VAT deferment	✓
Local reverse charge	✓
Option for taxation	
letting of real estate	✓
supply of used real estate	✓
VAT registration threshold	**Local taxable person – EUR 45,000 /12 months; Foreign taxable person – No.**

Personal income tax / Social security system

Employment-related income, board member fees, royalties received from an employer, and income under a civil agreement received by a manager of a small partnership who is a member of the small partnership are taxed at the rate of 20% in cases where income does not exceed EUR 126,533 per calendar year in 2025. PIT at a rate of 32% is applied to excess amounts.

Income from profit distribution is taxable at a flat PIT rate of 15%.

Other income (e.g. interest, royalties, capital gains, rental income) is taxable at a PIT rate of 15% in case such income does not exceed EUR 253,065.6 per calendar year in 2025. PIT at the rate of 20% is applied to amounts that exceed this.

Income in general is recognized at the moment of its actual receipt.

The gross salaries of employees are also subject to social contributions at a rate of 19.5%, which the employer is required to deduct. The employer also has to pay 1.77% in social contributions on top of the employee's gross salary. An additional 3% contribution may be paid by individuals who have decided to accumulate an additional pension (the employer is required to deduct this tax).

Lithuania is subject to EU regulations laying down social security principles for persons migrating between EU Member States.

Wage related taxes in Lithuania	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	1,038		2,336	
Total wage cost	**1,056**	**102,00%**	**2,377**	**102.00%**
Social contribution tax	18	1.77%	41	1.77%
Gross salary	**1,038**	**100.00%**	**2,336**	**100.00%**
Personal income tax*	208	20.00%	467	20.00%
Employees' social contributions	202	19.50%	456	19.50%
Net salary	**628**	**61.00%**	**1,413**	**60.00%**

* Non taxable allowance of EUR 747 (on minimum wage) and EUR 110.98 (on average wage).

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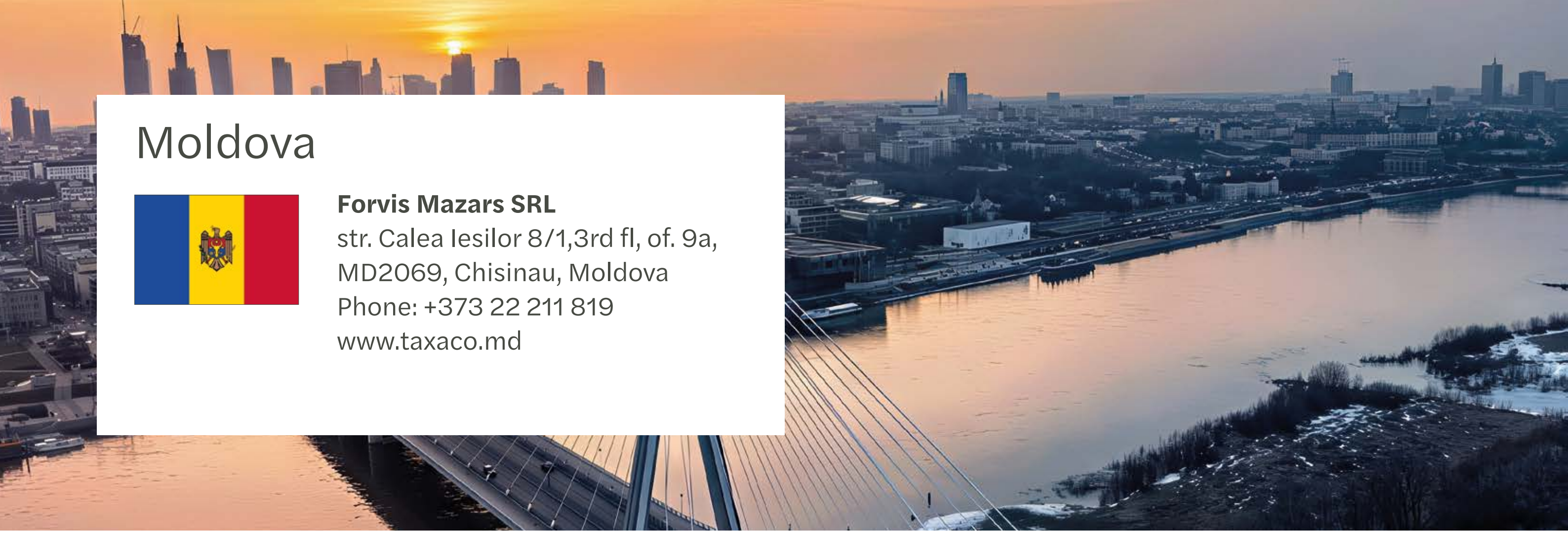

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Corporate taxes and other direct taxes

CIT rate of 12% for resident companies. Reduced rate of 7% for Farming Entreprises.

Tax losses can be carried forward for up to five consecutive years following the year in which the losses were incurred, provided the company records taxable income.
Special Tax Relief for SMEs (2023—2025) – CIT is payable only when dividends are distributed, financial institutions and insurance companies are not eligible.
Moldova has a network of 51 double tax treaties (DTTs) as of 2025.
Dividends: The withholding tax (WHT) rate is 6% for both residents and non-residents.
Interest and Royalties: A 12% WHT rate applies to payments made to residents and non-residents.

Transfer pricing in Moldova		
Arm's length principle	✓	For transactions that cumulatively exceed MDL 20,000,000 (approx. EUR 1,000K).
Documentation liability	✓	Since 2024
APA	✓	APAs available for up to 5 fiscal periods.
Country-by-Country liability	No	–
Master file-local file (OECD BEPS 13) applicable	✓	Only Local file rules are applicable.
Penalty		
lack of documentation	✓	MDL 300,000—MDL 500,000 (approx. EUR 15,300—25,600)
tax shortage	No	–
Related parties	Min. of 25%	Direct or indirect control.
Safe harbors	No	–
Level of attention paid by Tax Authority		**Increased scrutiny**

Non-Resident Legal Entities: Taxed at 12% on capital gains from shares and other assets.
Non-Resident Individuals: 50% of the capital gain is taxable at 12%, effectively resulting in a 6% tax on the total gain.

Companies not registered for Value Added Tax (VAT) and with annual revenues below MDL 1,200,000 (approx. EUR 58,500) qualify for the micro-company taxation scheme at 4% tax on total revenue.

IT Park Tax Incentives:

Special Tax Regime: Residents of IT Parks (Law No 77/2016) benefit from a single tax rate of 7% on monthly sales revenue. This tax replaces several other taxes, including corporate income tax, personal income tax, social security contributions, health insurance contributions, local taxes, real estate tax, and road usage tax.
Minimum Tax per Employee: The single tax must not be less than 30% of the average monthly salary per employee forecasted by the government for that year. (MDL 16,100 the minimum monthly tax at MDL 4,830 (EUR 256).
Eligibility Criteria: At least 70% of a resident's sales must derive from IT services listed in the law, including software development, technical consultancy, and data processing.
Since February 12, 2024, the export of Business Process Operations (BPO) services have been added.

Scope of the Single Tax: The single tax covers all payroll taxes, social insurance contributions, compulsory state health insurance, and all local taxes. Consequently, IT Park residents are only liable for the special tax, withholding tax, and VAT.

VAT and other indirect taxes

Standard VAT Rate:

20% for most goods and services.

Reduced VAT Rates:

8% for essential goods (bread, milk, medicines), hospitality, and cultural services.

VAT options in Moldova	Applicable / limits
Distance selling	✓
Call-off stock	No
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	No
Import VAT deferment	AEO, tax on goods is paid no later than when custom clearance is performed.
Local reverse charge	Sale of collaterals and property of bankrupt entities.
Option for taxation	
letting of real estate	Land and residential premises are exempt.
supply of used real estate	VAT is not calculated for individuals on real estate transactions.
VAT registration threshold	**MDL 1,200,000 (approx. EUR 58,500).**

6% temporarily for the HORECA sector until June 30, 2025.

VAT-Exempt Activities:
Medical, financial, insurance, educational services, and real estate sales.

VAT Refunds and Deductions:
Input VAT is deductible for taxable activities. Exports are subject to 0% VAT with full input VAT recovery.

Reverse Charge:
Applies to services from non-residents.
Excise and environmental tax.

Personal income tax / Social security system

Flat rate tax
Flat Rate: A uniform 12% tax is applied to the total taxable income for both residents and non-residents. taxsummaries.pwc.com

Annual Personal Exemption: Taxpayers are entitled to an annual personal exemption of MDL 29,700. Dependent Exemption: An additional exemption of MDL 9,900 per year is available for each dependent.

Dividends: Subject to a 6% tax rate.
Gambling Revenues: Taxed at 18%.
Income from Farming Enterprises: Subject to a 7% tax rate.

Social Security Contribution (SSC):
Employer Contribution: A flat rate of 24% is applicable to the gross salary of employees. Application to Meal Vouchers: The 24% SSC rate is also applicable to the value of meal vouchers provided to employees.

Health Insurance Contribution (HIC):
Employee Contribution: Employees are required to contribute 9% of their gross salary towards health insurance. This contribution is deducted directly from the employee's salary.

Minimum Monthly Gross Wage:
Effective January 1, 2025, the minimum monthly gross wage in the real sector has been set at MDL 5,500.

Wage related taxes in Moldova	Minimum wage		Average wage in private sector	
Exchange rate MDL/EUR 19.16	in EUR	in MDL	in EUR	in MDL
	287	5,500	823	15,767
Total wage cost	**356**	**124,00%**	**1,020**	**124.00%**
The employer's social security contribution	69	24.00%	197	24.00%
Gross salary	**287**	**100.00%**	**823**	**100.00%**
Personal income tax	34	12.00%	99	12.00%
The employee's social security contribution	26	9.00%	74	9.00%
Net salary	**227**	**79.00%**	**650**	**79.00%**

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Corporate taxes and other direct taxes

Since FY 2022, the corporate income tax rate has been progressive and dependent on taxable profits realized (compared to the 9% flat rate that had been previously applicable), and it applies to both resident and non-resident companies. Resident companies are taxed on their worldwide income, while non-residents are taxed only on income generated in Montenegro. The tax base is the pre-tax profit modified by several increasing and decreasing items.

