



# Decoding Employment Costs in Europe



An In-Depth Look at Employment  
Costs and Take-Home Pay Across  
32 Countries

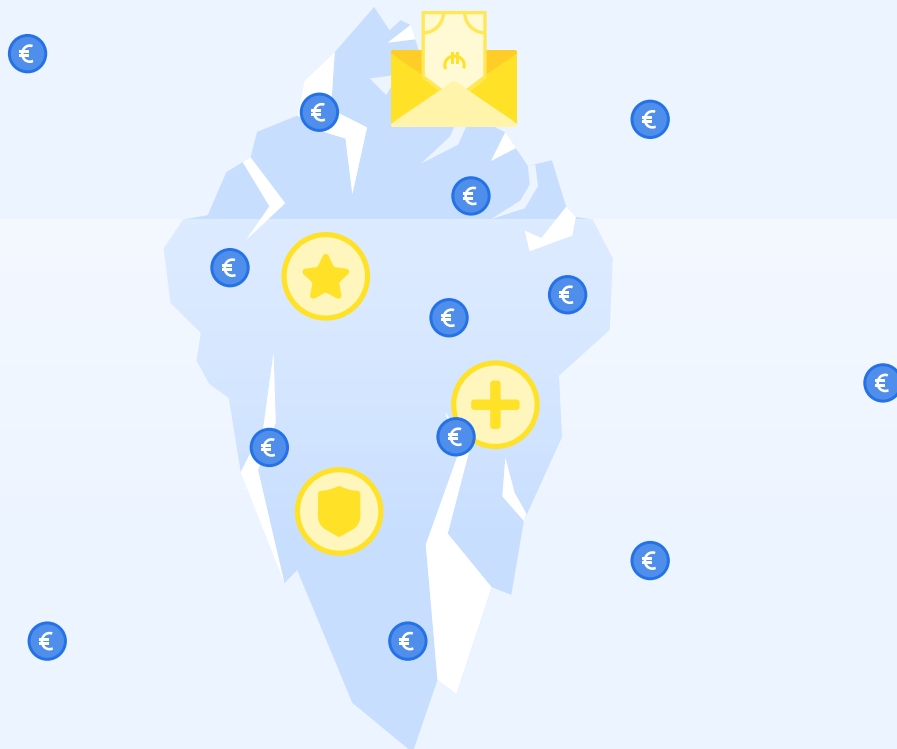


Across Europe, the total cost of employing a worker can vary dramatically. In some countries, the base salary is just the tip of the iceberg, with additional expenses (such as social security contributions and mandatory employer benefits) significantly inflating the overall financial commitment. In other nations, the base salary more closely reflects the true cost of employment.

These varying financial considerations have major impacts for both the employer and the employee. For the employer, it's vital to understand these figures in order to budget more accurately, plan strategically, and make more informed decisions about where to hire talent. For employees, these factors directly influence their take-home pay, financial well-being, and ultimately, where they choose to live and work.

To unravel this complexity, this guide breaks down the true cost of hiring across various European countries, focusing on a **€60,000 annual salary**. We dissect the employer's expenses, totalling up all the costs beyond the base salary, and calculate how much employees actually take home after taxes and deductions.

We also offer a side-by-side comparison of the **"cost-to-pay"** ratio - how many euros employers have to pay for their employees to receive one euro in net income - across three different salary ranges. This comprehensive analysis gives a deeper understanding of the financial dynamics at play in the European job market.



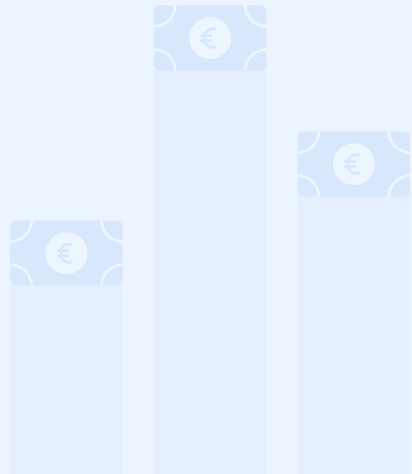
## Why a €60,000 salary?

At Boundless, we help businesses hire talent compliantly all over the world (particularly the European continent), and we've found that €60,000 falls roughly within the average salary range we see across our diverse client base.

Of course, average salary figures vary heavily across Europe, and **this €60,000 benchmark is by no means intended to represent the expected salary** in any of these countries. Instead, it serves as a useful reference point to illustrate the significant differences in employment costs and take-home pay across the continent.

