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SOCIAL SECURITY

comparing rates and types of social security contributions across the world



Introduction

Social security contributions vary enormously by country. Of the 38 jurisdictions we have surveyed, the highest employer payments were 45% of a worker's salary, in France. We found that Western democracies often had high employer contributions, but not necessarily: UK and US contributions are relatively low. By contrast, some former Soviet countries had high levels and the same is true of certain South American jurisdictions. In terms of employee contributions, the picture is very varied and this is reflected in the graph on the next page. The highest contributions were in the Netherlands, at some 27%.

But one must not forget that some countries simply don't provide services by means of social security contributions, but do it via taxation. This explains the fact that Denmark appears to be an outlier at the bottom of the graph. Therefore, for a fuller picture, make sure to look at the parameters we have set out for the graph (on the left hand side over the page) and take a look at the country text for those countries you are interested in.

We hope our survey gives a sense of the differences you will find when you employ people in different countries and hope you find the results as interesting as we do.

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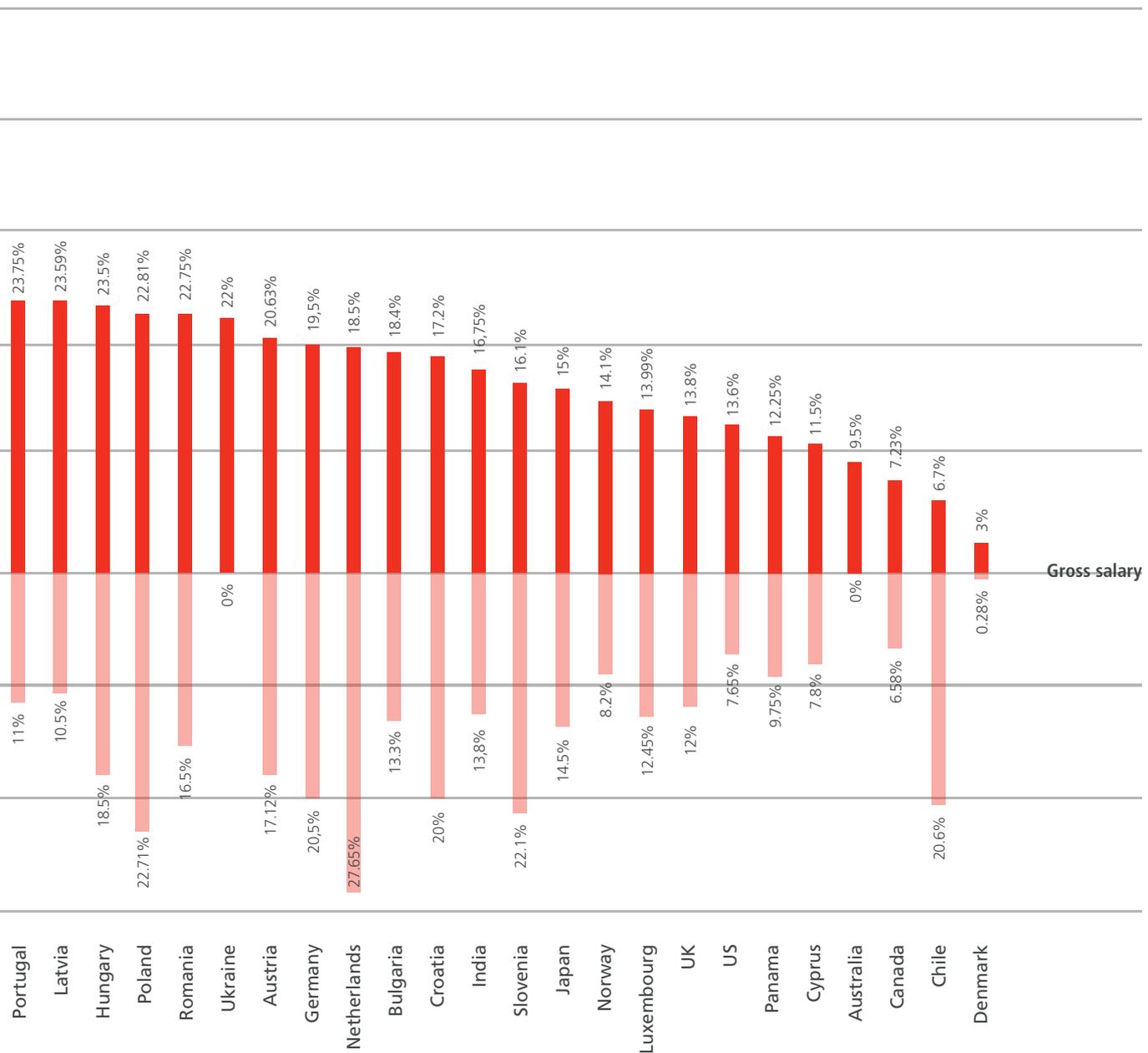
Our approach:

When reading the graph below, please refer to the text for each country and note the following:

- The schemes included vary by country. For example, some cover unemployment and others do not. Some countries also require the employer and employee to pay into different schemes.
- Rates may vary according to the type of job or industry, but we have chosen what we think is a representative rate.
- Rates may vary based on the area of the country, but we have chosen what we think is a representative rate.
- There may be other ways in which the rates vary, for example, the type of contract the employee has or the amount the employee earns. If there are different rates for fixed or permanent contracts, we have chosen to show the rate for permanent contracts. Where the rates vary according to what the person earns, we have chosen an average salary in the country concerned.
- The thresholds may vary, but we have chosen what we think is a representative figure.
- The caps may vary, for example, according to the different elements insured.
- There may be voluntary contributions people can make to cover them for different elements (e.g. to get family allowances). We have included these if in practice people tend to pay them.
- The rates may vary based on the risk involved in the job. If so, we have made a judgment about what would be a reasonable mid-point as an illustration.
- If there are different figures for blue and white collar workers, we have given the figures for whichever category has the highest number of workers nationwide.