For taxable profits lower than EUR 100,000, a 9% rate is to be applied. For taxable profits in the bracket between EUR 100,000.01 and EUR 1,500,000, income tax will be calculated as EUR 9,000+12% rate applicable to the amount over EUR 100,000.01. For taxable profits higher than 1,500,000.01, income tax will be calculated as EUR 177,000+15% rate applicable to the amount over EUR 1,500,000.01.
Capital gains are included in the annual corporate profits tax return and taxed at progressive tax rates. In Montenegro, losses can be carried forward for 5 years while the carry back of losses is not permitted.
In Montenegro, there are no specific thin capitalization rules, except that interest paid to a non-resident must be on arm's length terms.
A 15% withholding tax is applicable to dividends, interests, capital gains, royalties and other intellectual property rights, fees for the lease of movable and immovable property, consulting services, market research, and audit services, which are paid to a non-resident legal entity. Montenegro has a wide international treaty network with over 40 double tax treaties.
A progressive transfer tax rate starting from 3% is levied on the transfer of immovable property starting from 2024. Namely, transfers of immovable property up to EUR 150,000 are taxed at 3%, transfers of immovable property in the amount above EUR 150,000 are taxed at EUR 4,500 + 5% to be applied for the amount above EUR 150,000.01, while transfer of property valued above EUR 500,000.01 is taxed at EUR 22,000 + 6% rate to be applied above EUR 500,000.01.

Property tax is levied on the ownership/use of property at rates ranging from 0.25% to 1% for real estate that is the residence of the taxpayer. Secondary real estate (not used as a residence) is taxed at rates ranging from 0.3% to 1.5%. Illegally built property is taxed at a rate ranging from 0.3% and 2%, whereas undeveloped construction land is taxed at 0.3% to 5% range.

Transfer pricing in Montenegro		
Arm's length principle	✓	TP documentation is introduced in 2022.
Documentation liability	✓	Yes for large taxpayers (revenues over EUR 10m). Others must submit on request.
APA	No	–
Country-by-Country liability	No	–
Master file-local file (OECD BEPS 13) applicable	No	–
Penalty		
lack of documentation	✓	Penalty between EUR 1,000—EUR 15,000.
tax shortage	No	Not specifically stated.
Related parties	25% <	Parties which can directly impact the conditions of a transaction.
Safe harbors	✓	Safe harbor rules in relation to intercompany loans and interest rates.
Level of attention paid by Tax Authority		**6/10**

VAT and other indirect taxes

The general rate is 21%, a reduced rate of 7% is applied on the supply of bread, milk, medications,

VAT options in Montenegro	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	No
Import VAT deferment	No
Local reverse charge	✓
Option for taxation	
letting of real estate	No
supply of used real estate	No
VAT registration threshold	**EUR 30,000/year**

drinking water (except bottled watter), public hygiene service, baby diapers and other. Furthermore, starting from 2025 a reduced VAT rate of 15% has been introduced for the supply of accommodation services, services of preparing and serving food, drinks and beverages, except alcoholic beverages and other.

A 0% VAT rate is applicable on export of goods, services related to the export of goods, vessels intended for navigation on the open sea, which transport passengers for a fee, personal needs of foreign staff, diplomatic and consular representative offices, supply of goods to free zones and other.

VAT-exemption is available for public postal services, health services, social security services and the supply of goods directly related to these services, transfer of real estate, except for the first transfer of ownership rights and other.

Taxpayers with revenues in excess of EUR 30,000 must register for VAT purposes. The options/limits are based on the VAT Act in Montenegro.

The other indirect tax type in Montenegro is excise duty.

Personal income tax / Social security system

In Montenegro, resident individuals are taxed based on their worldwide income, and non-residents are taxed only on income derived from Montenegro. Montenegro has progressive taxation for salaries (taxed at the rate of 0% / 9% / 15%) and income stemming from self-employment (taxed at a rate of 9% or 15%). There is also a flat rate of 15%, which is applicable for other sources of income (e.g. capital gains, interest, etc.).

Active incomes fall under the scope of the SSC system: an individual's social contributions equal 10.5% altogether. These include contributions for pensions (10%) and unemployment (0.5%). The employer's contribution is at a rate of 1.17% of an employee's salary. This includes unemployment insurance (0.5%), and contributions to the Chamber of Commerce (0.27%) Labor fund (0.2%) and Labor union fund (0.2%). Also, a local surtax, calculated based on PIT assessed, is paid by the employer to the municipality of the taxpayer's seat. Surtax rates range from 10% to 15%, depending on municipality, with most municipalities having a 13% rate.

Wage related taxes in Montenegro	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	503		1,182	
Total wage cost	**509**	**101.00%**	**1,198**	**101.00%**
SSC	5.88	1.00%	16.44	1.00%
Gross salary	**503**	**100.00%**	**1,182**	**100.00%**
PIT and SSC	52.79	10.00%	178.50	15.00%
Net salary	**450**	**90.00%**	**1,004**	**85.00%**

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Corporate taxes and other direct taxes

There is a 10% flat general corporate income tax rate for all taxpayers in North Macedonia. Exceptionally, companies with a total revenue of up to 3 million denars (MKD) are exempt from the payment of CIT, and companies with a total revenue between 3,000,001 and 6,000,000 denars have the option to pay CIT at 1% of their total revenue.
The tax base is the pre-tax profit modified by several increasing and decreasing items. Losses can be carried forward within a limited period of 3 years. Losses cannot be carried back. No special limitations are applicable in the case of M&A transactions. The tax base is reduced by the amount of the investment of profits (reinvested profit) for development purposes, i.e. investments in tangible assets (property, plant, and equipment) and intangible assets (computer software and patents) intended to expand the activity of the taxpayer.
North Macedonia applies thin capitalization (3:1). Thin capitalization rules also apply to loans from banks if they are granted in relation to a deposit of the shareholder in that particular bank. Also, thin capitalization rules do not apply for newly established companies for the first three years of their operation.
In North Macedonia, there is a withholding tax at a rate of 10% on dividends, interests, royalties, and other incomes paid by a North Macedonian company to a foreign company. The entities obliged to pay withholding tax should submit a Report on the withholding tax paid on the form “DD-I” to the Public Revenue Office once a year.
In North Macedonia, there is a withholding tax at a rate of 10% on dividends, interests, royalties, and other incomes paid by a North Macedonian company to a foreign company. The entities obliged to pay withholding tax should submit a report on the withholding tax paid on the form “DD-I” to the Public Revenue Office once a year. This form must be submitted by February 15 of the following year.
North Macedonia has a wide international treaty (DTT) network with 50 double tax treaties, and the withholding tax rate can be reduced or abolished under the active DTT. Taxpayers are obliged to obtain approval from the Macedonian tax authorities prior to applying the tax rates from DTT.
The tax rate on sales and other transfers of real estate and rights to real estate is 2% to 4% of the market value of the property. There is also a property tax (the rate is 0.1%-0.2%) paid annually by owners of immovable properties.

Transfer pricing in North Macedonia		
Arm’s length principle	✓	Since 2019
Documentation liability	✓	The CIT payer has to prepare a TP report and keep it in its records.
APA	No	The tax legislation does not provide a binding APA.
Country-by-Country liability	No	No obligation regarding Country-by-Country reporting as yet.
Master file-local file (OECD BEPS 13) applicable	No	The report has to contain: Master File, Local File and attachments.
Penalty		
lack of documentation	✓	~ EUR 2,500—3,000 / missing document
tax shortage	✓	Up to 10 times the amount of the understatement of tax.
Related parties	20% <	Entities (control, significant inf.), family, members of Board, foreign entities.
Safe harbors	✓	Interest from the loans as EURIBOR+1% (SKIBOR+1% for loans extended in MKD).
Level of attention paid by Tax Authority		**7/10**

VAT and other indirect taxes

The general rate is 18%; a reduced rate of 5% is applicable for food products, pharmaceuticals, production equipment, computers, and public

VAT options in North Macedonia	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)	No
Import VAT deferment	No
Local reverse charge	Construction including maintenance, electrical installation, plumbing, etc.
Option for taxation	
letting of real estate	No
supply of used real estate	No
VAT registration threshold	**MKD 2 million per year (EUR 32,415/year)**

transportation. Exports are zero-rated. VAT-exempt services are mainly banking services, insurance, certain services provided by medical doctors and dentists, certain types of education and training, as well as other activities that are tax-exempt with regard to their public interest or special nature.
A reduced rate of 10% was recently introduced for hotel and restaurant services.
Other indirect taxes in North Macedonia include fuel tax and excise duties.

Personal income tax / Social security system

With the latest amendments to the Law on Personal Income Tax (PIT Law), progressive personal income taxation has been put on hold for 36 months as of January 1, 2020. The PIT Law amendments of January 1, 2019, introduced progressive tax rates for work-related income (such as salaries, pensions, etc.), income from copyrights and related rights, income from independent activities, and income from the sale of agricultural products (Labor Income). With the amendments to the PIT Law, Labor Income will be subject to tax at a flat rate of 10% until January 2023 regardless of the tax base amount. Employers are obliged to calculate, withhold from employees' gross salary, and pay into the accounts of respective funds the compulsory social contributions and personal income tax (PIT). Altogether, social security contributions payable by employees amount to 28% of their gross salary: the pension contribution is 18.80%; health care insurance is 7.50%; unemployment insurance is 1.20%; and health care at work insurance is 0.5%. The examples below show the cost of the employer and the employee in the case of the minimum wage level and average wage. The personal allowance is MKD 105,456 on an annual basis, while the monthly personal allowance amounts to MKD 9,540.

The minimum base for social security contributions equals 50% of the average monthly salary for the current month. However, for self-employed people, the minimum base is the average salary.

The highest base for the payment of mandatory social security contributions on a monthly basis is 18 average salaries paid in Macedonia for employees and members of managing and supervisory bodies and 12 average salaries for the self-employed.

Wage related taxes in North Macedonia	Minimum wage		Average wage in private sector	
Exchange rate MKD/EUR 61.69	in EUR	in MKD	in EUR	in MKD
	482	29,739	934	57,609
Total wage cost	**482**	**100.00%**	**934**	**100.00%**
Gross salary	**482**	**100.00%**	**934**	**100.00%**
Pension and disability contribution	91	19.00%	175	19.00%
Health contribution	36	7.00%	70	7.00%
Unemployment contribution	6	1.00%	11	1.00%
Additional health contribution	2	0.00%	5	1.00%
Personal income tax	18	4.00%	51	5.00%
Net salary	**329**	**68.00%**	**622**	**67.00%**

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Corporate taxes and other direct taxes

Polish companies are taxable on their worldwide income. Non-resident companies are taxable only on Polish sources of income, subject to DTT. The standard CIT rate is 19%. The preferential CIT rate for "small taxpayers" (whose sales revenue in the previous FY did not exceed the PLN equivalent of EUR 2M) is 9%. This rate also applies for newly-created entities (additional requirements also apply). In Poland, CIT is generally payable on income. Tax deductible costs exceeding revenues in any given FY constitute a loss which may be deducted from income over the next 5 consecutive years (no more than 50% of a loss can be offset in any one year). Starting from tax losses incurred in FY 2019, it is possible to activate the tax loss of a given tax year as a one-off amount up to PLN 5M. The surplus may be settled in line with the general rule described above. As of January 1, 2022, changes in the regulations concerning debt financing costs entered into force. Expenses for debt financing are qualified as tax deductible costs to an amount of no more than 30% of EBITDA or an amount not exceeding PLN 3M (depending on which amount is higher).

