

2025



# Attracting talent:

How CEE Countries Shape Immigration and Tax Policies in the Face of Demographic Challenges and Labor Shortages



**VIALTO**  
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# Talents in Immigration and Tax Policy in CEE Countries

## Demographic challenges:

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

## Key actions:

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

# CEE 2025 Key Immigration and Tax Solutions



**Bulgaria**



**Hungary**



**Poland**



**Czech Republic**



**Romania**



**Slovakia**

# Immigration Incentive Mechanisms (1/3)

## Czech Republic

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



## Hungary

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



# Immigration Incentive Mechanisms (2/3)

## Romania

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



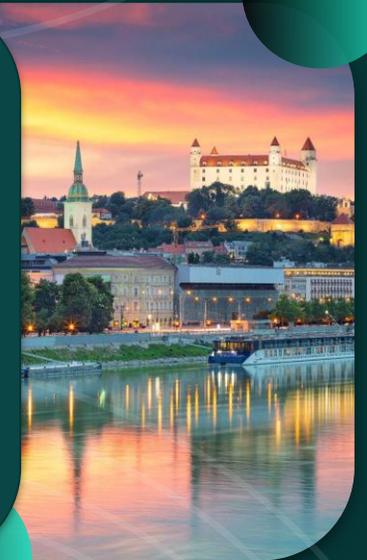
## Bulgaria

- Seasonal employment of foreigners.



## Slovakia

- Special regime for Shared Service Centers and seasonal workers.
- Strategic Investor Status.
- National visa — for specialists performing specific professions.
- From July 15, 2024 — possibility to start working immediately after submitting an application for a temporary residence permit for employment purposes.



# Immigration Incentive Mechanisms (3/3)

## Poland

### Immigration Policy for 2025-2030

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



# Minimum wage increase in 2025 (compared to 2024)

<b>Bulgaria: by 15 p.p.</b>	BGN 933 / EUR 477 -> BGN 1,077 / EUR 551
<b>Czech Republic: by 10 p.p.</b>	CZK 18,900 / EUR 750 -> CZK 20,800 / EUR 825
<b>Poland: by 8,5 p.p.</b>	PLN 4.300 / EUR 1,025 -> 4.666 / EUR 1,110
<b>Romania: by 9 p.p.</b>	RON 3,700 / EUR 740 -> RON 4,050 / EUR 900
<b>Slovakia: by 9 p.p.</b>	EUR 750 -> EUR 816
<b>Hungary: by 9 p.p.</b>	HUF 266,800 / EUR 650 (and for qualified workers : HUF 326,000 / EUR 795 -> HUF 290,800 / EUR 700 (and for qualified workers : HUF 348,800 / EUR 850)