Comparison



Please see the country text on the following pages for a more detailed explanation of each country's place in the graph.

► Social security contributions in detail

Note: All currency conversions into EUR were made on 1 August 2017, using a mid-market rate.

Argentina

- The contribution rate payable by the employer is equal to 23%, 27% or 32% of the employee's salary, depending on the main activity of the employer and the amount determined by the Labour Accident Insurances - which also depends on accidents and illness rates and certain statistics of the employer. The employee is also required to pay a contribution equal to 17% of salary. This will be automatically deducted from salary by the employer, together with the employer's contribution.

Social security covers retirement, health insurance, unemployment insurance, family benefits and work accident and illness insurance.

The overall cap on the employee's contributions is ARS 72,289.72 (**EUR 3,650.63**). The employer's contributions are not capped. The payments are made by the employer at the time the salary is paid. The employer must declare the taxable earnings and corresponding contributions to the tax authorities.

Note that the rates vary according to the type of job or industry and that it is possible for employees to make voluntary contributions towards pension, for example.

Australia

- The current mandatory minimum contribution rate that Australian employers must contribute to a superannuation fund is 9.5% of each eligible employee's earnings for their normal hours of work. The threshold for contributions to become payable is AUD 450 before tax per month (**EUR 304.74**). The sum on which the contribution rate is calculated is also known as 'Ordinary Time Earnings' and generally does not include payments for overtime work or certain other items. Note that the rates may also vary according to the applicable Award or Enterprise Agreement involved.

The employer must make the contribution quarterly (i.e. every three months), up to the maximum contribution base, which for the financial year 2016/2017 was AUD 51,620 (approximately **EUR 34,957.06**) per quarter and for 2017/18 is AUD 52,760 (approximately **EUR 35,729.07**). Employees can make extra contributions, but there are limits, set annually, as to how much they can contribute before they need to pay extra tax.

Superannuation contributions are for workers to provide for their retirement. Generally speaking insurance covering risks such as death and disability can be organised depending on the rules of each Superannuation scheme.

Employees are not required to make any contributions.

Austria

- The contribution rate payable by the employer is 20.63% of an employee's salary. An employee is required to pay a contribution of 17.12% of the salary. The contribution rates are the same for blue-collar employees and white-collar employees. Tax and the employees' social security contributions are deducted from the employees' gross salary and paid to the authorities by the employer. Social security contributions are payable on all employees' earnings over a threshold determined each year.

For 2017, this level is **EUR 425.70** per month. Statutory social security comprises health, accident, unemployment and pension insurance. There is an overall cap on social security contributions: the maximum contribution basis for 2017 to be taken into account for the above payments is **EUR 4,980** gross per month.

Note that it is possible for employees to pay additional contributions to healthcare but these vary according to individual circumstances.

Belgium

- ▶ A distinction must be made between white collar employees and blue collar employees. For white collar employees, the ordinary social security contribution is approximately 32% of the employee's gross salary, payable by the employer, and is 13.07% of the salary, payable by employees. No salary cap applies.

For blue collar employees, the ordinary social security contributions are approximately 38% of 108% of the employee's gross salary, payable by the employer, and are 13.07% of 108% of the employee's gross salary, payable by employees. A contribution for holiday pay of 10.27%, calculated on 108% of the gross salary for the preceding year, is also payable by the employer. No salary cap applies.

Note that employees on low salaries can benefit from reduced personal contributions (the 'work bonus'). Employers may also qualify for a reduction in contributions, based on certain criteria (e.g. a reduction for employing young employees).

Payments of social security contributions are made by withholding the employee's contributions on a monthly basis; and by paying both the employer's and employee's contributions to the National Office for Social Security on a quarterly basis (at the latest on 30 April, 31 July, 31 October and 31 January). An advance needs to be paid in most cases.

Social security covers child allowance; health insurance (i.e. health and incapacity benefits); unemployment benefits; and pension.

Brazil

- ▶ The contributions payable by the employer correspond to approximately 27% of the employee's salary (they vary between 26.8%, 27.8% and 28.8%). Employers are legally required to make social security contributions based on the employee's pay plus all benefits granted as part of the salary. The contributions are paid to the National Social Security Institute and there is no cap on the contributions payable by employers.

In addition, employees must contribute a percentage of their pay, varying between 8%, 9% and 11% depending on pay level, but always capped at a maximum contribution, which varies based on the minimum wage (as of 1 January 2017, the cap is BRL 608.44, **EUR 166.71**). The contribution payable by employees is withheld from monthly pay, and the employer must pay this amount to the government, together with its own contribution by the seventh day of the following month.

The contributions cover allowances for sickness, disability, maternity leave and pension.

Bulgaria

- ▶ The employer's contribution is from 13.56% to 14.26% of the employee's salary, and the employee's contribution is 10.14%. For specific types of work (e.g. in dangerous environments), the contributions are higher.