Transfer pricing in Poland		
Arm's length principle	✓	Since 1997
Documentation liability	✓	Since 2001
APA	✓	Since 2006
Country-by-Country liability	✓	Since 2017
Master file-local file (OECD BEPS 13) applicable	✓	Since 2017
Penalty		
lack of documentation	✓	20% (30%) of the amount of overstated loss/ under income + % + personal liability.
tax shortage	✓	10% of overstated loss/ under income + late payment interest/ incorrect pricing.
Related parties	25% <	Direct or indirect capital relations, personal relations.
Safe harbors	✓	Low value added services and loans.
Level of attention paid by Tax Authority		**10/10**

Interest, royalties, and certain types of immaterial services paid to non-Polish residents are, as a rule, subject to a 20% WHT rate, and dividends are subject to a 19% WHT rate. As of January 2022, a pay & refund mechanism entered into force. This only applies to passive payments exceeding PLN 2 Million per annum summed for one non-resident. The excess amounts are subject to a base WHT rate pursuant to the CIT Act (19% or 20%) and the tax remitter can only apply for a WHT refund if the payment could be exempt or qualifies for a reduced rate from the proper DTT. It is also possible to apply for an opinion on the application of preference (additional requirements also apply). There are also strict restrictions concerning due diligence procedures.

Real property tax and transport tax are charged as local taxes in Poland. Real property tax is paid by owners of real estate. Banks and financial institutions are taxable at a 0.0366% rate of their total assets.

VAT and other indirect taxes

As a rule, the standard VAT rate is 23%. Preferential rates of 8% and 5% apply to certain goods and services. Other goods and services (e.g. exports, intra-Community supplies of goods, international transport services) may be zero-rated or exempt.

Other indirect tax types in Poland include excise duty and gambling tax. Some civil acts such as contracts of sale, loan agreements, and foundation deeds of partnerships or companies, if not subject to VAT, may be subject to civil law activity tax (CLAT), the

VAT options in Poland	Applicable / limits
Distance selling	The OSS system is applicable from July 1, 2021.
Call-off stock	✓
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)	EUR 2,000,000/year
Import VAT deferment	✓
Local reverse charge	Limited
Option for taxation	
letting of real estate	For residential purposes (exempt), for commercial purposes (23%).
supply of used real estate	Exempt (additional requirements needed).
VAT registration threshold	**PLN 200,000/year (approx. EUR 50,000)**

rates of which range from 0.1% to 2%. Transactions related to filling a power of attorney and public administration actions (submitting application forms, issuing certificates, granting permissions, etc.) are subject to stamp duty.

Personal income tax / Social security system

PIT is calculated on income. However, the income calculation differs depending on the source from which the income is earned. PIT is calculated according to a progressive tax scale at a rate of 12% (below income amount of PLN 120k per year) to 32% (above income amount of PLN 120k per year). A specific rate also applies to individuals pursuing business activities as sole proprietorships or partners in partnerships, who may opt for a flat 19% PIT rate. The tax-free amount is PLN 30k (depending on the value of the tax base). The income of taxpayers who are under the age of 26 and can be tax-free up to an amount of income not exceeding PLN 85,528 in the given tax year.

Employee Capital Plan (ECP): Payments to PPK are made both by the employer and the plan participant. The basic payment to PPK made by the plan participant is equal to 2% (as of January 1, 2022, this could be 0.5% when additional requirements are fulfilled) of the salary used as the base for the calculation of retirement and disability SSC, while the employer pays 1.5% of the salary used as the base for the calculation of retirement and disability SSC.

Personal income falls under the social insurance system: employee's SC (capped) equals 13.71%; employer's contributions equal approximately 20.48%. Additionally, the individual is required to pay a 9% health insurance contribution.

Wage related taxes in Poland	Minimum wage		Average wage in private sector	
Exchange rate PLN/EUR 4.26	in EUR	in PLN	in EUR	in PLN
	1,094	4,666	1,988	8,482
Total wage cost	**1,334**	**122.00%**	**2,425**	**122.00%**
Social security contribution (employer)	224	20.48%	407	20.48%
Contribution to PPK (employer)	16	1.50%	30	1.50%
Gross salary	**1,094**	**100.00%**	**1,988**	**100.00%**
Social security contribution (employee)	150	13.71%	273	13.71%
Healthcare insurance	98	9.00%	179	9.00%
Tax deductible costs	-58.60	-5.00%	-58.60	-3.00%
PIT	131	12.00%	239	12.00%
Personal allowance	-70.31	-6.00%	-70.31	-4.00%
Contribution to PPK (employee)	22	2.00%	40	2.00%
Net salary	**821**	**75.00%**	**1,386**	**70.00%**

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Corporate taxes and other direct taxes

CIT is 16%. To calculate the taxable profit, the accounting profit is adjusted upwards (with non-deductible expenses) or downwards (with non-taxable revenues). An additional deduction of no more than 50% can be applied for certain R&D expenses.

Entities with a turnover over €50 million are required to pay a minimum 1% tax applied to adjusted turnover if the CIT under general rules is lower than the 1% turnover tax.
Operators in the oil and gas sectors pay a 0.5% tax applied to adjusted turnover, while credit institutions pay a 2% turnover tax for 2025 and 1% starting with January 1, 2026.

Transfer pricing in Romania		
Arm's length principle	✓	Law 227/2015
Documentation liability	✓	Order 222/2008, Order 442/2016
APA	✓	Since 2007 (Order 3735/2015)
Country-by-Country liability	✓	Non-Public CbCR and Public CbCR (early adoption with FY 2023) are applicable.
Master file-local file (OECD BEPS 13) applicable	✓	Only Local File rules are applicable.
Penalty		
lack of documentation	✓	Penalties and adjustment of tax base plus ancillary tax debt.
tax shortage	✓	Regular tax regime.
Related parties	Min. of 25%	Direct or indirect control.
Safe harbors	No	OECD's simplified approach on low value adding services is not applicable.
Level of attention paid by Tax Authority		**10/10**

Capital gains arising from the sale of participations held in any state that Romania has a DTT with are non-taxable.
Tax consolidation is applicable in the field of CIT at the level of two or more legal entities. Once tax consolidation has been opted for, it must be applied for 5 years.
The tax incentive can be applied, through which CIT payers can benefit, under certain conditions, from annual CIT discounts (2% up to 15%), which is applicable until FY 2025.
Tax losses can be carried forward for a period of 5 years and offset with taxable profits up to 70%.

Treaty network consisting of around 89 DTTs.
The WHT on Dividends is 10%.
The WHT for Interest and Royalties is 16%.
Capital gains from the sale of shares are tax exempt (certain conditions apply).
Shareholders with more than 25% shares in a micro-company cannot have additional shareholdings in other companies that apply the same regime.
2 tax rates are applicable for the micro tax regime: 1% for turnover of less than EUR 60k and 3% for more than EUR 60k or for specific NACE codes.
The incentive implemented to stimulate the capitalization of CIT payers is also applicable for microenterprise taxpayers for the tax due in the fourth quarter of the fiscal year.

VAT and other indirect taxes

General rate is 19%. Reduced rates are 9% (e.g., medicines, food, agricultural products, hotel, restaurant services, certain residential sales and photovoltaic systems etc.) and 5% (e.g. books).
Certain medical and social activities are VAT exempt.
E-Invoicing is mandatory as of January 1, 2024 for the taxpayers who perform B2B transactions and as of January 1, 2025 for those who perform B2C, which their place is considered in RO. Starting July 1, 2024 the original invoice in purpose of deduction is considered the xml file received in E-Invoice system together with electronic signature attached by Ministry of Finance.

VAT options in Romania	Applicable / limits
Distance selling	The OSS system is applicable.
Call-off stock	✓
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)	EUR 900,000/year
Import VAT deferment	Certificate of payment deferral / AEO / simplified customs procedure
Local reverse charge	For sale of: certain types of products.
Option for taxation	
letting of real estate	✓
supply of used real estate	✓
VAT registration threshold	**approx. EUR 60,000**

As of August 1, 2024, Romania has implemented the e-VAT system, a digital initiative to enhance VAT compliance and curb tax evasion. This system will automatically create a pre-filled VAT statement for all VAT-registered businesses, using their data from various reporting obligations. Taxpayers must reconcile this e-VAT statement with their regular VAT return, and any discrepancies must be explained. SAF-T is already implemented for large and medium taxpayers and as of January 1, 2025 will be mandatory for all taxpayers.

Personal income tax / Social security system

A 10% flat tax rate is applicable to revenues from dependent activities (e.g. employment or activities assimilated to employment) or independent activities (freelancers). Starting with 2025, also income tax due for dividends will be 10%.
SSC are the following: Social Security Contribution (25% – employee part), Health Insurance Contribution (10% – employee part) and Work Insurance Contribution (2.25% – employer part).
Income received from dependent activities is subject to SSC at the employee (35%) and employer level (2.25%).
As regards the Pension Contribution due for income received from independent income and IP rights, this is due in case the income is at least 12 times the minimum gross wage (e.g. RON 4,050 for 2025, thus RON 48,600 per annum).
The 25% is applied to the following computation base regardless of the level of revenues obtained:

- base of 12 times the minimum gross wage in case the level of the obtained revenue is between 12 and 24 times the minimum gross wage;
- base of 24 times the minimum gross wage in case the level of the obtained revenue exceeds 24 times the minimum gross wage.

The Health Insurance Contribution (HIC) is applied to the annual net income obtained by the freelancer and the taxable base cannot be higher than 60 times the minimum gross wage (capped). For other types of income (rental income, dividend, capital gain, etc. – except salary income), the HIC is due as follows:

- base of 6 times the minimum gross wage in case the level of the obtained revenue is between 6 and 12 times the minimum gross wage;
- base of 12 times the minimum gross wage in case the level of the obtained revenue is between 12 and 24 times the minimum gross wage;
- base of 24 times the minimum gross wage in case the level of the obtained revenue exceeds 24 times the minimum gross wage.