# PIT Tax Rates in CEE

**Bulgaria:** flat rate 10%

**Czech Republic:** progressive tax scale 15%–23%

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

**Romania:** flat rate 10%

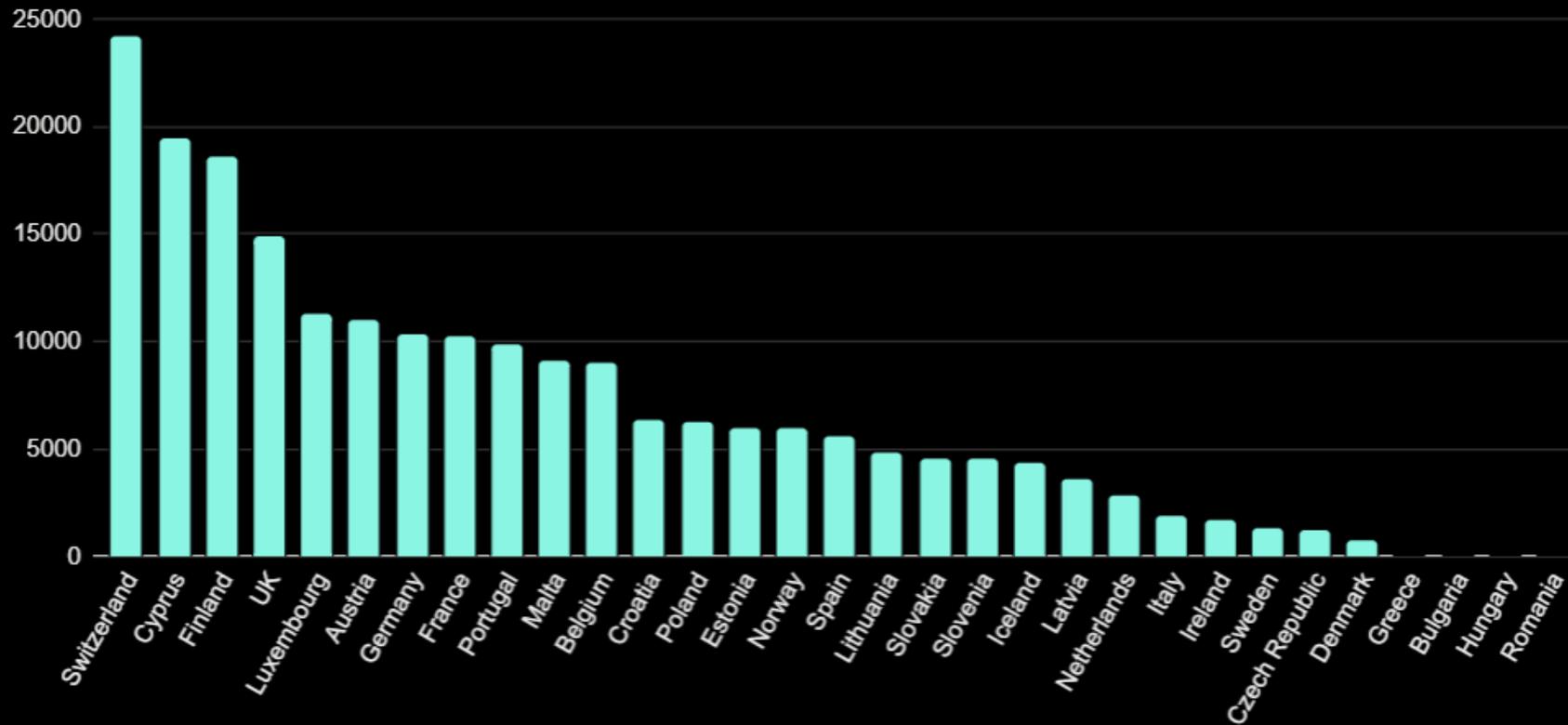
**Slovakia:** flat rate 15% (up to the income limit of EUR 100,000), above 19% for entrepreneurs and 25% for employees

**Hungary:** flat rate 15%



# Tax-free amounts in CEE

Tax free amounts [EUR]