The basis for calculation of social security is mainly the employee's salary, but the basis cannot be lower than the social insurance thresholds, which are individually set for different industries and types jobs each year, and cannot be higher than the 'maximum social security income', which is also determined each year. For 2017 it is approximately **EUR 1,330**. Social security covers the following risks: temporary incapacity for work; temporary reduced capacity for work; permanent disability; maternity; unemployment; pension; and death.

Social security contributions are paid until 25th of the month following the month in which the income accrued. In addition, there is 8% health insurance (of which the employer pays 4.8% and the employee 3.2%) on the employee's salary (subject to the same rules as apply to social security). All social security and health insurance contributions are paid by the employer. The employer withholds the correct amount from the salary and pays it to the state.

Note that for the purposes of the graph, we have included both social security and health contributions, which come to 18.40% for the employer and 13.3% for the employee.

Canada

- ▶ Employers in every province except Quebec must remit Canada Pension Plan (CPP) deductions and Employment Insurance (EI) deductions in certain circumstances. The contribution rates and maximum pensionable or insurable earnings provided below are valid for 2017.

For CPP contributions, employers must deduct 4.95% from employees' remuneration and contribute an equal amount. Accordingly, the total amount of CPP contributions per year is 9.9% of employees' remuneration, with 4.95% being deducted from employees' pay and an additional 4.95% coming from employers. CPP contributions are only deducted from the first CAD 55,300 (**EUR 37,780.96**) of an employee's remuneration (the maximum pensionable earnings).

For EI premiums, employers are required to deduct 1.63% of employees' remuneration on the first CAD 51,300 (**EUR 35,048.16**) that an employee earns (the maximum annual insurable earnings). Employers must also contribute 1.4 times the amount deducted from employees' remuneration. (For 2017, this equates to a contribution rate of 2.282%).

In Quebec, employers deduct Quebec Pension Plan (QPP) contributions, instead of CPP contributions. For QPP contributions, employers must deduct 5.40% of employees' remuneration on the first CAD 55,300 (**EUR 37,780.96**) that an employee earns and contribute an equal amount. For EI premiums in Quebec, employers must deduct 1.778% of employees' remuneration on the first CAD 51,300 (**EUR 35,048.16**) that an employee earns. The EI premium rate is reduced because employers must also deduct Quebec Parental Insurance Plan (QPIP) premiums. For QPIP premiums, employers must deduct 0.548% of employees' remuneration and contribute 0.767% of the same on the first CAD 72,500 (**EUR 49,532**) that an employee earns.

Note that the minimum annual earnings before CPP and QPP are taken are CAD 3,500 (**EUR 2,391.20**).

Chile

- ▶ All employees must pay approximately 13% of their salary into a pension fund, which is paid into an individual account. Employees must also pay 7% of their salary towards health insurance. These contributions are withheld by the employer from the employee's monthly salary and paid directly to the pension fund administrators and health care institutions.

There is a limit on contributions payable from the employee's income to the pension fund. The monthly income taken into account for these purposes is equivalent to 75.7 'Inflation Indexed Units' ('UF'), which is equivalent to approximately **EUR 2,664**. In terms of health insurance, the same limit applies but the employee can purchase a more expensive health plan, in which case the employee will have to pay a higher amount.

Further, the law states that the employer must provide insurance against labour accidents and professional diseases. The contributions are as follows:

- a basic contribution of 0.9% of the employee's taxable wages; and
- an additional contribution (which varies based on the organisation's activities and associated risks, capped at 3.4% of the employee's taxable income).

The law on unemployment insurance establishes that both the employer and the employee must contribute as follows:

- employee: 0.6% of taxable income;
- employer: 2.4% of taxable income.

There is also a limit on these contributions for unemployment insurance based on the income of the employee. The monthly income taken into account for these purposes is equivalent to 113.5 UF, equivalent to approximately **EUR 3,994**.

Colombia

- ▶ Every employer must affiliate its employees to the General Social Security System and make monthly contributions based on the employees' monthly wage. Social Security System in Colombia covers pensions, health and labour risks. Contributions are calculated as follows: (1) health 12.5%: of which the employer pays 8.5% and the employee 4% (with employees earning less than ten monthly minimum legal wages being exempt from health contributions); (2) pensions 16%: of which the employer pays 12% and the employee 4% (with employees earning more than four monthly minimum legal wages being required to make additional contributions to the pension system, ranging between 1% and 2% of the employee's salary); (3) labour risks: of which between 0.348% and 8.7% is paid by the employer (varying in accordance with the level of risk).

The minimum earnings used to calculate contributions are one monthly minimum legal wage, and the cap is 25 monthly minimum legal wages. The date of payment of contributions varies according to the employer's ID number.

Note that if variable pay ('non-salary benefits') exceeds 40% of the employee's take-home pay, the excess must be added to the base salary when calculating social security payments.

Croatia

- ▶ Social contribution rates are divided into the following rates, which must be paid by the employer: pension insurance at 20% (consists of 15% solidarity insurance and 5% savings insurance); health insurance contributions at 15%; unemployment insurance at 1.70%; and insurance against injuries at work 0.5%.

Pension insurance contribution is paid on gross salary (gross 1). Health insurance contributions, unemployment insurance contribution and insurance against injuries at work are paid on top of gross salary (gross 2).

No additional social contributions are payable and there is no lower threshold or cap on payments. The employee is required to pay 20% and this is withheld and paid by the employer.

There is no cap on contributions. The payments are made with each salary payment, i.e. each month.