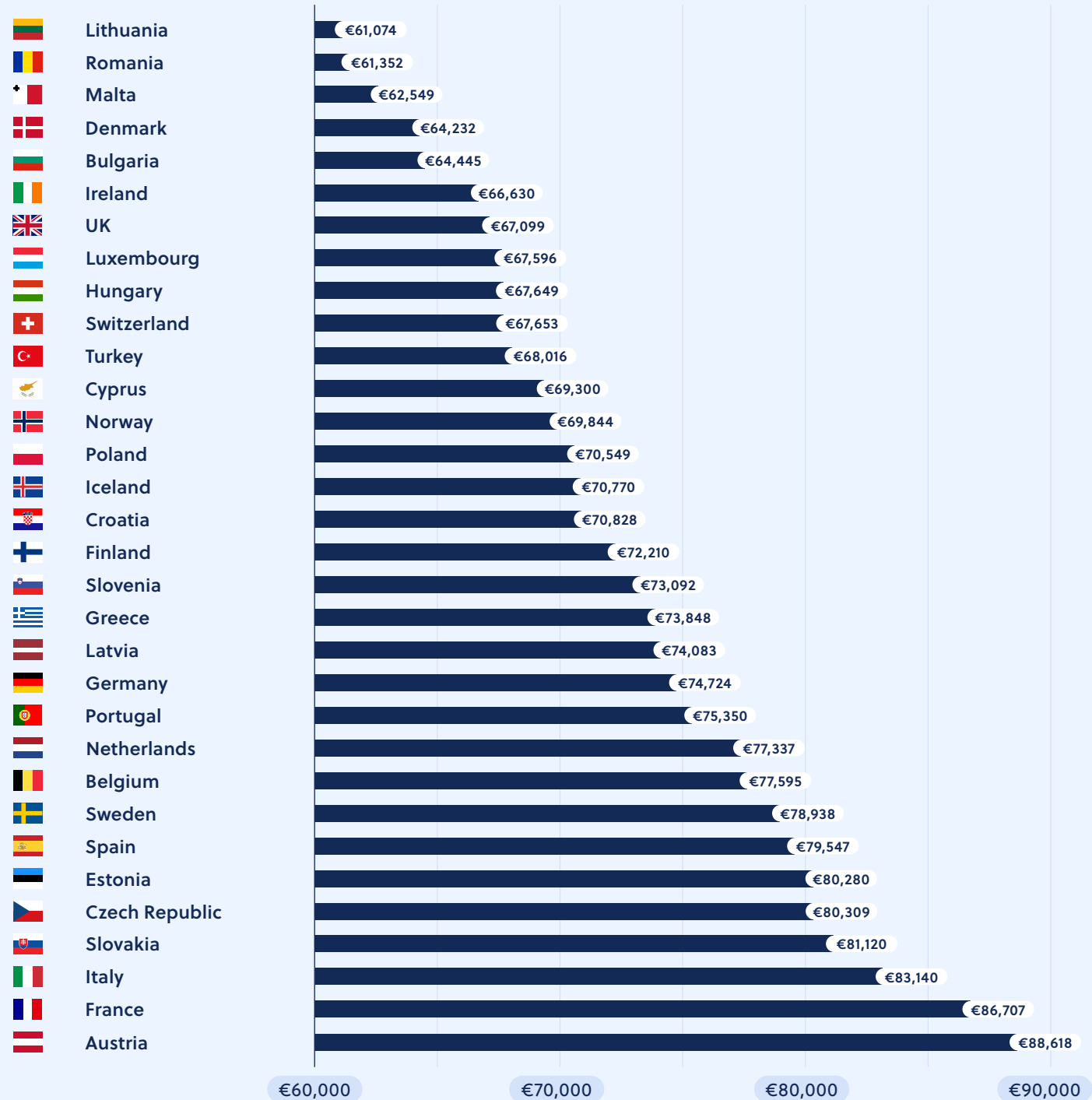
# Estimated Total Employment Cost by Country

FOR A €60,000 SALARY



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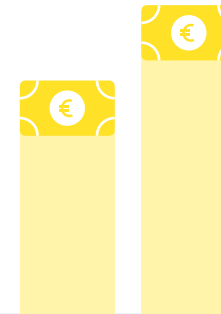


# Employment Costs: Key Observations

## €61,074

The total cost to hire an employee earning a €60,000 salary in the country with the **lowest** employment costs

Lithuania



## €88,618

The total cost to hire an employee earning a €60,000 salary in the country with the **highest** employment costs

Austria



## An English-Speaking Advantage?

The UK and Ireland stand out as two of the major (native) English-speaking countries in Europe, and they both sit firmly within the top 10 countries with the lowest employment costs. **Ireland** stands at number six, (€66,630) while the **UK** (€67,099) sits at number seven.

Their favourable position on this list may demonstrate a competitive advantage to employers able to hire in these nations, combining relatively lower employment costs with a workforce fluent in the global language of business.

## Eastern European Affordability

Eastern Europe presents a compelling opportunity for businesses seeking cost-effective talent solutions, with Bulgaria and Romania ranking among the top five most affordable locations for employers. However, while the financial benefits are undeniable, it's important to acknowledge the complexities that can arise when operating in these regions.