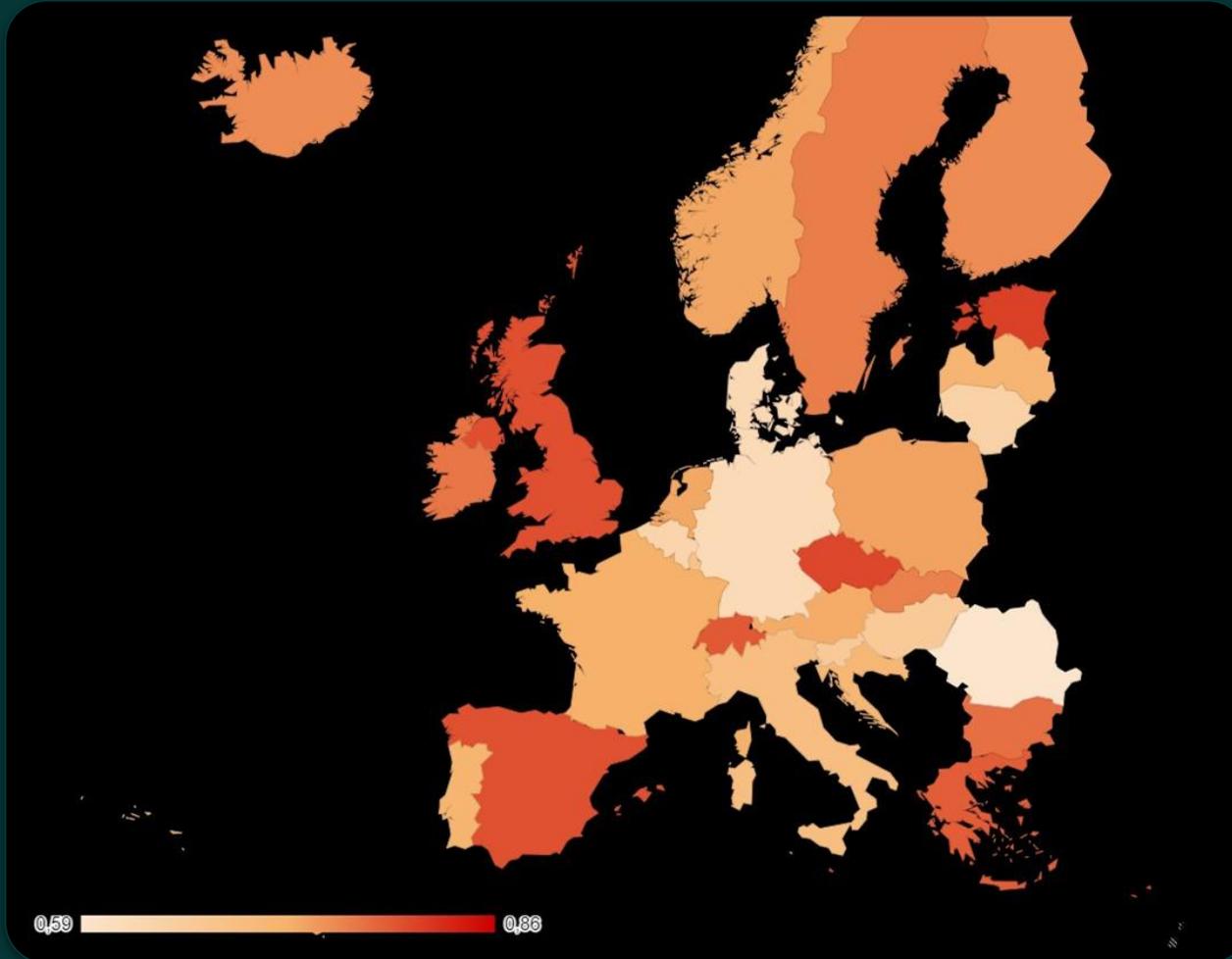


# Country Rankings

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



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



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

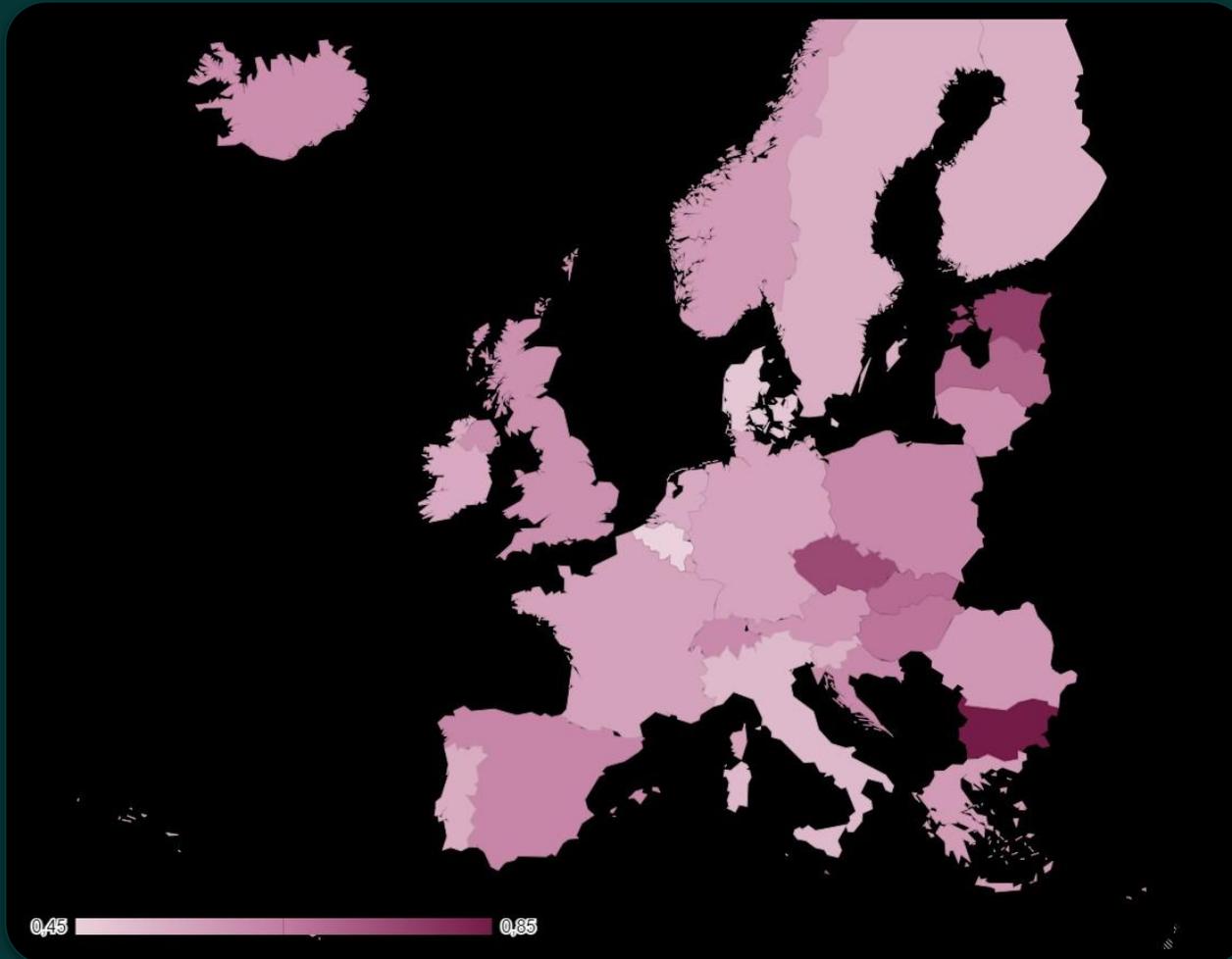
# Europe: Net employee with family and average salary (% of gross salary, 2022)



1	Czech Republic	94%
2	Slovakia	89%
3	Malta	88%
4	Ireland	88%
5	Cyprus	86%
6	Estonia	85%
7	Switzerland	85%
8	Iceland	84%
9	Latvia	83%
10	Spain	82%
11	Poland	82%
12	Portugal	81%
13	Austria	81%
14	Luxembourg	80%
15	Croatia	80%

16	Greece	80%
17	United Kingdom	80%
18	France	79%
19	Bulgaria	78%
20	Belgium	77%
21	Italy	77%
22	Sweden	76%
23	Finland	75%
24	Hungary	75%
25	Slovenia	74%
26	Norway	73%
27	Netherlands	73%
28	Germany	71%
29	Denmark	66%
30	Lithuania	64%
31	Romania	59%

