

TAX OVERVIEW FOR GLOBAL MOBILITY

Bulgaria | Cyprus | Czech Republic | Egypt | Estonia | Greece
Hungary | Italy | Lithuania | Morocco | Poland | Romania
Slovakia | Spain | Turkey



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An aerial, high-angle view of a city street, likely in New York City, showing elevated train tracks (the Big Apple Express) running down the center. Tall buildings line both sides of the street, and the scene is captured in a dark, moody, low-key lighting style. A blue vertical bar is visible on the left side of the image.

As businesses are aiming for global growth, cross-border employment becomes an essential part of internal agenda in most companies. However, global mobility is a complex topic that deeply roots from the areas of taxation and payroll, where local specifics and international frameworks are equally important aspects.

Our study was created in cooperation with our global business community Accace Circle, with the aim to provide a basic yet valuable overview of local jurisdictions for employers and help them to address their crucial obligations while bearing responsibility for their expatriates. Learn about basic information concerning tax and social security in Bulgaria, Cyprus, Czech Republic, Egypt, Estonia, Greece, Hungary, Italy, Lithuania, Morocco, Poland, Romania, Slovakia, Spain and Turkey.

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LOCAL MATTERS WITH GLOBAL SIGNIFICANCE: INTERNATIONAL TAX OVERVIEW OF CONDITIONS FOR CROSS-BORDER EMPLOYMENT

The globalization, freedom of movement, capital and services within the European Union and throughout the world enhance the cross-border provision of services and employment of workers more than ever before. Never in history was it as easy as now to move and live in other countries, to work far away from home or simply to do business and participate on projects abroad. With the disruptive development of IT solutions, it is possible to effectively work from home or from anywhere in the world without the necessity to wake up and go to the office or a fixed place every day. With this easiness comes great responsibility, which often remains unseen.

It is the responsibility of the management, HR and the employees themselves to keep in mind that any cross-border activity and stay abroad may trigger changes in administrative obligations toward all respective countries. This may specifically imply the reporting of stay or work in such other country, change of tax residence, different tax obligations of the employee and the employer in the respective countries, as well as changes to social security obligations. As a result, it is always important to review possible reporting obligations, as well as tax and social security implications, connected with any activity involving employee actively working abroad (including being posted) or employing a person from abroad.

The correct set up of non-resident employment, as well as any work activity of an employee abroad requires a thorough strategic planning. In such cases, the employer should consider the tax residency of the employee, place of work, time spent working abroad and conditions of the work abroad. These points imply additional questions regarding the risk of permanent establishment abroad and especially tax or social security obligations in each respective country. Once these are clarified, the only task is to follow the obligations of the respective administration in each country correctly.

Our experienced local teams of tax advisors, payroll and labour-law consultants in these countries, backed up by our strong international business community, Accace Circle, are ready to provide you with a full and exhausting guidance to all aspects and implications concerning employment with cross-border nature and posting of employees abroad – to make sure that any obligations will be handled correctly.

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See what is included

Introducing information from 15 countries, our study further elaborates on:

- **Tax residency**, including definition, requirements, days of presence and the approach of the country to split tax residency and more
- **Personal income tax**, introducing the basic and additional tax rates, tax period, tax base and possible deductions and more
- **Social security and health insurance**, specifying rates, obligations of registration, the calculation of the contribution base, payment, reporting and A1 forms, and more
- **Local tax residents working abroad and their obligations**, including personal income tax return filing, avoiding double taxation, tax benefits and other specifics
- **Foreign tax residents and their obligations**, introducing the requirements on personal income tax return filing, tax benefits and other specifics
- **Penalties**, related to tax, social security and health insurance contributions, and more

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BULGARIA

Tax residency

An individual may be considered a Bulgarian tax resident regardless of nationality if they:



Have a permanent address in Bulgaria. Exception: A person who has a permanent address in Bulgaria but whose centre of vital interests is not located in Bulgaria is not considered a Bulgarian tax resident.



Spend more than 183 days in Bulgaria within any 12-month period



Are sent abroad by the Bulgarian State, its authorities and/or organisations, or by Bulgarian enterprises as well as members of their family; or



Have their centre of vital interests in Bulgaria

An individual is considered resident for the year in which their stay in Bulgaria exceeds 183 days. The day of arrival and the day of departure are each treated as a day of presence in Bulgaria. A stay in Bulgaria solely for education or medical treatment is disregarded for this purpose.

Bulgarian tax residents are generally subject to Bulgarian tax on their worldwide income, while non-residents are generally subject to Bulgarian tax only on Bulgarian-source income, including income from work performed in Bulgaria and income derived from Bulgarian real estate.

Personal income tax

10% is the applicable tax rate.

1% is the applicable tax rate for any income acquired in a seafarer capacity.



In Bulgaria, the tax period is the same as the calendar year.

Based on the local tax system, salaries paid in January for the work completed in December are considered as taxable income of the next calendar year.

In general, the tax base is the gross income reduced by the compulsory social and health insurance contributions withheld by the employer and paid by the employee. It may also be reduced by non-taxable parts of income and tax reliefs, if applicable.

Social security

Social security is payable by both employers and employees. The aggregate social security contribution rate is 24.7%–25.4%, of which:

14.12% - 14.82% is paid by the employer

10.58% is paid by the employee

Health insurance adds 8%, bringing the total national insurance burden to 32.7%–33.4%. The exact employer rate varies slightly depending on the applicable accident-at-work contribution.

For 2026, the maximum monthly insurance base is:

- **January–July:** EUR 2,111.64
- **August–December:** EUR 2,300

The applicable minimum monthly insurance base for employees depends on the employer's main economic activity and the employee's occupational/qualification group.

For self-employed individuals, the minimum monthly insurance base is:

- **January–July:** EUR 550.66
- **August–December:** EUR 620.20

The employer deducts the employee's share from salary and pays both the employee and employer contributions monthly to the National Revenue Agency. Foreign employees must have an appropriate Bulgarian identification number for tax and social security reporting purposes, such as a Personal Number of a Foreigner or, where applicable, a service number issued by the National Revenue Agency.

For cross-border employment within the EU/EEA, the applicable social security legislation is determined under the relevant social security coordination rules. Where the legislation of another state applies, this is generally evidenced by an A1 certificate.

A1 Forms

The A1 form is issued on request after the required documents are submitted. The authority may request additional information, and processing generally takes **30 days**, or **45 days** where the request is submitted through another territorial directorate of the National Revenue Agency.

The form can cover the period of the assignment abroad for up to **24 months**. A refusal can be appealed.

Health insurance

8% is the rate of health insurance in Bulgaria

For standard employment, the contribution is shared between the employer and the employee in a **60:40 ratio**, corresponding to:

- **4.8%** borne by the employer; and
- **3.2%** borne by the employee.

Payment is shared between the employer and employee. The employer is responsible for withholding, reporting and paying the contributions monthly.

Where an employee has multiple employers, contributions are limited to the maximum insurance base across the employee's total income.

Bulgarian tax resident working in one or more other countries



Bulgarian tax residents receiving taxable foreign-source income must generally file an **annual tax return in Bulgaria between 10 January and 30 April of the following year.**

Double taxation is relieved under the applicable **double tax treaty** or, where no treaty exists, under Bulgarian domestic rules. Supporting evidence of foreign tax paid may be required.

Tax reliefs may be claimed where the relevant conditions are met and supporting documentation is available. As a general rule, employment income is attributable to the **country where the work is performed.**

Tax resident of other country working and paying taxes in Bulgaria



For non-residents, the employer generally withholds and pays monthly advance tax, due by the **25th day of the following month**, with an annual reconciliation where required.

A non-resident who receives **only employment income**, has no other income and does not claim tax benefits generally **does not need to file an annual tax return.** If filing is required, the deadline is **10 January to 30 April of the following year.**

Available tax benefits may be claimed if the relevant conditions are met and supporting documentation is provided. As a general rule, employment income is attributable to the **country where the work is performed.**

Penalties



Late filing of tax return: up to EUR 255.65, or EUR 511.29 for repeated violations.



Late payment of tax: up to EUR 511.29, or up to EUR 1,022.58 for repeated violations



Late or missing registrations at tax authorities: Failure to notify the National Revenue Agency within 3 days of concluding or amending an employment contract, or within 7 days of termination, may result in a sanction of EUR 766.94–7,669.38 for the employer and EUR 511.29–5,112.92 for the responsible officer, per violation.



Missing or late monthly tax reports: Fine of up to EUR 511.29, or up to EUR 1,022.58 for a repeated violation.



Not requesting an A1 form from the respective authorities: No specific penalty for missing A1 form, but it may result in double contributions in Bulgaria and the other EU country.



Late reporting on social security: Fines range from EUR 25.56–255.65 for individuals and EUR 255.65–2,556.46 for sole traders and legal entities. Providing incorrect data to avoid contributions may result in a fine of EUR 25.56–127.82 per case.



Delayed payment of the social security contributions: No specific penalty applies, but interest is charged on the outstanding amount.



Delayed or missing registrations for the purposes of social security: May result in a sanction of EUR 766.94–7,669.38 for the employer and EUR 511.29–5,112.92 for the responsible officer, per violation. For certain breaches involving third-country nationals, fines may also apply, including EUR 511.29 for an individual employer, EUR 1,533.88 for a legal entity, and EUR 4,601.63 for repeated violations by a legal entity.



Delayed report on health insurance: Fines range from EUR 255.65–511.29 for individuals or sole traders and EUR 1,022.58–2,045.17 for companies. Repeated violations may increase the fine to EUR 1,022.58 for individuals or sole traders and EUR 4,090.34 for companies.



Delayed payment of the health insurance contributions: Fines range from EUR 1,022.58–2,045.17 for individuals or sole traders and EUR 2,045.17–4,090.34 for companies. Repeated violations may result in sanctions of up to EUR 7669.38.



Delayed or missing registrations for the purposes of health insurance: Failure to meet employment registration deadlines may result in a sanction of EUR 766.94–7,669.38 for the employer and EUR 511.29–5,112.92 for the responsible officer, per violation.

Criminal acts

Serious tax, social security or health insurance evasion may lead to imprisonment, fines and possible confiscation of property.

For concealed compulsory social security or health insurance contributions exceeding EUR 1,533.88, the applicable penalty may include imprisonment for up to 5 years and a fine of up to EUR 1,022.58. Where the concealed contributions exceed EUR 6,135.50, the penalty is imprisonment for 2 to 8 years and confiscation of part or all of the offender's property.

For tax obligations exceeding EUR 1,533.88, where the conditions for criminal tax evasion under Bulgarian law are met, the penalty is imprisonment for 1 to 6 years and a fine of up to EUR 1,022.58. Where the tax obligations exceed EUR 6,135.50, the penalty is imprisonment for 3 to 8 years and confiscation of part or all of the offender's property.

Paying the outstanding tax or contributions, including interest, before the first-instance judicial inquiry ends does not remove criminal liability but may reduce the punishment.

Bulgaria | Sb Accounting & Consulting

The information in this publication was provided by Sb Accounting & Consulting, a trusted member of the Accace Circle business community in Bulgaria.

Contact: bulgaria@accace.com

CYPRUS

Tax residency

In Cyprus there are resident and non-resident taxable persons. A tax-resident person is someone who:



has a permanent address in Cyprus



spends more than 183 days in Cyprus during a calendar year, or meet the 60-day residency rule, including spending no more than 183 days in any other country

For day-count purposes, the day of arrival counts as a full day, while the day of departure does not.

Cyprus domestic tax law does not recognize "split-year" residency. An individual is treated as either tax resident or non-tax resident for the entire calendar year. Any potential dual-residency conflicts within a single tax year are resolved under the tie-breaker provisions of applicable Double Tax Treaties (DTTs), not through domestic split-residency provisions.

Personal income tax

0%

is the applicable tax rate for income between EUR 0 and EUR 22,000

20%

is the applicable tax rate for income between EUR 22,001 and EUR 32,000

25%

is the applicable tax rate for income between EUR 32,001 and EUR 42,000

30%

is the applicable tax rate for income between EUR 42,001 and EUR 72,000

35%

is the applicable tax rate for income exceeding EUR 72,000



In Cyprus, the tax period is the same as the calendar year.