Navigating complex local regulations, bureaucratic processes, and potential political instability may require additional time, resources, and expertise compared to other markets. This doesn't mean that such countries should be dismissed as a viable option. Instead, it underscores the importance of



strategic planning and informed decision-making.

Partnering with an **Employer of Record (EOR)** provides a simplified and efficient method to tap into talent across these regions without the need to establish a legal entity or deal with unfamiliar legal and regulatory landscapes.

## The Cost of Larger Economies

Major Western European economies like **Germany** (€74,724), the **Netherlands** (€83,140), and **France** (€86,707) typically present higher employment costs for businesses compared to many Eastern European countries. This disparity reflects a combination of potential factors, including stricter labour laws and regulations, stronger unions, and more comprehensive social safety nets, often funded through employer contributions.

While these systems provide valuable benefits for workers, such as healthcare, pensions, and unemployment support, they can also increase the financial burden on employers.



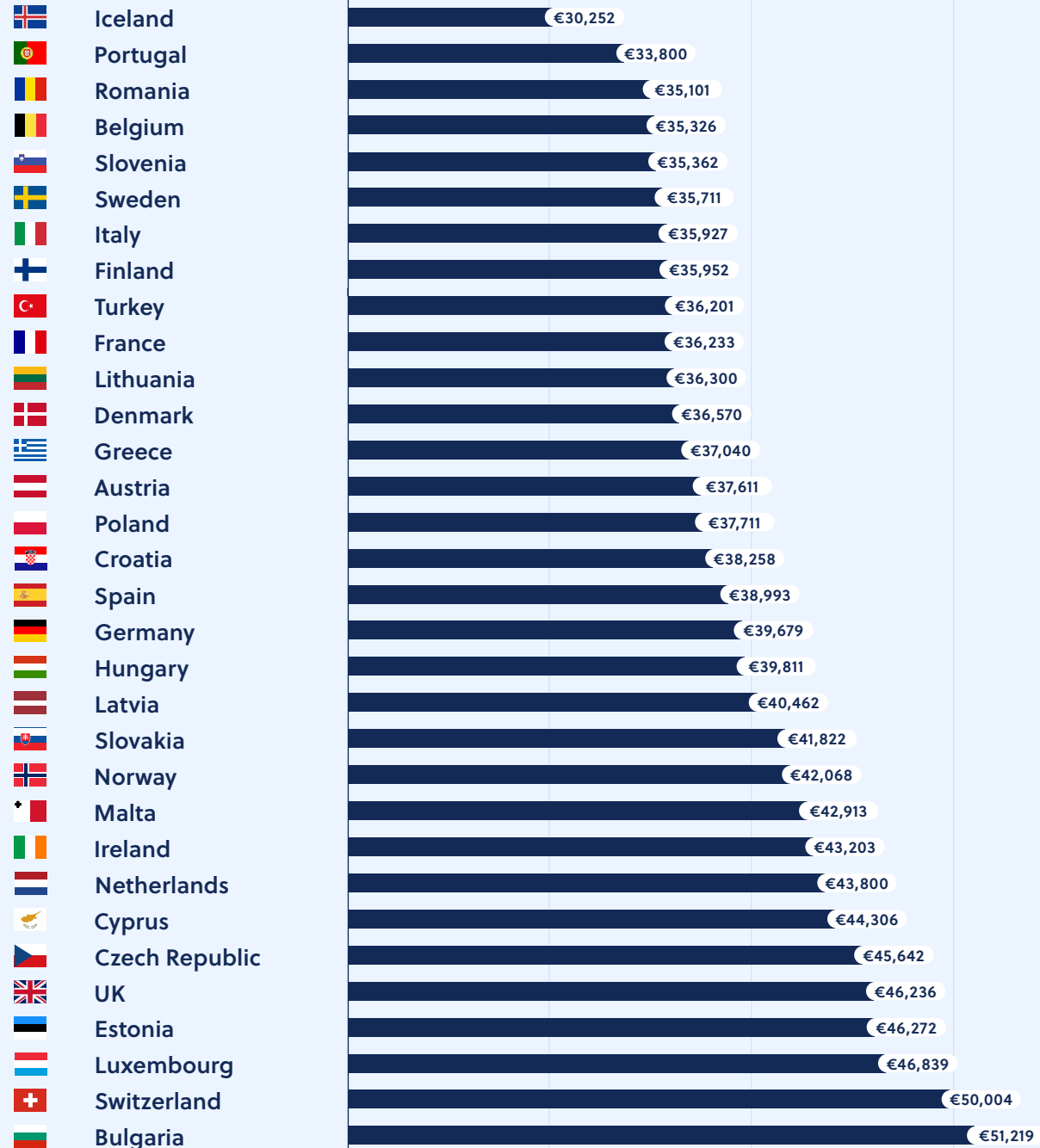
# Estimated Employee Net Pay by Country

FOR A €60,000 SALARY



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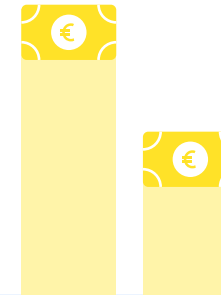
€20,000    €30,000    €40,000    €50,000    €60,000

