

October 2022

Personal Taxation in Europe

How much do Europeans
take home from their gross
salary?



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01

Introduction

- This report prepared by Vialto Partners Poland analyzes the extent to which personal taxes and employee social security contributions impact the net salary of employees across most of Europe.
- We looked at the net salary as a percentage (share) of the gross pay, i.e. after deducting the amounts due as personal income tax and employee social security premiums. In our calculations we used the average gross salaries in particular countries.
- We prepared rankings of countries both across most of Europe as well as across Central Eastern Europe. We also calculated the European average net salary. Moreover, we analysed tax free amounts in particular countries of Europe.
- We also compared employer social security contributions, which impact the cost of employment. across most of Europe.



02

Analyzed scenarios
and countries

Employee's net salary – 4 scenarios

01

Scenario No. 1

A single employee receiving the average salary.

“Average salary single employee”

02

Scenario No. 2

A family with two children. One of the spouses receives the average salary, whereas the other one has no income.

“Average salary employee with a family”

03

Scenario No. 3

A wealthy single employee receiving five times the average salary.

“Wealthy single employee”

04

Scenario No. 4

A family with two children. One of the spouses receives five times the average salary, whereas the other one has no income.

“Wealthy employee with a family”

Additional assumptions

- Employee's total annual income = average annual salary in a particular country in 2021.
- The individuals are tax residents in a given country.
- Their employer is a registered employer in that country.
- The only source of income is employment.
- No tax exemptions taken into account (except for family-related exemptions, i.e. the childcare tax credit and joint taxation of spouses).
- Tax rates and brackets for 2022.
- We did not analyze social benefits provided to the given populations, purchasing power of money in the given country, the impact of inflation etc.

Analyzed European countries



- 1 Austria
- 2 Belgium
- 3 Bulgaria
- 4 Croatia
- 5 Cyprus
- 6 Czech Republic
- 7 Denmark
- 8 Estonia
- 9 Finland
- 10 France
- 11 Germany
- 12 Greece
- 13 Hungary
- 14 Iceland
- 15 Ireland
- 16 Italy
- 17 Latvia
- 18 Lithuania
- 19 Luxembourg
- 20 Malta
- 21 Netherlands
- 22 Norway
- 23 Poland
- 24 Portugal
- 25 Romania
- 26 Slovakia
- 27 Slovenia
- 28 Spain
- 29 Sweden
- 30 Switzerland
- 31 United Kingdom

*data source:
Vialto Partners / PwC

03

Conclusions from the
report

Conclusions from the report (1)

In case of **average salary single employee (scenario 1)**:

- the European average net salary amounts to **73%** of gross salary.
- personal income tax burdens constitute on average about **14%**.
- employee social security costs amount to about **13%** of gross income.
- countries in which one can enjoy an average net salary higher than 73% in this scenario are: Cyprus, Estonia, the Czech Republic, Spain, Malta, the United Kingdom, Switzerland, Greece, Bulgaria, Ireland, Sweden, Slovakia, Finland, Iceland, Poland.

In case of **average salary employee with a family (scenario 2)**:

- the European average net salary amounts to **79%** of gross salary.
- personal income tax burdens constitute on average about **9%**.
- employee social security costs amount to about **12%** of gross income.
- countries in which one can enjoy an average net salary higher than 79% in this scenario are: the Czech Republic, Slovakia, Malta, Ireland, Cyprus, Estonia, Switzerland, Iceland, Latvia, Spain, Poland, Portugal, Austria, Luxembourg, Croatia, Greece, the United Kingdom.

▶
73%

▶
79%

Conclusions from the report (2)

In case of **wealthy single employee (scenario 3)**:

- the European average net salary amounts to **61%** of gross salary.
- personal income tax burdens constitute on average about **29%**.
- employee social security costs amount to about **10%** of gross income.
- countries in which one can enjoy an average net salary higher than 73% in this scenario are: Bulgaria, Estonia, the Czech Republic, Malta, Latvia, Cyprus, Slovakia, Hungary, Spain, Poland, Croatia, Switzerland.

In case of **wealthy employee with a family (scenario 4)**:

- the European average net salary amounts to **63%** of gross salary.
- personal income tax burdens constitute on average about **27%**.
- employee social security costs amount to about **10%** of gross income.
- countries in which one can enjoy an average net salary higher than 79% in this scenario are: Bulgaria, the Czech Republic, Estonia, Malta, Latvia, Poland, Slovakia, Cyprus, Hungary, Switzerland, Croatia, France.