Salaries paid in January for work performed in December are treated as **income of the previous calendar year**.

The tax base is generally calculated from **gross income**, reduced by the employee's compulsory social and health insurance contributions, non-taxable income and applicable tax reliefs.

Direct reimbursements or per diem payments for travel and accommodation incurred strictly for business purposes are non-taxable. General transportation allowances or reimbursements for regular commuting between home and the workplace are treated as taxable benefits in kind.

Social security

Social security is due by both the employer and employee. For example, the calculation of the social security contributions for the "Pensions" fund is formed as follows:

8.8% rate for the employer for the "Pensions" fund*

8.8% rate for the employee for the "Pensions" fund

**Note: The total employer contribution across all statutory funds is 12.5% on payroll up to the annual insurable earnings cap of €68,904.*

Both local and foreign employers must register with Cyprus Social Securities and withhold, report and pay the contributions. Foreign employees must first obtain ARC/residence permit and Social Insurance Number.

Contributions are generally calculated on employment income. The minimum base depends on the applicable minimum wage, while the maximum calculation base is **EUR 5,742 per month**.

Contributions are **reported and paid monthly** by the employer and are subject to annual reconciliation. For employees with multiple employers, all employers are obliged to report and pay social security contributions on the salary they pay.

A1 Forms

The A1 form is issued on request after the required documents are submitted. Authorities may request additional information if needed.

It covers the period of the assignment abroad for up to **24 months**.

Health insurance

Health insurance under Cyprus **NHS/GESY** is paid by both the employee and employer. The employee rate is **2.65%** and the employer rate is **2.90%**.

The employer withholds, reports and pays the contributions monthly.

Health insurance contributions are calculated from the gross income, whereas the calculation base is multiplied by the applicable rate.

There is no minimum income threshold; contributions apply to all gross employment income from the first euro earned. The maximum payable National Healthcare System Tax (NHS or GESY) per individual is **EUR 4,770** for employees ($\text{EUR } 180,000 \times 2.65\%$) and **EUR 5,220** for employers ($\text{€}180,000 \times 2.90\%$), which applies to an aggregate ceiling of **EUR 180,000** on the total annual income of the employee from all sources combined.

Cyprus tax resident working in one or more other countries



Cyprus tax residents receiving income taxable abroad must file an **annual tax return by 31 July of the following year**. The return must be filed electronically.

Double taxation is relieved under the applicable **double tax treaty** or, where no treaty exists, under Cyprus domestic rules. Supporting evidence of foreign tax paid may be required.

Tax benefits may be claimed where the relevant conditions are met and supporting documentation is available.

As a general rule, employment income is attributable to the **country where the work is performed**.

Tax resident of other country working and paying taxes in Cyprus



The employer reports and pays tax **monthly**, with annual reconciliation where required. Monthly tax is due by the **last day of the following month**.

A Cyprus non-resident who receives **only employment income**, has no other income and does not claim tax benefits generally **does not need to file an annual tax return**.

If filing is required, the return is generally due by **31 July of the following year** and must be filed electronically. The deadline may be extended by the government in certain cases.

Tax benefits may be claimed where the relevant conditions are met and supporting documentation is available.

As a general rule, employment income is attributable to the **country where the work is performed**.

Penalties



Delayed filing of the tax return: Fine of EUR 150 (increases to EUR 300 if unfilled 60 days after an official Tax Department notice).



Delayed payment of the due tax: Fine of 5% flat penalty on the unpaid tax, an additional 5% penalty if the tax remains unpaid 2 months after the due date, plus statutory interest of 3.50% per annum calculated on every completed month of delay.



Delayed or missing registrations at tax authorities: Fine of EUR 100.



Delayed or missing report on monthly salary or withholding tax from salary: Fine of EUR 100 per late monthly return, and an additional 10% surcharge on the unpaid amount due.



Not requesting an A1 form from the respective authorities: No specific penalty applies, but a missing A1 form may lead to social security contributions being due in both the home and host country.



Delayed report on social security: Fine of €500 per undeclared employee per month, and possibly additional statutory court fines of up to €10,000 for serious non-compliance.



Delayed payment of the social security contributions: Penalty based on reported gross salary: 3% for the first month, 6% for the second, 9% for the third, and 27% thereafter. An additional fine of up to EUR 10,000 may apply where fewer than 10 employees are affected.



Delayed or missing registrations for the purposes of social security: Backdated contribution assessments plus the monthly 3% to 27% penalty on all accrued unpaid contributions, alongside potential administrative and court fines for non-compliance.



Delayed report on health insurance: Fine of up to EUR 10,000 if fewer than 10 employees are affected.



Delayed payment of the health insurance contributions: Penalty based on reported gross salary: 3% for the first month, 6% for the second, 9% for the third, and 27% thereafter. An additional fine of up to EUR 10,000 may apply where fewer than 10 employees are affected.



Delayed or missing registrations for the purposes of health insurance: Penalty based on reported gross salary: 3% for the first month, 6% for the second, 9% for the third, and 27% thereafter. An additional fine of up to EUR 10,000 may apply where fewer than 10 employees are affected.

Criminal acts

A person concealing mandatory contributions for public social security, assessment or payment of tax obligations will be subject to criminal offense. If a legal person is found guilty liability extends to the directors and any officer who had duties in relation to the payroll functions of the legal person (company).

The offences are punishable with a fine of up to EUR 17,860, imprisonment for up to five years or both.

Cyprus | CYAUSE Audit Services

The information in this publication was provided by CYAUSE Audit Services, a trusted member of the Accace Circle business community in Cyprus.

Contact: cyprus@accace.com

CZECH REPUBLIC

Tax residency

An individual is considered a Czech tax resident if:



the individual has a permanent place of residence in the Czech Republic in which they intend to stay permanently or



the individual stays for 183 days or more in the Czech Republic continuously or intermittently in the calendar year

Czech tax residents are generally taxed on their **worldwide income**, while non-residents are taxed only on **Czech-source income**, such as employment income relating to days physically worked in the Czech Republic.

Any part of a day spent in the Czech Republic counts as a **full day**, including arrival and departure days. **Split tax residency may apply** if an individual changes their permanent residence during the year.

If an individual is considered resident in both the Czech Republic and another country, the applicable **double tax treaty** determines residency based on factors such as **permanent home, centre of vital interests, habitual abode and nationality**.

Personal income tax

15% is the tax rate on income up to **CZK 1,762,812**

23% is the tax rate on income above **CZK 1,762,812**



In the Czech Republic, the tax period is the same as the calendar year.

Salary paid in January for work performed in December is generally treated as income of the **previous calendar year**.

Employment income tax is generally withheld through payroll. The tax base consists of **gross salary plus taxable benefits**. Certain employee benefits may be tax-exempt, including qualifying non-cash cultural, educational, recreational and medical benefits, retirement savings contributions, and meal benefits (up to **CZK 129.50 in 2026**, where applicable).

Employees may reduce their tax liability through available reliefs and deductions. Key examples include:

- **Basic taxpayer relief:** CZK 30,840 per year
- **Spouse relief:** CZK 24,840, subject to income and family conditions
- **Dependent child allowance:** CZK 15,204 for the first child, CZK 22,320 for the second and CZK 27,840 for the third and subsequent child

- Deductions for qualifying **donations, mortgage interest, pension and life insurance contributions, long-term investment products and long-term care insurance**

Czech tax residents may claim a broader range of tax benefits. Non-residents can generally claim only the **basic taxpayer relief monthly**, while additional benefits may be available through a tax return if more than **90% of their income comes from Czech sources**.

Social security

24.8% rate is paid by the employer.

7.1% rate is paid by the employee.

The employer is responsible for registering the employee with the Czech social security authorities, including foreign employers.

Contributions are calculated on **gross taxable employment income**. There is no minimum assessment base. For 2026, the maximum annual assessment base is **CZK 2,350,416**.

If an employee works for several employers, each employer applies the maximum base separately. Any overpayment may be claimed back from the Czech Social Security Authority after the end of the year.

Social security contributions are **reported and paid monthly by the employer** and are separate from income tax.

A1 Forms

Upon request, the Czech authorities issue A1 forms in case of posting to other countries easily, even for a longer period (e.g. 1 or 2 years) under the Art. 12 of the EU regulation 883/2004, if the employee travels abroad regularly or often due to different activities.

On the other hand, a foreign employee is not subject to the Czech insurance system if they submit an A1 form confirming participation in a foreign insurance system issued by a foreign authority.

Health insurance

9% rate is paid by the employer.

4.5% rate is paid by the employee.

The employer is responsible for registering the employee with the Czech health insurance institution, including foreign employers.

Contributions are calculated on **gross taxable employment income**, with **no minimum or maximum assessment base**.

Health insurance contributions are **separate from income tax** and are generally reported and paid **monthly by the employer**. If the employee has multiple employers, each employer must report and pay contributions separately.

Obligations of the employer regarding the employment of foreigners

EU/EEA and Swiss citizens can generally **work in the Czech Republic without a work permit**. Their family members may need a residence permit if staying for more than **90 days**.

Third-country nationals generally need both **residence permission and work authorisation**, such as a work permit, employee card, Blue Card or ICT card. Some groups have **free access to the labour market**, including certain permanent residents, students, graduates, family members and citizens of selected countries.

Employers must report the start of employment through **UMER/JMHZ before the foreign national starts work**, report changes or termination within **8 calendar days**, and keep records of foreign employees. For third-country nationals, residence documents must generally be kept during employment and for **3 years after termination**.

Failure to meet reporting or registration obligations may result in a fine of up to **CZK 100,000**. Allowing a foreign national to start work without prior reporting may be treated as unreported work, with a fine of up to **CZK 3,000,000**.

Czech tax resident working in one or more other countries

Employees generally need to file a Czech tax return if their taxable income exceeds **CZK 50,000** per year. Employees with only employment income and limited other income may instead request an **annual tax reconciliation from their employer by 15 February**.



The standard filing deadlines are **1 April for paper returns, 1 May for electronic returns, and 1 July when filed by a tax adviser**. Extensions may be available, including for cases involving foreign income.

Double taxation is generally relieved under the applicable **double tax treaty** through the credit or, where conditions are met, exemption method. Proof of foreign income and tax paid may be required. If no treaty applies, foreign tax may generally be deducted from employment income.

Czech tax residents may claim applicable tax benefits and must generally report their **worldwide income**. Cross-border employment income is typically allocated between countries based on the **number of working days**, including relevant bonuses and other employment-related payments.

Tax resident of other country working and paying taxes in the Czech Republic

Employers generally **report and pay Czech employment tax monthly**, including certain foreign employers with a Czech branch, permanent establishment or employee working in the Czech Republic.

Employees are generally responsible for filing their own tax return, especially if they have **multiple types of income, more than one employment, or income relating to previous tax periods**. If no filing obligation exists, the employer may perform the annual payroll tax reconciliation.

Czech non-residents may claim additional tax benefits through a tax return if at least **90% of their worldwide income is taxable in the Czech Republic**.



The standard filing deadlines are **1 April, 1 May for electronic filing, and 1 July when filed by a tax adviser**. Extensions may be available, including until **1 November where foreign income is involved**.

For employees working for the same employer in several countries, employment income is generally allocated based on **working days**, including relevant bonuses, benefits, holidays and sickness periods.

Penalties



Delayed filing of the tax return: Penalty of 0.05% of assessed tax or 0.01% of tax loss, up to 5% or CZK 300,000. The first 5 days are penalty-free, and no penalty is imposed if it does not exceed CZK 1,000.



Delayed payment of the due tax: Interest based on the CNB repo rate + 8%. The first 3 days are interest-free, and interest is imposed only if it exceeds CZK 1,000.



Delayed or missing registrations at tax authorities: Fine of up to CZK 500,000.



Delayed or missing report on monthly salary or withholding tax from salary: Fine of up to CZK 500,000.



