



CEE and Central Asia
Tax & Payroll Newsletter
June 2025

**forvis
mazars**

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

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

CEE and Central Asia Tax & Payroll Newsletter

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

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

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

Tax

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

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

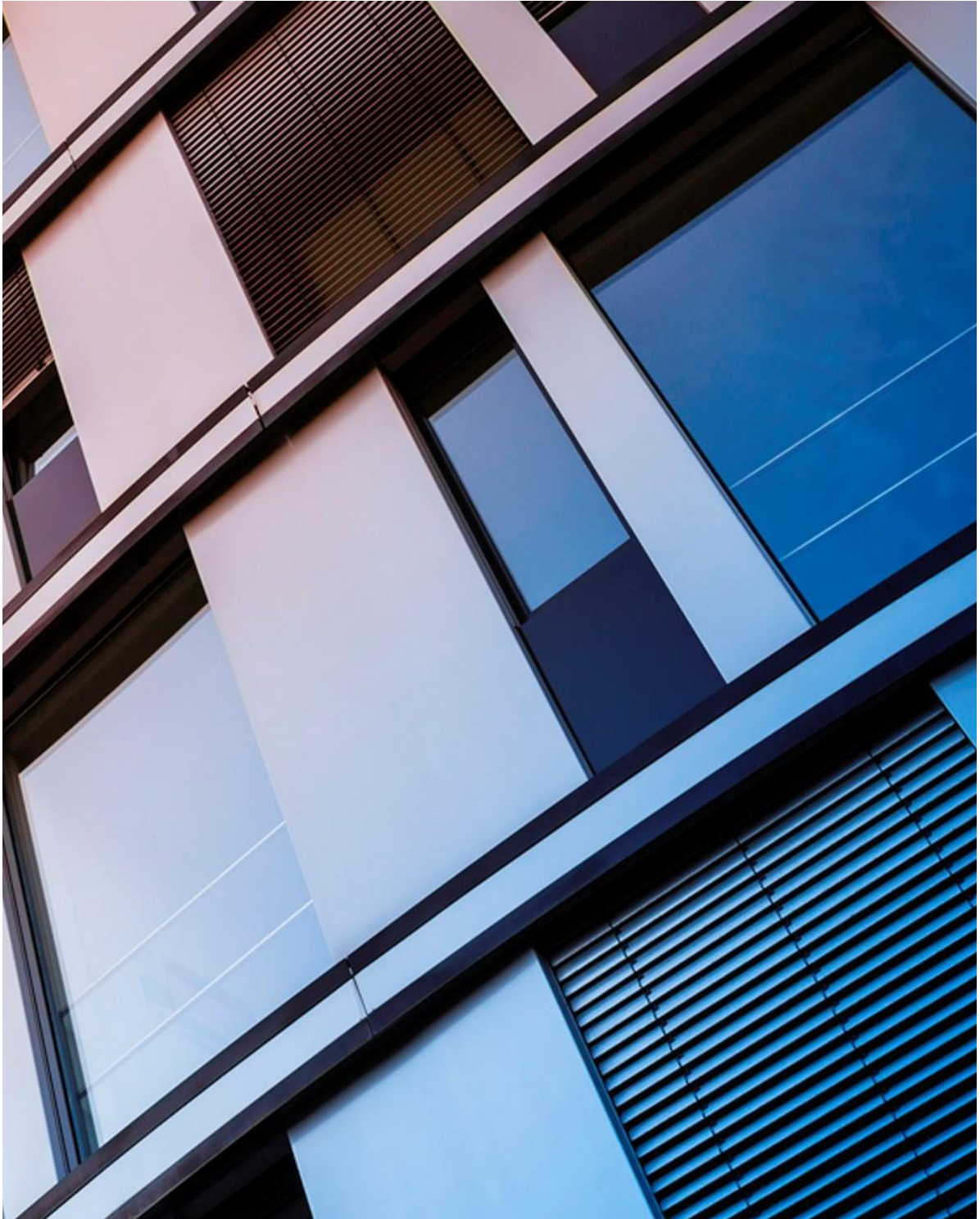
HR & payroll

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

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

Regional tax trends: What the latest regional analysis reveals for business, according to our 13th annual CEE Tax Guide

by Dániel H. Nagy, Partner, Tax, Forvis Mazars in Hungary



What the latest regional tax analysis reveals for business, according to our 13th annual CEE Tax Guide

The Central and Eastern European tax landscape continues to evolve at a rapid pace, with new data revealing significant disparities in tax policy approaches across the region.