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



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

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

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

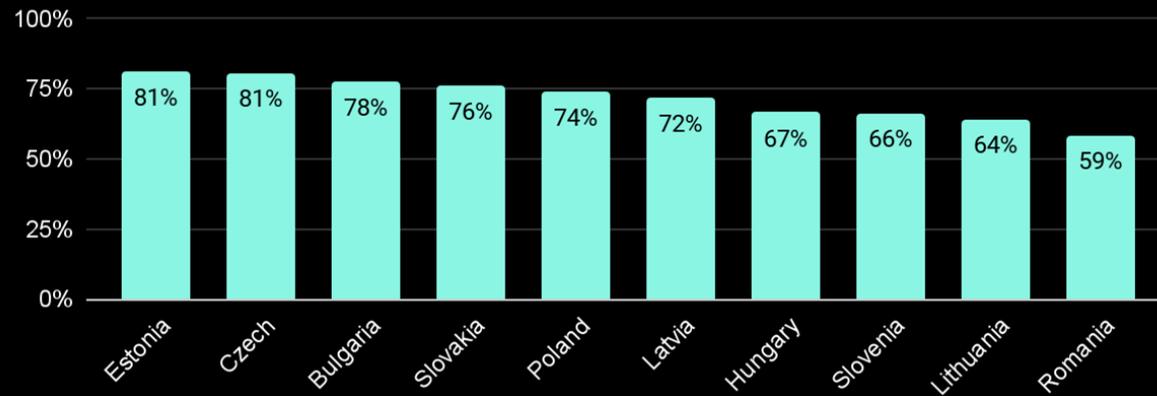


1	Bulgaria	85%
2	Czech Republic	78%
3	Estonia	77%
4	Malta	74%
5	Latvia	72%
6	Poland	71%
7	Slovakia	70%
8	Cyprus	69%
9	Hungary	68%
10	Switzerland	66%
11	Croatia	66%
12	France	65%
13	Spain	63%
14	Iceland	62%
15	Austria	62%

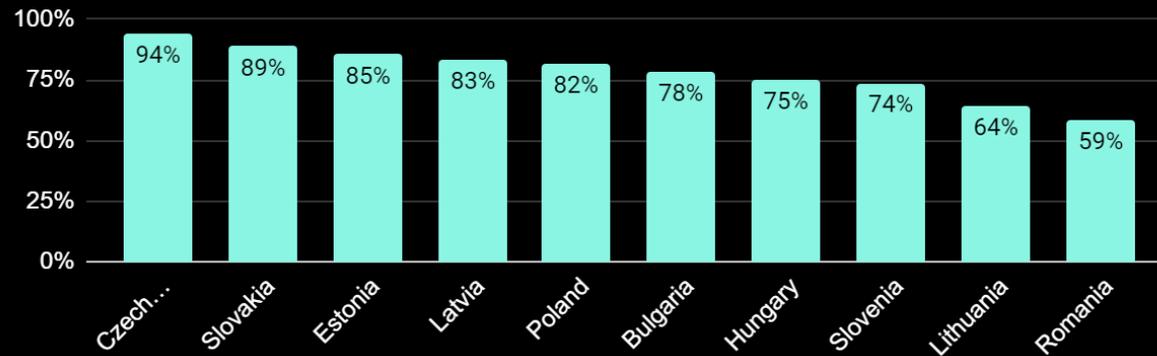
16	Portugal	61%
17	Luxembourg	61%
18	Lithuania	61%
19	Germany	60%
20	United Kingdom	60%
21	Romania	59%
22	Greece	58%
23	Norway	58%
24	Ireland	56%
25	Slovenia	56%
26	Netherlands	54%
27	Finland	53%
28	Sweden	53%
29	Italy	51%
30	Belgium	48%
31	Denmark	48%

