



Minimum wage requirements within Europe in the context of posting of workers

**KPMG in Romania
2016**

Content

03 Introduction

General overview



09 Main findings

17
Country-by-country report



Introduction

In the context of the free movement of persons within the European Union, labor mobility represents a key issue for member states, as it makes good economic sense, contributes to filling shortages on certain labor markets and supports the economic and social development of citizens. It is nevertheless obvious that labor mobility entails complex issues from various perspectives (authorities, employers and employees).



Mădălina Racovițan
Partner,
Global Mobility Services
KPMG in Romania

Free movement of workers within the European Union is a fundamental principle of the Treaty on the Functioning of the European Union and has been developed by EU secondary legislation and the Case law of the Court of Justice. The EU's legislation aims to encourage workers to pursue opportunities within other member states, beyond their country of origin.

The statistics issued by the European Commission demonstrate that mobility within the European Union is at relatively low levels (approximately 7 million EU citizens live and work outside their country, and there are over 1 million cross-border or frontier workers, i.e. EU nationals who work in an EU country other than the one where they reside), as compared with those in other highly integrated areas, for example the United States, and well below mobility within countries.

However, mobility within the European Union is increasing, due to various factors, which include enlargement of the EU to Eastern European countries with high outward migration rates, but also for other reasons, such as shortages of skilled people on certain, generally western, labour markets.

We are therefore seeing more and more organisations and employees engaged in work outside their country of residence, either because they are looking for new opportunities, or because their employer temporarily assigns them to carry out work in a different country or simply because they are interested in experiencing the lifestyle and environment of a different country.

Whatever the reasons, labour mobility entails complex issues which both the authorities, employers and citizens need to take into account. Recent developments in EU legislation have aimed to increase fair labour mobility within the EU by removing barriers which could hinder it. At the same time,

the EU has declared on several occasions that it will help coordinate the fight against undeclared work.

An area where member states consider that abuses may occur for mobile workers is the situation of posted workers, i.e. employees of companies based in member states who are assigned to carry out work outside their country of origin. Posting situations are dealt with under Directive 96/71 EC¹ (the so-called "posting Directive"), which has been recently complemented by a new enforcement directive (adopted in 2014, to be transposed into member states legislation before 18 June 2016).

The directive for the enforcement of legislation on the posting of workers seeks to boost the rights of posted workers, make the cross-border provision of services easier and combat social dumping. Its aim is to improve the application of existing rules, without changing them.

In this context, some member states have already started various initiatives aimed at fighting against undeclared work and social dumping, and strict investigations by labour and tax authorities are frequently seen.

These investigations often focus on minimum rights provided to posted workers (as set out under the Directive), especially the level of the minimum wage to which the posted employee is entitled during the posting period.

This report is focused on the minimum wage requirements in EU/EEA member states and Switzerland, and is intended to present a general overview of each member state in terms of levels of minimum wage, how the minimum wage is determined, as well as the potential penalties which may be imposed on an employer if the minimum wage requirements are not observed.

1) Concerning the posting of workers within the framework of the provision of services.

Section 1



General overview

The term 'minimum wage' is defined in a lot of ways in specialised literature, legislation and other materials. Although its definitions are not identical, they all refer in principle to the minimum amount that an employee must receive for the work carried out.

The minimum wage aims to protect employees from exploitation, by establishing a minimum rate under which any employment relationship is considered unacceptable. Consequently, although it is not explicitly aimed at reducing wage inequality and poverty, it is clearly related to both of them.

Minimum wages exist in all EU member states. However, these are set up and established in different ways.

Within the next sections we will see that some are defined for the entire labour force, and in this case we are referring to a national statutory minimum wage which applies with no exception. Others apply only to a part of the labour force, for instance sectoral minimum wages that bind only trade union members.

Before going into the requirements within each specific country with regard to the minimum wage, when discussing posted workers within the EU, the provisions of the EU Posted Workers Directive (96/71/EC) should be observed.

Let's briefly outline the main provisions of the Directive.

1) Concerning the posting of workers within the framework of the provision of services.