Wage related taxes in Romania	Minimum wage		Average wage in private sector	
Exchange rate RON/EUR 4.97	in EUR	in RON	in EUR	in RON
	814	4,050	1,733	8,620
Total wage cost	**832**	**102.00%**	**1,772**	**102.00%**
Work insurance contribution (2.25% – employer part)	18	2.00%	39	2.00%
Gross salary	**814**	**100.00%**	**1,733**	**100.00%**
Social security contribution (25% – employee part), health insurance contribution (10% – employee part) and personal income tax of 10%.	322	40.00%	719	41.00%
Net salary	**492**	**60.00%**	**1,014**	**59.00%**

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Corporate taxes and other direct taxes

There is a flat 15% general corporate income tax rate. Tax is levied on both resident and non-resident companies. Resident companies are taxed on their worldwide income, and non-residents are taxed only on income generated in Serbia. The tax base is the pre-tax profit modified by several increasing and decreasing items. Capital gains are also included in the tax return for annual corporate profits. Losses can be carried forward for 5 years, but the carry back of losses is not permitted. There are several tax deductions available on investments in relation to the number of employed persons and investment funds, investing into the capital of newly incorporated companies performing innovative activities, and income from the use of deposited IP rights. Serbia applies a thin capitalization ratio of 4:1 (10:1 for banks). There is also a requirement that interest paid to a non-resident must be on arm's length terms.

Transfer pricing in Serbia		
Arm's length principle	✓	Since 2013
Documentation liability	✓	Must be submitted in hard copy in local language.
APA	No	–
Country-by-Country liability	✓	Tax resident that is the ultimate parent entity of an MNE.
Master file-local file (OECD BEPS 13) applicable	No	–
Penalty		
lack of documentation	✓	Up to ~ EUR 16,900 for missing documentation.
tax shortage	✓	30%—40% on tax underpayment + late payment interest
Related parties	25% <	Direct or indirect control or common managing director, close family members.
Safe harbors	✓	Interest as described in the Governmental Rulebook.
Level of attention paid by Tax Authority		**7/10**

A 20% withholding tax is applied to dividends, interests, capital gains, royalties and other intellectual property rights, income from rent of immovable and movable property, and income from specific services such as market research, accounting, auditing, and other services related to business and legal consulting. There is also a tax rate of 25% applicable to revenues realized by non-resident legal persons from jurisdictions with a preferential tax system. Serbia has a wide international treaty network with more than 60 double tax treaties.

Transactions between related parties must be at arm's length. The comparable uncontrolled price method may be used, but in the absence of this method, taxpayers can use the cost-plus method, the resale price method, the profit-sharing method, or the net profit method. There is an obligation to enclose transfer pricing documentation with the annual tax returns.

A transfer tax of 2.5% is applied to transfers listed in the Property Tax Act. There is no surtax or alternative minimum taxes.

VAT and other indirect taxes

The general rate is 20%, reduced rates are 10% (e.g. bread, milk, accommodation services, medications, fertilizer, etc.) and VAT-exemption is provided for exports and for transport and other services that are associated with the importation of goods. Taxpayers with revenue in excess of approximately EUR 68,000 must register for VAT purposes. Non-residents may register for VAT purposes only through a tax representative.

The other indirect tax type in Serbia is excise duty.

VAT options in Serbia	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	Approx. EUR 405,000/year.
Import VAT deferment	No
Local reverse charge	✓
Option for taxation	
letting of real estate	No
supply of used real estate	✓
VAT registration threshold	**Approx. EUR 68,000/ past 12 months.**

Personal income tax / Social security system

In Serbia, resident individuals are taxed based on their worldwide income, while non-residents are taxed only on income in Serbia. There is a flat rate of 10% for gross salaries. Capital gains are taxed at 15%. Furthermore, the tax rate on income from agriculture and forestry is 10%. Income from the letting of real estate is taxable at 20%, but before that, the gross basis is reduced by standardized costs equaling 25%. The tax rate on income from royalties and other intellectual property amounts to 20%.

Active incomes fall under the scope of the SSC system: social contributions payable by employees amount to 19.90% of the gross salary. These include contributions for pension and disability insurance (14%), health insurance (5.15%), and unemployment insurance (0.75%). Contributions payable by the employer amount to 15.15% and include contributions for pension and disability insurance totaling 10%, and health insurance (5.15%). There is no unemployment insurance payable on behalf of the employer. Personal deductions are applicable.

Wage related taxes in Serbia	Minimum wage		Average wage in private sector	
Exchange rate RSD/EUR 117.25	in EUR	in RSD	in EUR	in RSD
	617	72,396	1,155	135,395
Total wage cost	**711**	**115.00%**	**1,330**	**115.00%**
SSC paid by the employer	94	15.15%	175	15.15%
Gross salary	**617**	**100.00%**	**1,155**	**100.00%**
SSC paid by the employee	123	19.90%	230	19.90%
PIT	62	10.00%	115	10.00%
Net salary	**432**	**70.00%**	**810**	**70.00%**

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Corporate taxes and other direct taxes

The CIT rate in Slovakia is 21%. The 15% applies to taxpayers for 2024 if their income does not exceed EUR 60,000/tax period. Starting from 2025 tax periods, the CIT rate for taxpayers whose taxable income (revenues) exceeds in tax period 5 million EUR will increase to 24% and decrease from 15% to 10% if taxable income does not exceed EUR 100,000 (small and medium-sized enterprises).
A minimum tax (340 to EUR 3,840, depending on taxable income) applies to legal entities that report a tax liability lower than the established amount. Tax losses can be deducted for a maximum of five consecutive tax periods, up to 50% of the taxpayer's tax base.

Transfer pricing in Slovakia		
Arm's length principle	✓	Since 1999
Documentation liability	✓	Since 2009
APA	✓	Since 2004
Country-by-Country liability	✓	From FY 2016
Master file-local file (OECD BEPS 13) applicable	✓	Applicable for specific taxpayers.
Penalty		
lack of documentation	✓	Up to EUR 3,000 / missing documentation (recurrent basis).
tax shortage	✓	10% p.a. of tax underpayment (up to 100% of the underpayment).
Related parties	25% <	Direct or indirect control, common managing director, close relatives, etc.
Safe harbors	✓	Transactions below EUR 10,000/ EUR 50,000 in case of loans.
Level of attention paid by Tax Authority		**9/10**

There are several types of tax incentives potentially available.
Business restructuring (mergers, acquisitions, etc.) can be carried out solely at fair market values.
Participation exemption rules for capital gains on the sales of shares (ownership interest) can be applied under specific conditions.

Withholding tax (under Slovak law):

- 0% on dividends if paid to a company that is a tax resident of 'cooperative jurisdiction' and the beneficial owner of a dividend income;
- 19% on interest, royalties, income of authors of articles, etc.:
- 35% on payments to a resident of a non-cooperative country not included in the list issued by the Slovak Ministry of Finance (e.g. country that has neither a DTT nor a treaty on tax information exchange with Slovakia), or where the beneficial owner cannot be proven;

Interests and royalties paid by Slovak tax residents to related EU entities – exempt from tax (specific rules apply).
WHT may be reduced by provisions of applicable DTT (currently, DTTs have been concluded with 75 jurisdictions).
Real estate tax is imposed on real estate owners based on the type of property – land, buildings and apartments. The tax liability is calculated by the municipal authorities and depends on various factors.
Motor vehicle tax is imposed on the user/owner of the motor vehicle used for business purposes. Tax rates differ based on technical parameters.
Other taxes: insurance tax, special levy in regulated industries, tax from financial transactions.

VAT and other indirect taxes

The basic VAT rate is 23%. The reduced rate of 5% applies e.g. to selected basic foods (meat, milk, sour cream, potatoes, bakery products and others), medicines, pharmaceutical products, medical supplies, books, accommodation services, books

VAT options in Slovakia	Applicable / limits
Distance selling	The OSS system is applicable from July 1, 2021.
Call-off stock	✓
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)	Approx. EUR 100,000/year.
Import VAT deferment	No. From July 2025, reverse charge on import possible in certain cases.
Local reverse charge	✓ (specific goods and services)
Option for taxation	
letting of real estate	✓
supply of used real estate	✓
VAT registration threshold	**EUR 50,000/EUR 62,500**

available online, services of fitness facilities, sports facility operation services, etc. The reduced rate of 19% applies e.g. to electricity, other food, restaurant and catering services consisting of the provision of drinks.
A special voluntary arrangement based on the receipt of payment for goods and services (so-called "cash accounting") can be applied by certain VAT payers.
VAT payers are obliged to report to the Slovak Tax Authorities all bank accounts used for economic activities that are subject to VAT. Payment of the supplier's invoice to a bank account which was not listed at the time of payment may lead to application of joint liability for VAT.
Other indirect tax types in Slovakia include excise taxes on wine, beer, tobacco, spirits, mineral oils, electricity, coal, natural gas and sugar tax.

Personal income tax / Social security system

The PIT rate is progressive and depends on the amount of income earned. The PIT rate is 19% for a tax base up to EUR 48,441.43/year (for 2025) and 25% for amounts exceeding this limit. Certain tax allowances (e.g. personal, spouse allowance, tax bonus for children) may be claimed on personal income.
The 15% tax rate applies to natural persons achieving income from entrepreneurial (other self-employed) activities, provided their income does not exceed EUR 100,000/year.
Dividends (from profit generated after January 1, 2025) and some other income are subject to taxation at 7% (capped by DTT for non-residents) or at 35% if the recipient or payer of the dividends is from a 'non-cooperative' jurisdiction.
Both employers and employees are subject to social security and health insurance contributions on the employee's gross monthly salary. The rates are 36.2% for employers and 13.4% for employees. Social security contributions are capped by a maximum assessment base of EUR 15,730 (in 2025). There is no maximum assessment base for health insurance contributions. A health insurance allowance (annually up to EUR 4,560) can be applied by low-income employees for employee contributions.
A minimum health insurance contribution for the employee is EUR 41.08/month (in 2025).

Wage related taxes in Slovakia	Minimum wage		Average wage in private sector	
	in EUR		in EUR	
	816		1,524	
Total wage cost	**1,111**	**136.00%**	**2,076**	**136.00%**
Employer's SS and HI contributions	295	36.20%	552	36.20%
Gross salary	**816**	**100.00%**	**1,524**	**100.00%**
Employee's SS and HI contributions	109	13.40%	204	13.40%
Payroll tax (19% / 25% from tax base)	134	16.45%	251	16.45%
Net salary	**573**	**70.00%**	**1,069**	**70.00%**

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Corporate taxes and other direct taxes

From January 1, 2024, to December 31, 2028, the corporate income tax (CIT) rate increases to 22% (previously 19%). The tax base is the pre-tax profit, adjusted by specific items. A 0% rate applies to investment funds, pension funds, and insurance undertakings for pension plans under certain conditions.

Companies in international maritime shipping can opt for the tonnage tax regime with prior notification. Tax losses can be carried forward up to five tax periods, but used only up to 50% of the tax base, with special rules for M&A.