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

## Scenario 1

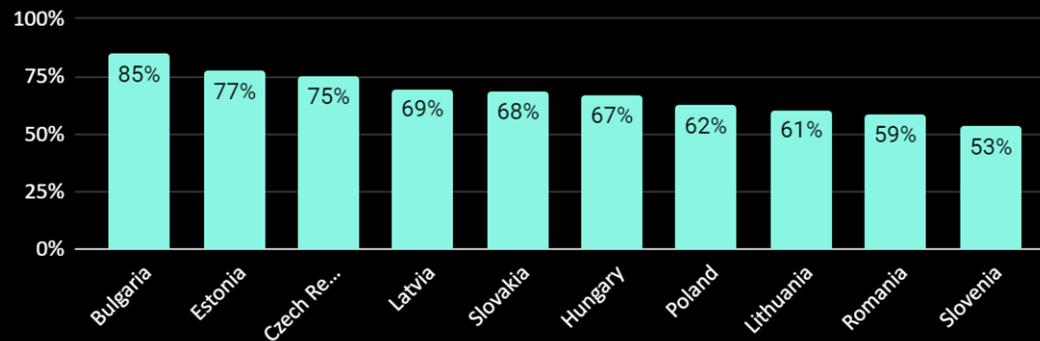


## Scenario 2

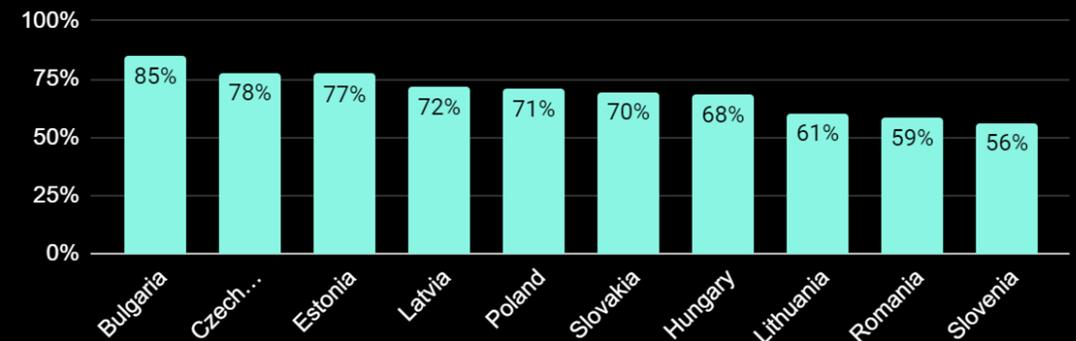


# Central and Eastern Europe: Netto of a single employee (Sc. 3) and an employee with a family (Sc. 4) with 5 times the average salary (2022)