Our Forvis Mazars latest CEE Tax Guide, now in its 13th edition, provides compelling insights into how 25 countries are balancing economic growth objectives with revenue generation needs.

Wage growth outpaces inflation, but gaps remain wide

The region experienced robust wage growth in 2024, with minimum wages rising 9% and average gross salaries increasing 8% against a backdrop of 4% regional inflation. This represents genuine purchasing power improvement for workers across CEE markets.

However, the income disparities remain stark and present both challenges and opportunities for businesses. While Austria and Germany command gross monthly salaries exceeding €4,000, countries like Ukraine, Moldova, Kosovo, and Albania remain below the €1,000 threshold. The introduction of purchasing power parity (PPP) adjusted wages in this year's

analysis reveals some surprising insights, Slovenia and Poland, despite a €700 gross salary gap, show nearly equivalent purchasing power for workers.

For companies operating across multiple CEE markets, these wage dynamics create complex decisions around talent allocation and compensation strategies. The PPP adjustments suggest that apparent wage advantages may be less significant than traditional metrics indicate.

Tax burden reality: higher than OECD average

The average tax wedge across surveyed countries reaches 38%, notably above the OECD benchmark of 35%. This places additional pressure on both employers and employees, with Germany and Slovakia approaching 49% tax wedges – among the highest globally.

The family tax benefit landscape shows dramatic variation. Hungary stands out with its family-friendly approach, reducing tax wedges from 41% for single earners to just 23% for families with three children. Bulgaria,

What the latest regional tax analysis reveals for business, according to our 13th annual CEE Tax Guide

Latvia, and Croatia also provide meaningful family tax relief. In contrast, countries like Germany and Romania offer minimal family tax advantages, suggesting different social policy priorities.

These variations create significant implications for international talent mobility and family relocation decisions within the region.