To whom does the Directive apply?

The Directive is concerned with the free movement of workers and stipulates that workers are protected by the law of the member state in which they work.

As such it applies to undertakings based in a Member State which, within the framework of the transnational provision of services, post workers to the territory of another Member State in one of the following three situations:

1. When an employer posts a worker to another Member States on its own account and under its direction, under a contract which the employer has concluded with the party in the State for whom the services are intended.
2. When an employer posts a worker to an establishment or to an undertaking owned by the group in the territory of another Member State;
3. When the employer is a temporary employment undertaking or placement agency, and hires out a worker to a user undertaking, based in or operating in another Member State.

What does the Directive cover?

It provides that posted workers are guaranteed terms and conditions of employment in the member state to which they are posted, covering the following matters:

01

Maximum work periods and minimum rest periods.

Minimum paid annual holidays.

02

03

Minimum rates of pay, including overtime rates; this does not apply to supplementary occupational retirement pension schemes.

The conditions of hiring-out of workers, in particular the supply of workers by temporary employment undertakings.

04

05

Health, safety and hygiene at work.

Protective measures with regard to the terms and conditions of employment of pregnant women or women who have recently given birth, of children and of young people.

06

07

Equality of treatment between men and women and other provisions on non-discrimination.

What is its main purpose?

In order to guarantee that the rights and working conditions of a posted worker are protected within the European Union, the Directive provides for a core of mandatory rules relating to the terms and conditions of employment to be applied to an employee posted to another Member State. In addition, where a Member State has certain minimum terms and conditions of employment, these must also apply to the workers posted to that Member State.

The Directive also makes reference to the minimum pay which should be granted to the posted workers.

But who defines and who establishes such minimum pay?

For the purposes of this Directive, the concept of minimum rates of pay referred to is defined by the national law and/or practice of the Member State to whose territory the worker is posted. Consequently, when a posting is to be made, the minimum wage requirements in the Member State to which the individual is posted should be considered by the employer who is making the posting.

It is consequently important for an employer who is planning to post workers to another Member State to understand what the minimum requirements are in that other state, as this could generate considerable additional costs.

The purpose of this material is to give an overview of the Member States which have minimum wage requirements, what these are, as well as what salary components could be considered as part of the minimum wage.

In the next section, we detail our main findings with respect to the minimum wage requirements within the EU, EEA member states and Switzerland.



Section 2

Main findings

The requirements under the domestic legislation and practice of the states under analysis vary significantly as to how the minimum wages are set, their absolute levels, as well as how they are defined. This section of the report aims to give an overview of the most relevant aspects in the countries under analysis.

The information presented in this report is based upon a brief survey consisting of 11 questions covering aspects relating to minimum wage requirements and notifications with respect to postings to 31 countries within the European Union, European Economic Area and Switzerland, valid for January 2016.