Not requesting an A1 form from the respective authorities: Fine of up to CZK 20,000



Delayed report on social security: Fine of up to CZK 50,000



Delayed payment of the social security contributions: Penalty based on the CNB repo rate + 8%.



Delayed or missing registrations for the purposes of social security: Fine of up to CZK 20,000.



Delayed report on health insurance: Fine of up to CZK 50,000.



Delayed payment of the health insurance contributions: Penalty based on the CNB repo rate + 8%.



Delayed or missing registrations for the purposes of health insurance: Fine of up to CZK 10,000, or CZK 20,000 for repeated failure. For employers, fines may reach CZK 200,000, or CZK 400,000 for repeated failure.

Criminal acts

Tax evasion and similar offences may result in **2 to 10 years' imprisonment**, depending on the seriousness of the case. Additional penalties may apply for falsifying accounting or financial records.

Intentional misleading tax reporting may also constitute a **criminal offence**.

Under the Czech concept of **effective regret**, criminal liability may in certain cases be avoided if unpaid tax, social security or health insurance obligations are corrected or paid before the relevant stage of criminal proceedings.

Czech Republic | Accace Czech Republic

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Email: czechrepublic@accace.com

Website: www.accace.com

EGYPT

Tax residency

An individual is generally considered an Egyptian tax resident if:



they have their **habitual residence or main place of business in Egypt**



they spend **more than 183 days in Egypt within any 12-month period**



or they are an **Egyptian working abroad and paid from an Egyptian public or private treasury**

Any part of a day spent in Egypt counts as a full day, including both arrival and departure days.

Split tax residency is recognised within a single tax period.

Personal income tax

The current tax rates in Egypt are:

0%	On income between EGP 0 and EGP 40,000
10%	On income between EGP 40,001 and EGP 55,000
15%	On income between EGP 55,001 and EGP 70,000
20%	On income between EGP 70,001 and EGP 200,000
22.5%	On income between EGP 200,001 and EGP 400,000
25%	On income between EGP 400,001 and EGP 1,200,000
27.5%	On income above EGP 1,200,000

For higher annual incomes, some lower-rate brackets and exemptions are progressively withdrawn, where applicable under Egyptian tax law.



The tax period follows the **calendar year**.

Salary paid in January for work performed in December is treated as **December income**.

The tax base generally consists of **gross salary and taxable benefits**, reduced by applicable exemptions and deductions. Key items include:

- **EGP 20,000 annual personal relief (2026)**
- employee social insurance contributions

- qualifying life and medical insurance
- certain end-of-service payments and pensions
- qualifying collective benefits such as meals, transportation, medical care, work equipment and employer-provided housing
- employee profit-sharing amounts, where exempt under applicable law.

Social security

18.75%	rate for the employer
11%	rate for the employee
25%	rate for self-employed taxpayers in governorates applying the Comprehensive Health Insurance Scheme
21%	rate for self-employed taxpayers in governorates not yet applying the Comprehensive Health Insurance Scheme

Employers operating through an Egyptian legal entity must register employees with the social insurance authority from the **first day of employment**, withhold the employee share and pay the contributions.

For 2026, the monthly social insurance contribution salary base ranges from EGP 2,700 to EGP 16,700, effective 1 January 2026. These thresholds are scheduled to increase annually by **15% until 2027**.

Contributions are generally paid monthly by the employer. Social insurance coverage and contribution rules depend on the employee's status and applicable legislation; for employees subject to the Egyptian social insurance system, the employer generally withholds the employee share and pays the contributions.

Employers must also submit the required social insurance forms for **new hires, leavers and annual employee updates**.

Health insurance

Health insurance is generally included in Egypt's **social insurance contributions** and is paid by both the employer and employee.

The **Comprehensive Health Insurance Scheme** is being introduced gradually across Egypt. Under the scheme, the employee generally contributes **1% of gross income** for their own coverage, with additional contributions applying for eligible dependants.

For the standard social insurance system, the contribution base follows the applicable minimum and maximum insured salary. Under the Comprehensive Health Insurance Scheme, contributions are calculated under the applicable comprehensive health insurance rules.

Health insurance is generally **reported and paid together with monthly social insurance contributions**.

Egyptian tax resident working in one or more other countries

Egyptian tax residents who receive income taxable abroad must generally file an **annual tax return in Egypt**.



The return is due in **January of the following year**. Late payment may result in interest.

The return can currently be filed through the available Egyptian Tax Authority procedures. A tax adviser is optional and may require a signed power of attorney, depending on the filing arrangement.

Double taxation is generally relieved through the **tax credit method** where foreign employment income has already been taxed abroad. The **exemption method** may also be available where it is more beneficial.

Tax benefits require supporting documentation.

Where an employee works for the same employer in Egypt and another country, Egyptian taxation generally follows the **183-day rule** for Egyptian-source income.

Tax resident of other country working and paying taxes in Egypt

Employment income tax is generally withheld monthly by the employer. Employers subject to the standard payroll regime also submit quarterly payroll tax statements (Form No. 4) in January, April, July and October.



Employers must also submit quarterly tax statements in **January, April, July and October**.

If the employer is foreign and has no establishment in Egypt, the employee may be responsible for paying the tax and complying with the applicable individual filing requirements, including Form No. 5 where applicable. For local employers, tax is generally withheld directly from salary. Filing and payment deadlines depend on the applicable taxpayer status and current Egyptian Tax Authority rules.

Available tax benefits require supporting documentation. Certain mandatory deductions or contributions may also apply.

Where an employee works for the same employer in Egypt and another country, taxation of Egyptian-source employment income generally follows the **183-day rule**.

2026 legislative update: Law No. 151 of 2026 amended the Egyptian Income Tax Law in several areas, including capital gains, dividends and certain deductions, but the employment-income tax brackets and EGP 20,000 annual salary exemption reflected in this guide remain the applicable 2026 rates.

Penalties



Delayed filing of a tax return: under the current tax procedures framework, penalties depend on the type of return and length of delay. The Egyptian Tax Authority's current guidance indicates fines of EGP 3,000–5,000 for certain returns filed no more than 60 days late, and EGP 50,000–2,000,000 where the delay exceeds 120 days; the 61–120 day period should be assessed under the specific statutory provision applicable to the return.



Failure to notify the Egyptian Tax Authority of changes to company tax registration information within the statutory period may result in penalties. The applicable amount should be checked against the current Unified Tax Procedures Law and its amendments.



Delayed or incorrect social insurance reporting, including late employee registration/deregistration or inaccurate insured salary information, may result in statutory penalties under the Social Insurance and Pensions Law and its implementing rules. The exact penalty depends on the nature and duration of the non-compliance.



Delayed payment of social insurance contributions may result in additional amounts, interest and other enforcement measures under the applicable social insurance legislation. The exact treatment depends on the period and nature of the delay.

Egypt | Fathalla Solutions

The information in this publication was provided by Fathalla Solutions, a trusted member of the Accace Circle business community in Egypt.

Contact: egypt@accace.com

ESTONIA

Tax residency

Individuals are regarded as Estonian tax residents if:



they have a permanent place of residence in Estonia



they stay for 183 days or more in Estonia during any 12 consecutive calendar months

If a double tax treaty assigns residency to another country, the individual is treated as a **non-resident in Estonia** for tax purposes.

Tax residency is determined based on the actual circumstances, and individuals must notify the Estonian tax authorities of changes in residency when arriving in or leaving Estonia.

Any part of a day spent in Estonia counts as a full day, including both arrival and departure days.

Split tax residency may apply if an individual changes their permanent residence during the year.

Personal income tax

22% is the applicable tax rate



The tax period is the same as the calendar year.

Salary paid in January for work performed in December is treated as income of the **new calendar year**.

The tax base is generally annual income reduced by applicable deductions. Fringe benefits are taxed separately by the employer.

In 2026, the annual **non-taxable amount** of the resident individual is generally **EUR 8,400 (EUR 700 per month)**, regardless of the amount of taxable income derived by the individual. Different rules apply to individuals of retirement age, for whom a **EUR 9,312 annual non-taxable amount** may apply.

Key deductions include pension and unemployment contributions, certain training expenses, gifts and donations, voluntary pension contributions, mandatory foreign social security payments, and certain forestry or agricultural income.

EU/EEA tax-resident non-residents may also qualify for certain non-taxable amounts and deductions. Other non-residents may generally deduct only unemployment insurance contributions.

Social security

33% rate for social security contributions

0.8% rate for employer's unemployment insurance contributions

1.6% rate for employee's unemployment insurance contributions

2%, 4% or 6% rate for funded pension contributions in case of Estonian resident individuals, if they have joined the funded pension scheme and have applied for the respective rate

Social tax covers both **public pension and health insurance**. Employees are registered with the Tax and Customs Board, which manages tax and social security information.

If salary is taxable in Estonia, a foreign employer must generally register as a **non-resident employer** and meet the same payroll obligations as a local employer.

Social security contributions are calculated on **gross salary**. In 2026, the minimum monthly base for social tax is **EUR 886**.

The employer pays **33% social tax** and **0.8% unemployment insurance** on gross salary, and withholds **1.6% unemployment insurance** from the employee. Where applicable, the employer also withholds **2%, 4% or 6% funded pension contributions**.

Employment-related taxes and contributions must generally be declared and paid by the **10th day of the following month**.

A1 Forms

A1 forms under Article 12 of EU Regulation 883/2004 are generally issued for each posting, for up to 2 years. A1 forms under Articles 13 or 16 may also be issued for up to 2 years.

For postings from Estonia, the Estonian Social Insurance Board issues A1 forms through an electronic application procedure, usually on the next working day after submission.

Health insurance

Public health insurance is included in Estonia's social tax. Employers may also make voluntary private health insurance contributions without fringe benefit tax if the employee's annual total sporting and health expenses do not exceed EUR 400.

Estonian tax resident working in one or more other countries

Foreign employment income may be **exempt from Estonian income tax** under certain conditions but may still need to be declared. An annual return is generally not required if no additional tax is due or if total income does not exceed the basic exemption.



The tax return deadline is **30 April** and cannot be extended. Any final income tax is due by **1 October**.

Foreign employment income may qualify for exemption if the individual works abroad for at least **183 days within 12 consecutive months** and the income is taxable in the foreign country, supported by appropriate evidence.

Double taxation is relieved under the applicable **double tax treaty** or, where no treaty applies, under Estonian domestic rules. Evidence of foreign tax paid may be required.

Tax benefits may be claimed where the relevant conditions are met and supporting documents are available.

Where an employee works for the same employer in Estonia and abroad, income is generally allocated based on the **proportion of working days in each country**.

Tax resident of other country working and paying taxes in Estonia

The employer must declare and pay employment-related taxes **monthly**, generally by the **10th day of the following month**. Foreign employers with employees in Estonia generally need to register as **non-resident employers** with the Tax and Customs Board.



The employee's annual tax return is due by **30 April** and the deadline cannot be extended. Any final income tax is due by **1 October**.

EU/EEA tax-resident non-residents may qualify for the same tax benefits as Estonian residents, within the applicable limits. Other non-residents may generally deduct only **unemployment insurance contributions**.

If an employee works for the same employer in Estonia and abroad, income is generally allocated based on the **proportion of working days in each country**.

Penalties



Delayed filing of the tax return: Non-compliance penalties for late filing, registration failures, record-keeping breaches or failure to comply with tax authority orders cannot exceed **EUR 1,300** in the first instance and **EUR 2,000** in the second instance. Criminal cases may also lead to imprisonment.



Delayed reporting and payment of the due tax: Intentional failure to report or submission of false information may result in a fine of up to **EUR 32,000 for legal entities** and **EUR 1,200 for individuals**. Late payment interest of **0.06% per day** applies to unpaid tax.

The A1 form can be applied for retroactively. If this has triggered unpaid employment taxes in Estonia, the sanctions mentioned in "*Penalties related to tax*" may be due.

Since there is no special registration related to social security and health insurance contributions, therefore there is no special penalty.