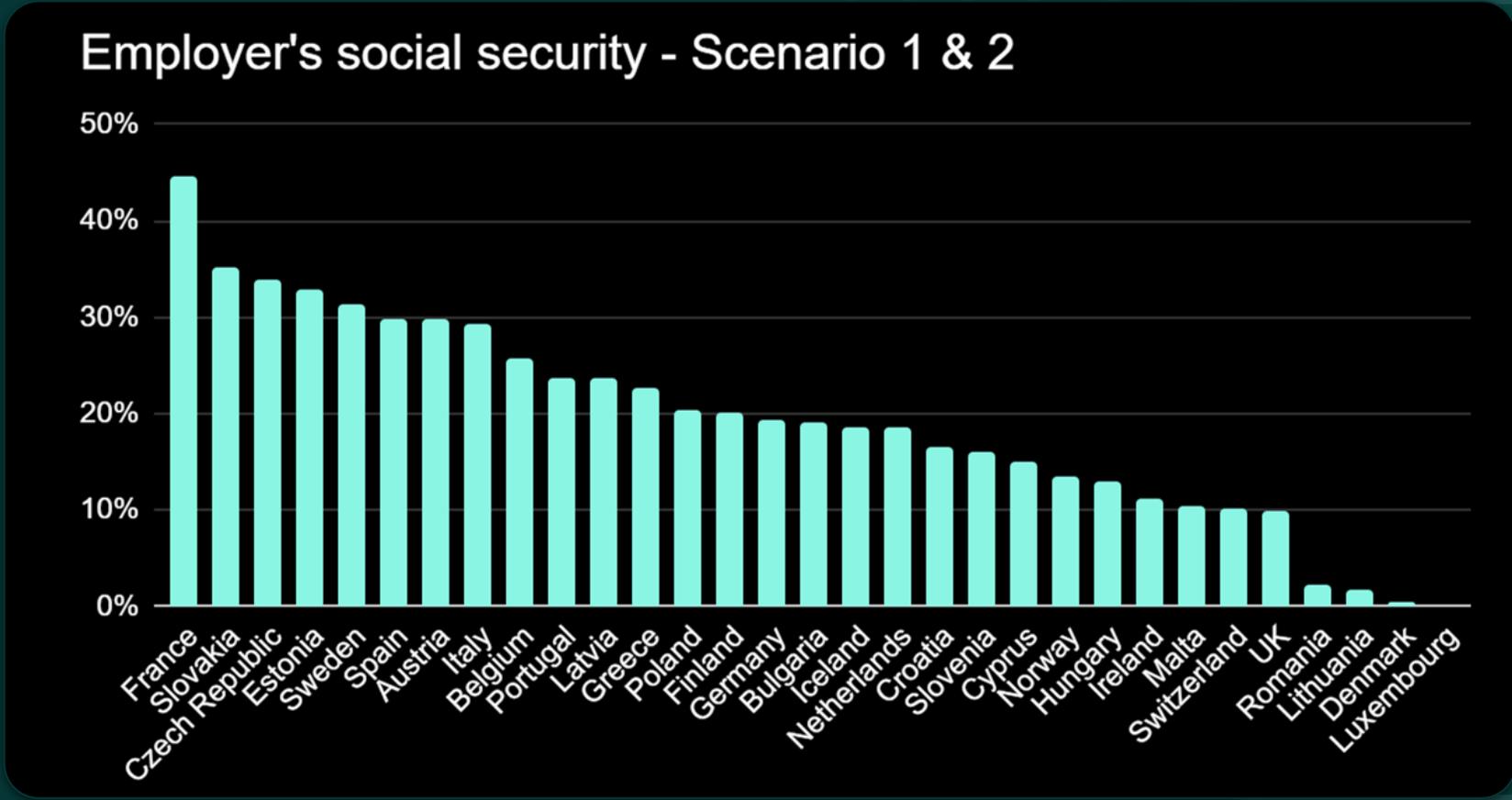
Scenario 3



Scenario 4

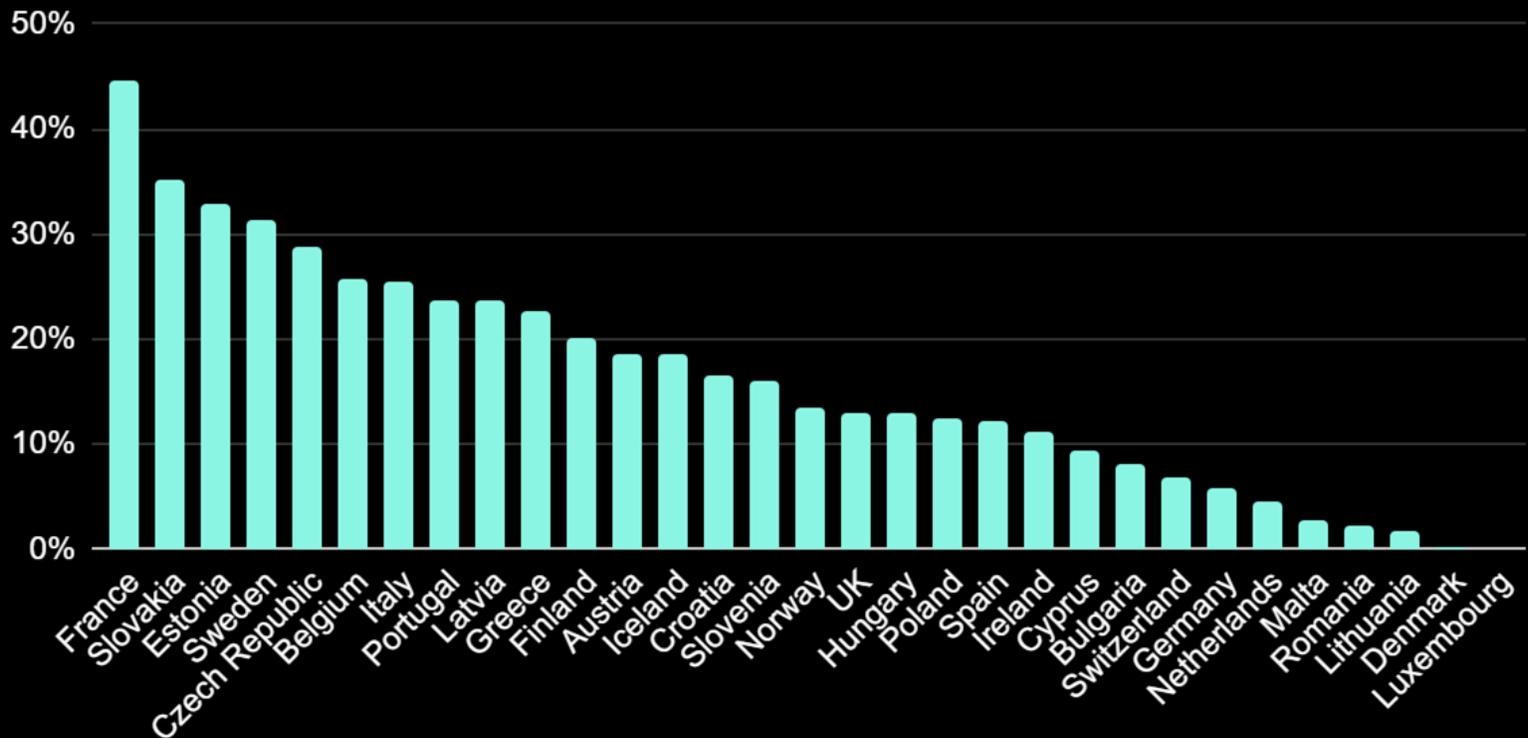


# Europe: Labor Costs — employer's social security contributions: for single employee (Sc.1) and employee with family (Sc.2), with average salary (2022)



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

Employer's social security - Scenario 3 & 4



# Poland

## Important Tax Exemption:

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

# Demographic Challenges in CEE Countries and the Pension System

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

# Demographic Challenges in CEE Countries and The Pension System

## Low fertility

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



# Demographic Challenges in CEE Countries and The Pension System

## Labour emigration

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



# Demographic Challenges in CEE Countries and The Pension System

## Increasing life expectancy

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



# Demographic Challenges in CEE Countries and The Pension System

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

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

# Demographic Challenges in CEE Countries and The Pension System

## Situation in selected CEE countries

### Poland

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

### Czech Republic

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

### Hungary

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

### Romania and Bulgaria

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



# Demographic Challenges in CEE Countries and The Pension System

## Pension system solutions

### 1. Extending retirement age

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

### 2. Encouraging private savings

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

## Other actions supporting pension systems

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



# Demographic Challenges in CEE Countries and The Pension System

## Retirement age in CEE countries:

Source: based on Eurostat data, access date 10.12.2024

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

# Demographic Challenges in CEE Countries and The Pension System

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

### 1. Programmes for extending professional activity:

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

### 2. National Action Plan for Supporting Positive Ageing:

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

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

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

### 4. Example of companies:

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

# Thank you!



**Jadwiga Chorazka**  
Partner  
jadwiga.chorazka@vialto.com



**Emilia Piechota**  
Managing Director  
emilia.piechota@vialto.com



**Joanna Narkiewicz-Tarłowska**  
Managing Director, Tax Advisor  
joanna.narkiewicz-tarlowska@vialto.com



**Grzegorz Ogórek**  
Director  
grzegorz.ogorek@vialto.com



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