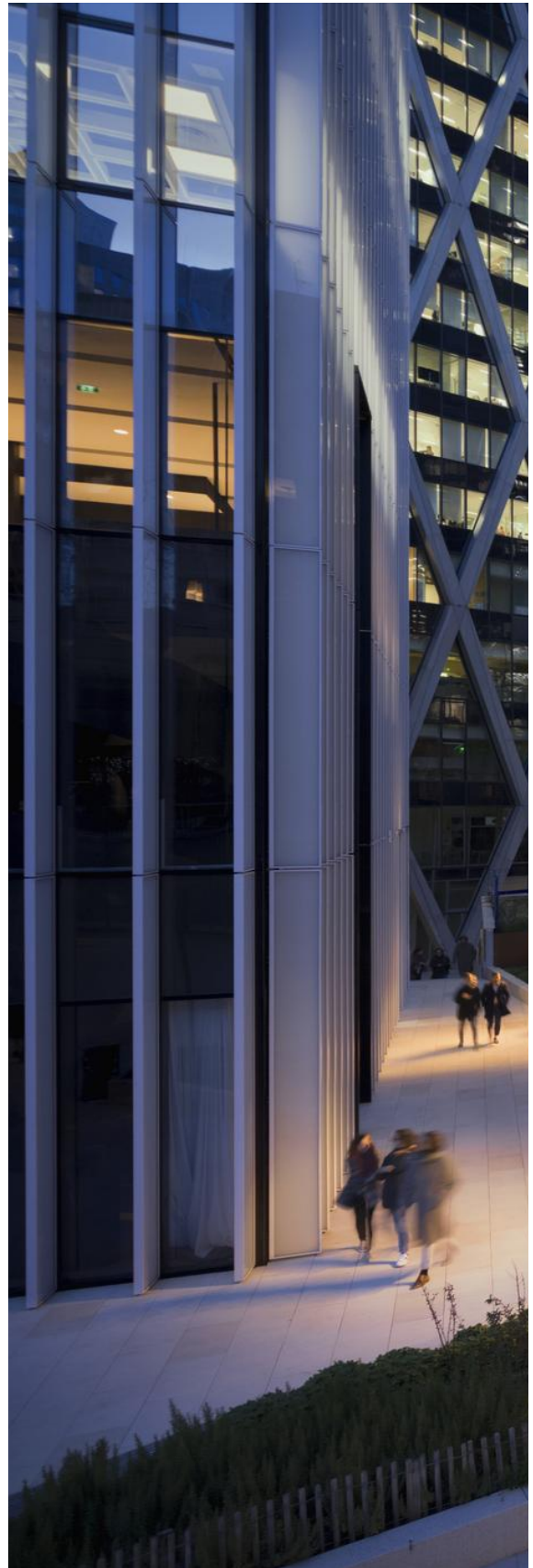
Corporate tax strategy: a dual approach

Corporate income tax rates reveal the region's diverse competitive strategies. Hungary's 9% rate positions it as highly attractive for business investment, closely followed by Bosnia, Bulgaria, and North Macedonia at 10%.

Meanwhile, Slovakia (24%) and Germany (30%) represent the higher end of the spectrum.

The VAT landscape tells a different story, with most countries clustering around the 20% regional average. Notable outliers include Hungary at 27% and Croatia at 25%, suggesting these countries balance low corporate rates with higher consumption taxes.

This mixed approach reflects competing priorities: attracting



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business investment through low corporate rates while maintaining revenue through consumption taxes.

Digital transformation accelerates tax compliance

The region continues its digital transformation journey in tax administration. Hungary and Romania have introduced sophisticated e-VAT systems enabling pre-filled declarations based on real-time invoice data. This technological advancement reduces compliance burdens while improving accuracy and reducing fraud opportunities.

Electronic cash registers and automated invoice reporting platforms are becoming standard across the region, creating more transparent tax environments and leveling competitive playing fields.

For multinational corporations, the availability of group-level taxation in Austria, Germany, Poland, Romania, and Hungary simplifies consolidated reporting requirements and reduces administrative complexity.

Global minimum tax implementation gains momentum
14 countries in the analysis have

implemented the OECD's Pillar II global minimum tax framework, establishing a 15% minimum effective tax rate for multinational groups with revenues exceeding €750 million annually. Austria, Poland, Romania, and Hungary are among the early adopters, demonstrating a commitment to international tax coordination.

This development creates both compliance complexity and strategic opportunities. While administrative requirements increase, the framework provides greater predictability for long-term tax planning and reduces the risk of future retroactive adjustments.

Strategic implications for business

The 2025 tax landscape data reveals several key strategic considerations for businesses operating in or considering CEE expansion:

Location strategy: the corporate tax rate disparities create clear incentives for certain business structures, with Hungary's 9% rate particularly attractive for holding company arrangements or profit centers.

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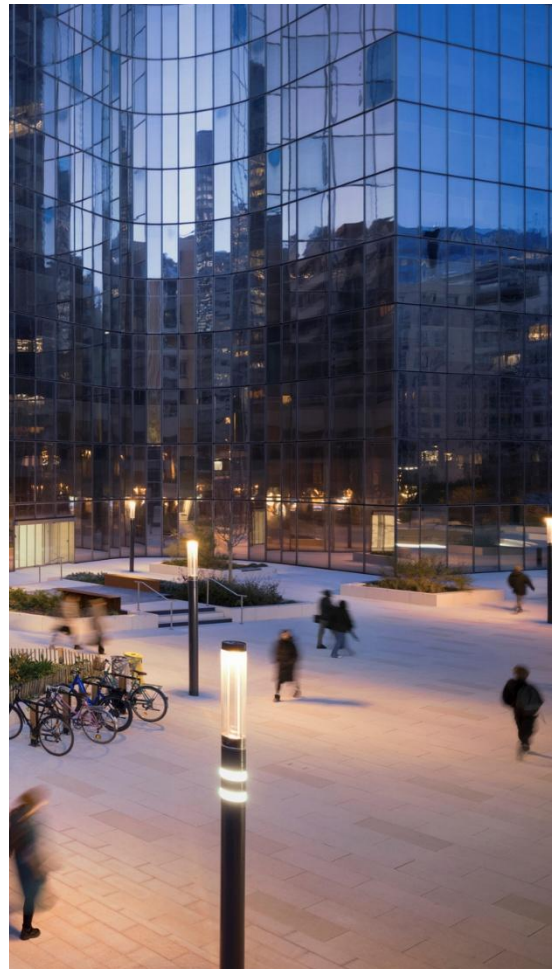
Talent management: PPP-adjusted wage analysis suggests that apparent cost advantages may be less significant than traditional comparisons indicate, requiring more sophisticated total cost modeling.