Criminal acts

Submitting missing or incorrect information to reduce tax or withholding liabilities, or to increase a refund claim, may lead to a **fine or imprisonment** where the amount reaches the level of major damage (EUR 40 000 or more).

For particularly great damage, imprisonment may range from **1 to 7 years**, with possible confiscation of assets obtained through the offence. Companies may be subject to fines of up to **EUR 40,000,000** (subject to their turnover) but cannot be imprisoned.

Estonia | Numeri OÜ

The information in this publication was provided by Numeri OÜ, a trusted member of the Accace Circle business community in Estonia.

Contact: balticstates@accace.com

GREECE

Tax residency

A person may be considered a Greek tax resident if



they have a permanent residence or home in Greece (available place for living)



they stay in the country for more than 183 days (time spent in Greece solely for study, medical treatment or commuting to work is excluded from this)

Tax residency is determined based on the individual's actual circumstances and must be registered with the Greek tax authorities.

Any part of a day spent in Greece counts as a full day, including both arrival and departure days.

Split tax residency is not recognised within a single tax period.

Personal income tax

9 – 44% is the range of the applicable tax rates, based on the tax base



the tax period is the same as the calendar year

Salary paid in January for work performed in December is treated as income of the **previous year**; if paid after January, it is generally taxed in the **year of payment**.

The tax base generally consists of **gross cash and in-kind income**, reduced by the employee's social and health insurance contributions and any applicable non-taxable amounts.

Income is taxable from the first euro, but tax credits may apply depending on income level and the number of children. Key reliefs include:

- employee social and health insurance contributions
- a tax deduction of at least **EUR 777** for annual income up to **EUR 50,000**
- an increased deduction for taxpayers with children

Social security

22.79% rate for the employer

13.37% rate for the employee

Employees must be registered for social security and health insurance when they start employment.

For local employers, the employer registers the employee and deducts and pays both the employee and employer contributions. With foreign employers, only the employment relationship is registered, while the employee is responsible for payments to the social authorities.

Social security is calculated monthly on **gross taxable salary**, subject to a maximum monthly base of **EUR 7,572.62**.

Contributions are separate from income tax and are generally **reported and paid monthly**. Where an employee has multiple employers, each employer must report and pay the applicable contributions.

A1 Forms

A1 forms for purposes of the Art. 12 of the EU regulation 883/2004 are generally issued only for the duration of each respective posting. A1 forms for purposes of the Art. 13 or 16 of the EU regulation 883/2004 may be issued for period of 1 to 2 years. Greek authorities do a thorough check of documents and conditions before issuing A1 form. Therefore, it may be lengthy process.

Health insurance

Health insurance is included in **social security contributions**, but employees must still register as insured persons.

Contributions are calculated on **gross taxable income, including benefits in kind**, up to a maximum monthly base of **EUR 7,373.53**.

The employer generally reports and pays the contributions **monthly**, covering both the employer and employee shares.

Greek tax resident working in one or more other countries

Employees with income taxable abroad must file an **annual income tax return**; employer annual reconciliation is not available.



The return is generally due by **30 June** and must be filed online. A tax adviser is optional and requires a power of attorney.

Double taxation is generally relieved through the **exemption method** where no treaty applies and the foreign employment income was taxed abroad. Where a double tax treaty applies, the exemption method may also be available if permitted and more beneficial. Proof of foreign tax paid is generally required.

Available tax benefits require supporting documentation. Key incentives include:

- **50% income tax reduction for 7 years** for qualifying employees relocating to Greece
- tax-free employer benefits such as **meal vouchers up to EUR 6 per working day**, transport passes, work-related mobile phone/laptop use, and business travel and accommodation

- favourable treatment for qualifying **stock options and share plans**
- tax incentives for certain **digital nomads and remote workers**
- tax credits for qualifying **electronic payments**

Employment income is generally attributed to the **country where the work is performed**. Where income relates to work in more than one country, it may be allocated based on the proportion of time worked in each country.

Tax resident of other country working and paying taxes in Greece

The employee generally needs to file an annual tax return only if they have **additional sources of income**. The employer withholds and reports tax monthly, with payment and reporting due within **two months after the relevant month**. No annual employer report is required.



If a tax return is required, it is generally due by **30 June** and must be filed electronically.

A tax adviser is optional and requires power of attorney. Non-residents need a **local tax representative** for communications from the tax authorities.

Tax benefits are generally available only if at least **90% of total income is sourced in Greece**, subject to supporting documentation.

Employment income is generally attributed to the **country where the work is performed**. Where income relates to work in more than one country, it may be allocated based on the proportion of time worked in each country.

Penalties



Delayed filing of the tax return: Fine of EUR 100 for employees.



Delayed payment of the due tax: Penalty of 0.73% per month on the overdue tax.



Delayed or missing registrations at tax authorities: Fine of EUR 100 to EUR 2,500, generally imposed on the employer.



Delayed or missing report on monthly salary or withholding tax from salary: Fine of **EUR 250 or EUR 500**, depending on the company's accounting system.



Not requesting an A1 form from the respective authorities: No specific Greek penalty applies, but a missing A1 form may lead to registration, contribution or employment-related penalties in Greece or abroad.



Delayed report on social security: Fine of up to EUR 10,550.



Delayed payment of the social security contributions: Penalty of 0.667% per month on the overdue amount.



Delayed or missing registrations for the purposes of social security: Fine of up to EUR 10,550.



Delayed report on health insurance: Fine of up to EUR 10,550.



Delayed payment of the health insurance contributions: Penalty of 0.667% per month on the overdue amount.



Delayed or missing registrations for the purposes of health insurance: Fine of up to EUR 10,550.

Criminal acts

If the purpose of incorrect reporting or missing payment of due tax, social security and health insurance contributions is to avoid or decrease them, it is regarded as a criminal offence. The penalty depends on the value of the missing payment and may be at least 3 years of prison. Their later reporting or payment avoids criminal punishment.

Criminal penalisation may concern also the employer – as legal entity. There are different penalties applicable, e.g. money penalty, ban of activity, cease of assets.

Greece | Atlas Consulting

The information in this publication was provided by Atlas Consulting, a trusted member of the Accace Circle business community in Greece.

Contact: greece@accace.com

HUNGARY

Tax residency

In Hungary, a tax resident is:



a person who is a citizen of Hungary (except dual citizens), as formal criteria



a citizen of the European Union who spends more than 183 days per calendar year in Hungary



a third-country citizen with permanent residence status, whose vital interest is in Hungary



any natural person who has a permanent home (habitually residing in the country) or habitual stay in Hungary (where they stay for more than 3 months without the intention to leave)

Any part of a day spent in Hungary counts as a **full day**, including arrival and departure days.

Split tax residency may apply if an individual's residence changes during the year. Where no double tax treaty applies, **dual residency may occur**.

Personal income tax

15% is the applicable tax rate without threshold



the tax period is the same as the calendar year

Salary paid by **10 January** for work performed in the previous year is generally treated as income of the **previous calendar year**. If paid after 10 January, it is treated as income of the **new calendar year**.

The tax base generally includes **cash and non-cash income**, reduced by applicable tax allowances. These may include benefits for **families, newlyweds, individuals under 25, mothers under 30, mothers with two or more children, and persons with disabilities**.

Social security

18.5% rate paid by the employee (together with the pension and health care contribution)

13% rate paid by the employer

The employer, including a foreign employer, is responsible for **registration, reporting and monthly payment** of contributions.

Contributions are generally calculated on monthly employment income. For full-time employees, the 2026 minimum wage is **HUF 322,800**, or **HUF 373,200** for the guaranteed minimum wage.

If the employee remains covered by a **foreign social security system**, Hungarian employer and employee social security contributions generally do not apply.

A1 Forms

A1 forms for purposes of the Art. 12 of the EU regulation 883/2004 are generally issued only for the duration of each respective posting. The Hungarian authorities do a thorough check of documents and conditions before issuing A1 form. Therefore, it may be a lengthy process.

Health insurance

Health insurance and pension contributions are included in the **social security system**, and employees must be registered as insured persons. Contributions are calculated on **gross taxable income, including benefits in kind**, with **no maximum contribution ceiling**. Although employees bear their social security contributions and employers pay the social contribution tax, the **employer reports and pays both amounts monthly**.

Hungarian tax resident working in one or more other countries



Employees generally need to file a Hungarian personal income tax return by **20 May**. An extension may be available if the tax authority is notified in advance. For individuals with foreign income, late-filing penalties may generally not apply until **20 November**.

Returns can be filed **electronically, by post or in person**. The Hungarian Tax Authority may also provide a **draft tax return**, which the employee can review and amend.

Double taxation is relieved under the applicable **double tax treaty**. If no treaty applies, the **foreign tax credit method** is generally used, subject to statutory limits. Proof of foreign tax paid may be required.

Employment income is generally taxed where the **work is physically performed**. Where income relates to work in several countries, it is usually allocated based on the relevant working time, with bonuses, benefits, holidays and sickness potentially requiring separate allocation.

Tax resident of other country working and paying taxes in Hungary

Hungarian employers considered tax payers generally **withhold and report personal income tax monthly**, with the monthly report due by the **12th day of the following month**.



Employees must file their **own annual tax return**. The standard deadline is **20 May**, with possible extension if the tax authority is notified in advance. For individuals with foreign income, late-filing penalties may generally not apply until **20 November**.

Tax benefits may be available to residents of **EU Member States and certain neighbouring countries**, generally where at least **75% of total income is taxable in Hungary**. Supporting documents may be required.

Employment income is generally allocated to the country where the **work is performed**. Where income relates to several countries, allocation is usually based on working time, with bonuses, benefits, holidays and sickness potentially requiring separate treatment.

Penalties



Delayed filing of the tax return: Fine of up to HUF 400,000 for individuals and HUF 1,000,000 for legal entities.



Delayed payment of the due tax: Late-payment interest based on the MNB base rate + 5%, calculated daily.



Delayed or missing registrations at tax authorities: Fine of up to HUF 2,000,000 for employing an unregistered employee, or up to HUF 500,000 for incorrect or false registration.



Delayed or missing report on monthly salary or withholding tax from salary: Fine of up to HUF 1,000,000.



Delayed report on social security or health insurance: Fine of up to HUF 1,000,000.



Delayed payment of the social security contributions: Late-payment interest based on the MNB base rate + 5%, calculated daily.



Delayed or missing registrations for the purposes of social security or health insurance: Fine of up to HUF 2,000,000 for the employer.

Criminal acts

Intentional underreporting or non-payment of tax or social security contributions to reduce liabilities may be treated as a **criminal offence**, with penalties of up to **10 years' imprisonment** depending on the amount involved. Later reporting or payment may **avoid criminal punishment**. Criminal liability may also apply to the **employer as a legal entity**. Other penalties may include **finances, community service, prohibition from professional activity, and loss of certain civil rights**.

Hungary | Accace Hungary

Accace Hungary is a consulting and outsourcing partner made up of highly qualified experts who turn customer needs into tangible solutions. By combining smart technology and forward-looking approach, we provide our customers with comprehensive professional support. With more than 20 years on the market, 70 Hungarian experts and over 200 satisfied customers, we have vast experience in facilitating the smooth operation and growth of small and large-scale businesses.

Email: hungary@accace.com

Website: www.accace.com

ITALY

Tax residency

An individual is generally considered an Italian tax resident if, for the greater part of the tax year (i.e. more than 183 days or 184 in case of leap year):



is physically present in Italy;



has his/her residency (i.e., habitual abode) in Italy;



has his/her domicile (i.e. place where, primarily, the personal and family relationships are) in Italy.

Any part of a day spent in Italy counts as a full day, including both arrival and departure days.

Split tax residency is generally not recognised, although exceptions may apply under certain tax treaties, including with **Germany and Switzerland**.

Personal income tax

23 – 43% is the range of the applicable tax rates, based on the tax base



the tax period is the same as the calendar year

Additional regional tax is applicable with a rate from 1.23% to 3.33% and a municipal tax with a rate up to 0.8%, based on the place of residency.