# Employee Net Pay: Key Observations

€51,219

The net pay for employees earning a €60,000 salary in the country with the **lowest** deductions

 **Bulgaria**



€30,525

The net pay for employees earning a €60,000 salary in the country with the **highest** deductions

 **Iceland**

## Wide Range of Net Salaries

The variance in net salaries among European countries for a €60,000 gross income is staggering, with Bulgaria (€51,219) and Iceland (€30,252) representing the two extremes. This range of over €20,000 annually is substantial, especially when you consider the difference in **cost of living between the two countries**.

With that said, in Bulgaria, a €60,000 salary would be considered exceptionally high and unattainable for most of the population, while in Iceland, this is much more realistic. It's also worth bringing factors such as quality of life into this discussion. According to [Numbeo](#), Iceland currently ranks as the country with the 3rd best quality of life in the world (just behind the Netherlands and Luxembourg).

## Mediterranean Variation

The Mediterranean region presents a varied picture of net salaries for a €60,000 gross income. Cyprus (€44,306) and Malta (€42,913) stand out with relatively smaller gaps between gross and net pay, suggesting a more moderate tax burden on employees.

Spain (€38,993) and Italy (€35,927) fall towards the middle of the pack, with deductions aligning more closely with broader European averages. However, **Portugal** (€33,800) emerges as an outlier, with a surprisingly high deduction rate, particularly considering its growing popularity as a destination for remote workers.



### Interested in hiring in Spain?

Despite being one of the more popular countries for relocation, navigating Spain's intricate employment laws can be particularly challenging, especially if compliance is important to you. Discover why these legal nuances have led us to decide **NOT to offer our Employer of Record (EOR) services in Spain.**

Cost of living in **Reykjavik** (Iceland) is **183%** more expensive than in **Sofia** (Bulgaria)



## The Nordic Disparity

The Nordic countries reveal a surprising range in net salaries for a €60,000 gross income. As mentioned, Iceland leaves its earners with the smallest slice of the pie (€30,252). Meanwhile, Norway, an oil-rich nation with a robust welfare state, allows its workers to retain significantly more (€42,068).

This stark contrast underscores that even within a culturally and geographically cohesive region,

national differences in tax codes and deduction policies can drastically reshape an individual's financial reality.

So, while the Nordic model may appear unified from afar, the paycheck reveals a more nuanced story, highlighting that even small distances can translate to vastly different take-home pay.

### NOTE

It's crucial to remember that these figures are just a snapshot. To fully understand the financial implications of living and working in these countries, it's essential to consider the broader context. For example, while Portugal's high deduction rate may seem daunting, the country boasts a lower cost of living to many of its European neighbours, thus potentially offsetting the impact on [purchasing power](#).

## A Word About Tax Havens



While the majority of European nations impose significant income tax, a handful of 'tax havens' operate under different rules. Monaco stands out with no income tax for residents, while Andorra and Liechtenstein offer particularly competitive rates. This results in a substantially larger portion of a €60,000 salary remaining in the earner's pocket compared to countries with higher income tax burdens.