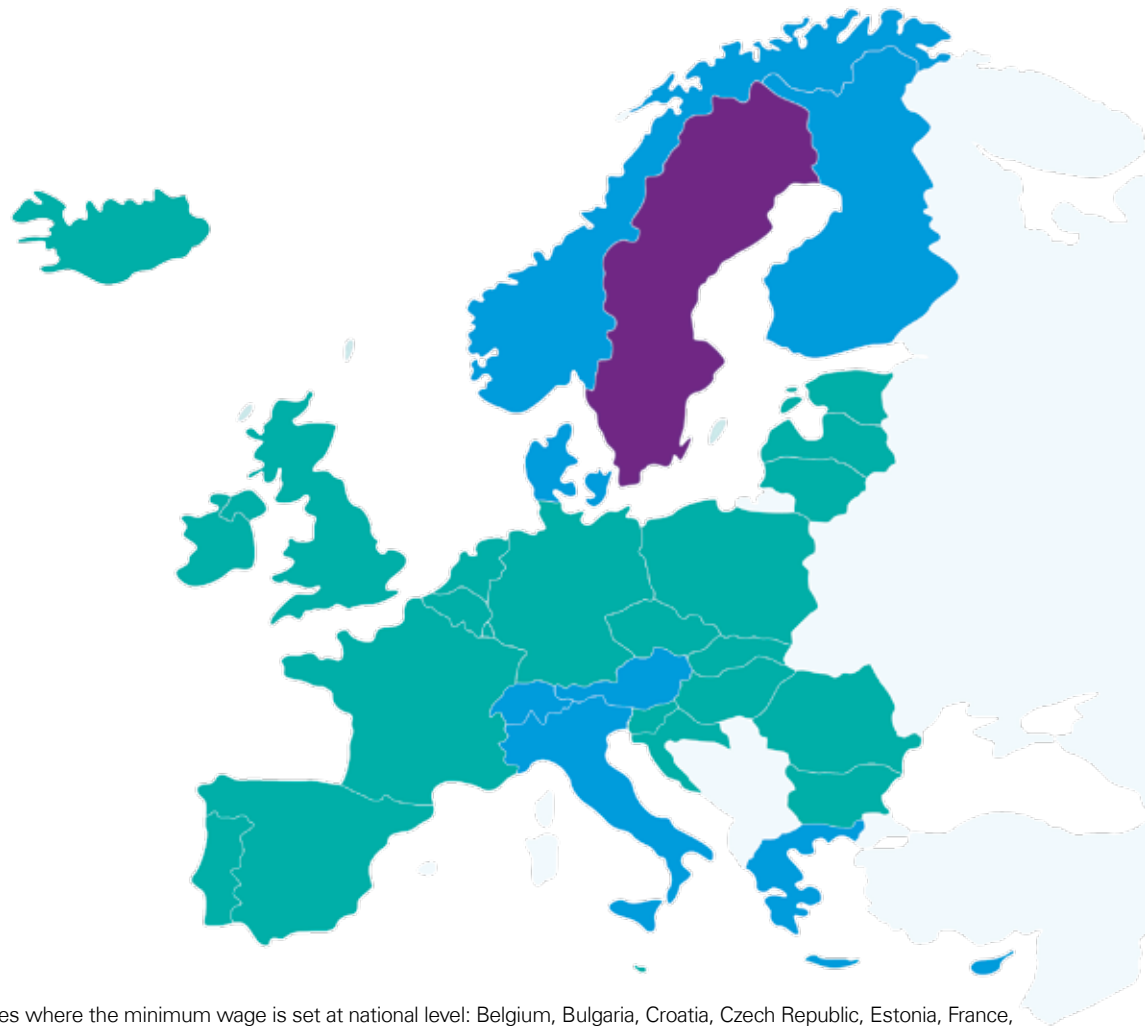
This information is of a general nature and it is not meant to consider all situations which might occur. It is thus recommended that, prior to posting an employee to a Member State, the employer should cross-check the information with specialised consultants or lawyers in the relevant country, including making a check as to whether there have been any recent changes to the domestic legislation of the Member State concerned.

Do all member states have a minimum wage?

There are two main groups in terms of minimum wage policy. The larger group consists of the countries that have a national minimum wage which is set by the Government. Currently, 22 out of 31 countries under analysis have a national minimum wage.