Salary paid by **12 January** for work performed in December is treated as income of the **previous year**; if paid later, it is taxed in the new year. Foreign capital income, such as interest, dividends and capital gains, is generally subject to a **26% substitute tax**.

The tax base generally consists of **gross taxable income, including taxable benefits in kind**, reduced by mandatory employee's social security and pension contributions.

Key deductions and tax benefits may include:

- mandatory social security and pension contributions;
- employment and, where applicable, dependent-related deductions;
- private pension fund contributions up to **EUR 5,300**;
- generally **19% of certain eligible expenses**, such as medical costs and qualifying mortgage interest, subject to applicable limits.

Income tax payment deadlines are:

- 30/06/X+1: deadline for payment of the balance of income tax, IVIE and IVAFE (if due) for year X and first advance payment (if due) for year X+1;

- 30/11/X+1: deadline for payment of income tax, IVIE and IVAFE according to advance payment (if due) for the year X+1.

Social security

28% Average rate for the employer¹

10.19% maximum rate for the employee

The local employer registers the employee, withholds the employee share and pays both employer and employee contributions. A foreign employer from a country without a social security agreement with Italy must generally appoint a **social security representative in Italy**, unless the employee remains covered abroad under an applicable certificate of coverage.

Contributions are generally calculated on **gross income**. The minimum monthly base is **EUR 1,511.38**, while the maximum annual base for individuals first insured after 1 January 1996 is **EUR 122,295.00 for 2026** and is updated annually.

Where an employee has several employers, the maximum base applies to total income, with each employer paying a proportional share.

Social security contributions are **reported and paid monthly by the employer**.

A1 Forms

A1 forms are generally issued for the **duration of the relevant posting** under Article 12 of EU Regulation 883/2004. Under Articles 13 or 16, A1 coverage may be granted for **1–2 years or longer**, depending on the circumstances.

Italy agreed to the *“Framework Agreement on the application of Article 16 (1) of Regulation (EC) No. 883/2004 in cases of habitual cross-border telework”*.

Italy provides an **electronic application procedure** for A1 forms.

Health insurance

In Italy, the mandatory health insurance is part of the income tax system. In case it is paid in a foreign country, the employee can deduct the amount of the health insurance paid from the taxable base.

Italian tax resident working in one or more other countries

The employee generally needs to file an Italian tax return if there is **no Italian withholding agent**, if they receive **other types of income**, or if they want to claim tax deductions.

¹ The average rate may increase based on the position of the employee and on the social security classification of the employer.



For the **730 return**, the final filing deadline is generally the **30th of September**. For the **Modello Redditi**, the deadline is the **31st of October**, with a possible extension of up to **90 days**.

Returns are generally filed **online**, although postal filing may be possible in certain cases. A tax adviser is not mandatory but strongly recommended.

Italian tax residents are taxed on their **worldwide income** and must also disclose qualifying foreign investments and assets, which may be subject to **IVAFE** and **IVIE** wealth taxes.

Double taxation is generally relieved through the **foreign tax credit method**. The exemption method may apply in limited cases under an applicable double tax treaty.

To claim relief, supporting documentation may be required, such as the **foreign tax return, tax assessment, proof of foreign tax paid, and employment income statements**.

Tax resident of other Country working and paying taxes in Italy

If salary is paid by a **foreign employer that is not an Italian withholding agent**, the employee must generally file an Italian income tax return and pay the tax due.

If salary is paid by an **Italian employer**, the employer acts as withholding agent and withholds income tax monthly. Payment is generally due by the **16th day of the following month**. The employee may still need to file a tax return depending on their personal circumstances.



The final filing deadline is generally the **30th of September for Form 730** and **31st of October for Modello Redditi**, with a possible extension of up to **90 days**. Returns are generally filed online.

Italian non-residents are taxed only on **Italian-source income**, with employment income generally allocated based on workdays attributable to Italy.

Penalties



Delayed filing of the tax return: Filing within 90 days of the deadline is subject to a EUR 250 penalty, which may be reduced to EUR 25 through the self-amnesty procedure. Higher penalties apply after 90 days.



Delayed payment of the due tax: Penalty of the 25%, reduced to 12,5% if paid within 90 days. Under the self-amnesty procedure, the penalty may be reduced to up to 3,57% based on the actual date of payment. Interest also applies.



Delayed or missing report on monthly salary or withholding tax from salary: late reporting of employees' records or missing withholding may be fined EUR 150–1,500 per employee, increasing to EUR 500–3,000 per employee where at least 5 employees are affected, and EUR 1,000–6,000 where at least 10 or more employees are affected.



Not requesting an A1 form from the respective authorities: No specific penalty applies, but the employee may be considered non-compliant and related social security penalties may follow.



Delayed report on social security: late payment of contributions may result in a 5.5% penalty plus interest. Late submission of the monthly report itself generally carries no penalty, but an omitted report may result in a penalty of 30%–60% of the amount due.



Delayed or missing registrations for the purposes of social security: If registration is missing or delayed and the monthly report cannot be submitted, a penalty of 30%–60% of the amount due may apply.

Criminal acts

Incorrect withholding tax reporting may result in penalties of **90%–180% of unpaid tax**, or **EUR 250–2,000 per recipient** where the tax was paid but reporting was incorrect. A self-amnesty procedure may be available.

Serious social security violations may lead to **criminal penalties, including imprisonment of up to 2 years**, particularly where large amounts are unpaid or employee contributions are withheld but not paid.

Failure to pay tax is generally subject to a **25% penalty**, and serious tax offences may also lead to imprisonment.

For tax offences, **self-amnesty may reduce or avoid criminal penalties**. This option is generally **not available for social security offences**.

Italy | LDP S.t.p.r.l. s.b.

The information in this publication was provided by LDP S.t.p.r.l. s.b., a trusted member of the Accace Circle business community in Italy.

Contact: italy@accace.com

LITHUANIA

Tax residency

An individual is considered a Lithuanian tax resident if they meet at least one of the following criteria during a tax period:



They maintain a permanent place of residence in Lithuania.



They stay in Lithuania for 183 days or more within a single calendar year.



They stay in Lithuania for 280 days or more over two consecutive calendar years, provided their stay lasts at least 90 days in one of those years.



Their personal, social, or economic ties are centered in Lithuania (such as having immediate family residing in the country or operating a local business).

A registered address alone does not automatically determine tax residency. The authorities also consider the person's **personal and economic ties**, such as family, property, employment, social security and usual place of living.

Any part of a day spent in Lithuania counts as a full day, including both arrival and departure days.

Lithuania does not recognize split-year tax residency under domestic tax laws. An individual is classified either as a full tax resident or a non-resident for the entire calendar tax year (January 1 to December 31). However, individuals relocating mid-year between countries may utilize **Double Taxation Treaties (DTTs)** to apply treaty tie-breaker rules, effectively achieving a split-year tax distribution and protecting pre-arrival income.

Personal income tax

Lithuania applies a progressive personal income tax rate structure. The exact progressive tax brackets for the 2026 tax year are structured around the Country's Average Wage (AW/VDU) as follows:

20%

is the applicable tax rate for income up to EUR 83,237.40 (36 Average Wages)

25%

is the applicable tax rate for income from EUR 83,237.40 to EUR 138,729 (36-60 Average Wages)

32%

is the applicable tax rate for income from EUR 138,729 (60 Average Wages).



In Lithuania, the tax period is the same as the calendar year.

Salary paid in January for work performed in December is treated as income of the **new calendar year**.

Employers must submit the monthly PIT declaration **GPM313** by the **15th of the following month**. PIT is generally payable by the **15th of the following month** if salary is paid then, or by the **last day of the current month** if salary is paid in the same month. The employer's annual declaration **GPM312** is due by **15 February**, while the employee's annual declaration **GPM311** is due by **1 May**.

The monthly **Basic Tax-Free Allowance (NPD)** can reduce taxable salary. The maximum NPD is **EUR 747** for monthly gross salary up to **EUR 1,153** and gradually decreases to **EUR 0** once salary reaches **EUR 2,677.49**. Higher fixed allowances apply to qualifying persons with disabilities or limited working capacity.

Certain employer benefits may be tax-free within limits, including **health insurance up to EUR 350 per month** and **gifts up to EUR 200 per year**. Lithuanian tax residents with foreign income may claim double-tax relief under the applicable treaty. Annual returns and refund claims are generally handled online through the **VMI portal**.

Social security

In Lithuania, mandatory social security contributions are shared between employer and employee:

19.50% of gross salary paid by the employee, consisting of pension social insurance (8.72%), sickness insurance (1.99%), maternity insurance (1.81%) and health insurance (6.98%).

1.77% of gross salary paid by the employer, but depending on the type of contract and the company's risk category, the rate may range from 1.45% to 3.75%.

Employees participating in voluntary Tier II pension accumulation pay an additional **3%**.

For 2026, the minimum monthly contribution base is **EUR 1,153**, and the annual contribution ceiling is **EUR 138,729**, unless an exemption applies.

Employers must register employees at least **1 working day before employment starts** and report and pay contributions monthly through **Sodra EDAS** by the **15th of the following month**. Termination must generally be reported no later than the **day after employment ends**.

Foreign employers with Lithuanian-taxable salary generally have the same payroll obligations as local employers. If an employee remains covered by another country's system under an **A1 certificate or bilateral agreement**, Lithuanian social security generally does not apply.

A1 Forms

A1 certificates are issued by the **Vilnius Division of Sodra**. Only the employer can apply, through its personal Sodra account, by submitting the application, questionnaire and required supporting documents.

Sodra generally decides within **20 working days** after receiving all necessary information.

For temporary postings, Lithuanian social security may continue for up to **24 months**, provided the conditions are met.

For employees working in several EU countries, Lithuania may remain the applicable social security country if at least **25% of the work or income is connected to Lithuania**.

Health insurance

Health insurance is **included in Lithuanian's mandatory social security contributions**. Once these contributions are paid, the employee is generally covered by the public healthcare system.

The employer is responsible for reporting and paying the contributions monthly, including the employee share.

Lithuanian tax resident working in one or more other countries

Employees with only **one Lithuanian employer and no other income** generally do not need to file an annual tax return, as tax is withheld through payroll. Filing is generally required if the employee has **foreign income, multiple income sources, or wants to claim deductions or reliefs**.



The annual filing and payment deadline is **1 May of the following year**, or the next business day if 1 May is not a working day. The deadline generally **cannot be extended**.

Double taxation is relieved under the applicable **double tax treaty**, usually through the exemption or credit method. If no treaty applies, domestic foreign tax credit rules may be available. Proof of foreign tax paid is required.

Qualifying deductions may include **life insurance, private pensions and education costs**. For employees working in several countries for the same employer, income is generally allocated based on **where the work was physically performed**.

Tax resident of other country working and paying taxes in Lithuania

For non-resident employees, a foreign employer registered in Lithuania as a **withholding agent** generally follows the same payroll procedure as for residents.



Monthly PIT declaration **GPM313** is due by the **15th of the following month**. PIT is generally payable by the **15th of the following month** if salary is paid then, or by the **last day of the current month** if salary is paid in the same month. The employer's annual declaration **GPM312** is due by **15 February**.

Employees must be registered for social security at least **1 working day before employment starts**, with contributions reported and paid through Sodra by the **15th of the following month**.

The employee generally does not need to file an annual return unless they have **other taxable income or wish to claim deductions**. If filing is required, the deadline is **1 May of the following year**.

Eligible deductions may include **life insurance and Tier III pension contributions**, subject to a combined annual cap:

25%

of the taxable income is the maximum deductible amount

EUR 1,500 is the annual cap for all eligible deductions, including donations, education, and medical expenses.

Where work is performed in Lithuania and abroad, employment income is generally allocated based on **actual workdays**, with bonuses, benefits, leave and holidays allocated proportionally.

Penalties



Delayed filing of the tax return: Fine of EUR 80–180 for initial offences.



Delayed payment of the due tax: Late-payment interest is 0.027% per day from 1 August 2026.



Delayed or missing registrations at tax authorities: Fine of EUR 200–1,100.



