

2025



Attracting talent:

How CEE countries shape immigration and tax policies in the face of demographic challenges and labor shortages



VIALTO
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Talent in immigration and tax policy in CEE countries

Demographic challenges

- A decrease in the number of people aged 4–18 (2020–2030)
- A growth in the 65+ population (2020–2030)

Key actions

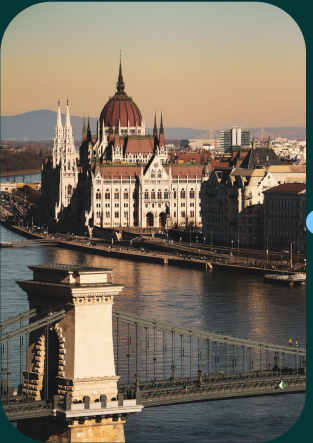
- Attracting talent:
 - Migration strategies
 - Tax and pension solutions (tax relief and support programs for selected groups of professionals)
- Other mechanisms (such as investment in education and support for families and health prevention)

CEE 2025

Key immigration and tax solutions



Bulgaria



Hungary



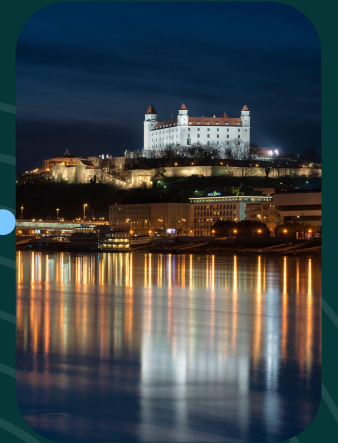
Poland



Czech Republic



Romania



Slovakia

Immigration incentive mechanisms (1/3)

Czech Republic

- Digital nomad program
- Pilot project—pilot training
- Economic migration from Indonesia for large companies
- Free access to the labor market for citizens of selected countries
- Changes for Ukrainian citizens: possibility of obtaining permanent residence



Hungary

- Golden Visa: guest investor program
- Digital nomad visa (White Card)
- Blue Cards: permits for highly skilled workers widely available, greater restrictions for less skilled workers
- No restrictions for selected countries (Georgia, Armenia, Philippines)
- Knowledge of Hungarian language and culture for long-term stays



Immigration incentive mechanisms (2/3)

Romania

- Facilities for highly skilled workers with a Blue Card from another Schengen country and family members
- Digital nomads: for employees and self-employed people



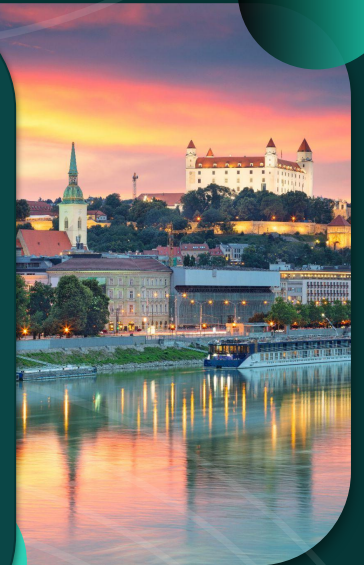
Bulgaria

- Seasonal employment of foreigners



Slovakia

- Special regime for shared service centers and seasonal workers
- Strategic investor status
- National visa: for specialists performing specific professions
- From July 15, 2024: possibility to start working immediately after submitting an application for a temporary residence permit for employment purposes



Immigration incentive mechanisms (3/3)

Poland

Immigration Policy for 2025-2030

- Priority access to the labor market for industries with a deficit of employees, such as IT and healthcare, and companies making strategic investments—selective model of issuing visas
- Elimination of the labor market test
- Digitization of immigration processes
- Easier procedures for selected countries
- Stricter rules for recruiting foreign students—fewer students, but better qualifications
- Integration
- Point system?
- Facilities for holders of Blue Cards

Minimum wage increase in 2025 (compared to 2024)

Bulgaria: by 15 p.p	BGN 933 / EUR 477 → BGN 1,077 / EUR 551
Czech Republic: by 10 p.p.	CZK 18,900 / EUR 750 → CZK 20,800 / EUR 825
Poland: by 8,5 p.p.	PLN 4,300 / EUR 1,025 → 4,666 / EUR 1,110
Romania: by 9 p.p.	RON 3,700 / EUR 740 → RON 4,050 / EUR 900
Slovakia: by 9 p.p	EUR 750 → EUR 816
Hungary: by 9 p.p.	HUF 266,800 / EUR 650 (and for qualified workers : HUF 326,000 / EUR 795 → HUF 290,800 / EUR 700 (and for qualified workers : HUF 348,800 / EUR 850)

PIT tax rates in CEE

Bulgaria: flat rate 10%

Czech Republic: progressive tax scale 15%–23%

Poland: progressive tax scale 12–32% (plus solidarity tax 4% above 1 million income)