▶
61%

▶
63%

04

European average net
salary

2022 Net Salary

European average net salary

Scenario No. 1

European average net salary	73%
Personal Income Tax	14%
Employee social security	13%

Scenario No. 2

European average net salary	79%
Personal Income Tax	9%
Employee social security	12%

Scenario No. 3

European average net salary	61%
Personal Income Tax	29%
Employee social security	10%

Scenario No. 4

European average net salary	63%
Personal Income Tax	27%
Employee social security	10%

05

Ranking of European
countries from the net
salary perspective

Ranking of European countries – Scenario No. 1

In this scenario the lowest tax and employee social security burden is in **Cyprus** where employees keep **86%** of their annual gross salary. In this country the tax burden amounts to 3% which is the lowest in Europe in this scenario and employee social security premium equals 11%.

The highest tax and employee social security costs in this scenario are in **Romania** (net salary amounts to **59%** of annual gross pay). The tax cost amounts to 7% which is one of the lowest in Europe. Nevertheless, employee social security premium is pretty high - 35% which is the highest one in the analyzed countries. Romania is the only country in this scenario where individuals receive a net salary lower than 60% of gross pay.

▶
86%
Cyprus

▶
59%
Romania

Scenario No. 1 - 2022 Map



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1	Cyprus	86%	16	Norway	73%
2	Estonia	81%	17	Netherlands	73%
3	Czech Republic	81%	18	Austria	73%
4	Spain	80%	19	France	72%
5	Malta	80%	20	Portugal	72%
6	United Kingdom	80%	21	Latvia	72%
7	Switzerland	79%	22	Croatia	71%
8	Greece	79%	23	Italy	69%
9	Bulgaria	78%	24	Luxembourg	68%
10	Ireland	77%	25	Hungary	67%
11	Sweden	76%	26	Slovenia	66%
12	Slovakia	76%	27	Lithuania	64%
13	Finland	75%	28	Belgium	64%
14	Iceland	75%	29	Denmark	62%
15	Poland	74%	30	Germany	62%
			31	Romania	59%

Ranking of European countries – Scenario No. 2

In this scenario the lowest tax and employee social security burden is in the **Czech Republic** where employees keep **94%** of their annual gross salary. In this country the tax is actually returned to the employee due to the family tax reliefs and moreover, the government pays money to the individual (it is called a "tax bonus"). Employee social security premium amounts to 11%.

The highest tax and employee social security costAs in this scenario are again in **Romania** (net salary amounts to **59%** of annual gross pay). The tax cost amounts to 7% which is one of the lowest in Europe. Nevertheless, employee social security premium is pretty high - 35% which is the highest one in the analyzed countries. Romania is again the only country in this scenario where individuals receive a net salary lower than 60% of gross pay.



94%

Czech Republic



59%

Romania

Scenario No. 2 - 2022 map



1	Czech Republic	94%
2	Slovakia	89%
3	Malta	88%
4	Ireland	88%
5	Cyprus	86%
6	Estonia	85%
7	Switzerland	85%
8	Iceland	84%
9	Latvia	83%
10	Spain	82%
11	Poland	82%
12	Portugal	81%
13	Austria	81%
14	Luxembourg	80%
15	Croatia	80%
16	Greece	80%
17	United Kingdom	80%
18	France	79%
19	Bulgaria	78%
20	Belgium	77%
21	Italy	77%
22	Sweden	76%
23	Finland	75%
24	Hungary	75%
25	Slovenia	74%
26	Norway	73%
27	Netherlands	73%
28	Germany	71%
29	Denmark	66%
30	Lithuania	64%
31	Romania	59%

Ranking of European countries – Scenario No. 3

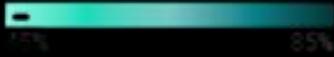
In this scenario the lowest tax and employee social security burden is in **Bulgaria** where employees keep **85%** of their annual gross salary. In this country the tax burden amounts to 9% which is the lowest in Europe in this scenario. Employee social security premium equals 6%.

The highest tax and employee social security costs in this scenario are in **Belgium** (net salary amounts to **45%** of annual gross pay). The tax cost amounts to 42% and employee social security premium to 13%. **Belgium together with Denmark** are the only countries in this scenario where individuals receive a net salary lower than 50% of gross pay.