Family considerations: the dramatic variation in family tax benefits creates opportunities for strategic talent relocation, particularly for employees with children.

Digital readiness: the acceleration of digital tax compliance systems requires investment in appropriate accounting and reporting infrastructure to maintain compliance efficiency.

The CEE region's tax evolution reflects broader economic maturation and increasing integration with global standards. Companies that understand and adapt to these diverse tax environments will be best positioned to optimise their regional strategies while maintaining full compliance with evolving requirements.

The full Forvis Mazars CEE Tax Guide 2025 is available at forvismazars.com and provides detailed country-by-country analysis for strategic planning purposes.



Dániel H. Nagy
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Competitive compensation in CEE and Central Asia: regional benefits landscape and emerging trends

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



Competitive compensation in CEE and Central Asia: regional benefits landscape and emerging trends

The employment landscape across Central and Eastern Europe (CEE) and Central Asia is undergoing a significant transformation. With increasing competition for skilled professionals, in an increasingly globalised market, employee benefits have evolved from basic statutory requirements to sophisticated packages that serve both retention and employer branding purposes.

Our comprehensive analysis examines the current state of employee benefits across 21 countries in CEE and Central Asia, revealing distinct patterns of development and regional variations that reflect both economic realities and global workplace trends.

Educational support shows more similarity, with both CEE and Central Asia offering paid MBA programs, certifications, and tuition reimbursement, though implementation varies significantly by country within CEE.

In general lines, remote and hybrid work arrangements, are experiencing increasing adoption across CEE following pandemic driven changes in work patterns.

The three-tier benefit structure Advanced benefit schemes: leading the regional pack

Six countries have emerged as clear leaders in the CEE benefits landscape respectively Austria, Croatia, the Czech Republic, Poland, Slovakia, and Slovenia. These nations have developed comprehensive benefit ecosystems that rival those found in Western European markets, and are more advanced than most other CEE peers, offering more diverse, digitised, and tax-optimised benefit schemes.

On top of the meal voucher allowance system, flexible benefits platforms and cafeteria systems, the private health insurance has become the cornerstone of advanced benefit packages, with comprehensive plans now standard across multinational corporations and top-tier local employers.

These countries have also successfully implemented voluntary pension schemes under the Pillar III framework, offering attractive employer contributions with significant tax advantages.

Competitive compensation in CEE and Central Asia: regional benefits landscape and emerging trends

Performance-based compensation has gained substantial traction, with companies frequently deploying bonus schemes and incentive structures tied to individual and organisational targets. The traditional 13th salary remains common, particularly in **Austria** and the **Czech Republic**. **Poland** and **Slovakia** have taken the additional step of incorporating stock options and Restricted Stock Units (RSUs), especially within their thriving technology sectors.

Work-life balance initiatives have reached sophisticated levels in these markets. **Austria** and the **Czech Republic** offer above-average paid leave allocations, while remote work arrangements have gained widespread acceptance across all five countries. Company cars and comprehensive travel benefits remain standard for middle and senior management positions.

Educational support represents another area of advancement, with employers routinely funding MBA programs, language courses, professional coaching, and industry certifications. This investment in human capital reflects both the competitive nature of the talent market and

the strategic importance of continuous skill development.