Romania: flat rate 10%

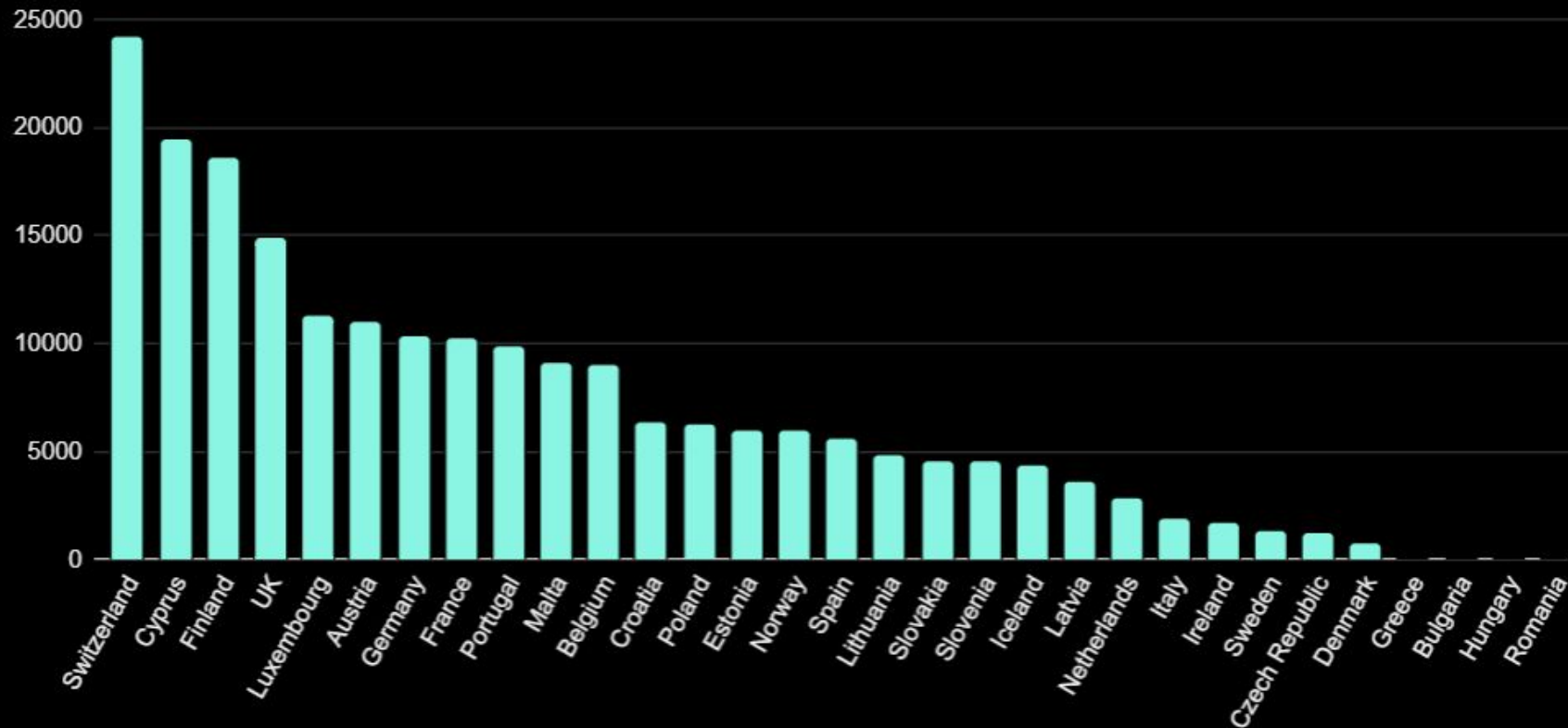
Slovakia: flat rate 15% (up to the income limit of EUR 100,000), above 19% for entrepreneurs and 25% for employees

Hungary: flat rate 15%



Tax-free amounts in CEE

Tax free amounts [EUR]