▶
85%
Bulgaria

▶
45%
Belgium

Scenario No. 3 - 2022 map



1	Bulgaria	85%	16	Austria	59%
2	Estonia	77%	17	Romania	59%
3	Czech Republic	75%	18	Greece	58%
4	Malta	71%	19	Norway	58%
5	Latvia	69%	20	France	56%
6	Cyprus	69%	21	Luxembourg	56%
7	Slovakia	68%	22	Germany	56%
8	Hungary	67%	23	Ireland	54%
9	Spain	63%	24	Netherlands	54%
10	Poland	62%	25	Portugal	54%
11	Croatia	62%	26	Slovenia	53%
12	Switzerland	62%	27	Finland	53%
13	Iceland	61%	28	Sweden	53%
14	Lithuania	61%	29	Italy	51%
15	United Kingdom	60%	30	Denmark	48%
			31	Belgium	45%

Ranking of European countries – Scenario No. 4

In this scenario the lowest tax and employee social security burden is again in **Bulgaria** where employees keep **85%** of their annual gross salary. In this country the tax burden amounts to 9% which is the lowest in Europe in this scenario. Employee social security premium equals 6%.

The highest tax and employee social security costs in this scenario are in **Belgium and Denmark** (net salary amounts to **48%** of annual gross pay). In Belgium the tax cost amounts to 39% and employee social security premium to 13% in this scenario. **In Denmark** the tax amounts to 52% and there is only minimal employee social security premium. Again, Belgium and Denmark are the only countries in this scenario where individuals receive a net salary lower than 50% of gross pay.

▶
85%
Bulgaria

▶
48%
Belgium and
Denmark

Scenario No. 4 - 2022 map



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1	Bulgaria	85%
2	Czech Republic	78%
3	Estonia	77%
4	Malta	74%
5	Latvia	72%
6	Poland	71%
7	Slovakia	70%
8	Cyprus	69%
9	Hungary	68%
10	Switzerland	66%
11	Croatia	66%
12	France	65%
13	Spain	63%
14	Iceland	62%
15	Austria	62%
16	Portugal	61%
17	Luxembourg	61%
18	Lithuania	61%
19	Germany	60%
20	United Kingdom	60%
21	Romania	59%
22	Greece	58%
23	Norway	58%
24	Ireland	56%
25	Slovenia	56%
26	Netherlands	54%
27	Finland	53%
28	Sweden	53%
29	Italy	51%
30	Belgium	48%
31	Denmark	48%