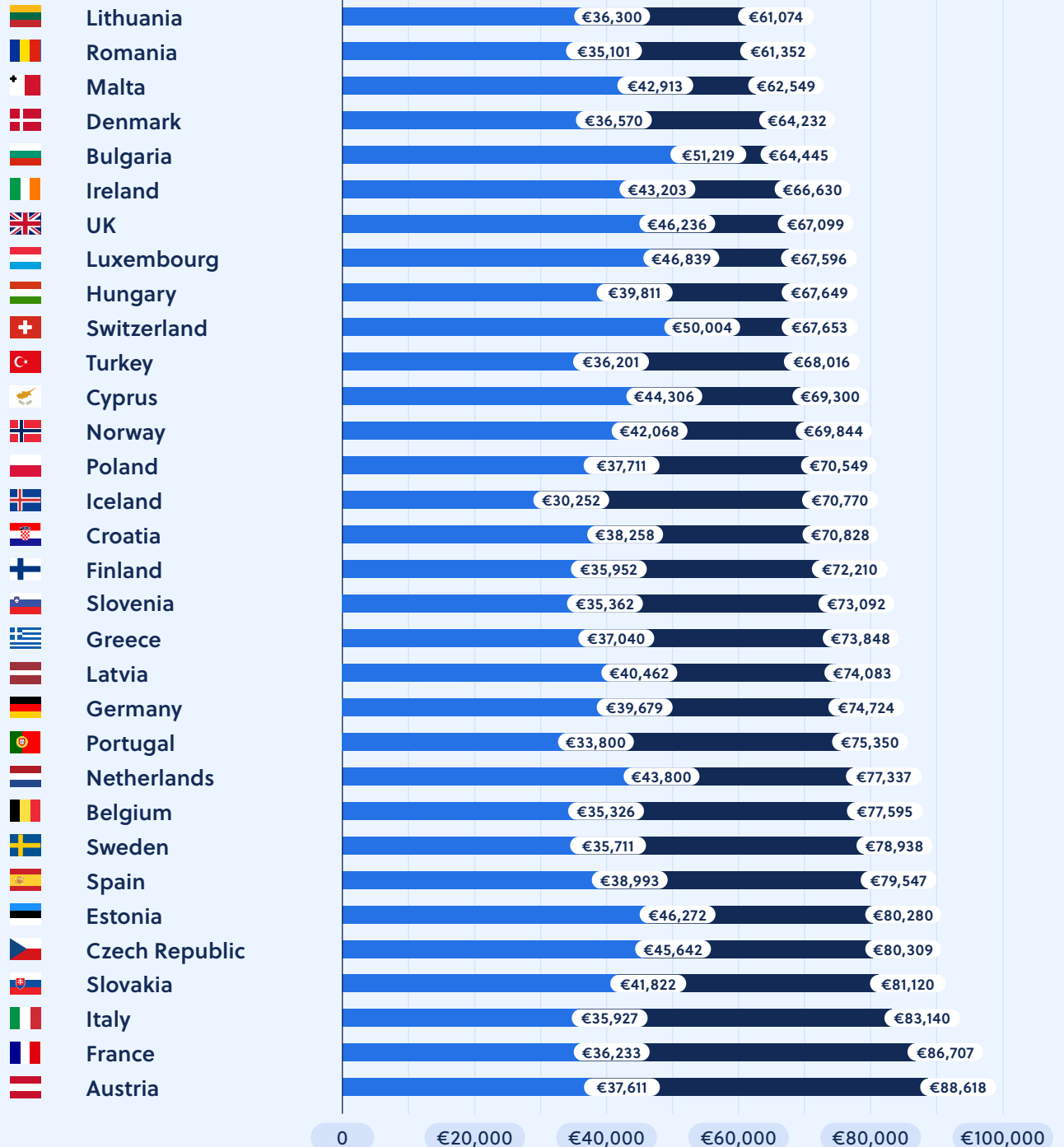
### NOTE

The analysis in this guide excludes these tax havens due to their unique tax structures and the lack of comprehensive comparative data. It's important to note that residency requirements and tax laws can vary significantly in these locations.

Country	Gross Salary (€)	Net Salary (€)	Deductions (%)
Iceland	60,000	30,252	49.6%
Sweden	60,000	35,711	40.5%
Finland	60,000	35,952	40.1%
Denmark	60,000	36,570	39%
Norway	60,000	42,068	30%

# Employer Contributions Compared to Net Pay Over Total Employment Cost

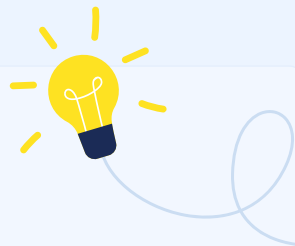
- Total Employment Cost
- Estimated Net Pay