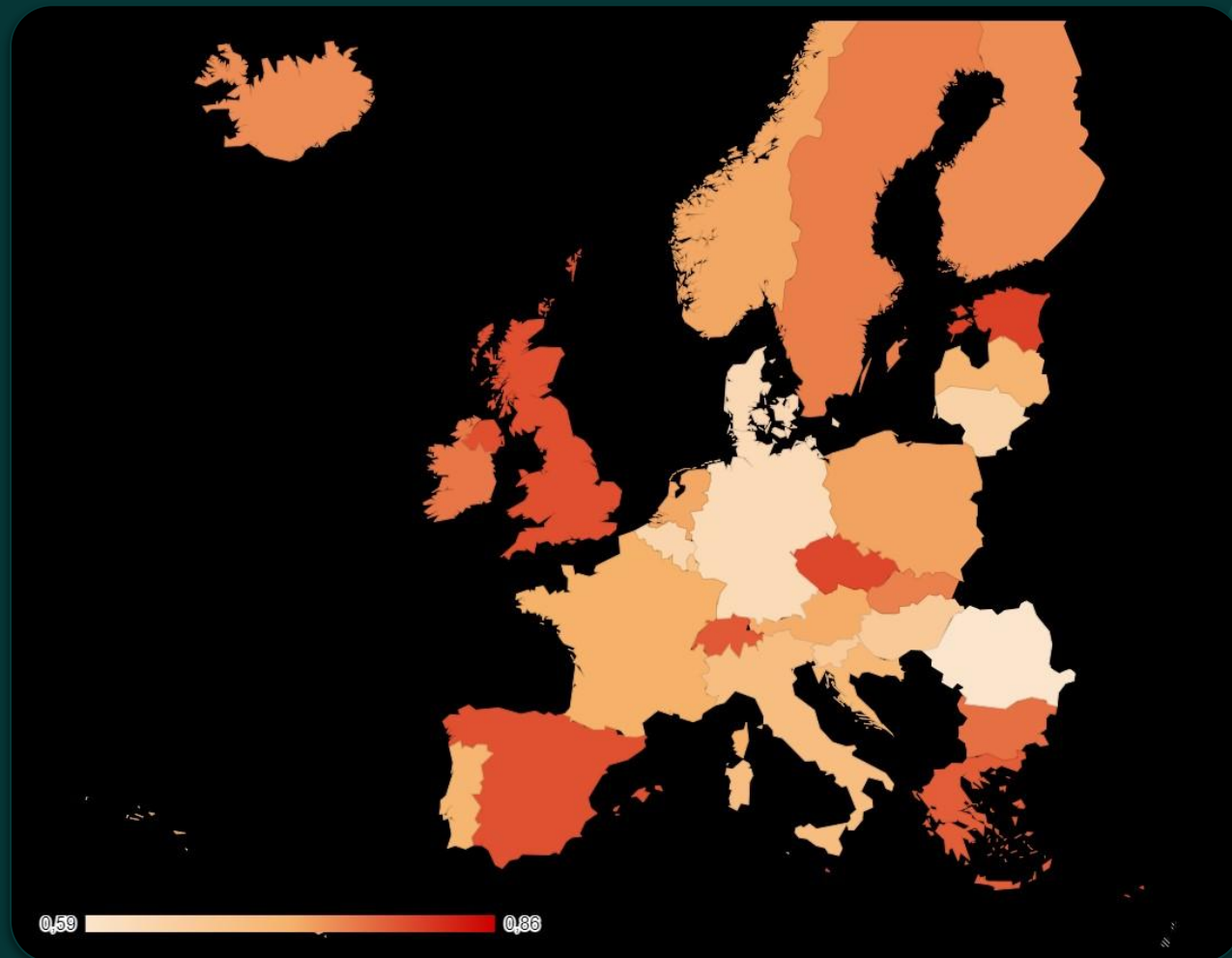


Country rankings

in Europe and Central and Eastern Europe
from the perspective of the employee's net salary
(after deducting PIT and ZUS charges),
as well as labor costs



Europe: Net employee—single with average salary (% of gross salary, 2022)



1	Cyprus	86%
2	Estonia	81%
3	Czech Republic	81%
4	Spain	80%
5	Malta	80%
6	United Kingdom	80%
7	Switzerland	79%
8	Greece	79%
9	Bulgaria	78%
10	Ireland	77%
11	Sweden	76%
12	Slovakia	76%
13	Finland	75%
14	Iceland	75%
15	Poland	74%

16	Norway	73%
17	Netherlands	73%
18	Austria	73%
19	France	72%
20	Portugal	72%
21	Latvia	72%
22	Croatia	71%
23	Italy	69%
24	Luxembourg	68%
25	Hungary	67%
26	Slovenia	66%
27	Lithuania	64%
28	Belgium	64%
29	Denmark	62%
30	Germany	62%
31	Romania	59%