Transfer pricing in Slovenia		
Arm’s length principle	✓	Since 2005, in Article 16 of the Slovene Corporate Income Tax Act (CITA).
Documentation liability	✓	Slovene Ministry of Finance issued regulations on TP on January 1, 2007.
APA	✓	Available
Country-by-Country liability	✓	Since 2016
Master file-local file (OECD BEPS 13) applicable	✓	Since 2006
Penalty		
lack of documentation	✓	Penalty up to EUR 30,000.
tax shortage	✓	30% of underpaid tax for micro and small legal entities.
Related parties	✓	Transfer pricing regulations is based on OECD guidelines.
Safe harbors	✓	Administratively determined recognized interest rate for all loans between RPs.
Level of attention paid by Tax Authority		**9/10**

Tax allowances exist for new investments, R&D, employment of disabled persons, donations, and since 2022, for the digital and green transition. The amendment from 2024 allows the unused portion of the digital and green transition investment allowance to be used over five tax periods after the investment period. This applies to investments made after the amendment becomes applicable.

GAAR and CFC rules apply since 2019. Interest deduction is limited to 30% of EBITDA or EUR 3 million (whichever is higher), following ATAD.

A withholding tax of 15% is applied to dividends, interest, royalties, and rental income paid by a Slovenian company to a foreign company. However, if conditions are met, an exemption (or decrease in the percentage of withholding tax) is applicable to payments to EU residents (under the Parent Subsidiary Directive & the interest and royalty directive), and under international double taxation treaties (there are currently over 60 treaties).

- Real estate transfer tax (RETT) is applied on the transfer of immovable property at the rate of 2% if the transaction is not subject to VAT, where the tax base is the sale price.
- DAC7 obligatory reporting from period 2023 onwards – with first reporting due date on January 31, 2024.
- On December 13, 2023, the National Assembly adopted the Minimum Tax Act. In brief, the new act will introduce an additional tax liability from 2024 onwards for groups whose annual revenue in at least two of the last four financial years amounts to 750 million EUR or more on a consolidated level.

This is so-called top-up tax, which is levied on the excess profits if a group reaching the threshold does not reach the minimum effective tax rate of 15% in a specific jurisdiction. Obliged groups will be required to prepare an annual return as well as a domestic top-up tax return, whether they are liable to pay it.

VAT and other indirect taxes

The general tax rate is 22%; a reduced rate of 9.5% applies to some goods, e.g. foodstuffs, water supply, carriage of passengers and their personal luggage, and a reduced rate of 5% applies to books and newspapers, regardless of whether they are delivered on physical media or electronic forms. VAT-

VAT options in Slovenia	Applicable / limits
Distance selling	EUR 10,000/year The OSS system is applicable from July 1, 2021.
Call-off stock	✓
VAT group registration	✓
Cash accounting – yearly amount in EUR (approx.)	400.000
Import VAT deferment	Yes, special treatment for tax non-residents who use a Slovenian VAT ID number.
Local reverse charge	Certain ares.
Option for taxation	
letting of real estate	✓
supply of used real estate	✓
VAT registration threshold	**EUR 60,000/year**

exempt services include services of public interest, as well as banking services, insurance, investment-related services, gambling, certain services provided by medical doctors and dentists, etc. EC Sales lists (IC report) are obligatory in Slovenia and should be submitted by the 20th day of the month following the taxable period. Mandatory submission of records of VAT charged and VAT deduction records by the deadline for submitting the VAT return (as of July, 1, 2025).
Other indirect tax types in Slovenia include excise duty, insurance tax, tax on financial services, motor vehicle tax, customs, etc.

Personal income tax / Social security system

Personal income tax rates are progressive (16%, 26%, 33%, 39%, and 50%), and apply on active income sources. Capital and rental income is taxed at a flat rate (dividends at 25%, interest at 25%, capital gains from 0% to 25%), depending on the holding period; rental income is taxed at 25%.
Social security contributions are applicable on income from employment and are 16.10% for the employer and 22.10% for the employee. From January 2024 onwards there is also a separate flat monthly fee for mandatory medical insurance. Self-employed individuals (business income) pay their own social security contributions depending on the circumstances of the case. The examples below show the cost of the employer and the employee in case of the minimum wage level and the average wage in the private sector. There are a number of personal allowances that apply individually depending on the personal status of the individual.

Wage related taxes in Slovenia	Minimum wage		Average wage in private sector***	
	in EUR		in EUR	
	1,278		2,722	
Total wage cost	**1,484**	**116.00%**	**3,160**	**116.00%**
Employer's contribution**	206	16.10%	438	16.10%
Gross salary	**1,278**	**100.00%**	**2,722**	**100.00%**
Employees' contributions**	282	22.10%	601	22.10%
Employees' contributions**	35	3.00%	35	1.00%
Tax and surtax*	60	5.00%	351	13.00%
Net salary	**901**	**70.00%**	**1,735**	**64.00%**

* Tax base differs from the gross salary, deductions apply.
** In the case of a minimum wage, a higher calculation base must be used to calculate social security contributions. Flat EUR 37.17 monthly fee for mandatory medical as of March 2025.
*** Latest available information about average wages in the private sector is December 2024.

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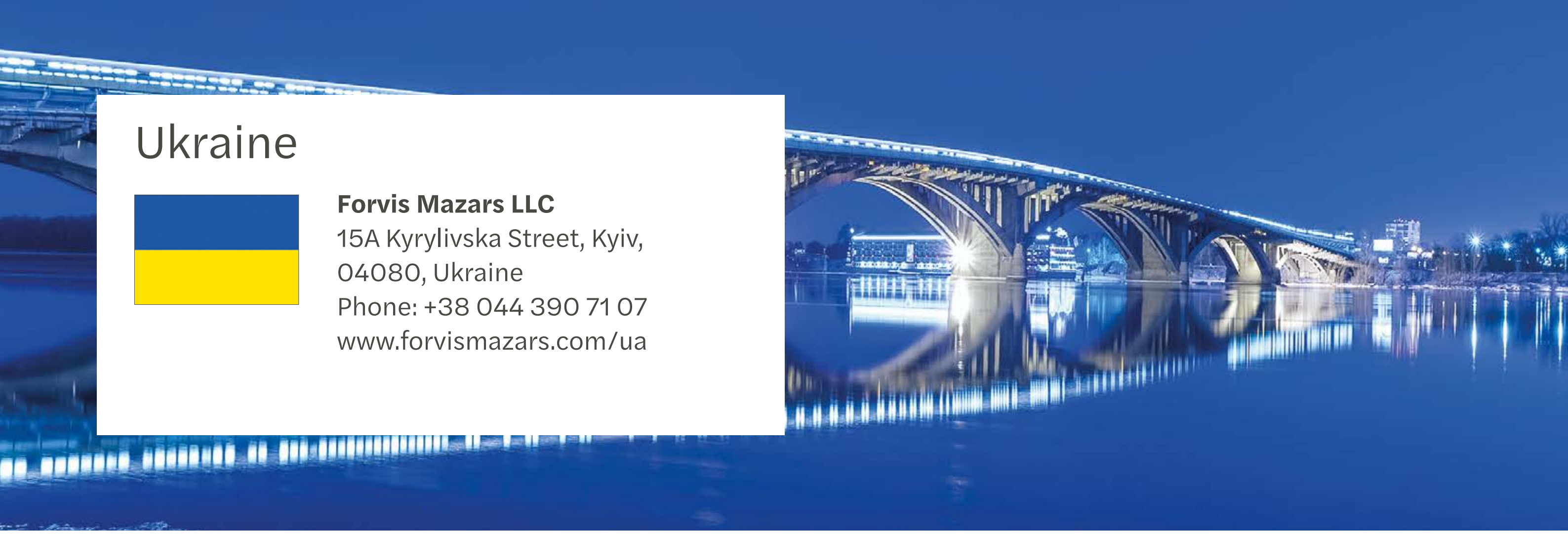

Ukraine

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Corporate taxes and other direct taxes

The standard CIT rate of 18% applies to the worldwide income of resident companies. The CIT rate for banks and financial organisations: 25%.
Non-resident companies and their permanent establishments (PE) pay CIT on income received from Ukrainian sources.
Taxable profit is calculated as financial profit before tax, adjusted with certain tax adjustments.
Thin capitalization rules apply to loans granted by any non-resident (the debt-to-equity ratio is 3.5), with exceptions for certain financial and leasing entities.
Tax losses can be carried forward indefinitely with limitations for large taxpayers. Loss carry back is not permitted.

Transfer pricing in Ukraine		
Arm's length principle	✓	Since 2013
Documentation liability	✓	Since 2013
APA	✓	Applicable to large taxpayers, no cases in practice.
Country-by-Country liability	✓	For MNE with income ≥ EUR 750 million (+ other conditions).
Master file-local file (OECD BEPS 13) applicable	✓	For MNE with income ≥ EUR 50 million.
Penalty		
lack of documentation	✓	3% of the value of controlled transactions, max – UAH 605,600 (approx. EUR 14K).
tax shortage	✓	25% of tax underpayment; 50% in case of recurrent violation within 1,095 days.
Related parties	25% and more	Direct/indirect or common control.
Safe harbors	No	–
Level of attention paid by Tax Authority		**7/10**

Companies with annual income below UAH 40 million (approx. EUR 917K) are entitled not to apply any tax adjustments (except for tax losses carried forward).

A 15% withholding tax (WHT) is imposed on passive income paid to non-residents.
Payment for services is WHT-exempt. WHT is also levied on other payments to non-residents, e.g. constructive dividends, alienation of shares in Ukrainian asset-rich companies, freight, etc.

A lower WHT rate or exemption may apply under a double tax treaty (DTT). Ukraine has a wide DTT network (more than 70). A "look-through approach" is available. The application of DTT benefits is restricted by a "principal purpose test".

Transfer pricing (TP) rules apply to controlled transactions (CT) with related non-residents and with non-related foreign companies registered in low-tax jurisdictions or not paying income tax. TP rules apply if the company's annual revenue exceeds UAH 150 million (approx. EUR 3.4 million), and its CT with the same counterparty exceed UAH 10 million (approx. EUR 229K). Transactions between non-resident and its PE fall under TP control if the amount exceeds UAH 10 million.

Undistributed profits of controlled foreign companies are taxed at 18% at the level of Ukrainian company or individual (subject to exemptions).
Non-residents operating in Ukraine through PE should register with the tax authorities and file their CPT returns.
Sole traders, companies with annual income below UAH 8.3 million (approx. EUR 190K), and agricultural producers may apply for the simplified taxation system.