Cyprus

- ▶ The contributions are as follows:
 - Social Insurance Fund – the contribution rate has been 20.2% since 1 January 2014 (7.8% is payable by the employer, 7.8% by the employee and 4.6% by the State. There is a cap on earnings in 2017 of **EUR 54,396** (i.e. **EUR 1,046** per week and **EUR 4,533** per month). Employers are responsible for payment of both employer and employee contributions.
 - Redundancy Fund – the contribution rate is 1.2%. Contributions to the Redundancy Fund are wholly payable by the employer and are restricted to highest level of pay of **EUR 54,396**.
 - Human Resource Development Fund – the contribution rate is 0.5%. Contributions to the Human Resources Development Fund are wholly payable by the employer and are restricted to the highest level of pay of **EUR 54,396**.

Social Cohesion Fund - the contribution rate is 2%. Contributions to the Social Cohesion Fund are wholly payable by the employer and calculated on the total level of pay. There is no cap.

Holiday Fund – the contribution rate varies according to the length of annual leave (if there is no exemption, it is around 8% and is restricted to a maximum level of pay). The contribution is paid entirely by the employer.

Note that there are different rates for self-employed people. Note also that someone who has stopped working for an employer or working for themselves may, nevertheless, continue to pay into the social insurance system.

Czech Republic

- ▶ Employees contribute 6.5% of their gross taxable income to social security schemes. Employers contribute an amount equivalent to 25% of the gross taxable income of all employees. This is comprised of 2.3% for sickness insurance, 21.5% for pension insurance and 1.2% for the state unemployment scheme. The maximum annual assessment base for social security contributions for both the employee and employer is CZK 1,355,136 (approximately **EUR 50.14**) in 2017.

There is no maximum assessment base for health insurance purposes in the Czech Republic. Employees contribute 4.5% of gross taxable income to health insurance. Employers contribute an amount equivalent to 9% of the gross taxable income of all employees.

Note that if a person's earnings do not exceed CZK 2,500 (**EUR 92.50**), no social security payments are payable, but health insurance must be paid (as the threshold for that is the minimum wage.)

Denmark

- ▶ Social security benefits are generally funded by tax revenues and not by social security contributions. Therefore, compared to employer social security contributions in many other countries, employers are only required to pay small contributions. The amount of these is not related to the size of the employee's salary. Instead, the employer contributions consist of fixed contributions, the amount of which depends only on the nature of the industry to which the employer belongs and the employee's number of working hours.

The employer's contributions are paid into the maternity insurance scheme; the supplementary pension scheme; the sickness benefit scheme; the occupational diseases insurance scheme; and the industrial insurance scheme.

In general, for a full time employee the contributions total between approximately DKK 800 and 1,250 (approximately **EUR 107.52 to 168**) per month. For most employees, this means in practice that the annual amount in employer social security contributions is only between 1 and 4% of the employee's annual salary.

Employees are only required to pay a small social security contribution to the supplementary pension scheme, the amount of which depends also on the employee's working hours, and not the employee's salary. For a full-time employee, the contribution amounts to DKK 1,135.80 (approximately **EUR 152.65**) per month.

Employers are required to deduct and withhold this contribution from the employee's salary each month. The employer contributions are payable on a quarterly basis no later than by the 7th of the second month following the end of a quarter. At the same time, the employer must pay the employee contribution that it has withheld for the three months of the relevant quarter.

Note that in the graph we have chosen to represent a full-time employee employed in the industrial sector with an annual salary of DKK 400,000 (**EUR 53,760**). For such an employee, the annual employer contributions would normally be approximately DKK 12,000 (roughly **EUR 1,612.80**), which is 3%.

France

- ▶ Both employers and employees must pay social security contributions. The employer's contribution totals approximately 45% of the monthly salary and the employee's part is around 20%. Contributions are paid on a monthly basis and the rate depends on the type of business that the organisation carries out, its size, the employees' position within the organisation and their remuneration.

French social security covers major life risks, including illness, old age, death, maternity, disability, family allowances, work-related accidents and occupational illnesses, and unemployment. There is no overall cap, but some contributions are capped.

Note that specific rates apply in some areas of the country (Alsace-Moselle). Some rates vary depending on the amount the employee earns (e.g family allowances). Most contributions are not capped, but unemployment and old age are capped. An overall reduction of the employer's social contributions applies if the employee is paid less than 160% of the national minimum wage. Note that this reduction has not been adjusted for in the graph.

Germany

- ▶ The total contribution rate is currently approximately 40% (split almost equally between the employer and employee). German social insurance provides financial protection against the major life risks, including illness, unemployment, old age, industrial accidents and the need for long-term care.

Employees below a certain income level are, as a rule, automatically and compulsorily insured, unless their income is less than **EUR 450** per month. The social insurance funds are generally financed by contributions from insured fund members and their employers. Contributions are paid on a monthly basis.

Social security contributions are paid according to the employees' gross annual earnings. For 2017, the maximum monthly contributions for the various types of insurance are as follows: pension insurance: **EUR 1,187.45**, health insurance: **EUR 682.95**, unemployment insurance: **EUR 190.50**, nursing care insurance: **EUR 121.80**. The maximum monthly contribution for the employer is **EUR 1,061.98** and for the employee it is **EUR 1,120.72**.