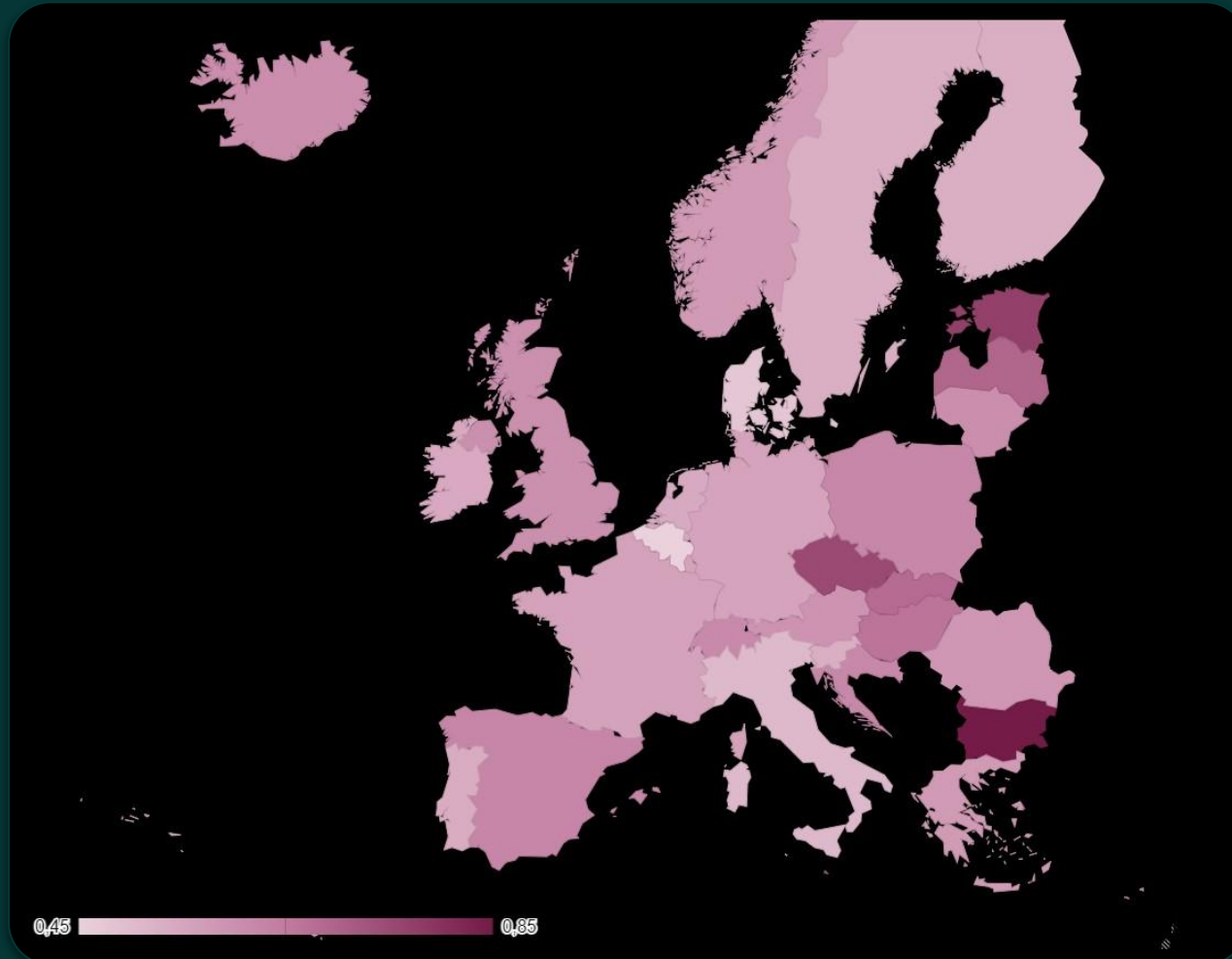
Europe: Net employee with family and average salary (% of gross salary, 2022)



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%

Europe: Net employee—single with 5 times the average salary (% of gross salary, 2022)



1	Bulgaria	85%
2	Estonia	77%
3	Czech Republic	75%
4	Malta	71%
5	Latvia	69%
6	Cyprus	69%
7	Slovakia	68%
8	Hungary	67%
9	Spain	63%
10	Poland	62%
11	Croatia	62%
12	Switzerland	62%
13	Iceland	61%
14	Lithuania	61%
15	United Kingdom	60%

16	Austria	59%
17	Romania	59%
18	Greece	58%
19	Norway	58%
20	France	56%
21	Luxembourg	56%
22	Germany	56%
23	Ireland	54%
24	Netherlands	54%
25	Portugal	54%
26	Slovenia	53%
27	Finland	53%
28	Sweden	53%
29	Italy	51%
30	Denmark	48%
31	Belgium	45%