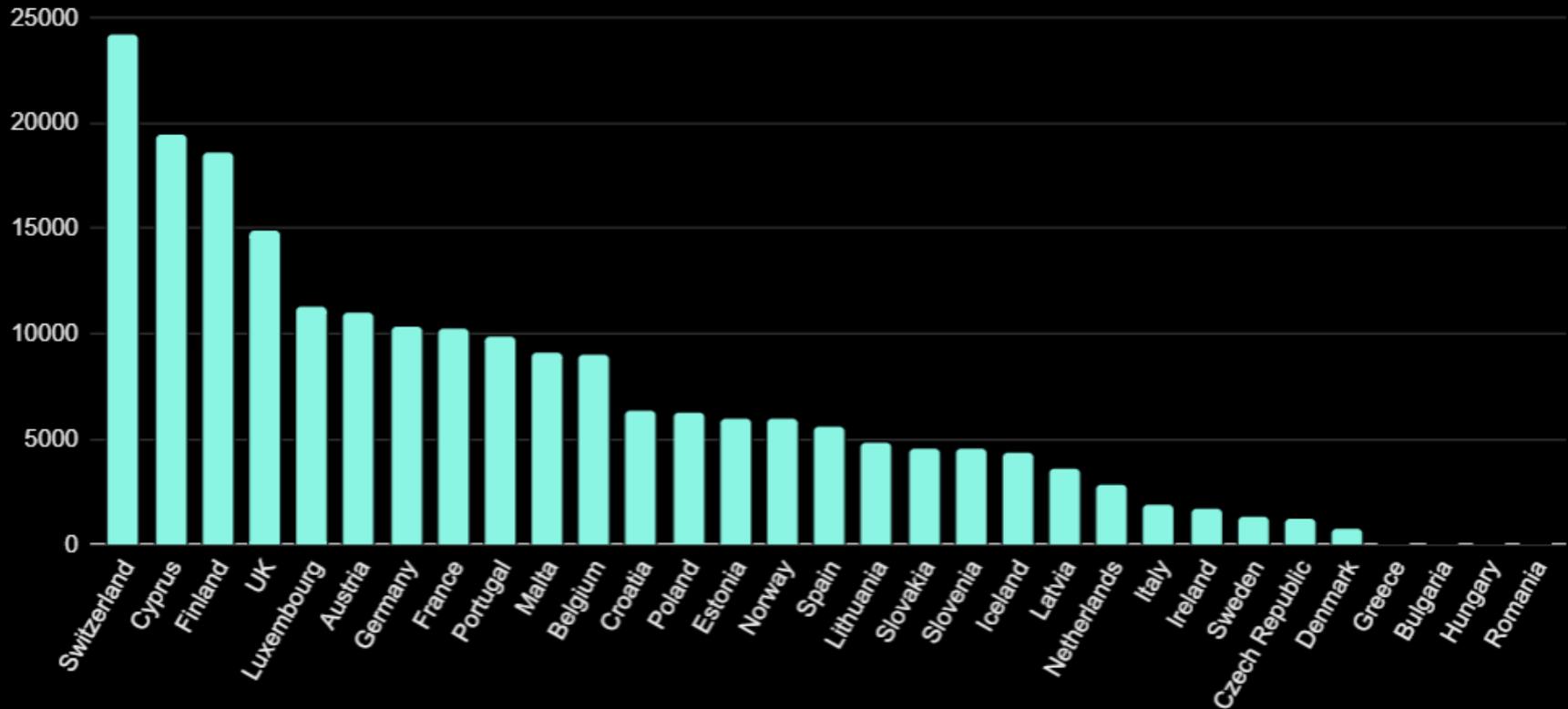
06

Tax free amounts
in European countries

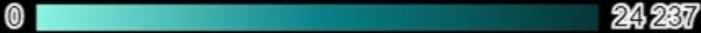
Tax free amounts in European countries

Graph for 2022

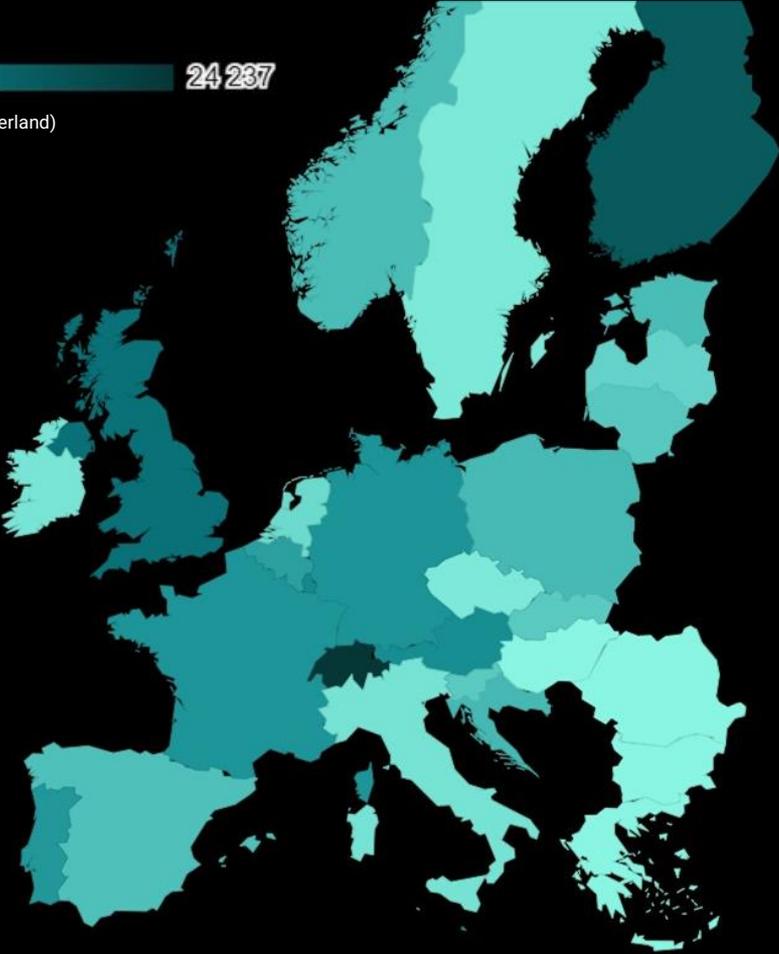
Tax free amounts [EUR]