Delayed or missing report on monthly salary or withholding tax from salary: Responsible officers may face fines of EUR 150–600, with higher penalties for repeated or fraudulent violations.



Not requesting an A1 form from the respective authorities: May result in retroactive Lithuanian social security and health insurance liabilities.



Delayed report on contributions: Fines and interest on unpaid contributions may apply.



Delayed payment of the contributions: Late-payment interest is 0.027% per day from 1 August 2026.



Delayed or missing registrations for social security and health insurance: Administrative fines may apply depending on the severity and duration of the violation.

Criminal acts

Incorrect reporting or non-payment of due tax, social security, or health insurance contributions can be considered a criminal offence if it involves fraudulent behaviour or intentional evasion. In such cases, individuals may face penalties including monetary fines, confiscation of property, or imprisonment, depending on the seriousness of the offence. However, voluntary correction and cooperation with the authorities may help reduce or avoid criminal charges.

Lithuania | Numeri UAB

The information in this publication was provided by Numeri UAB, a trusted member of the Accace Circle business community in Lithuania.

Contact: balticstates@accace.com

MOROCCO

Tax residency

Individuals are a tax resident of Morocco if they meet any of these criteria:



Whether they have their permanent home in Morocco.



Whether they spend more than 183 days in Morocco in any 12-month period.



Whether they have their center of economic interests in Morocco.

Non-residents may still be taxed on **Moroccan-source income**, such as employment income earned in Morocco or income from Moroccan real estate, subject to any applicable double tax treaty.

Moroccan State agents working abroad may remain tax residents of Morocco if they are exempt from personal income tax in the country where they are posted.

Any part of a day spent in Morocco counts as a full day, including arrival and departure days.

Split tax residency is possible. Where an individual is resident in more than one country, residency is determined under the applicable tax treaty or, if no treaty applies, under Moroccan domestic law.

Personal income tax

Morocco applies progressive personal income tax rates based on annual income:

0%	for monthly income between MAD 0 and MAD 3,333
10%	for monthly income between MAD 3,334 and MAD 5,000
20%	for monthly income between MAD 5,001 and MAD 6,667
30%	for monthly income between MAD 6,668 and MAD 8,333
34%	for monthly income between MAD 8,334 and MAD 15,000
37%	for monthly income above MAD 15,000

At higher rates of annual income, the brackets to be applied:

0%	for annual income between MAD 0 and MAD 40,000
10%	for annual income between MAD 40,001 and MAD 60,000

- 20%** for annual income between MAD 60,001 and MAD 80,000
- 30%** for annual income between MAD 80,001 and MAD 100,000
- 34%** for annual income between MAD 100,001 and MAD 180,000
- 37%** for annual income above MAD 180,000



the tax period is the same as the calendar year

Salary paid in January for work performed in December is treated as **December income**.

The tax base is generally gross taxable income less applicable deductions and exemptions. Key deductions may include **professional expenses, social security and pension contributions, mandatory health insurance, and certain housing-loan repayments**. Family tax relief is **MAD 600 per dependant per year**, up to **6 dependants / MAD 3,600 annually**, from 1 January 2026.

Certain qualifying new employees may benefit from salary tax exemptions for **24 months** or **36 months**, depending on the incentive and eligibility conditions. These incentives apply to eligible hires made by **31 December 2026**.

Employees of qualifying **Casablanca Finance City (CFC)** companies may be taxed at a **20% flat rate for up to 10 years**. From 2026, this period is calculated cumulatively. Eligible employees may instead choose taxation under the **progressive tax scale** by notifying their employer before **1 February** of the relevant year.

Social security

Social security is paid by both the **employer and employee**, with the employer responsible for withholding the employee share and paying all contributions to the **CNSS**. Both employers and employees must register with the CNSS, including foreign employers with employees residing in Morocco.

Contributions are generally calculated on **gross salary**, including bonuses, allowances and benefits. Key rates are:

Benefits Category	Calculation Base	Employer Contribution Rate	Employee Contribution Rate	Total Rate
1. Family Benefits	Total actual salaries for the period (month/quarter)	6.40%	-	6.40%
2. Short-term social benefits	Total capped salaries (each capped at MAD 6,000)	1.05%	0.52%	1.57%
3. Long-term social benefits	Total capped salaries (each capped at MAD 6,000)	7.93%	3.96%	11.89%
4. Compulsory Health Insurance (AMO)	Total actual salaries for the period (month/quarter)	4.11%	2.26%	6.37%

5. Vocational Training Tax	Total actual salaries for the period (month/quarter)	1.60%	-	1.60%
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Where an employee has several employers, the applicable contribution cap is applied **separately by each employer**.

Employers report and pay contributions **monthly** through the CNSS electronic declaration system. Social security is calculated separately from income tax.

International social security agreements or special rules for temporary assignments may exempt foreign employees from Moroccan contributions or modify the applicable obligations.

A1 Forms

Instead of A1 forms, the Moroccan Social Security authority issues a certificate titled « *Demande de détachement dans un autre pays* » – Ref.: 350-1-01, which is used in the context of Secondment to Another Country.

Health insurance

Health insurance in Morocco is part of the **CNSS social security system** and is generally funded by both employer and employee contributions.

The employer usually handles **employee registration and monthly payment** of both shares. Foreign employers may also have obligations in certain cases.

Contributions are generally based on **gross salary**. If an employee has multiple employers, the applicable maximum base is generally applied **separately by each employer**.

Moroccan tax resident working in one or more other countries

Employees may file their own income tax return, while employers can in some cases declare and pay tax on their behalf through the **SIMPL-IR system**.



The filing deadline is generally **30 days following the relevant filing month**. Extensions are usually not available, although they may be granted in specific cases, such as for residents abroad, upon request to the tax authorities.

Double taxation is relieved under the applicable **double tax treaty** or, where no treaty applies, through domestic exemption or tax credit methods. Supporting documents, such as a foreign tax residency certificate or tax return, may be required.

Tax benefits may be claimed with appropriate supporting documents. Certain donations to approved organisations may qualify for tax relief.

Where an employee works for the same employer in Morocco and another country, income attribution generally depends on the **applicable tax treaty**. Paid leave, public holidays, sick leave, bonuses and benefits in kind are generally treated as Moroccan-source income.

Tax resident of other country working and paying taxes in Morocco



The employee or employer must generally **declare and pay income tax monthly**, with a deadline of **30 days after the end of the relevant month**.

Employers may handle this through the **SIMPL-IR system** on behalf of the employee. Extensions are generally not available unless provided under an applicable **double tax treaty**.

Tax returns may be filed online, by mail or in person. A tax adviser may represent the employee under a valid power of attorney.

Tax benefits require supporting documentation. Certain donations to approved organisations may qualify for **tax relief**, subject to applicable limits.

Penalties



Delayed filing of the tax return: Surcharge of 5% if the delay is up to 30 days and 15% if it exceeds 30 days. Minimum surcharge: MAD 500.



Delayed payment of the due tax: Penalty of 10%, plus 5% for the first month of delay and 0.5% for each additional month or part of a month.



Delayed or missing report on monthly salary or withholding tax from salary: Surcharge of 5% if the delay is up to 30 days and 15% if it exceeds 30 days. Minimum surcharge: MAD 500.



Delayed report on social security: Fixed penalty (astreinte) of MAD 50 per employee concerned, capped at MAD 5,000.



Delayed payment of the social security contributions: For the general scheme, 3% for the first month or part of a month, plus 0.5% for each additional month. For the AMO scheme, 1% per month of delay.

Criminal acts

The incorrect reporting of due tax, social security or health insurance contributions, their later reporting or missing payment is not regarded as criminal act but requires correcting the situation and paying penalties and payment interest.

Morocco | FINACS

The information in this publication was provided by FINACS, a trusted member of the Accace Circle business community in Morocco.

Contact: morocco@accace.com

POLAND

In Poland, tax residents are natural persons, who fulfil one of the following conditions:



They stay on Polish territory for more than 183 days in a tax year



They have a centre of personal or economic interests (centre of vital interests) on the territory of Poland

Any part of a day spent in Poland generally counts as a **full day**, including arrival and departure days.

Transit days spent only passing through Poland are excluded, as are full days spent outside Poland for holidays, business or other reasons.

Personal income tax

12% is the applicable tax rate up to PLN 120,000

32% is the applicable tax rate above the threshold PLN 120,000



the tax period is the same as the calendar year

Salary paid by **10 January** for work performed in the previous year is treated as income of the **previous calendar year**. If paid after 10 January, it is treated as income of the **new calendar year**.

The tax base is generally calculated from remuneration reduced by **statutory employment costs and applicable allowances**. The annual tax-free amount is **PLN 30,000**.

Key deductions and tax benefits may include:

- employment costs of **PLN 3,000 per year** for one agreement or **PLN 4,500** for multiple agreements, with possible increases for commuting
- partial deduction of **internet costs**
- contributions to an **Individual Retirement Security Account**
- tax exemption up to **PLN 85,828** for employees under 26 and employees raising at least four children
- **child and disability-related allowances**

Taxpayers may also allocate **1.5% of personal income tax to charity**.

Social security

20.48% rate paid by the employer

13.71% rate paid by the employee

Social security contributions in Poland are calculated on **gross salary**.

Employer contributions generally include **9.76% retirement**, **6.5% disability**, **1.67% accident insurance** (may vary), **2.45% Labour Fund (FP)** and **0.01% FGSP**.

Employee contributions generally include **9.76% retirement**, **1.5% disability** and **2.45% sickness insurance**.

Employees must be registered with the Polish Social Insurance Institution (**ZUS**). Local employers generally handle registration, withholding and payment. For foreign employers, alternative arrangements may require the employee to register and handle certain obligations.

For 2026, the annual contribution ceiling for **retirement and disability insurance** is **PLN 282,600**.

Contributions are generally **reported and paid monthly**. If an employee has multiple employers, each employer has its own reporting and health-insurance payment obligations.

A1 Forms

Upon fulfilling some formalities, the authorities issue the A1 forms in case of posting to other countries easily. The forms are generally only issued for the duration of the posting in question, not longer than 24 months.

Health insurance

9% is the rate of health insurance in Poland. Special calculation rules apply to certain entrepreneurs.

Since 2022, health insurance contributions generally **cannot be deducted from income tax**.

Contributions are calculated separately and handled **monthly through payroll**. If an employee has multiple employers, each employer must report and pay health insurance contributions separately.

Employee capital plans

Employee Capital Plans (**PPK**) are a workplace pension savings scheme for employees subject to social security contributions. Employers generally must offer PPK, while employee participation is **voluntary** and employees may opt out. A micro-employer may be exempt if all employees resign from participation.

PPK contributions are generally:

- **Employer:** 1.5% basic + up to 2.5% additional
- **Employee:** 2% basic + up to 2% additional
- **State:** PLN 250 welcome contribution + PLN 240 annual contribution

Employer and employee contributions are calculated from the **pension and disability insurance contribution base**.

Polish tax resident working in one or more other countries

Polish tax residents must generally report their **worldwide income** in Poland. Employees are generally responsible for filing their annual tax return, although employers handle tax calculations and payments through payroll.



The tax return is generally due by the **end of April**, with **no extension available**. It can be filed online, by post or in person.

Double taxation is relieved under the applicable **double tax treaty**, using either the **credit or exemption method** depending on the treaty. If no treaty applies, the **tax credit method** may be available. Proof of foreign tax paid is generally required.

Tax benefits require appropriate supporting documents. Taxpayers may also allocate **1.5% of their tax to a charitable organisation**.

Tax resident of other country working and paying taxes in Poland

If a **foreign employer** pays a non-resident employee and Poland has the right to tax the income, the employee generally has to **calculate and pay the Polish tax themselves**.

A local employer generally calculates and pays tax advances by the **20th day of the following month** and social security contributions by the **15th day of the following month**.



The employee must file an annual tax return by the **end of April**, with **no extension available**. Filing can be done online or on paper.