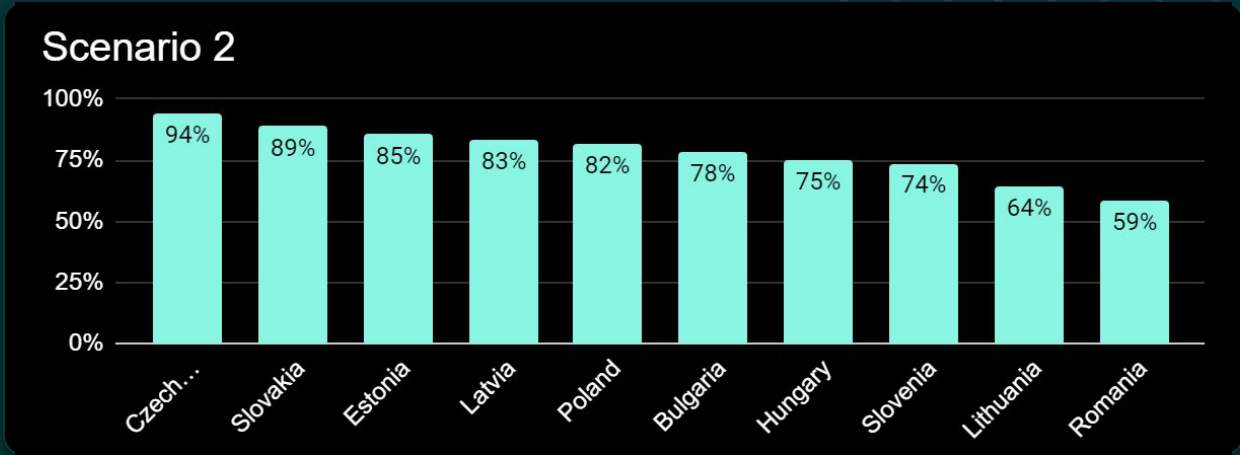
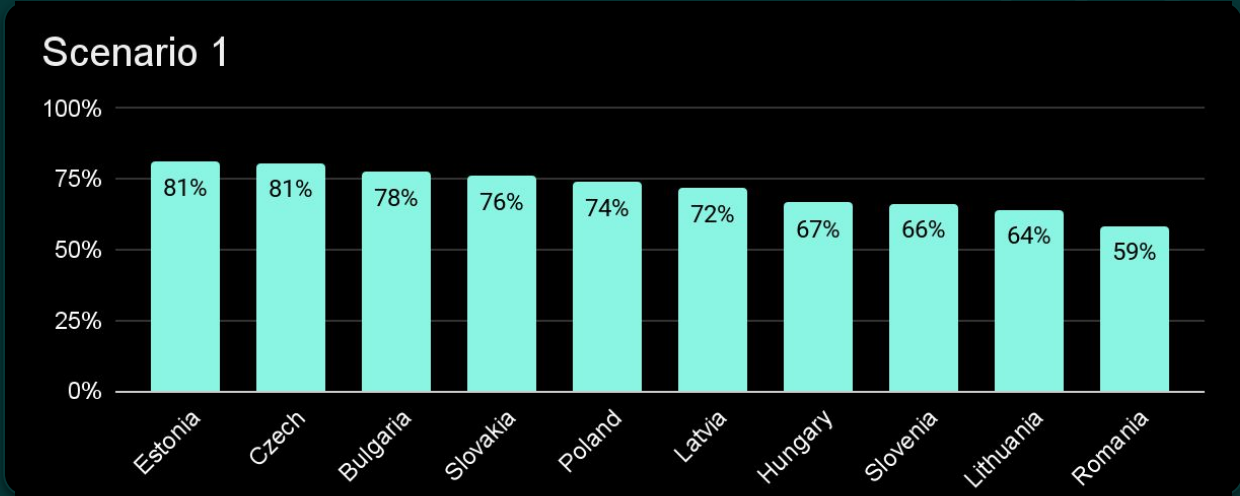
Europe: Net employee with family with 5 times the average salary (% of gross salary, 2022)



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%

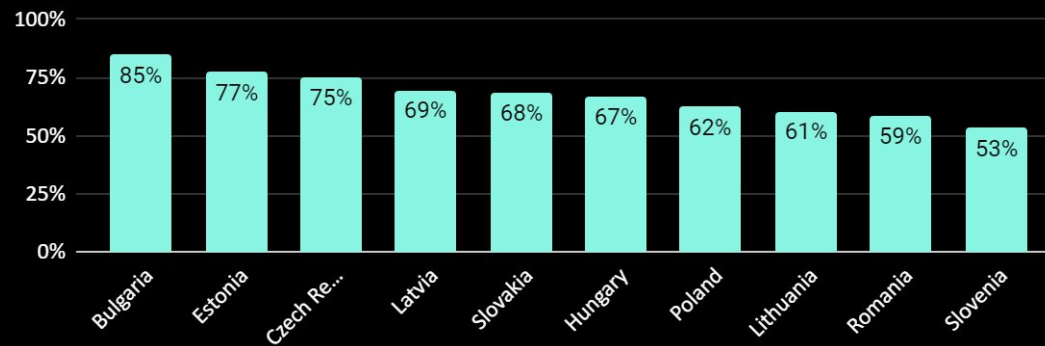
16	Portugal	61%
17	Luxembourg	61%
18	Lithuania	61%
19	Germany	60%
20	United Kingdom	60%
21	Romania	59%
22	Greece	58%
23	Norway	58%
24	Ireland	56%
25	Slovenia	56%
26	Netherlands	54%
27	Finland	53%
28	Sweden	53%
29	Italy	51%
30	Belgium	48%
31	Denmark	48%

Central and Eastern Europe: Net employee—single (sc. 1) and employee with family (sc. 2) with average salary (2022)