Tax free amounts in European countries –2022 Map



(*Federal tax-exempt amount was used for Switzerland)

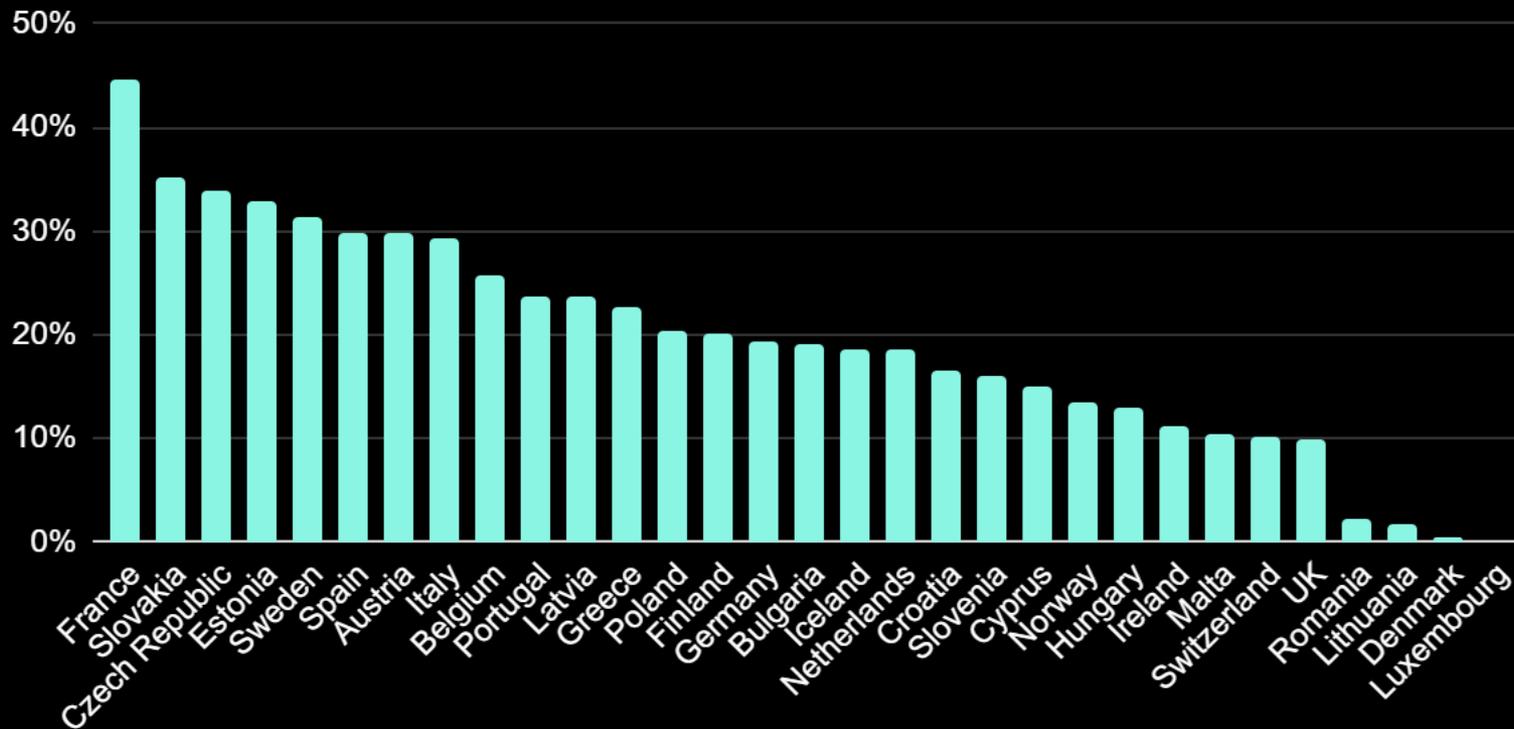


07

Employer social security
costs in European countries

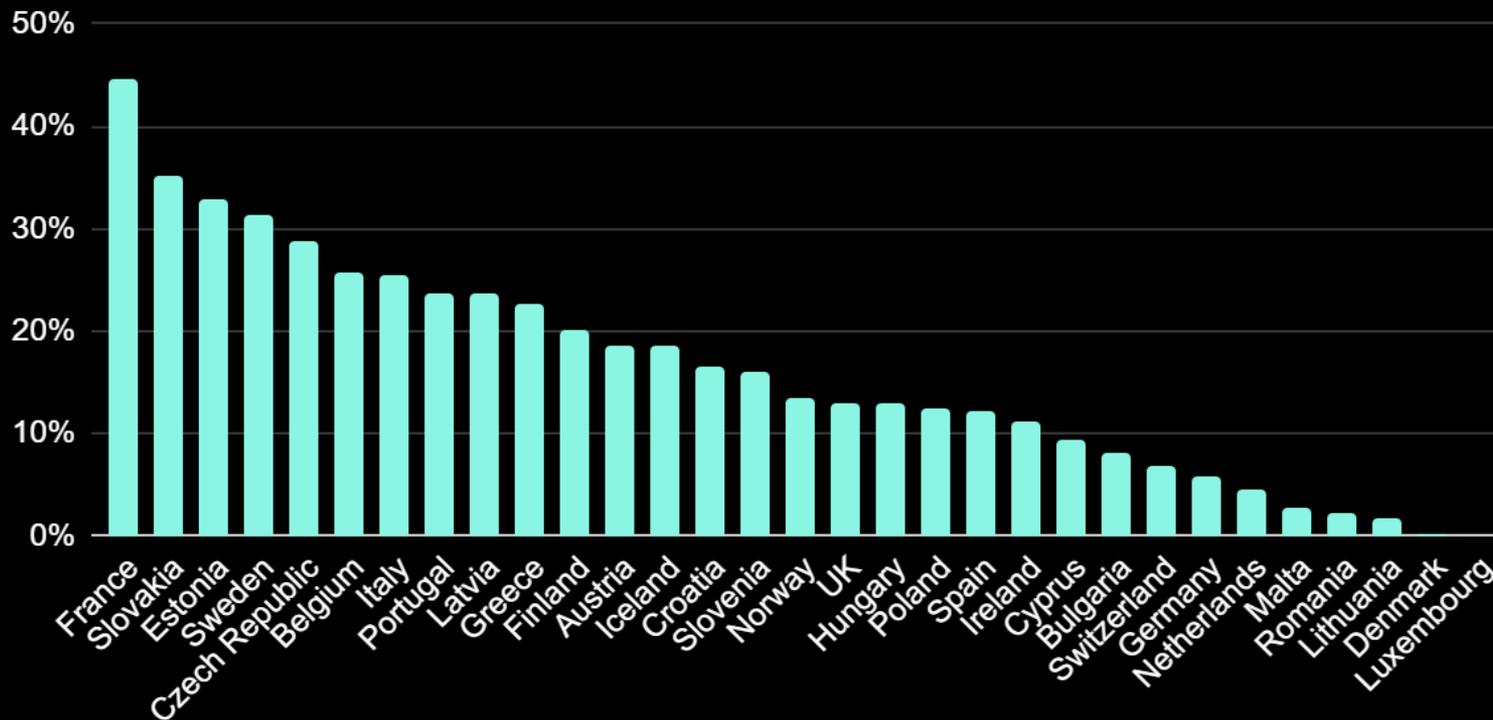
Employer's social security contributions - Employee / Family earning the average salary

Employer's social security - Scenario 1 & 2



Employer's social security contributions - Employee / Family earning five times the average salary