# How much will an employer have to pay for each euro an employee makes?

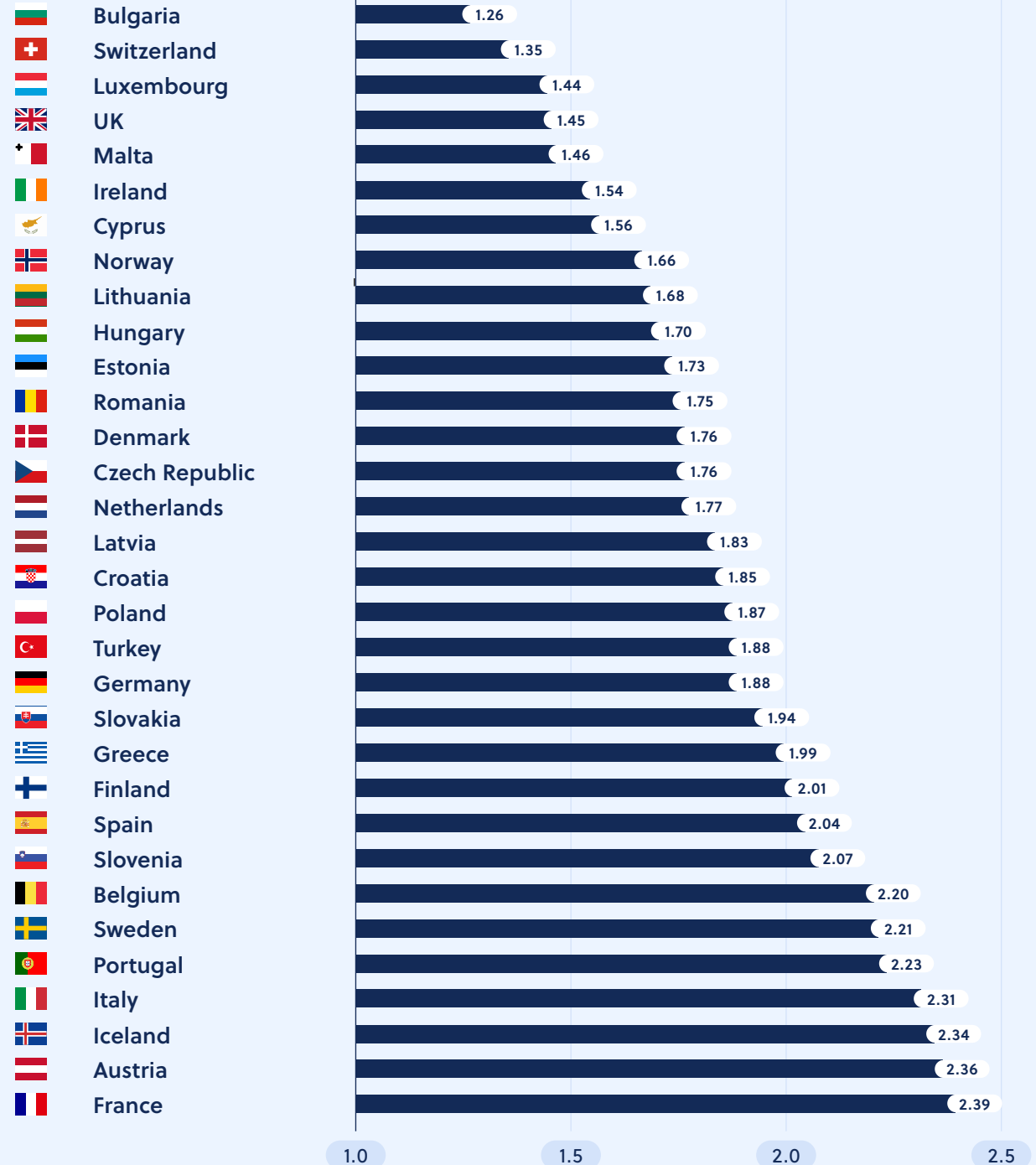
## Cost-to-Pay Ratio

This ratio reveals the total employment cost relative to the employee's net pay. Simply put, it shows how many euros an employer must pay for every euro their employee takes home.



### How to Interpret Cost-to-Pay

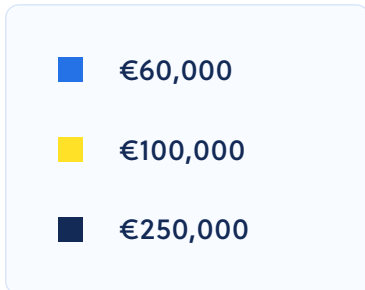
A higher ratio means a heavier burden on the employer, indicating higher taxes, social security contributions, and other mandatory costs relative to the employee's net income.



# Cost-to-Pay Comparison

So far, we've explored the landscape for a €60,000 salary, but the financial dynamics shift significantly as we move up the pay scale.

Each country is represented by three bars, each corresponding to a different salary level.



The length of the bars represents the Cost-to-Pay Ratio. The chart shows how the ratio changes as we move up the pay scale.

# Breaking Down the Cost-to-Pay Data

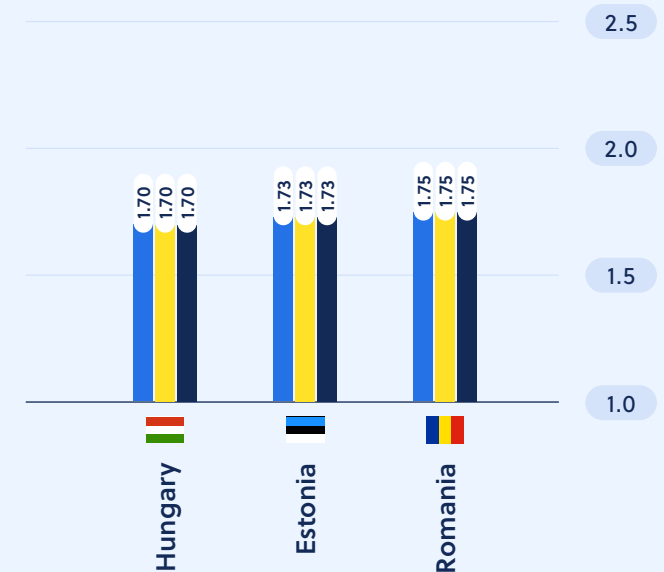
Examining the cost-to-pay ratios across different salary levels reveals three distinct categories of countries: those where the cost to employers reduces as salaries rise, those



## Stays the Same

Romania, Hungary, and Estonia stand out for their consistent cost-to-pay ratio across all salary levels. This means that the relative cost for employers remains stable, whether they are hiring for positions in the €60,000 range, or top executive roles. This predictability can be a significant advantage for businesses seeking a stable and transparent employment cost environment in Europe.