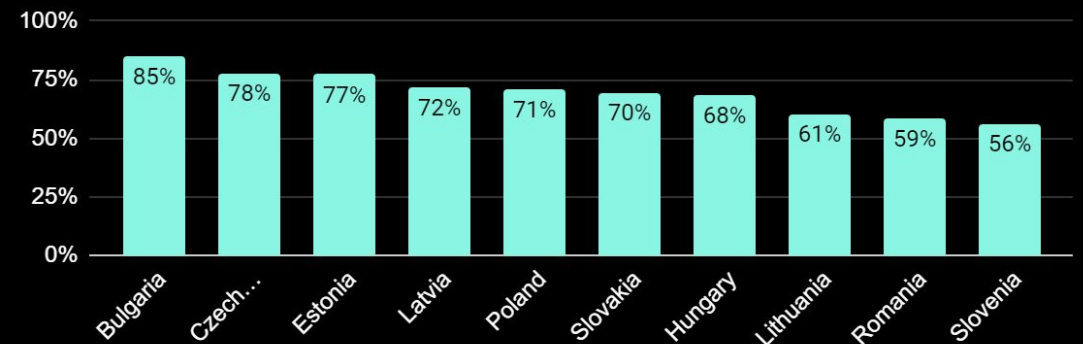


Central and Eastern Europe: Netto of a single employee (sc. 3) and an employee with a family (sc. 4) with 5 times the average salary (2022)