Greece

- ▶ Social security covers pension, health and medical insurance, as well as unemployment benefits and auxiliary insurance. The employer should pay the employer's and employees' social security contributions by the last working day of the month after the one the contributions apply to. Since 1 January 2017, the basic rate for the main pension contribution has been 20% (i.e. a 6.67% employee contribution and a 13.33% employer contribution). The rate for healthcare and medical insurance is, since 1 January 2017, is 7.10%, (i.e. a 2.55% employee contribution and a 4.55% employer contribution).

From 1 June 2016 to 31 May 2019 the monthly contribution rate for auxiliary insurance is 3.5% for employees and 3.5% for employers. The rate changes on 1 June 2019 to 3.25% for employees and 3.25% for employers, and will change again after 2022. Contributions for unemployment and other matters continue to apply (in total 6.96%, i.e. 3.28% for employees and 3.68% for employers).

Under this reform, social security contributions will be payable up to a cap of **EUR 5,860.80** (maximum salary) per month. This means that the basic rate for social security contributions (i.e. pension, healthcare, auxiliary and unemployment benefits etc.) will be 16% for employees and 25.066% for employers.

Note that, the threshold for liability to pay is annual earnings of **EUR 7,032.96**. Note also that the rates can vary according to the type of job, for example, for mechanics and doctors working under employment contracts, along with certain employees in heavy industry and doing hazardous work.

Voluntary contributions are possible for those affiliated to a supplementary insurance scheme.

Hungary

- ▶ The Hungarian social security covers, for example, illness, maternity, unemployment, disability and pension. Both the employer and employee must pay contributions. The employee must pay:

- 10% pension insurance contribution;
- 7% healthcare insurance contribution;
- 1.5% labour market contribution.

These are payable based on the employee's gross monthly salary. There is no overall cap on contributions. The employer is required to withhold the above contributions from the employee's salary and pay directly to the Hungarian tax authority. The employee will receive his or her net salary from the employer after the deduction of social security contributions and a deduction for personal income tax.

The employer must pay:

- 22% social contribution tax;
- 1.5% vocational training contribution.

All of the above contributions are payable monthly in arrears by the 12th day of each month. Note that there is no lower threshold for payments and no overall cap.

India

- ▶ Indian labour and employment laws provide for social security to employees working in certain type of establishment, covering illness and disability, in addition to old age. The Employees' Provident Fund & Miscellaneous Provisions Act, 1952 (EPFA) is one element.

Both employers and employees are required to pay 12% of earnings if the employee earns INR 15,000 (**EUR 201.00**) per month or less. Part of the contribution made under the EPFA is directed towards the Employees' Pension Scheme, 1995 (EPS) and the Employees Deposit-Linked Insurance Scheme, 1975 (EDLIS). The Employees' State Insurance Act, 1948 (ESIA), provides insurance and sickness benefits to certain eligible employees and their families. Currently, the employee's contribution rate is 1.8% of wages and the employer's is 4.75%. The Payment of Gratuity Act, 1972 provides that an employer must pay a gratuity to an employee who has been in continuous service for five years with the employer at the time of resignation or retirement. The gratuity is payable at the rate of 15 days' salary for every completed year of service. A gratuity is also payable at the time of death or disablement of an employee as a result of accident or illness. In such cases, the gratuity is payable irrespective of length of service.

Note that eligibility for provident fund payments by the employer is limited to those earning INR 15,000 (**EUR 201.00**), or less, though employers can choose to include higher paid employees. For state insurance, the cap is those earning INR 21,000 (**EUR 281.40**) or less.

Italy

- ▶ The basic rate for employers' contributions is currently 23.81%, while the current rate for employees is 9.19%, with a cap of **EUR 100,324** for 2017 for employees who started working after 31 December 1995. These rates apply to blue collar workers in industrial enterprises with a workforce between 15 and 50 employees, but note that other rates apply to employees in other categories and sectors.

Rates may also vary based on the type of contract the employee has (e.g. fixed term or open-ended employment contract). The rates we have chosen for the graph refer to open-ended employment contract.

Social security is paid with each salary payment, i.e. each month. It covers retirement, disability and death. In addition to the basic rates, there are further rates (again for blue collar workers in industrial enterprises) that cover unemployment benefits, the employment termination payment (the so-called 'TFR'), illness, maternity and 'shock absorbers', to a total rate of 31.28% for employers and 9.49% for employees.

A reform in 2015 introduced a contribution exemption for employees hired on open-ended contracts in 2015 and 2016, for a maximum period of 36 and 24 months respectively. However, this will no longer apply after the end of 2017. Other exemptions have been introduced for hiring in 2017, which apply only in specific areas of the country and/or for hiring young employees.

Japan

- ▶ In Japan there are four types of social security schemes: health insurance, welfare pension insurance, workers' compensation insurance and unemployment insurance. These schemes are complicated and the contribution rates for the employer vary from industry to industry and from prefecture to prefecture, and change almost every year. However, approximately 15 to 25% of an employee's monthly salary will normally be payable by the employer the higher end being for hazardous occupations. For the purposes of the graph, we have assumed 15% to be payable by the employer, as that is the usual rate for employers across a range of industries, and 14.5% by the employee.

Employees are required to pay part of the premiums for health insurance, welfare pension insurance and unemployment insurance. The contribution rates are set according to relevant law, and practice within the sector and prefecture. Payments must be made every month and payments of the current month's insurance contribution are payable by the end of the following month.