Mental health and wellness benefits are among the leading perks the Czech employers increasingly offer, such as access to therapy, mental wellness apps and burnout prevention programs. Workshops focused on resilience, stress management, and psychological support are especially relevant for Gen Z and Millennial employees.

There is also a rising trend in family-focused offerings in the Czech HR practices, such as contributions toward preschool and kindergarten expenses, or even company-sponsored childcare facilities, and even support for children's camps and extracurricular activities.

Croatia offers a comprehensive employee benefits package that demonstrates strong support for work-life balance and employee wellbeing. The system includes substantial financial incentives such as commemorative rewards, performance-based bonuses, private healthcare, voluntary pension, kindergarten, meal allowance, travel allowance,

Competitive compensation in CEE and Central Asia: regional benefits landscape and emerging trends

and many more. There are also other benefits available, like reduced tax rate on stock awards.

Employees can even benefit from reimbursements for accommodation rental expenses in full amount, voluntary pension insurance contributions and family-oriented benefits including child allowances and comprehensive newborn parental support.

The framework also prioritises employee development through unlimited education opportunities tied to job responsibilities, and generous living allowances for those working away from home. Additional perks include holiday vouchers, health care supplements and various insurance protections, creating a well-rounded benefits ecosystem that supports employees throughout different life stages and career phases.

Balanced benefits: the emerging middle tier

Seven countries occupy the middle ground with balanced benefit offerings: Romania, Hungary, Bulgaria, Serbia, Lithuania, and Latvia. These markets show steady progress in the benefit package improvement while maintaining practical



Competitive compensation in CEE and Central Asia: regional benefits landscape and emerging trends

approaches suited to their economic contexts.

Private health and accident insurance are rapidly becoming standard components of employment packages, reflecting growing employee expectations and employer recognition of health benefits' value proposition. Meal vouchers and wellness perks have gained particular popularity due to their tax optimisation advantages and universal employee appeal.

Romania and Hungary have established robust voluntary pension systems, providing employees with additional retirement security beyond statutory requirements. Transport subsidies, whether through public transport passes or commuting allowances, address practical daily needs while supporting sustainable mobility.

Professional development opportunities are widely available, with companies regularly covering certification costs, MBA programs, and foreign language training. While performance bonuses are common among multinational employers, RSU plans remain less prevalent than in the advanced tier countries.

Innovative benefits are beginning to emerge, such as sabbatical or study leave programs. While still rare, some large employers have introduced policies allowing six weeks of leave after four years of service, signalling the direction of future benefit evolution.

Emerging benefit systems: building the foundation

Six countries represent the emerging tier of benefit development, respectively: Albania, Bosnia and Herzegovina, Kosovo, Moldova, North Macedonia, and Ukraine. These markets are in the early stages of building comprehensive benefit structures beyond statutory requirements.

Health and life insurance offerings vary significantly, with up to 40% of companies in Albania providing such benefits, while adoption remains more limited in other countries within this tier. Voluntary pension contributions exist but lack widespread adoption, typically found only among foreign companies operating in these markets.

Competitive compensation in CEE and Central Asia: regional benefits landscape and emerging trends

Leave policies generally adhere closely to national labour law requirements, with additional leave days being uncommon. Childcare support and educational assistance remain rare except within multinational corporations that maintain global benefit standards.

Central Asia: the statutory-focused region

Kazakhstan, Kyrgyzstan, and Uzbekistan represent the most conservative approach to employee benefits, with compensation structures remaining primarily salary-focused and benefits largely limited to statutory requirements.

Kazakhstan offers the most developed benefit landscape among the three, though private health insurance and educational support remain limited. Multinational corporations may provide transport allowances and basic training programs, but comprehensive benefit packages are uncommon.

Kyrgyzstan maintains a traditional compensation model with minimal additional benefits. Bonuses and training opportunities exist but are neither widespread nor systematic in their application.

Uzbekistan shows the most limited extra-statutory benefit provision, with only foreign companies typically offering private health insurance or funded educational opportunities. Across all three Central Asian countries, flexible work arrangements and modern wellness initiatives remain minimal, though gradual emergence is visible among firms in capital cities.