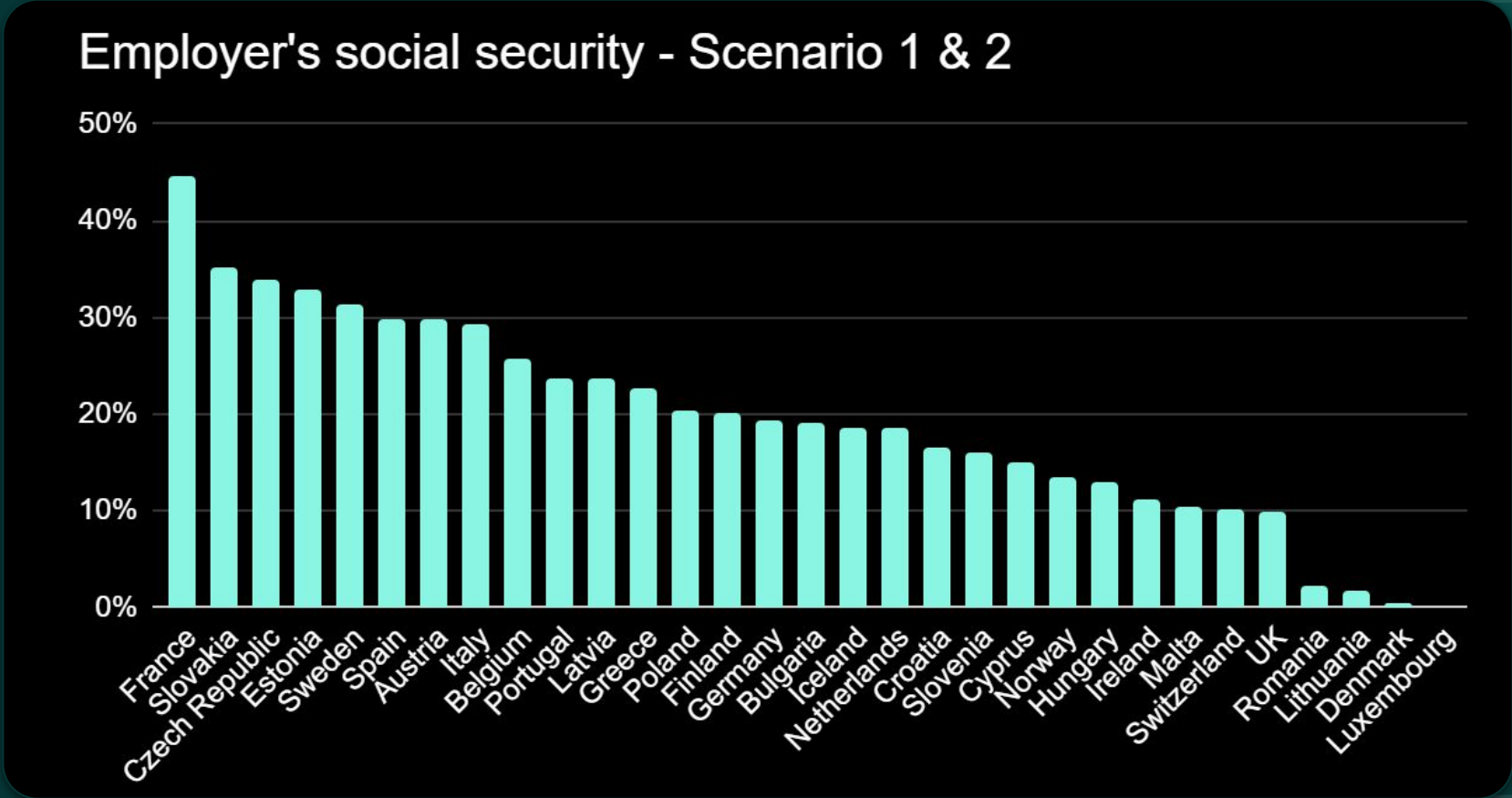
Scenario 3



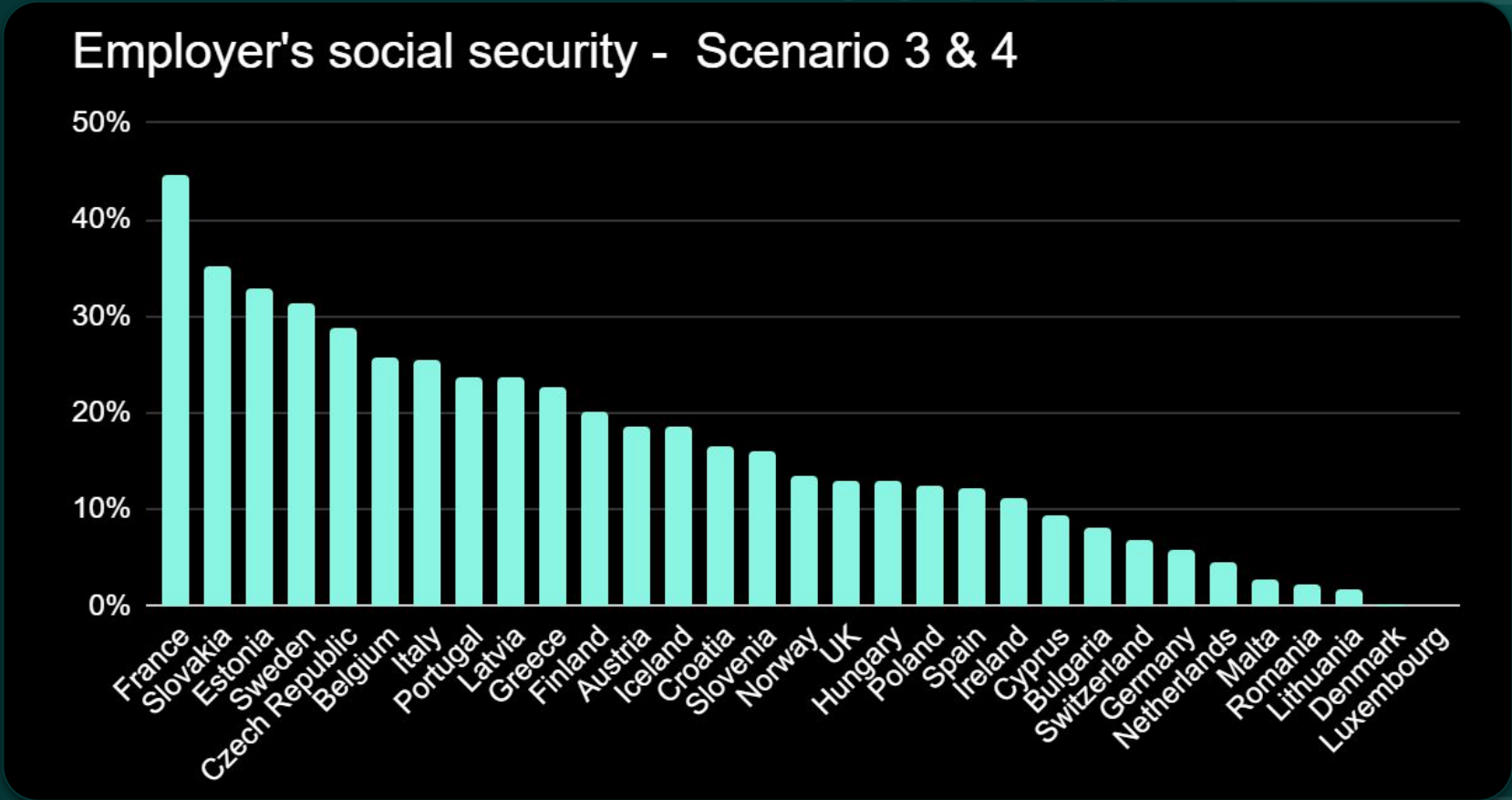
Scenario 4



Europe: Labor costs—employer's social security contributions: for single employee (sc.1) and employee with family (sc.2), with average salary (2022)



Europe: Labor costs—employer social security contributions:
in the case of a single employee (sc.3) and an employee with
a family (sc.4), from 5 times the average salary (2022)



Poland

Important tax exemption:

Taxpayers who transfer their place of residence to Poland can take advantage of the personal income tax exemption for income up to **85,528 PLN** in a tax year. The "return relief" can be applied for a period of **4 consecutive tax years**, starting from the year in which the taxpayer transferred their place of residence, or from the beginning of the following year.

Demographic challenges in CEE countries and the pension system

- Demographics of Central and Eastern Europe (CEE): In recent decades, the region has been struggling with rapid population ageing, low fertility, and migration.
- **What are the consequences for pension systems?**
 - Fewer and fewer people in work support a growing number of retirees.
 - Pressure to change pension systems and state budgets.
 - The need for reforms, such as raising the retirement age and supporting private retirement savings.