Note that there is a lower threshold of JPY 1,060,000 (**EUR 9,222**), for payments into the welfare pension and health insurance schemes, whereby those earning less than this figure will be treated as earning this amount for the purpose of calculating how much needs to be paid in. The same applies for those earning less than JPY 700,000 (**EUR 6,090**) – those earning less will be treated as earning this figure in order to calculate what is owed. There is no such arrangement for workers' compensation or unemployment insurance. There is a cap on welfare pension insurance of JPY 56,000 (**EUR 487.20**) per month, for both the employer and employee and a cap of approximately JPY 69,000 per month (**EUR 600.30**) for the health insurance scheme.

Latvia

- ▶ Currently, the total social tax payable for each employee is 34.09% of their salaries (10.50% is the employee's part and 23.59% is the employer's part).

Social security covers the risk of loss of income to a person or his or her dependants due to age, unemployment, accident at work or occupational illness, disability, sickness, maternity, childcare, or expenditure in connection with the death of the person or his or her dependants.

The maximum amount of social contributions is **EUR 52,400** per year. However, since 1 January 2016, a new Solidarity Tax Law has been in force. This is payable by those whose income exceeds the maximum contribution. The solidarity tax rate is 34.09% and is calculated on the amount exceeding the maximum contribution.

Note that some quite major changes to the above will come into force on 1 January 2018.

Lithuania

- ▶ All those working under an employment contract must be covered by social security. The employer must withhold a 3% pension insurance and a 6% health insurance contribution on behalf of its employees from employment-related income, and pay the employer's part of the social security contributions at a rate of between 31.18% (30.48% for social insurance; 0.2% to the Guarantee Fund; and 0.5% to the long-term unemployment fund) and 32.8%, depending on the insurer's risk group. Employers who hire employees under temporary employment contracts are subject to higher social security and related payments, from 32.78% to 34.4%, depending on the insurer's risk group.

There are no thresholds for social security payments, but Parliament is considering implementing a cap on social security payments at some point in the future.

Luxembourg

- ▶ Employers must pay part of the social security contributions and deduct the other part from the employees' remuneration in order to pay the contributions to the Luxembourg Joint Centre for Social Security ('Centre Commun de la Sécurité Sociale', or 'CCSS').

For 2017, the portion to be paid by the employer is divided into contributions to:

- health insurance of 3.05% of gross salary, for benefits in kind and cash;
- pensions of 8% of gross salary;
- accident insurance of 1% of gross salary;
- occupational health of 0.11% of gross salary; and
- the employer's mutual fund of 0.51% (risk class 1), 1.23% (risk class 2), 1.83% (risk class 3) or 2.92% (risk class 4).

For 2017, the employee must pay contributions to:

- health insurance of 3.05% of gross salary, for benefits in kind and cash;
- pensions of 8% of gross salary;
- dependency insurance of 1.40% of gross salary; and

The monthly remuneration on which contributions are calculated is a maximum of five times the statutory minimum wage of a non-skilled employee (i.e. **EUR 9,992.93** per month, as at 1 January 2017). The minimum monthly earnings an employee must have before contributions become payable is, for an unskilled worker, **EUR 1,998.59**.

The social contributions must be paid by employers every month to the CCSS.

Note that the rate of the employer's contributions depends on the risk classification of the the employer. The rates are: 0.51% for risk class 1; 1.23% for risk class 2; 1.83% for risk class 3; and 2.92% for risk class 4. We have chosen risk class 3 to put in the graph, as we think this is the most representative.

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|---------------------------|--|
| <p>Mexico</p> | <p>▶ The employer must pay between 26.94% and 35.14% of employees' salary and the employee must pay between 4.375% and 5.25%, for a total contribution of between 31.315% and 40.39%.</p> <p>The contributions cover five types of insurance: occupational risk insurance, sickness and maternity, child care, disability and life insurance, retirement and old age pension. There is a cap of 25 times the minimum salary and the payments must be made every month.</p> |
| <p>Netherlands</p> | <p>▶ The contribution rate payable by the employer is equal to an average of 18.5% of the employee's salary up to a maximum salary of EUR 53,701. The employee pays 27.65% up to a maximum income of EUR 33,791. Contributions are in principle paid on a monthly basis, and included in the payroll tax return submitted by the employer. The social security contribution for employers varies according to the type of job or industry and also the number of sick or disabled employees – the higher the number, the higher the contributions. Social security contributions cover unemployment, disability, old age, survivors' benefits and sickness. Annual employee contributions are capped on EUR 9,343.</p> <p>There is no overall cap on contributions for employers. Contributions from the employee are included in the tax deduction made by the employer on salary every month. Both the employee's and employer's contributions are paid by the employer to the tax authorities every second month.</p> |
| <p>Norway</p> | <p>▶ The social security contribution for employers differs according to the region, but the normal rate for employers is 14.1% of income plus other taxable remuneration for work and tasks performed.</p> <p>Employees' contributions are 8.2% of gross employment income. Social security contributions cover pay during sickness, state pension and pay during unemployment. There is no overall cap on contributions. Contributions from the employee are included in the tax deduction made by the employer on salary every month. Both the employee's and employer's contributions are paid by the employer to the tax authorities every second month.</p> |
| <p>Panama</p> | <p>▶ The employer contributes 12.25% of the employee's salary and employees contribute 9.75% of their salary to the Social Security Fund. Payment needs to be paid monthly. The Social Security Institute (<i>Caja de Seguro Social</i>) manages the social security system in Panama. It covers health, maternity leave, disability, retirement pension and death by causes not originating at work. It also manages workmen's compensation, covering work-related personal injuries, death and occupational illnesses. There is no lower threshold and no cap on payments.</p> |
| <p>Poland</p> | <p>▶ Social security contributions are obligatory and consist of: pension, disability, accident and sickness insurance. The amounts of the contributions, based on the employee's gross remuneration, are as follows:</p> <ul style="list-style-type: none"> • 19.52% for pension insurance, paid by the employer and employee in equal parts (i.e. 9.76% each); • 8% for disability insurance (i.e. 6.5% paid by the employer and 1.5% by the employee); • 2.45% for sickness insurance paid by the employee; • between 0.40% and 8.12% depending on headcount, for occupational accident insurance, paid by the employer; and • 9% for health insurance, payable by the employee. <p>Further, the employer must pay a contribution to the Fund of Guaranteed Employee Benefits (i.e. 0.10%) and the Labour Fund (i.e. 2.45%).</p> <p>Based on these figures, in the graph, we have assumed a total amount for the employer of 22.81% and a total amount for the employee 22.71%.</p> <p>The employer must calculate and pay the contributions monthly to the social security office by the 15th day of the month following the month for which they are payable (including contributions to the Fund of Guaranteed Employee Benefits and the Labour Fund). There is no lower threshold for making payments, but in 2017, the overall cap on annual retirement and pension contributions is a salary of PLN 127,890 (EUR 29,350.76).</p> |