Generational expectations in CEE: tailoring benefits for different demographics

The CEE region is experiencing a generational shift in benefit expectations, requiring employers to develop nuanced approaches to compensation package design.

Generation Z (born 1996-2012) prioritises flexibility and personal development. Their key expectations include flexible work models with remote or hybrid options, comprehensive mental health support through therapy access, apps, or workshops, extensive learning and upskilling opportunities via online courses and certification platforms, and early financial

Competitive compensation in CEE and Central Asia: regional benefits landscape and emerging trends

planning support, including student debt relief and financial education tools.

Millennials (born 1981-1996) focus on work-life integration and family planning. They value generous paid time off and flexible working hours, comprehensive health plans that include dependent coverage, robust career development opportunities, including MBA funding, foreign language training, and international assignments, and fertility and family support services where available.

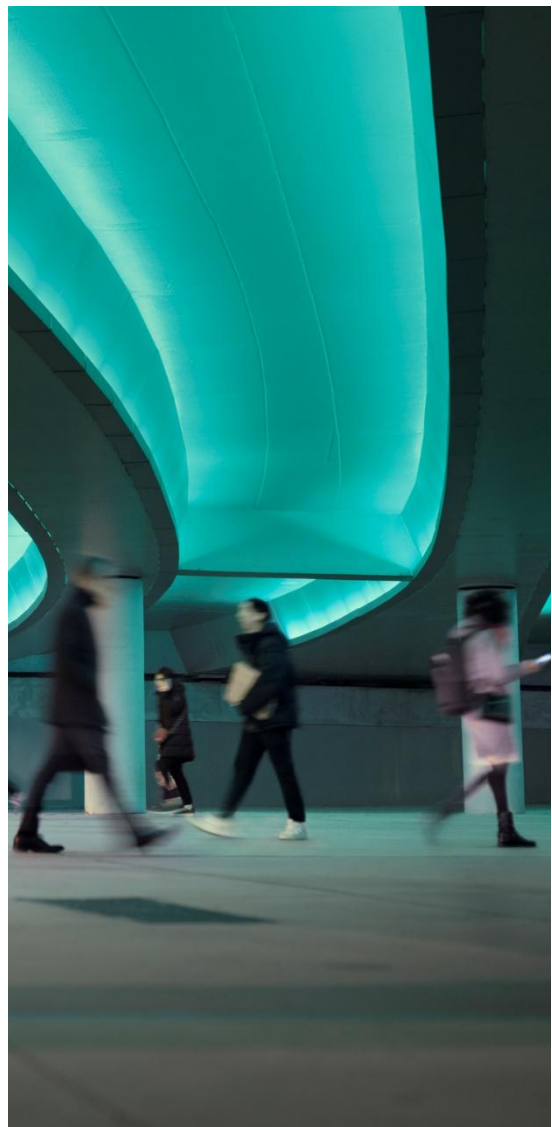
Generation X (born 1965-1980) emphasises stability and family-focused benefits. Their priorities include work-life balance with family-related flexibility, robust pension plans and private healthcare coverage, clear internal promotion paths and cross-functional training opportunities.

Baby boomers (born pre-1965) prefer traditional, security-focused benefits including pension top-ups and comprehensive healthcare, preventive health screenings and wellness initiatives, and opportunities for knowledge-sharing through

mentoring and advisory positions.

Strategic implications and future outlook

The employee benefits landscape in Central and Eastern Europe is experiencing rapid diversification and upscaling. Countries like Austria, the Czech Republic, and Poland



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have established themselves as regional leaders with comprehensive offering portfolios that successfully compete for international talent.

The transition countries are demonstrating steady progress, gradually expanding beyond statutory minimums to embrace more comprehensive benefit structures. This evolution reflects both economic development and increased competition for skilled professionals.

For companies operating in or considering expansion into CEE markets, successful talent acquisition and retention strategies require careful attention to local benefit expectations and generational preferences. The most effective approaches combine flexibility, mental health support, pension security, and career development opportunities as fundamental pillars of strong employer value propositions.