VAT and other indirect taxes

As a non-EU member, Ukraine has not implemented EU VAT Directives.
The standard VAT rate is 20% (14% for the import of some agricultural products; 7% for the supply

VAT options in Ukraine	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	✓
Import VAT deferment	No
Local reverse charge	Imported services.
Option for taxation	
letting of real estate	✓
supply of used real estate	No
VAT registration threshold	**Revenue of UAH 1 million (approx. EUR 23K) over 12 consecutive months. Voluntary registration is available.**

of pharmaceuticals and some services; 0% for the export of goods and the import of certain goods and services).
Under the general rule, the place of the supply of services is the place where the supplier is registered. However, there are some exceptions (e.g. for consulting, marketing, information services, etc.). The reverse-charge mechanism applies to services provided by a non-resident.
A so-called "Google tax" of 20% is imposed on the provision of electronic services by non-residents to individuals within the customs territory of Ukraine.
Ukrainian VAT is administrated through an electronic system. The taxpayer is entitled to issue VAT invoices for the amount within a certain cap.
There are VAT exemptions (tobacco products, gold) and temporary VAT incentives for the supply of certain goods and services (electric vehicles, equipment for renewable energy, etc.). Until the end of martial law, the import of certain military goods is exempt from VAT.

The other indirect tax in Ukraine is excise tax. Excisable goods are spirits, beer, tobacco, petroleum, cars, trailers, motorcycles, and electricity. Certain military purpose goods are exempt until the end of martial law.

Personal income tax / Social security system

The flat PIT rate of 18% is imposed on both active income and passive income for residents and non-residents.
Ukraine tax residents pay PIT on their worldwide income. Non-residents pay PIT on their Ukrainian sourced income.
Dividends are subject to 5% PIT, except for dividends distributed by Ukrainian CIT payers, which are subject to 9% PIT.
There is a temporary military levy at a rate of 5% that applies to all income subject to PIT.

A reduced PIT rate of 5% applies to salaries of individuals employed by DiiaCity, to the remuneration of gig-experts, and to the remuneration of authors.

Most forms of active income fall under the scope of social security contribution (SSC) with an employer's contribution of 22%; there is no employee's contribution. The minimum monthly SSC is UAH 1,760 (approx. EUR 40), the maximum monthly SSC is UAH 160,000 (approx. EUR 3,669).

Wage related taxes in Ukraine	Minimum wage		Average wage in private sector	
Exchange rate UAH/EUR 43.60	in EUR	in UAH	in EUR	in UAH
	183	8,000	503	21,946
Total wage cost	**223**	**122.00%**	**614**	**122.00%**
Social contribution tax	40	22.00%	111	22.00%
Gross salary	**183**	**100.00%**	**503**	**100.00%**
Personal income tax	33	18.00%	91	18.00%
Military tax	9	5.00%	25	5.00%
Net salary	**141**	**77.00%**	**387**	**77.00%**

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Corporate taxes and other direct taxes

In general, the concept is similar to the CIT approach used in developed countries worldwide. Taxable income is calculated as annual income minus expenses. It is only possible to deduct properly documented expenses provided that the expenses are connected with the taxable income. Dividends and capital gains are excluded from taxable income. The percentage of depreciation norms for fixed assets is set out in the Tax Code and is substantively similar to IFRS principles. Losses can be carried forward without limitation. The rules on the carrying forward of losses do not apply to losses generated during periods when a company has enjoyed tax benefits. There are thin capitalization rules. A CFC rule exists.

Transfer pricing in Uzbekistan		
Arm's length principle	✓	Since 2020
Documentation liability	✓	Since 2022
APA	✓	Since 2022
Country-by-Country liability	No	N/A
Master file-local file (OECD BEPS 13) applicable	No	N/A
Penalty		
lack of documentation	N/A	Less than 500 EUR.
tax shortage	N/A	20% of tax shortage
Related parties	N/A	Legal entities are considered to be related: – legal entities are related if one legal entity holds a direct or indirect participation in another legal entity and the share of such participation in the charter capital exceeds 20% – an individual and a legal entity are related if the individual holds a direct or indirect participation in the legal entity and the share of such participation in subscribed capital exceeds 20%.
Safe harbors	No	N/A
Level of attention paid by Tax Authority		**5/10**

WHT applies to incomes paid to non-residents that are not registered for tax purposes in Uzbekistan. Taxable incomes are listed in the Tax Code. Uzbekistan has signed 54 treaties on avoidance of double taxation. Although the treaty rates prevail over the Tax Code, non-residents must have a duly issued tax residency certificate to be able to apply the treaty. The multilateral instrument (MLI) is not in force.

Small and medium businesses may enjoy a special tax regime according to which the Unified Tax on income is paid. This tax replaces CIT.

VAT and other indirect taxes

The VAT concept is quite similar to the concept applied in developed countries worldwide. The turnover subject to VAT is in general the total value of sales (Output VAT). The VAT paid to suppliers

VAT options in Uzbekistan	Applicable / limits
Distance selling	No
Call-off stock	No
VAT group registration	No
Cash accounting – yearly amount in EUR (approx.)	No
Import VAT deferment	No
Local reverse charge	✓
Option for taxation	
letting of real estate	No
supply of used real estate	No
VAT registration threshold	**1 bUZS (approx. EUR 77k)**

(input VAT) is deducted from Output VAT. Input VAT cannot be offset if the goods, works, or services purchased are not related to taxable turnover, the VAT-invoice is not issued by a supplier or issued with the violation of the legal requirements, the supplier is declared by a court to be inactive entity, etc. The VAT rate for the export of goods is 0% and there is a certain procedure for the refund of the related input VAT.

Excise Tax is paid by importers or sellers of:

1) Alcoholic products

2) Tobacco products

3) Oil & gas products

4) Motor vehicles.

Personal income tax / Social security system

Tax residents shall be recognized as an individual staying in the Republic of Uzbekistan if they do so for at least 183 calendar days in any consecutive 12-month period ending in the current tax period (calendar year). The concept is the same as worldwide.

The 12% Social Tax contains all types of contributions to the social system, including the pension scheme and access to the state medical system.

Wage related taxes in Uzbekistan	Minimum wage		Average wage in private sector	
Exchange rate UZS/EUR 13.40	in EUR	in UZS	in EUR	in UZS
	86	1,155,000	400	5.360.000
Total wage cost	**96**	**112.00%**	**508**	**127.00%**
Social tax	10	12.00%	108	27.00%
Gross salary	**86**	**100.00%**	**400**	**100.00%**
Personal income tax	10	12.00%	108	27.00%
Net salary	**76**	**88.00%**	**292**	**73.00%**

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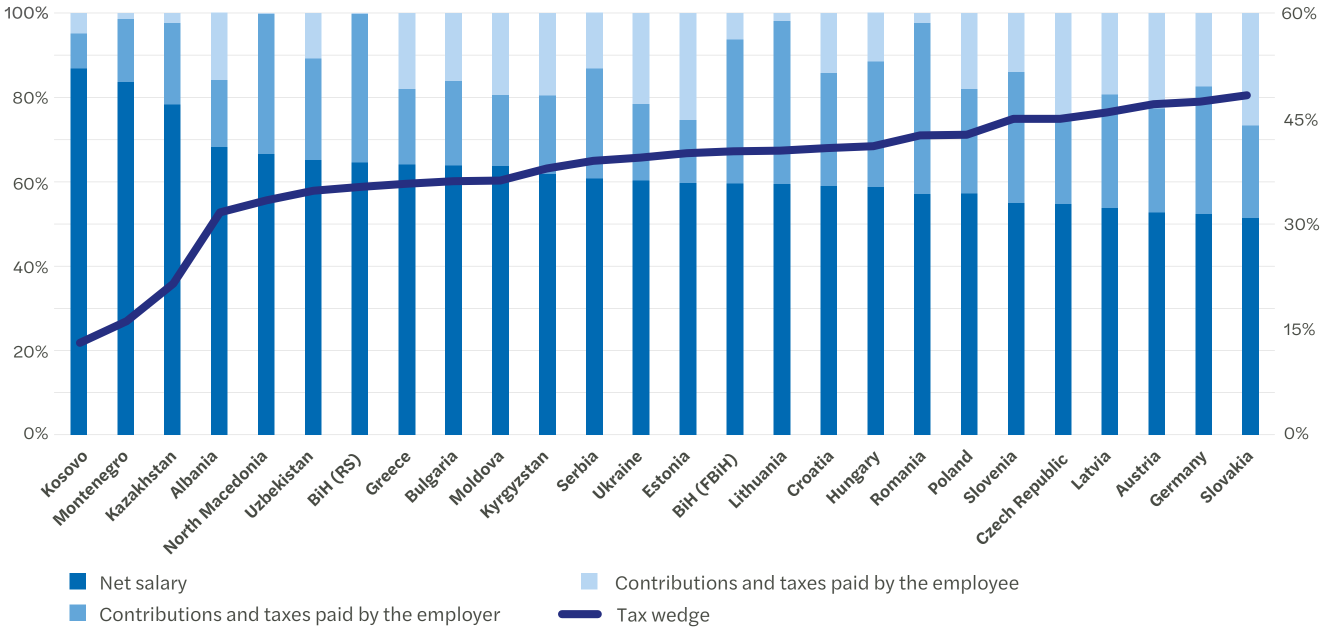
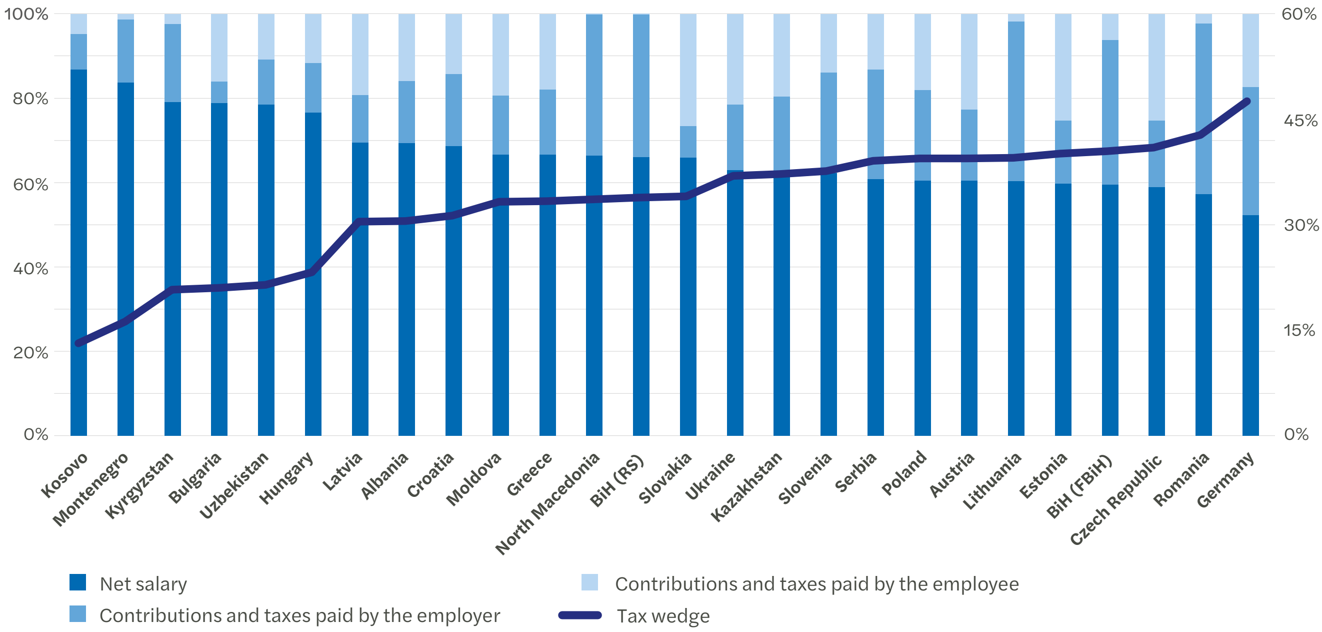
Labour-related tax burdens in the CEE region