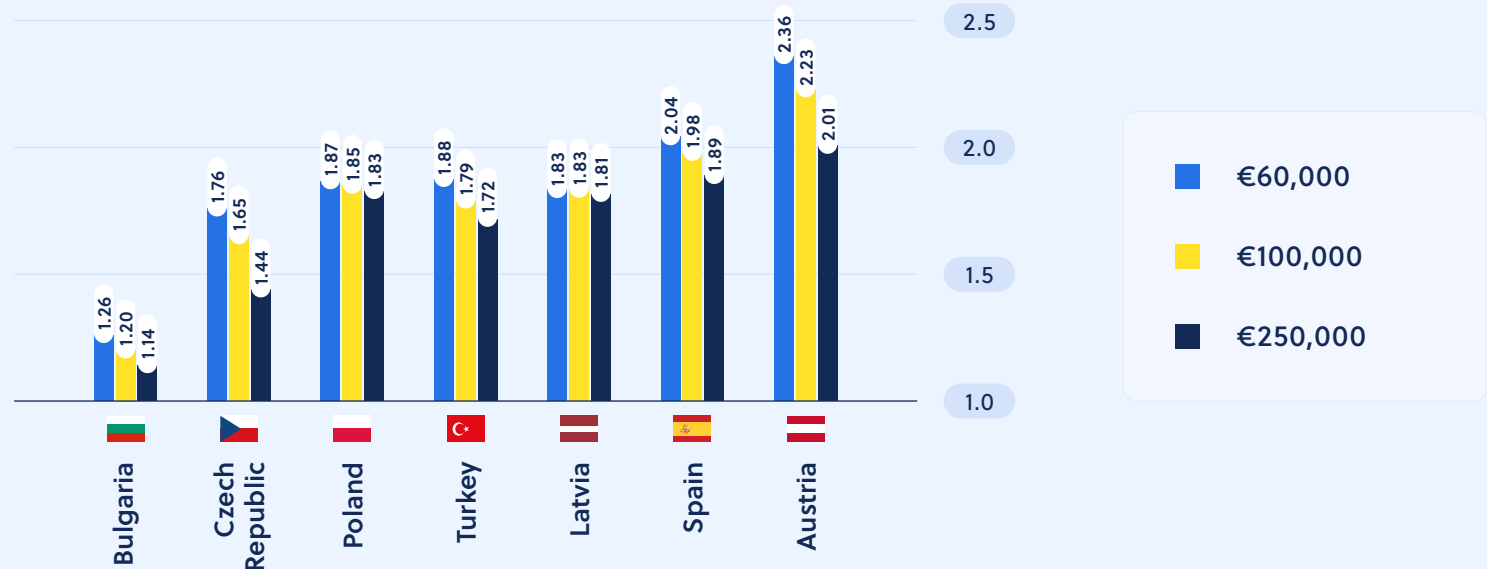
where it remains relatively constant, and those where it increases. Let's break down a few interesting cases from each:





### Cost-to-Pay Reduces

In these countries, the cost-to-pay ratio decreases as salaries increase, meaning the relative financial burden on employers is regressive for higher earners:



#### Bulgaria

This Eastern European nation stands out as the most cost-effective for employers across all salary levels, with a remarkably low and decreasing cost-to-pay ratio. This is due to a regressive tax system and relatively low social security contributions.

#### Turkey

Similar to Bulgaria, Turkey offers employers a decreasing cost-to-pay ratio as salaries rise, potentially making it an attractive location for businesses seeking a cost-effective talent pool.

#### Austria

Surprisingly, despite being one of the countries with the highest employment costs for a €60,000 salary, Austria's cost-to-pay ratio decreases fairly significantly as salaries enter the higher brackets.

#### Czech Republic

This Central European nation stands out for its dramatic shift in cost-effectiveness as salaries rise. While the cost-to-pay ratio is relatively average for lower salaries, it significantly decreases for the highest earners, making **Czech Republic** the second most cost-effective country in Europe for employers hiring top talent.