The regional trend toward benefit sophistication appears likely to accelerate, driven by continued economic growth, demographic changes, and increasing integration with global employment markets.

Companies that proactively adapt their benefit strategies to

local contexts while maintaining sensitivity to generational differences will be best positioned to succeed in the evolving CEE talent landscape.

Central and Eastern Europe and Central Asia's employee benefits ecosystem reflects a landscape in transition, with clear leaders emerging while others build foundational structures for future growth. The diversity of approaches across countries provides both opportunities and challenges for employers seeking to optimise their talent strategies. As both regions continue their economic development trajectory, employee benefits will undoubtedly play an increasingly critical role in defining competitive advantage in the talent marketplace.

The successful companies will be those that recognise the strategic importance of tailored benefit packages, understanding that effective compensation design extends far beyond salary to encompass the full spectrum of employee needs and expectations across different life stages and career phases.

News from the CEE countries

Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine.



News from CEE



2,100+

professionals



60+

partners



30+

offices



20+

countries

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

Learn about all the updates below.



Austria

- Real estate transfer tax on the rescission of a property purchase agreement. [Read more.](#)
- Input tax deduction for invoices without VAT statement. [Read more.](#)
- Tax issues from the government program. [Read more.](#)
- KöSt surcharge due to failure to name the recipient. [Read more.](#)

News from the CEE countries



Bulgaria

- Increase in minimum monthly wage from EUR 477 to EUR 550, starting 1 April 2025.
- The maximum monthly income subject to social security contributions increased from EUR 1,917 to EUR 2,111, effective 1 April 2025.
- Reimbursements for home-office expenses can not be subject to personal income tax.
- Sick leave compensation process streamlined.



Croatia

- The new Law on Fiscalisation published, replacing the existing Law on Fiscalisation of Cash Transactions and establishing a unified tax and legal framework for a handful of topics. [Read more.](#)

News from the CEE countries



Czech Republic

- The Arm's Length Principle in the context of parent company influence. [Read more.](#)
- Overview of the taxation of employee stock and option plans. [Read more.](#)
- Flexible amendment to the Labour Code. [Read more.](#)
- “Flexi amendment” to the Labour Code. [Read more.](#)



Hungary

- The National Tax and Customs Administration (NAV) prioritising auditing transfer prices applied between related companies. [Read more.](#)
- Changes to the minimum wage and guaranteed wage minimum in 2025. [Read more.](#)

News from the CEE countries



Poland

- National e-Invoicing System (KSeF) in Poland - implementation timeline and key developments. [Read more.](#)
- PIT taxpayer obligations and correction process. [Read more.](#)
- The Ministry of Labour on introducing shorter working hours.
- Salary transparency in the recruitment process.
- Employment of foreigners in 2025. [Read more about all the updates.](#)



Romania

- Redirecting the profit tax. [Read more.](#)
- Amendments to intermediary/taxpayer form approval for cross-border arrangement reporting. [Read more.](#)
- Adoption of the amendment of Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC9). [Read more.](#)
- Advancing gender equality and pay transparency. [Read more.](#)
- Driving pay equity and transparency by 2026. [Read more.](#)

News from the CEE countries



Serbia

- Annual personal income tax - Non-taxable amount for FY24.

[Read more.](#)



Slovakia

- Limitation of the right to deduct the input VAT in the case of vehicles used also for private purposes. [Read more.](#)
- Financial transactions tax in Slovakia. [Read more.](#)
- Financial transactions tax and the impact of this tax on the businesses tax. [Read more.](#)

News from the CEE countries



Slovenia

- Proposal for the taxation of cryptocurrencies and derivative financial instruments. [Read more.](#)
- Increase in excise duty on alcohol and alcoholic beverages. [Read more.](#)
- Records of calculated VAT and VAT deduction and mandatory health contribution adjustment. [Read more.](#)
- Recording of working hours and amendments to the employment, self-employment and Work of foreigners Act and the Foreigners Act. [Read more.](#)



Ukraine

- Reconstruction of Ukraine newsletter. [Read more.](#)

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