The first two charts below show the wage-related tax burdens in each country, for two different scenarios: for an individual working in the private sector, earning the average wage and having no family ties and for someone with the same salary circumstances but who has three children. The third chart presents the net income in the case of joint (family) taxation, supposing that one of the partners earns double of the average wage in the private sector while the other earns a minimum wage and they have 2 children. The demonstration of the tax wedge is particularly suitable for comparison, as it shows how the overall level of taxes relative to wage costs differs in the respective jurisdiction in the case of average wages.

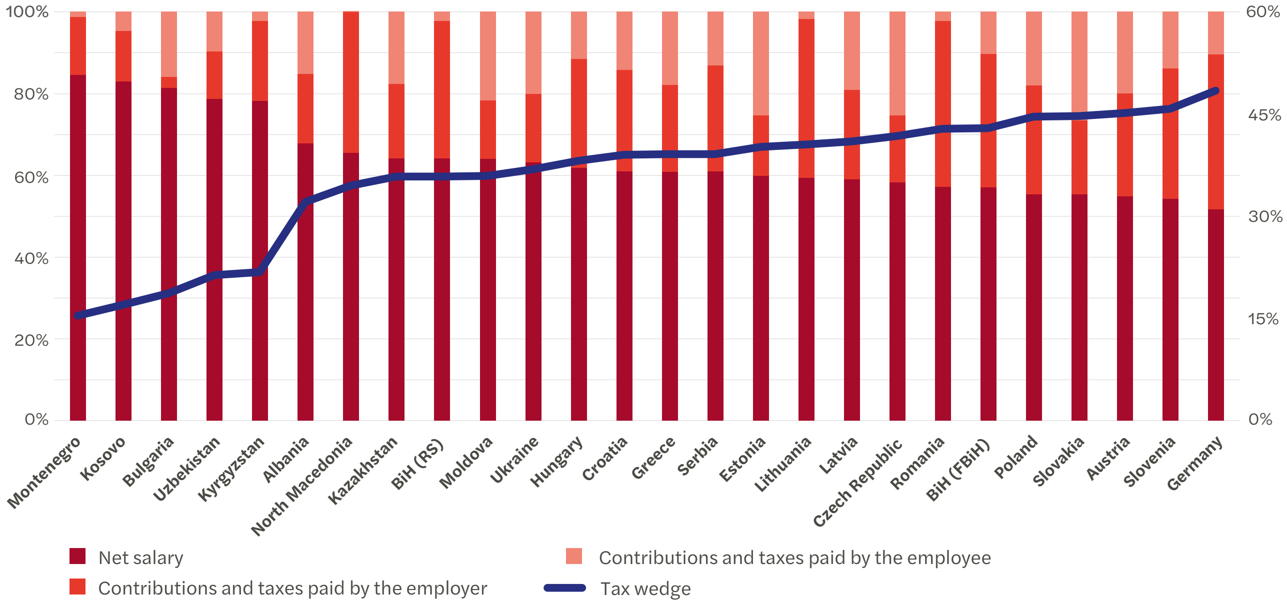
Monthly average wage in private sector and no family ties (EUR)



Monthly average wage in private sector with 3 children (EUR)



Monthly average wage of a married couple (joint taxation) with 2 children under the presumption that one of the partners earns double of the average wage in private sector and the other earns minimum wage (in EUR):

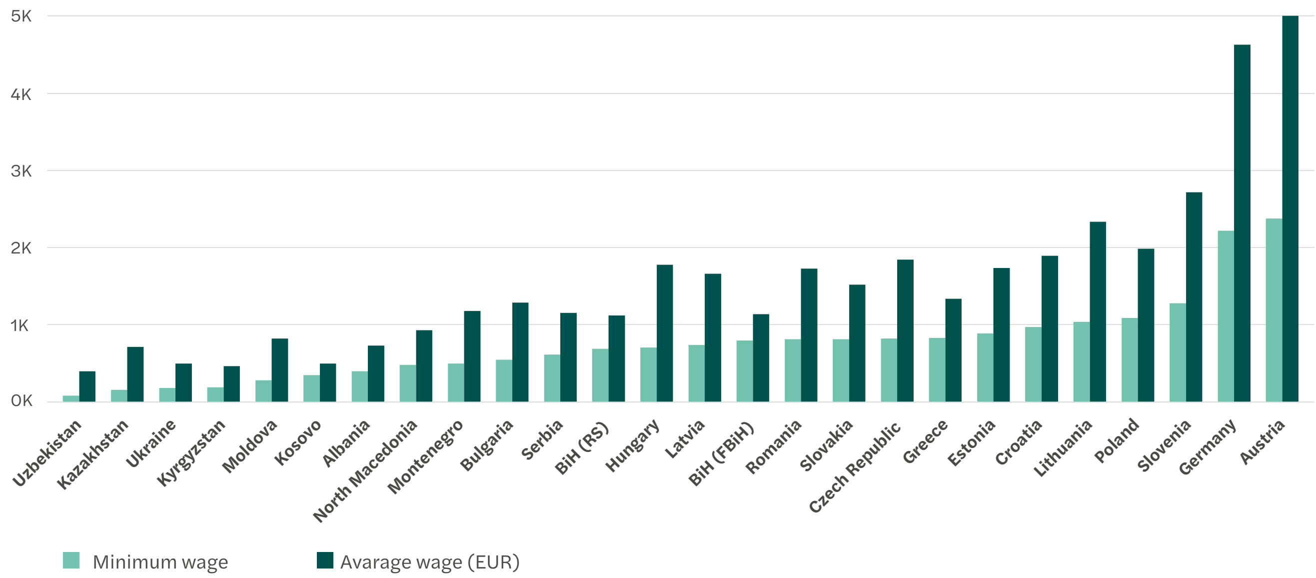


Wage levels in the CEE region

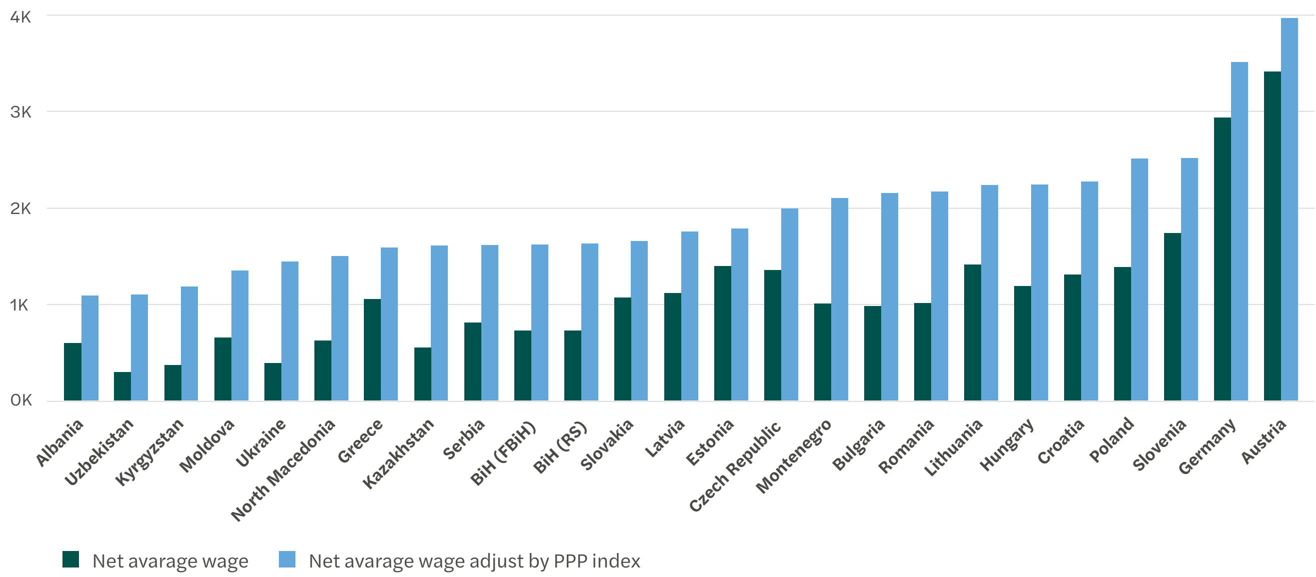
The following graph provides insight into trends concerning gross minimum wages and gross average wages in the private sector across the CEE region.

The last chart demonstrates the net average wages in the private sector adjusted by the Purchase Power Parity (PPP) index[1].

Gross minimum wage and gross average wages in private sector (EUR)



Net average wages in private sector adjusted by purchase power parity (PPP) index of 2023 (EUR)



1 The source of the PPP index was the website of World Bank where the latest data was from 2023: https://data.worldbank.org/indicator/PA.NUS.PRVT.PP?year=2023
The net average wage in the private sector of the given country was divided by the PPP index; we considered this to be the average wage adjusted by the PPP index (in USD). As a final step, results were converted to EUR. The exchange rate of EUR/USD on January 2, 2025 (1.12 EUR/USD) was used.