Employer's social security - Scenario 3 & 4

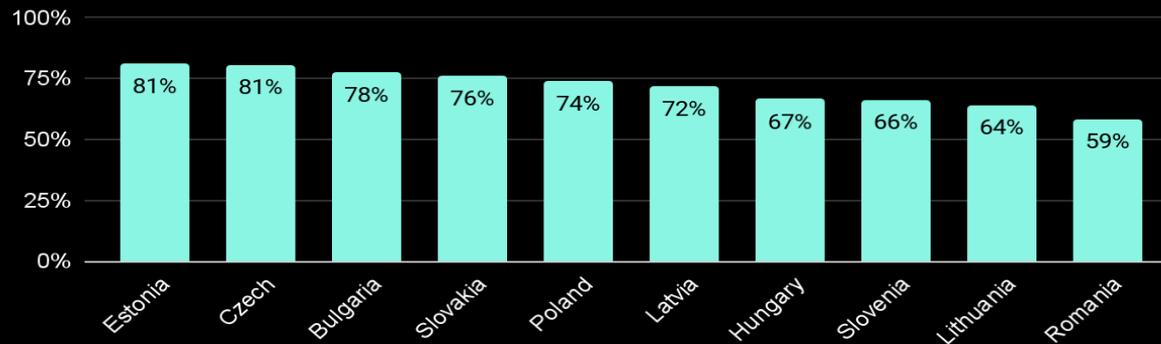


08

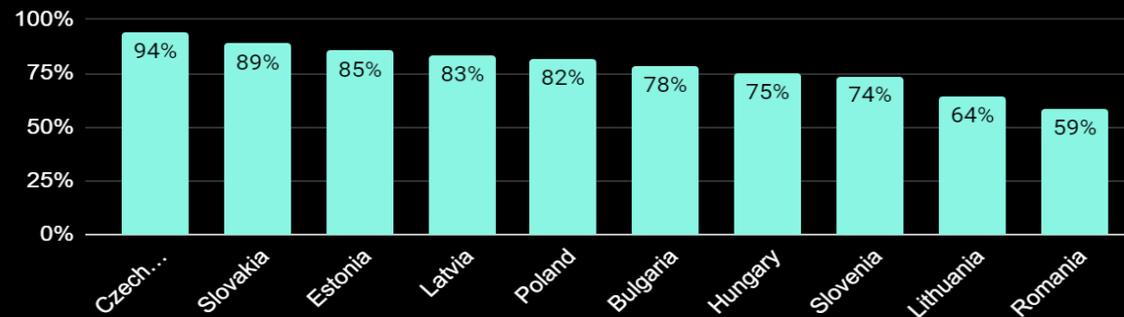
Appendix:
Ranking of Central
Eastern European
countries from the net
salary perspective

Central Eastern European countries Employee / Family earning the average salary

Scenario 1



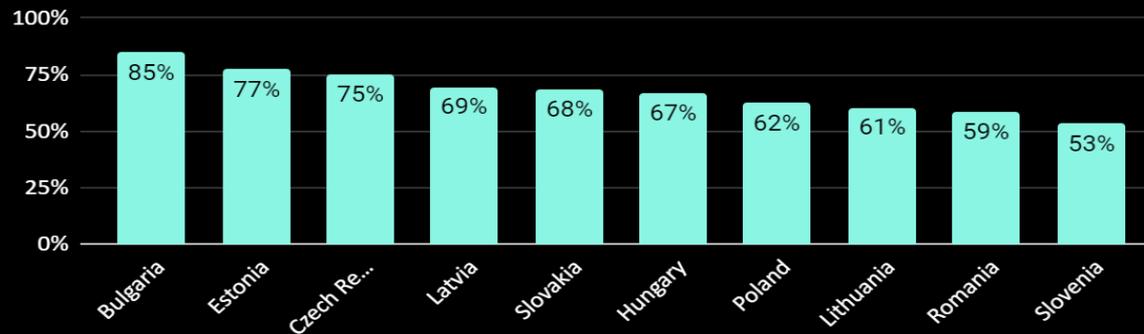
Scenario 2



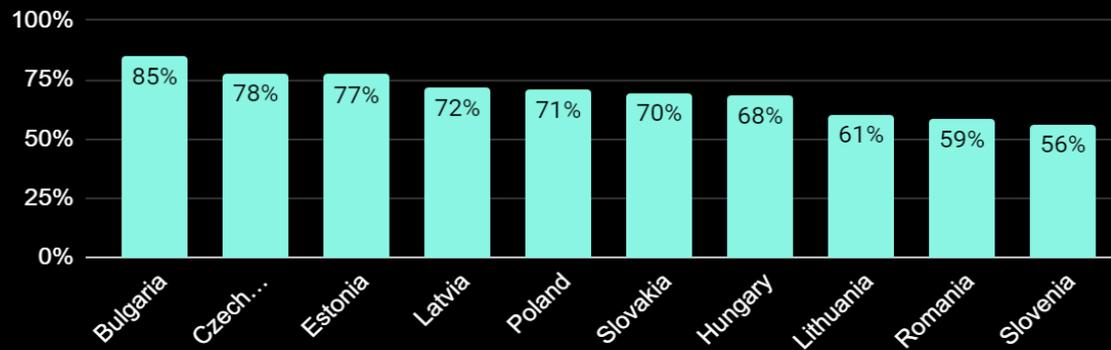
Central Eastern European countries

Employee / Family earning five times the average salary

Scenario 3



Scenario 4



Do not hesitate to contact us



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Thank you!

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