Portugal

- ▶ General social security contributions are at 34.75% of the employee's gross salary, with no lower threshold and no cap. The contributions are shared between the employer and the employee, with the employer paying 23.75% and the employee paying 11%. The contributions cover illness, maternity/paternity, unemployment, professional disease, disability, old age pension and death of beneficiaries.

Note, however, that other rates are set for certain professionals (e.g.; disabled employees: 11.9% for the employer and 11% for the employee).

A contribution is due from the 10th to 20th of the month following the one to which the pay relates and must be paid by the employer to the Social Security services. The employee's portion is withheld by the employer and delivered to the Social Security services along with its own contribution.

Romania

- ▶ An employer owes social security contributions for every employee and must withhold and pay social security contributions owed in relation to its employees. The most burdensome contribution is the pension contribution payable by the employer, which is set at 15.8% for normal working conditions (for other working conditions the rate could rise to 20.8% or 25.8%). The employer also owes the following salary-related contributions:

- 5.2% for health insurance;
- 0.5% for unemployment insurance;
- 0.85% for sickness and maternity leave;
- 0.15% to 0.85%, depending on the risk classification of the employer's core activity, for occupational injury and illness insurance; and
- 0.25% to the wages guarantee fund.

The employee pays a pension fund contribution (10.5%); a health insurance contribution (5.5%) and an unemployment insurance contribution (0.5%).

In the case of sickness and maternity leave insurance, the monthly contribution is levied on gross pay up to a cap of 12 times the national minimum wage, multiplied by the number of employees. Other contributions are levied on the whole of the employees' gross pay. The salary-related tax obligations must be paid into the state budget by the 25th of the month following the month for which they are payable.

Russia

- ▶ The employer pays social security contributions in favour of the employee into the following funds:
 - Pension Fund - 22% of remuneration up to RUB 876, 000 (approximately **EUR 12,322**) and 10% of remuneration above the threshold;
 - Social Insurance Fund - 2.9% of the pay of Russian citizens and 1.8% of the pay of foreign citizens or stateless people for compulsory social insurance for temporary disability and maternity, up to RUB 755,000 (approximately **EUR 10,192.50**);
 - Federal Compulsory Medical Insurance Fund - 5.1% of all remuneration for compulsory medical insurance, without any threshold.

In addition to the above, employers must contribute to an occupational injury and illness insurance scheme administered by the Social Insurance Fund. The contribution rate varies from 0.2% to 8.5% of employees' pay, depending on the degree of risk involved in the employer's activities. The employee is not required to make any contributions.

Note that certain reductions are available for particular types of organisations and there are additional payments into the pensions fund for employees with certain types of working conditions.

The employer must pay the contributions monthly. Social security contributions must be paid not later than the 15th day of each month in respect of the previous month. If the last day of the period falls on a weekend or holiday, the deadline is the next business day.

Slovakia

- ▶ The statutory contributions to be paid by the employer and employee consist of two types of contribution: one to health insurance and the other to social insurance. The health contribution paid by the employer represents 10% of the monthly remuneration of the employee. The employer's contribution to social insurance represents, in all, 25.20% of the monthly salary of the employee. The overall contributions payable by the employer based on the above equate to 35.20% of the monthly pay of the employee. The health contribution paid by the employee represents 4% of the monthly remuneration. The employee's contribution to social insurance represents, in all, 9.40% of the monthly salary. The overall contributions payable by the employee based on the above equate to 13.40% of monthly pay.

The contribution rates are pre-defined and fixed based on the Slovak Social Insurance Act and Slovak Health Insurance Act. The contributions are paid out of the employee's pay on a monthly basis.

Note that the threshold for liability to pay contributions is the minimum wage and there are caps on what the employer and employee need to pay for social insurance. Monthly earnings over seven times the official average salary in Slovakia (**EUR 6,181**) are not subject to social security contributions, therefore, there is an overall cap for these, but health insurance is not capped.

Slovenia

- ▶ The employer pays contributions for pension and disability insurance of 8.85%; health insurance of 6.56%; parental protection of 0.10%; unemployment of 0.06%; occupational accidents and illness of 0.53%. Altogether this amounts to 16.10%.