### Cost-to-Pay Increases

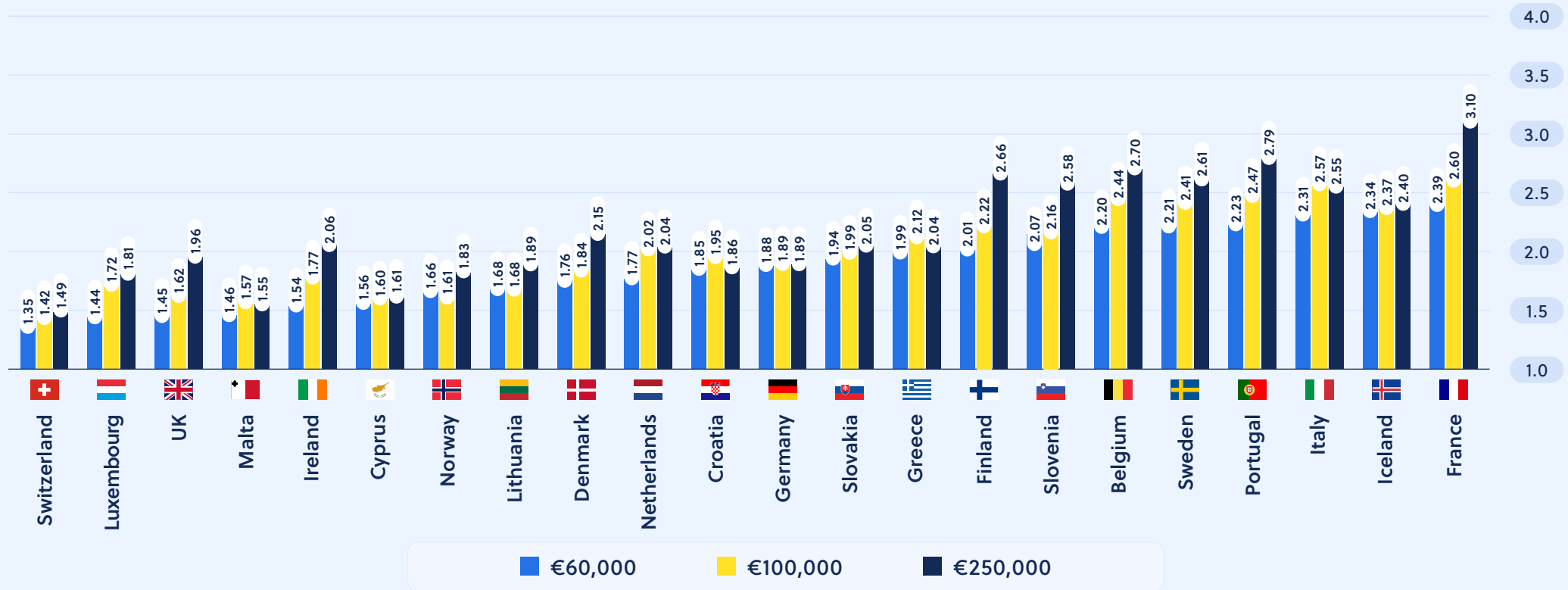
In these countries, the cost-to-pay ratio increases as salaries rise, meaning the relative burden on employers intensifies for higher earners:

#### France

This Western European nation demonstrates the highest increase in cost-to-pay ratio, indicating a substantial rise in employer costs for higher salaries. This is due to progressive tax rates and increasing social security contributions.

#### Portugal

This country, known for its growing popularity among remote workers, surprises with a sharp increase in the cost-to-pay ratio for higher salaries. Again, this can be attributed to progressive tax rates and a relatively high social security burden.



# Rethinking Equal Pay in a Diverse European Landscape

As our exploration of the European employment landscape reveals, there's more to consider than meets the eye when it comes to employment costs across the continent.

A €60,000 salary isn't a one-size-fits-all proposition. Its true cost to employers (and actual value for employees) varies considerably depending on the

unique interplay of taxes, social security, and mandatory benefits between countries. Factors such as cost of living also deserve deep consideration.

This becomes even more crucial when we consider the principle of **equal pay for equal work**. In an ideal world, **individuals performing the same job with the same level of expertise would receive equal**

**compensation**, regardless of where they live. However, as our data shows, equal pay for equal work requires careful consideration of local specifics.

To overcome this conundrum, some companies choose to adjust salaries based on local cost of living to ensure that employees in different locations have comparable financial well-being. Others prioritise maintaining consistent global salary bands to ensure internal equity within the company. Navigating these decisions requires a nuanced understanding of each country's unique financial context, as well

as a commitment to fair and equitable compensation.

This guide serves as a starting point for businesses and decision-makers grappling with these complexities. By understanding the true cost of hiring and the varying financial landscapes across Europe, organisations can make informed choices that balance cost-effectiveness with fairness, ensuring that compensation strategies attract and retain top talent while upholding principles of equity in an increasingly globalised workforce.



## Calculate Your Costs:

To get a clearer understanding of what a given salary may cost you (as an employer), you can run your own simulations using one of [our country-specific calculators](#).



## Want to Learn More?

At Boundless, we help businesses navigate these complexities, ensuring compliant hiring across many European destinations *and beyond*. We pride ourselves on doing international employment the right way. [Get in touch with us to learn how we can help you build your global team with confidence.](#)



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