Tax benefits require supporting documentation. Taxpayers may also allocate **1.5% of their tax to charity**. Employment income is generally attributed between countries based on the **183-day rule**.

Penalties



Delayed filing of the tax return: Fine of PLN 480.60–96,120.



Delayed payment of the due tax: Fine of PLN 480.60–96,120.



Delayed or missing registrations at tax authorities: May result in up to 5 years' imprisonment or a fine of up to approximately PLN 46 million, depending on the case.



Delayed or missing report on monthly salary or withholding tax from salary: Fine of PLN 480.60–96,120.



Not requesting an A1 form from the respective authorities: Generally subject to the same consequences as delayed social security reporting or payment.



Delayed report on social security: Fine of up to PLN 5,000.



Delayed payment of the social security contributions: Penalty interest applies.



Delayed or missing registrations for the purposes of social security: Fine of PLN 480.60–96,120.



Delayed report on health insurance: Fine of PLN 480.60–96,120.



Delayed payment of the health insurance contributions: Fine of PLN 480.60–96,120.



Delayed or missing registrations for the purposes of health insurance: Fine of PLN 480.60–96,120.

Criminal acts

Incorrect reporting or non-payment of tax, social security or health insurance contributions may constitute a **criminal offence**, punishable by up to **5 years' imprisonment** or a fine of up to approximately **PLN 46 million**.

Criminal penalties may be avoided if the outstanding amounts are paid, all required formalities are completed, and a **voluntary disclosure letter** is filed.

Poland | Accace Poland

Accace Poland is a proactive outsourcing and consultancy partner providing all-round support based on a holistic approach to businesses. As part of a global group, a leader in the CEE markets, we combine smart technology solutions with the knowledge and practical experience of over 800 local experts. Our global potential and care for the top quality allow us to go beyond standards and offer innovative services to approximately 2,000 clients, regardless of the industry and the scale of business.

Email: poland@accace.com

Website: www.accace.com

ROMANIA

Tax residency

A person is a tax resident if:



has a permanent home in Romania



is present in Romania for more than 183 days in any 12 consecutive months ending in the relevant calendar year



is a Romanian citizen working abroad as an official or employee of the Romanian state



has the centre of vital interests in Romania

Any part of a day spent in Romania counts as a **full day**, including arrival and departure days.

Romania does not generally apply a formal split-year election, but worldwide taxation may apply only for the period in which the person is treated as Romanian tax resident. If two countries claim residence, the applicable **double tax treaty** should be reviewed.

Individuals exceeding the **183-day** threshold generally need to file an arrival questionnaire within **30 days**, while those leaving Romania for more than 183 days generally file a departure questionnaire at least **30 days before departure**.

Personal income tax

10% is the applicable tax rate



the tax period is the same as the calendar year

Salary paid by **10 January** for work performed in the previous year is treated as income of the **previous year**. Later payments are taxed in the **year paid**.

Taxable employment income generally includes **cash and benefits in kind**, less mandatory social contributions and permitted deductions. Certain benefits may be tax-free, including **gifts up to RON 300 per event**, training, safety equipment, qualifying stock options, and some food, phone, mobility and company-car benefits. Personal deductions depend on **income, family situation and tax residence**.

Social security

25% is the rate of social security in Romania, withheld and paid by the employer, along with a **2.25%** labour insurance contribution.

Contributions are generally based on **gross employment income**, with minimum-base rules potentially applying to some employment contracts.

The employer generally **reports and pays contributions by the 25th of the following month**. If an employee has multiple employers, each employer has separate reporting obligations.

A1 Forms

Applications for Romanian A1 certificates are submitted electronically through the National House of Public Pensions' RODPA1 platform. There is no general or guaranteed standard processing period.

Health insurance

10% is the rate of health insurance in Romania, withheld and paid by the employer from gross income.

Minimum contribution-base rules may apply to some employment contracts.

The employer generally **reports and pays the contribution by the 25th of the following month**. Each employer has separate obligations where an employee has multiple jobs.

Romanian tax resident working in one or more other countries

If an employee works in Romania for a **foreign employer with no Romanian presence**, the employee may need to **file and pay Romanian income tax monthly**. The foreign employer may also have Romanian social security obligations unless an **EU rule or social security agreement** provides otherwise.



Tax returns and payments are generally due by the **25th of the following month** and are usually filed electronically.

Double taxation may be reduced or eliminated under an applicable **double tax treaty**, generally requiring a valid **tax residence certificate** and supporting documents.

Tax resident of other country working and paying taxes in Romania

A non-resident individual working in Romania for a Romanian employer is generally subject to Romanian payroll taxation on employment income attributable to work performed in Romania, subject to the relevant double tax treaty. The employer generally calculates, withholds, reports and pays the related income tax and social contributions.



Tax returns and payments are generally due by the **25th of the following month** and are usually filed electronically.

Penalties



Delayed filing of the tax return: Administrative fine may apply depending on the return and taxpayer.



Delayed payment of the due tax: Interest of 0.02% per day plus a 0.01% late-payment penalty per day.



Delayed or missing registrations at tax authorities: Late or missing registration may result in an administrative fine.



Delayed or missing report on monthly salary or withholding tax from salary: Late or incorrect payroll reporting may result in administrative fines.



Not requesting an A1 form from the respective authorities: May result in Romanian social security exposure or issues during an inspection.



Delayed report on social security: Administrative fine may apply.



Delayed payment of the social security contributions: Interest of 0.02% per day plus a 0.01% late-payment penalty per day.



Delayed or missing registrations for the purposes of social security: Administrative fine may apply.



Delayed report on health insurance: Administrative fine may apply.



Delayed payment of the health insurance contributions: Interest of 0.02% per day plus a 0.01% late-payment penalty per day.



Delayed or missing registrations for the purposes of health insurance: Administrative fine may apply.

Criminal acts

Incorrect reporting or non-payment of tax and social contributions may result in criminal liability only where the statutory elements of an offence are met, including the relevant intent and circumstances.

Romania | Accace Romania

Accace Romania was founded in Bucharest in 2007. Understanding the needs of our clients to have all internal processes managed under one umbrella, we have developed into a proactive consultancy and outsourcing partner who bridges the gap between needs and solutions, by combining smart and streamlined technology with an integrated approach. Today, we offer accounting, reporting, payroll, HR administration services, tax and corporate advisory and legal consultancy through a law firm.

Email: romania.office@accace.com

Website: www.accace.com

SLOVAKIA

Tax residency

In Slovakia, tax residency is based on fulfilling either formal or material criteria, such as:



having a registered permanent residence in Slovakia, including temporary residence of EU citizen in Slovakia



having actual residence in Slovakia



staying in Slovakia for 183 days and more, except for purposes of study, medical treatment

For the purposes of calculation of the days of presence in Slovakia within one or more periods, any part of the day of presence is regarded as a whole day (including day of arrival and day of departure).

In Slovakia, split tax residency between more countries within one tax period is acknowledged.

Personal income tax

19% is the applicable tax rate up to the threshold of EUR 43,983.32 in 2026

25% is the applicable tax rate above the threshold of EUR 43,983.32 in 2026

30% is the applicable tax rate above the threshold of EUR 60,349.21 in 2026

35% is the applicable tax rate above the threshold of EUR 75,010.32 in 2026



the tax period is the same as the calendar year

The Slovak personal income tax threshold **changes annually**.

Salary paid in **January** for work performed in December is treated as income of the **previous year**. If paid later, it is generally taxed in the **year of payment**.

The tax base is generally **gross taxable income, including benefits in kind**, reduced by employee social and health contributions and applicable non-taxable allowances.

Additional tax benefits may include deductions for a **spouse, supplementary pension savings, children and home-loan interest**.

Social security

25.2% rate paid by the employer

9.4% rate paid by the employee

If Slovak social security applies, the employer must **register the employee and handle withholding, reporting and payment**, including foreign employers.

Contributions are calculated monthly on **gross taxable employment income**. For 2026, the maximum monthly base is **EUR 16,764**, although some employer contributions may not be capped.

Social security is **reported and paid monthly**. If an employee has multiple employers, each employer has its own reporting and payment obligations.

A1 Forms

An **A1 certificate** confirms which country's social security system applies to an employee working abroad. For postings under Article 12, it is generally issued for the **duration of the posting**. Under Articles 13 or 16, it may be issued for **1–2 years or longer**. Slovak authorities usually carry out a detailed review before issuing the certificate, so the process may take longer.

Health insurance

11% rate paid by the employer

5% rate paid by the employee

Employees must register with a **Slovak health insurance institution**. Local and foreign employers generally handle registration, withholding, reporting and payment.

Contributions are calculated on **gross taxable income**, with **no maximum base**. Monthly payments are treated as advances and are subject to an **annual reconciliation**.

Health insurance is **reported and paid monthly**, and each employer has separate obligations if the employee has multiple jobs.

Slovak tax resident working in one or more other countries

Employees with **taxable foreign income** must generally file a Slovak tax return and cannot use the employer's annual tax reconciliation.



The standard deadline is **31 March**, extendable by up to **3 months**, or up to **6 months** if foreign taxable income is involved.

Double taxation may be relieved through the **exemption or credit method**, depending on the applicable rules and treaty. Proof of foreign tax paid is generally required.

Employment income is generally allocated to the country where the **work is performed**. Where income relates to several countries, it is usually apportioned based on working time, including relevant bonuses, benefits and paid leave.

Tax benefits require supporting documentation. Taxpayers may also allocate **2% of tax to a non-profit organisation, 3% for qualifying volunteers, and 2% to pensioner parents**.

Tax resident of other country working and paying taxes in Slovakia

Local and foreign employers generally **withhold and report Slovak employment tax monthly**. Withheld tax is due within **5 days after salary payment**, the monthly report by the **end of the following month**, and the annual report by the **end of April**.

The employer may perform the annual tax reconciliation if the employee requests it by **15 February** and has no other Slovak-taxable income. Otherwise, the employee must file a tax return.



The standard filing deadline is **31 March**, extendable by up to **3 months**.

Certain tax benefits for non-residents generally require at least **90% of total income to come from Slovak sources**. Employment income is usually allocated based on **where the work is physically performed**, with bonuses, benefits and paid leave apportioned where necessary.

Penalties

The first infringement is generally **not penalised**. If a fine is paid within **15 days**, it may be reduced to **two-thirds** of the original amount.

There is **no specific Slovak penalty for a missing A1 form**, but it may lead to registration, contribution or employment-related penalties.



Delayed filing of the tax return: Fine of EUR 100–30,000.



Delayed payment of the due tax: Penalty of 15% p.a. on overdue tax, for up to 4 years.



Delayed or missing registrations at tax authorities: Fine of EUR 100–30,000.



Delayed or missing report on monthly salary or withholding tax from salary: Fine of EUR 100–30,000.



Delayed report on social security: Fine of up to EUR 16,596.96.



Delayed payment of the social security contributions: Penalty of 0.05% per day on the overdue amount.



Delayed or missing registrations for the purposes of social security: Fine of up to EUR 16,596.96.



Delayed report on health insurance: Fine of up to EUR 3,319.



Delayed payment of the health insurance contributions: Penalty of 15% p.a. on the overdue amount.



Delayed or missing registrations for the purposes of health insurance: Fine of up to EUR 3,319.

Criminal acts

Intentional underreporting or non-payment of tax, social security or health insurance contributions may constitute a **criminal offence**, punishable by up to **10 years' imprisonment**, depending on the amount involved.

Criminal liability may also apply to the **employer as a legal entity**, with penalties including fines of **EUR 1,500–4,000,000**, activity bans or asset-related sanctions.

Later reporting or payment may **avoid criminal punishment**.

Slovakia | Accace Slovakia

Accace Slovakia currently employs more than 120 professionals united by mutual drive for progress, new technologies and personal approach. Given our experience gained throughout the years, we have moved from a provider of traditional services to a strategic partner in consultancy and outsourcing – bridging the gap between needs and solutions. Accace Slovakia is trusted by start-ups, SMEs, and global businesses thanks to our comprehensive range of services in the field of accounting, taxes, law, payroll and HR solutions. We are proactive members of start-up and fintech communities. The legal services are covered by our law firm, Accace Legal. Within Accace group, we gather more than 800 experts and provide services to approximately 2,000 customers. You can find us in Bratislava, Košice and Trenčín.