Demographic challenges in CEE countries and the pension system

Low fertility

- The total fertility rate (TFR) in CEE countries is on average 1.1-1.6 children per woman. 2.1 is needed for a stable population.
- **Examples**
 - **Czech Republic:** the highest rate in the region (approx. 1.6), partly due to a developed childcare system
 - **Bulgaria:** one of the lowest rates (approx. 1.3)
 - **Poland:** the lowest rate (approx. 1.1), which may be the cause of the collapse of the pension system in Poland in the future



Demographic challenges in CEE countries and the pension system

Labour emigration

- Many CEE countries lost a large part of their population after joining the EU in 2004.
- **Examples**
 - **Romania**: lost over 4 million citizens, mainly to Italy and Spain
 - **Bulgaria**: could lose 1/3 of its population by 2050!
 - **Poland**: 4.5 million Poles live outside Poland and, as far as EU countries are concerned, this is the highest number of emigrants since Poland joined the EU (2004)



Demographic challenges in CEE countries and the pension system

Increasing life expectancy

- Life expectancy is rising, but regional differences are large:
 - **Czech Republic:** 78 years (76 years for men and 82 years for women)
 - **Poland:** 76 years (74 years for men and 82 years for women)
 - **Bulgaria, Romania:** 74 years (72 years for men and 77 years for women)



Demographic challenges in CEE countries and the pension system

Table: Number of working people per 1 retiree in selected CEE countries

Country	1990 year (working people per 1 retiree)	2025 year (working people per 1 retiree)	2050 year (working people per 1 retiree)
Poland	4,0	2,0	1,5
Czech Republic	3,5	2,5	1,8
Hungary	3,8	2,3	1,7
Romania	4,2	2,8	2,0
Bulgaria	4,5	3,0	2,2

Demographic challenges in CEE countries and the pension system

Situation in selected CEE countries

Poland

- Aging society: in 2050, 1/3 of Poles will be over 65
- The 2012 pension reform raised the retirement age, but in 2017 it was lowered again

Czech Republic

- One of the best-managed pension systems in CEE
- The government is considering linking the retirement age to life expectancy—which means that in the future, Czechs may work beyond the age of 67

Hungary

- Strong family incentives—tax relief, family loans, tax exemptions for mothers of four children
- The problem: despite these measures, Hungary's population continues to decline

Romania and Bulgaria

- The fastest shrinking populations in Europe
- Young people are emigrating en masse—fewer than 5 million people work in Romania out of a population of over 19 million



Demographic challenges in CEE countries and the pension system

Pension system solutions

1. Extending retirement age

- Trend in Europe: gradual increase in retirement age
- Examples:
 - **Poland:** 60 years (women) and 65 years (men), but it may be increased
 - **Czech Republic:** target age 67
 - **Hungary:** currently 65 years, but the government is analyzing further changes

2. Encouraging private savings

- IKZE, PPK: incentive to save for retirement with tax relief, relief for working retirees
- Similar systems in the region:
 - **Czech Republic:** "Penzijní spoření" (voluntary pension funds)
 - **Hungary:** private pension funds supported by the state

Other actions supporting pension systems

- **Pro-family policies:** tax relief for children, 800+ in Poland
- **Incentives for emigrants to return:** tax relief for returnees
- **Initiatives promoting longer professional activity:** an example of Czech solutions



Demographic challenges in CEE countries and the pension system

Retirement age in CEE countries:

Source: based on Eurostat data, access date 10.12.2024

Country	Sex	
	Male	Female
Bulgaria	64 years, 6 months	62
Croatia	65	63 years, 3 months
Czech Republic	63 years, 10 months	63years, 10 months
Estonia	64 years, 3 months	64 years, 3 months
Lithuania	64 years, 6 months	64
Latvia	64 years, 6 months	64 years, 6 months
Poland	65	60
Romania	65	62
Slovakia	63	63
Slovenia	65	65
Hungary	65	65

Demographic challenges in CEE countries and the pension system

Example Czech Republic—policies supporting the professional activity of older people

1. Programmes for extending professional activity:

- The Czech Republic is introducing programmes supporting the work of older people, such as lifelong learning, flexible forms of employment and professional development.
- Examples of projects:
 - "Support for the mobility of educational staff"
 - "Senior entrepreneurship" and "FIFTI"
 - "AWARE: Older workers and active retirement"

2. National action plan for supporting positive ageing:

- Goal: Using the potential of older workers through health promotion and lifelong learning
- Support programmes: part-time work, adult education, health of older workers

3. Strategy for preparing for an ageing society (2019–2025):

- Support for the professional activity of seniors through professional development programmes
- Improvement of health and social care and access to medical services
- Development of senior-friendly infrastructure
- Fight against discrimination, promotion of age equality

4. Example of companies:

- Škoda Auto: Support program for older employees (30+ years of service). Training, health programs, flexible working hours
- Bosch Diesel Jihlava Ltd.: Pre-retirement program, possibility of part-time work 3 years before retirement, full salary

Thank you!



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