Tax rates in the countries of the CEE region

2025	VAT	PIT	SSC
	Value added tax rates	**Personal income tax rate(s)**	**Social security and other contributions payable by the employer**
Albania	0% / 20% / 6%	Progressive: 0% / 13% / 15% / 23%	16.70%
Austria	20% / 10% / 13%	0%—55%	20.98% social insurance + approx. 8.6% other taxes and contributions
Bosnia and Herzegovina (FBiH)	17%	10%	10.5%
Bosnia and Herzegovina (RS)	17%	8%	No
Bulgaria	20% / 9% / 0%	10% / 5%	18.92%—19.62%
Croatia	25% / 13% / 5% / 0%	15%—23% (lower rate) 25%—33% (higher rate)	16.5%
Czech Republic	21% / 12%	15% / 23%	24.8% / 9%
Estonia	22% / 0% / 9% / 13%	22%	33% / 0.8%
Germany	19% / 7% / 0%	14%—47.475% plus church tax for German tax residents (if applicable)	20.95%
Greece	24% / 13% / 6%	Progressive: 9% / 22% / 28% / 36% / 44%	22.29%
Hungary	27% / 18% / 5%	15%	13%
Kazakhstan	12%	10% / 5% / 15% / 20%	10.5%
Kosovo	18% / 8% / 0%	Progressive: 0% / 8% / 10%	5.00%
Kyrgyzstan	12%	10%	2.25%
Latvia	21% / 12% / 5% or 0%	25.5% / 33%	23.59%
Lithuania	21% / 9% / 5%	15% / 20% / 32%	1.77%
Moldova	20% / 8%	12%	24.00%
Montenegro	21% / 15% / 7% / 0%	0% / 9% / 15%	1.17%
North Macedonia	18% / 10% / 5%	10%	No
Poland	As a rule 23% / 8% / 5% / 0%	12% / 32% (general rules)	21.98%
Romania	19% / 9% / 5%	10%	2.25%
Serbia	20% / 10%	10%	15.15%
Slovakia	5% / 19% / 23%	10% / 19% / 25%	36.2%
Slovenia	22% / 9.5% / 5%	Progressive: 16%—50%	16.1%
Ukraine	20% / 14% / 7% / 0%	18%	22%
Uzbekistan	12% / 0%	12%	12%

Corporate income tax key features

	Corporate income tax rate(s)	IFRS accounting available (for all companies)	Group taxation available	Interest limitation (Thin Cap or EBITDA based)
Albania	5% / 15%	✓	No	✓
Austria	23%	No	✓	✓
Bosnia and Herzegovina (FBiH)	10% / 0%	✓	✓	✓
Bosnia and Herzegovina (RS)	10% / 0%	✓	No	✓
Bulgaria	10%	✓	✓	✓
Croatia	18% / 10%	✓	No	✓
Czech Republic	21%	✓ (but Czech Accounting Standards apply for CIT)	No	✓
Estonia	22/78	✓	No	No
Germany	15.825% plus 14% trade tax / on average (~30%*)	No	✓	✓ (permitted limit of net interest expenses of 3m EUR)
Greece	22%	✓	No	✓
Hungary	9%	✓	✓	✓
Kazakhstan	20%	✓	No	✓
Kosovo	10% / 9% / 3%	No	No	No
Kyrgyzstan	10%	✓	No	No
Latvia	20%*	✓	No	✓
Lithuania	16% / 6%	✓	No; however, losses can be transferred to another group entity.	✓
Moldova	12%	✓	No	✓

Withholding tax on interest, dividend or royalty	R&D/patent box incentive	Loss carry-forward (years)	Transfer pricing documentation liability	Other comments and recent developements
✓	No	5	✓	No
✓	✓	unlimited	✓	Not applicable.
✓	✓	5	✓	–
✓	No	5	✓	0% for small taxpayers in Republika Srpska.
✓	No	5	✓	TP local file is obligatory for companies above a threshold defined by the law.
✓	✓	5	✓	In December 2022, the United States (US) and Croatia signed a Double Taxation Treaty (DTT), which will take effect once both nations have completed and exchanged notifications of their required domestic procedures. Additionally, Croatia signed a DTT with Saudi Arabia in December 2024; however, this agreement has not yet come into effect. Meanwhile, new agreements with Hong Kong, Andorra, Cyprus, and Egypt have been ratified and are in force.
✓	✓	5 years (and loss carry-back for 2 years)	✓ (optional but recommended)	DAC 6 mandatory disclosure requirements. DAC 7 rules implemented.
✓	No	✓	✓	From January 1, 2025, the Motor Vehicle Tax Act entered into force. Motor vehicle tax (car tax) is a national tax paid by all owners or authorised users of motor vehicles registered in the motor register. Motor vehicle tax is paid for a calendar year, paid by owner or authorised user and administered by the Estonian Tax and Customs Board. Registration fee is paid upon first registration.
✓	No	Indefinite	✓	- Sophisticated anti-abuse provisions, - withholding tax obligations need to be thoroughly observed, possible tax reform under new government.
✓	✓	5	✓	N/A
No	✓	5	✓	N/A
✓	No	10	✓	Since 2023, a participation exemption rule under which dividends payable to shareholders and non-residents owning shares for more than 3 years was cancelled.
✓	No	6	✓	The basis and rate of taxation of insurance companies has changed from a 5% tax on gross premiums to a 10% tax on income.
✓	No	5	No	No
No	No	No	✓	*The tax base of CIT divided by 0.8 and then multiplied by 20%, which means that the effective CIT rate is 25% of the taxable base.
✓	✓	No limitation period.	✓ except for local transactions.	0% rate for small Companies for the first financial year. Deductions for passenger car purchases and rentals are now limited based on the vehicle's CO_2 emissions, with specific caps set according to emission levels.
✓	N/A	5	✓	–

Corporate income tax key features

	Corporate income tax rate(s)	IFRS accounting available (for all companies)	Group taxation available	Interest limitation (Thin Cap or EBITDA based)
Montenegro	Progressive tax rate set between 9% / 12% / 15% depending on realized profits.	✓	✓	No
North Macedonia	10%	✓ (large and mid-sized entities)	No	✓
Poland	9% / 19% (basic rates)	No	✓	✓
Romania	16%	No	✓	✓
Serbia	15%	✓	✓	✓
Slovakia	10% / 15% / 21% / 24%	No	No	✓
Slovenia	22%	✓	No	✓
Ukraine	18%	✓	No	✓
Uzbekistan	15%	✓	No	✓

Withholding tax on interest, dividend or royalty	R&D/patent box incentive	Loss carry-forward (years)	Transfer pricing documentation liability	Other comments and recent developements
✓	✓	5	✓	New incentives have been introduced in relation to R&D activities and investments in agricultural projects.
✓	No	3	✓	The Transfer Prices Report Rulebook was recently introduced.
✓	✓	5	✓	Introduction of JPK CIT (new SAF-T standard control files for CIT and fixed assets in the required format), first to report JPK CIT for the tax year beginning after December 31, 2024 (for entities with an annual turnover of EUR 50 million per year), introduction of a global equalization tax which applies to certain Polish CIT taxpaying companies and tax capital groups whose effective tax rate is less than 15%.
✓	✓	5	✓	Tax consolidation rules.
✓	✓	5	✓	No new developments from a CIT standpoint comapred to the previous year.
✓	✓	5	✓	Exit tax; Participation exemption rules; ATAD I and II rules; Country-by-Country (CbC) Reporting; DAC 6 and DAC 7 mandatory disclosure requirements; domestic top-up tax to ensure a minimum level of taxation for multinational enterprise groups and large-scale domestic groups.
✓	✓	5	✓	General limitation of tax base reduction for tax periods after January 1, 2020, resulting in setting a minimum corporate tax rate of 7%. Exit taxation applies as of January 1, 2020.
✓	No	✓ (no limitation period except for large taxpayers)	✓	There is a beneficial tax and a legal regime called DiiaCity for IT companies and start-ups.
✓	No	No limits.	✓	Until January 1, 2028, VAT exemption is given to the turnover on the sale of goods (services) as well as import of goods purchased within the framework of projects implemented fully or partially at the expense of the state external debt raised and attracted from international financial institutions and foreign governmental financial organizations by budgetary organizations, as well as state enterprises and legal entities with the governments share in the amount of 50%. This benefit also applies to project participants.

Pillar 2 implementation

	Was the Council Directive (EU) 2022/2523 implemented into the local legislation?	Did the local legislation implement IIR?	Did the local legislation implement UTPR?	Did the local legislation implement QDMTT?	What tax types qualify as covered taxes under the GloBE rules?	Does the local law include any significant difference compared to the Directive?
Albania	✓	✓	✓	✓	N/A	New Law effective from January 2024, is partially aligned to the Directive.
Austria	✓	✓	✓	✓	CIT(Körperschaftsteuer)	No
Bosnia and Herzegovina (FBiH)	No	No	No	No	N/A	N/A
Bosnia and Herzegovina (RS)	No	No	No	No	N/A	N/A
Bulgaria	✓	✓	✓	✓	Tax on income of constituent entity, on profit distribution, retained earnings.	No
Croatia	✓	✓	✓	✓	There is no significant distinction between local law and the Directive.	No
Czech Republic	✓	✓	✓	✓	CIT including capital gain tax, windfall tax, adjusted deferred tax.	No
Estonia	No	No	No	No	N/A	N/A
Germany	✓	✓	✓	✓	Corporate and trade tax as well as the solidarity surcharge, capital gains tax.	No, but the option for the national supplementary tax was taken.
Greece	✓	✓	✓	✓	The law does not specify which Greek taxes are included under covered taxes.	No significant difference.
Hungary	✓	✓	✓	✓	CIT, local business tax, innovation contribution, Robin Hood tax.	Calculation may be based on Hungarian Accounting Standards.
Kazakhstan	No	No	No	No	N/A	N/A
Kosovo	No	N/A	N/A	N/A	N/A	N/A
Kyrgyzstan	No	No	No	No	N/A	N/A

	Was the Council Directive (EU) 2022/2523 implemented into the local legislation?	Did the local legislation implement IIR?	Did the local legislation implement UTPR?	Did the local legislation implement QDMTT?	What tax types qualify as covered taxes under the GloBE rules?	Does the local law include any significant difference compared to the Directive?
Latvia	No	No	No	No	N/A	Application of the IIR rule and UTPR rule is deferred until December 31, 2029.
Lithuania	✓	No	No	No	CIT	No
Moldova	No	No	No	No	N/A	N/A
Montenegro	No	No	No	No	N/A	N/A
North Macedonia	✓	✓	✓	✓	CIT, Withholding Taxes, Personal Income Tax	No
Poland	✓	✓	✓	✓	CIT, WHT	N/A
Romania	✓	✓	✓	✓	Generally Corporate Income Tax or any substitute.	Domestic legislation is in line with EU Directive.
Serbia	No	No	No	No	N/A	N/A
Slovakia	✓	No	No	✓	Recorded in financial accounts with respect to income/ profits.	No
Slovenia	✓	✓	✓	✓	CIT	No
Ukraine	No	No	No	No	N/A	N/A
Uzbekistan	No	No	No	No	N/A	N/A

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