Email: slovakia@accace.com

Website: www.accace.com

SPAIN

Tax residence

An individual is generally considered a Spanish tax resident if:



They spend more than 183 days a year in Spain.



They have their centre of economic interests, directly or indirectly, in Spain.



If their spouse or children are habitually resident in Spain.

Any part of a day spent in Spain counts as a full day, including arrival and departure days. Short absences may also count unless the individual can prove tax residence in another country.

Split tax residency is not recognised within a single tax period.

Personal income tax

Spain applies a **progressive personal income tax system**, combining state and regional taxes. As a general guide, total rates range from **19% to 47%**, depending on income:

19%	for income up to EUR 12,450
24%	for income between EUR 12,450 and EUR 20,200
30%	for income between EUR 20,200 and EUR 35,200
37%	for income between EUR 35,200 and EUR 60,000
45%	for income between EUR 60,000 and EUR 300,000
47%	for income above EUR 300,000

Actual rates vary by region, and the **Basque Country and Navarre have separate tax systems**.



The tax period is the same as the calendar year.

Employment income is generally **taxed in the year in which it becomes legally payable**, subject to the applicable Spanish tax rules.

The taxable base generally includes employment income, dividends, interest and capital gains. A tax return is generally required if employment income exceeds **EUR 22,000 from one payer** or **EUR 15,876 from multiple payers**, subject to specific conditions.

Deductions may apply for **social security contributions and certain work-related expenses**. Spain also offers a **special tax regime for certain foreign employees relocating to Spain**.

Social security

+30% employer's contribution (plus a variable contribution for accidents at work, e.g. 1.50% for office work)

4.70% employee contribution (depending on the type of contract)

The employer, including a foreign employer, is responsible for registering the employee, withholding the employee share and paying the contributions.

Contributions are calculated on applicable payroll income, including the proportional part of additional payments. Under the general scheme, the monthly contribution base ranges from **EUR 1,323 to EUR 4,909.50**.

Contributions are **reported and paid monthly**. If an employee has several employers, the Social Security authorities must be informed so the contribution base can be allocated correctly between them.

A1 forms

Getting an A1 form can take up to 5 days. Under EU social security coordination rules, an A1 certificate may generally be issued for assignments of up to 24 months, subject to meeting the applicable conditions.

Health insurance

Private health insurance may be offered by the employer as an **employee benefit**, with the cost depending on the insurer and policy.

If provided through payroll, the employee generally does not need to register separately. Employer-paid health insurance is **tax-exempt up to EUR 500 per year per beneficiary**.

There is **no minimum or maximum contribution base** for private medical insurance.

Health insurance is separate from Social Security and is generally **paid monthly**. If an employee has multiple employers, Social Security should be informed so any duplicate contributions can be adjusted.

Spanish tax residents working in one or more countries

Spanish tax residents are generally taxed on their **worldwide income** and must declare income received from both Spanish and foreign sources.



The annual income tax return is generally due by **30 June of the following year**, with no extension available.

It may be filed online, by telephone or through certain government offices. A tax adviser is not required.

Double taxation may be relieved through a **deduction or tax credit**, depending on whether a double tax treaty applies. Proof of foreign tax paid may be required.

Available tax benefits generally require supporting documentation, including evidence of the foreign tax return where relevant.

Tax residents in another country who work and pay taxes in Spain

Both local and foreign employers generally withhold and pay the employee's **monthly income tax**, while the employee remains responsible for filing their own annual tax return.

A tax return is generally required if employment income exceeds **EUR 22,000 from one payer** or **EUR 15,876 from multiple payers**. The EUR 22,000 threshold may still apply where income from the second and subsequent payers does not exceed **EUR 1,500 per year**.

The return can be filed online, and a tax adviser or power of attorney is not required.

Tax benefits generally require supporting evidence, such as **proof of tax residence and census registration**.

Penalties



Late filing of tax returns: Depends on the amount unpaid



Late payment of tax due: Penalties and interest may apply



Late registration or failure to register with the tax authorities: Penalties and interest may apply



Late or failure to submit the monthly declaration of wages or tax withheld from wages: Penalties and interest may apply

Spain | VASALTO

The information contained in this publication has been provided by VASALTO, a trusted member of the Accace Circle business community in Spain.

Contact: spain@accace.com

TURKEY

Tax residency

A person is generally considered a Turkish tax resident if:



they have a **permanent residence or habitual home in Turkey**



they stay in Turkey for **more than 6 months during a calendar year**. Temporary departures do not interrupt this period.

Any part of a day spent in Turkey counts as a full day, including both arrival and departure days.

Split tax residency is recognised within a single tax period.

Personal income tax

15 – 40% is the range of the applicable tax rates, based on the tax base



the tax period is the same as the calendar year

Salary is generally taxed when the employee becomes entitled to it. December salary is therefore normally taxed in **December**, although retrospective payments such as bonuses may be treated differently.

The tax base generally consists of **gross taxable income, including salary and benefits**, reduced by the employee's social security contributions and any applicable non-taxable amounts.

Key deductions may include **social and health insurance contributions** and certain qualifying personal, spouse, pension or health-related amounts, subject to applicable income and residency conditions.

Social security

23.75% rate for the employer

15% rate for the employee

Local employers must register employees through the online social security system, withhold the employee share and pay both employer and employee contributions. This registration requirement does not apply to foreign employers without a Turkish entity.

Contributions are generally calculated monthly on **gross salary**, subject to a minimum base equal to the minimum wage and an applicable maximum cap. If an employee has multiple employers, the cap applies separately to each employment.

Social security is **reported and paid monthly by the employer**. Where there are multiple employers, each is responsible for its own reporting and payment.

A1 Forms

Instead of A1 forms, the Turkish Social Security authority issue a certificate under the bilateral agreements between the countries. It may be a time-consuming process, as the authorities would check the documents and conditions before issuing the form.

Health insurance

In Turkey, health insurance is included in the social security premiums. Therefore, the same applies to them as to social security contributions.

Turkish tax resident working in one or more other countries



If an employee receives salary from outside Turkey without a recharge to a Turkish entity, they must generally file an **annual income tax return by 31 March**. The deadline may be extended by the Ministry, in case of reasons such as technical problems in the tax office portal and force majeure situations.

Filing may be electronic or in person, and a tax adviser is optional with a power of attorney.

Double taxation is relieved under the applicable **double tax treaty** or, where no treaty applies, through Turkish domestic rules. If foreign employment income was taxed abroad, a **tax credit** may be available. Proof of foreign tax paid is generally required and documents may need to be **apostilled and translated into Turkish**.

Tax benefits require supporting documentation. Employment income is generally attributed to the **country where the work is performed**; where work is split between countries, income may be allocated based on the time spent working in each.

Wage income may also benefit from **income tax and stamp tax exemptions** linked to the applicable minimum wage.

Tax resident of other country working and paying taxes in Turkey

The employer, including a foreign employer, must generally **withhold and report income tax monthly**.



If the employee is required to file an annual tax return, it must be submitted by **31 March of the following year**. The deadline may be extended by the Ministry, in case of reasons such as technical problems in the tax office portal and force majeure situations.

The return may be filed electronically, by post or in person. A tax adviser is optional and requires a power of attorney.

Tax benefits require supporting documentation. Employment income is generally attributed to the **country where the work is performed**; where work is split between Turkey and another country, income may be allocated based on the time worked in each country.

Penalties



Delayed filing of the tax return: The monthly interest rate is 4.5%. Additionally, tax loss and irregularity penalties may be applied.



Delayed payment of the due tax: The monthly interest rate is 3.7%



Delayed or missing report on monthly salary or withholding tax from salary: Various penalties may apply depending on the case, including irregularity penalties, interest, or a tax penalty equal to the unpaid tax.



Not requesting an A1 form from the respective authorities: There is no specific penalty in Turkey for not requesting an A1 form, but a missing certificate of coverage may lead to penalties or other consequences in another country.



Delayed report on social security: Similar to tax penalties, there are various types of penalties including monetary penalties and social security inspection



Delayed payment of the social security contributions: The penalty is 3% per month over the social security amount. There are also possible irregularity penalties



Delayed or missing registrations for the purposes of social security: The penalty equals one month of minimum gross wage (TRY 33.030,50 for 2026).

Criminal acts

In Turkey, criminal penalisation is applicable for tax frauds. The penalty depends on the scope of case and may be as high as 8 years of prison.

The later reporting or payment of due tax and social security contributions can avoid criminal punishment.

Turkey | CottGroup®

The information in this publication was provided by CottGroup®, a trusted member of the Accace Circle business community in Turkey.

Contact: turkey@accace.com

OVERVIEW OF COUNTRY RATES

To provide a quick overview of the local specifics, we present below a comparison of the personal income tax rate, social security and health insurance contribution rates applicable per country.

Country	PIT rate	Social security rate		Health insurance rate	
		Paid by employer	Paid by employee	Paid by employer	Paid by employee
BG	10% ¹	14.12% - 14.82%	10.58%	8%	
CY	0% - 35% ²	8.8% ³	8.8% ³	2.9%	2.65%
CZ	15% - 23% ²	24.8%	7.1%	9%	4.5%
EG	0% - 27.5% ²	18.75%	11%	included in social security rate	
EE	22%	33% ⁵		included in social security rate	
ES	19% - 47% ²	+30% ⁶	4.7%	employers can choose to provide health insurance to their employees	
GR	9% - 44% ²	22.79%	13.37%	included in social security rate	
HU	15%	13%	18.5%	included in social security rate	
IT	23% - 43%	28%	10.19%	included in the income tax system	
LT	20% - 32% ²	1.77%	19.50%	included in social security rate	
MA	0% - 37% ²	Morocco has a different system for social security and health insurance rates. Refer to page 42			
PL	12% - 32% ⁴	20.48%	13.71%	9%	
RO	10%	25%		10%	
SK	19% - 35% ²	25.2%	9.4%	11%	5%
TR	15 - 40% ²	23.75%	15%	included in social security rate	

Country legend: BG – Bulgaria; CZ – Czech Republic; EG – Egypt; EE – Estonia; ES – Spain; GB – United Kingdom; GR – Greece; HU – Hungary; IT – Italy; LT – Lithuania; MA – Morocco; PL – Poland; PT – Portugal; RO – Romania; SK – Slovakia; TR – Turkey;

¹ The applicable rate for any income acquired in a seafarer capacity is 1%

² Depends on the tax base

³ The total employer contribution across all statutory funds is 12.5%

⁴ Mandatory insurance for work accidents

⁵ Plus 0.8% for employer's unemployment insurance contributions, 1.6% for employee's unemployment insurance contributions, and 2%, 4% or 6% rate for funded pension contributions in case of Estonian resident individuals, if they have joined the funded pension scheme

⁶ Plus a variable rate for occupational accidents

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Our experienced local teams of tax advisers, payroll and labour law consultants, backed up by a strong international network, are ready to guide you through the complex agenda of cross-border mobility of employees and expats.

Expat and employer tax compliance and advisory

- Creation and set-up of the tax-efficient employment structures for non-residents
- Planning and optimization of the tax obligations of employees and their employers
- Evaluation of the tax filing requirements of the home country and the foreign country
- Impact of the OECD models, international tax treaties and social security regulations
- Dealing with implications related to the tax residency, employment income definition, tax exemptions etc.
- Evaluation of other potential implications related to the existence of a permanent establishment, 183 days of presence, dependant agent etc.
- Tax registrations and application for local tax ID number
- Compliance with the statutory social security and health insurance requirements
- Preparation and filing of tax returns for expats
- Representation in communication with the local tax offices and other authorities

Expat payroll and HR administration

- Full-range payroll calculation and HR administration services for expats
- Statutory compliance related to payroll taxation, social security and health insurance
- Consultancy on the most suitable tax, social security and health insurance schemes

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