The employee pays contributions for pension and disability insurance of 15.50%; health insurance of 6.36%; parental protection of 0.10%; and unemployment of 0.14%. Altogether this amounts to 22.10%.

Social contributions are withheld from gross salary on a monthly basis (each month for the previous month). The social contribution rates are set based on the Social Security Contributions Act (Official Gazette no. 5/96, as amended). The minimum basis for calculating social contributions is determined in the following way: in 2017: 52% of the last known average annual salary of employees in Slovenia, calculated per month. In 2018, this rises to 54%, in 2019, 56%, in 2020, 58% and from 2021 onwards, 60%. There is no cap on social contributions.

Spain

- ▶ Both employers and employees must pay social security contributions.

The basic rate of employers' contributions for employees with indefinite contracts is currently 29.90%, calculated on employees' gross salary, plus a contribution for work accidents and professional illness, based on the type of activity and ranging from 0.90 to 7.15%.

The current rate for employees with an indefinite contract is 6.35%, payable from a minimum of **EUR 825,60** per month and capped at **EUR 3,751.20** per month for 2017.

The contributions cover healthcare, sick pay, maternity and paternity benefits, invalidity benefits, pension and various survivors' benefits, work accidents and illnesses, unemployment, a wage guarantee and occupational training.

Contribution rates vary according to the type of contract the worker has and in the case of accident insurance, the type of job performed.

The employer is responsible for its own contributions and those of their workers. The employer withholds the contributions from salary and pays in the month after they the month to which they refer.

Sweden

- ▶ The basic rate for employers' contributions is currently 31.42% of employees' salaries. There is no overall cap on contributions. The payment is made monthly in conjunction with salary payments and covers, for example, statutory payments of pension, sickness insurance and insurance for occupational injuries. The employee is not expected to pay any social security contributions.

Ukraine

- ▶ From January 2016 the social security payment system was simplified. The employee contribution, which was 3.6%, has been abolished.

The employer's contribution is 22% (instead of the previous scale from 36.76% to 47.7%). There is no lower threshold for liability to pay contributions but there is a minimum amount that must be paid, of UAH 704 (**EUR 25.27**). A lower rate of between 5.3 and 8.41% is applied to the income of employees with disabilities. The statutory cap on social security is currently UAH 42,100 (**EUR 1,511.39**). Social security contributions are paid monthly.

The social benefits covered include sick leave, maternity leave, work accidents, occupational illnesses and pensions.

UK

- ▶ For tax year 2017-2018, the contribution is as follows: for employees on cash earnings and benefits which are readily convertible such as listed shares between GBP 8,164 and GBP 45,000 (**EUR 6,907.52** and **EUR 38,074.29**) the contribution is 12%, whilst on cash earnings and readily convertible benefits in excess of GBP 45,000 the contribution is 2% uncapped. For employers on cash earnings and most benefits the contribution is 13.8% on earnings in excess of GBP 8,164 (**EUR 6,907.52**) uncapped.

Both employee and employer contributions on cash earnings and readily convertible benefits must generally be paid within 14 days of the end of the tax month (which runs from the 6th of the first month to the 5th of the following month). Employer contributions on other benefits in kind must generally be paid by 19th July following the end of the tax year. The contributions count towards state pension, unemployment benefit, maternity allowance, bereavement benefits and incapacity benefit.

US

- ▶ Both the employer and employee are subject to separate social security taxes, payable to the Social Insurance Funds, of 6.20% each (i.e. a total of 12.4%) of the employee's gross wage amount, up to but not exceeding the Social Security Wage Base (indexed to USD 127,200 in 2016, or **EUR 113,818.56**). Wages earned over the maximum wage base are not subject to Social Security tax.

To fund Medicare, a separate tax of 1.45% of the employee's income is paid directly by the employer, and an additional 1.45% tax is withheld from the employee's pay cheque, for a total of 2.9%. In tax years 2013 and later, an Additional Medicare Tax applies to an individual's Medicare wages that exceed a threshold amount based on the taxpayer's filing status. Employers are responsible for withholding the 0.9% Additional Medicare Tax on an individual's wages paid in excess of USD 200,000 (**EUR 178,6960**) in a calendar year (USD 250,000 for married couples filing jointly, **EUR 223,700**).

An employer is required to begin withholding Additional Medicare Tax in a pay period in which it pays wages in excess of USD 200,000 to an employee and to continue to withhold it for each pay period until the end of the calendar year.

There is no employer match for Additional Medicare Tax.

Employers also pay federal and state unemployment insurance taxes on employee wages. The federal unemployment insurance tax rate is 6% on the first USD 7,000 of wages (**EUR 6,263.60**), but credit is given for state unemployment insurance taxes paid on time that may lower the federal rate to as low as 0.6%. State unemployment insurance tax rates and the wage base against which the state rates apply vary depending on the state, general demand for unemployment benefits, and the frequency of claims by former employees of the employer.

There are two deposit schedules for social security and Medicare taxes, monthly and semi-weekly. Before the beginning of each calendar year, the employer must determine which of the two deposit schedules they are required to use and pay accordingly. Federal unemployment insurance tax deposits are generally payable quarterly.

Note that a few states have short-term disability insurance programmes (California, Hawaii, New Jersey, New York, and Rhode Island). These may be funded by employee or employer contributions, depending on the state. Additionally, all states generally mandate that employers maintain insurance for lost wages and medical costs related to work-related injuries and accidents.

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