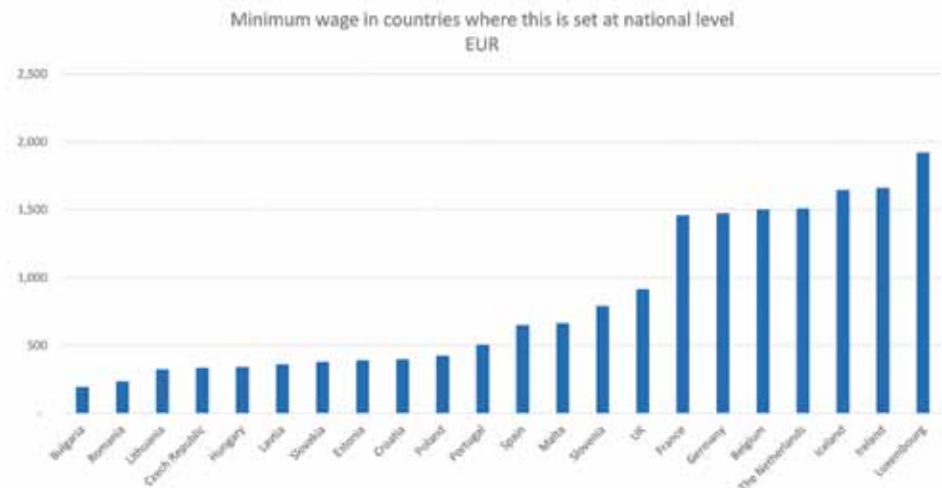
The second, smaller group consists of countries that do not have a national minimum wage requirement. What does this mean? This does not mean that these countries do not have minimum wages at all. It just means that the minimum wage is not set at national level and is instead set based on Collective Bargaining Agreements. Consequently, in these countries (as shown below), the minimum wage can differ based on industry, position, occupation, age, etc. Sweden is the only Member State which has no legal minimum wage requirement for EU nationals.

22 countries have a minimum wage established at national level, which varies between EUR 214 in Bulgaria and EUR 1,923 in Luxembourg.



- Countries where the minimum wage is set at national level: Belgium, Bulgaria, Croatia, Czech Republic, Estonia, France, Germany, Hungary, Iceland, Ireland, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, United Kingdom.
- Countries where the minimum wage is set under Collective Bargaining Agreements: Austria, Cyprus, Denmark, Finland, Greece, Italy, Norway, Switzerland.
- Countries where there is no minimum wage: Sweden.

In the 22 countries that have a minimum wage established at national level, it varies between EUR 214² in Bulgaria and EUR 1,923 in Luxembourg.



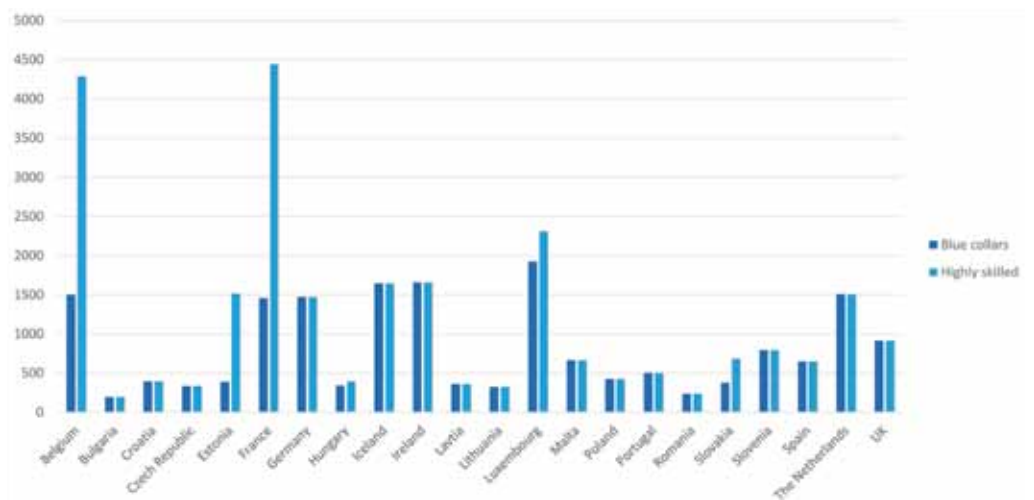
2) For non-Euro countries, the amounts relating to the year 2015 have been exchanged into Euro using 2015 average exchange rate and respectively, amounts relating to 2016 have been exchanged into Euro using an average exchange rate calculated for the first 2 months of the year (January-February 2016).



The national minimum wage is set as a fixed amount, either as a monthly or an hourly rate.

As a general rule, the national minimum wage is the gross amount before income tax and social security contributions, although this can sometimes differ from country to country.

Some countries have a national minimum wage which varies between blue-collar and highly-skilled workers. For highly-skilled workers, France has the highest minimum wage (EUR 4.444 per month), whereas Luxembourg has the highest level which applies to all workers.



As a general rule, the national minimum wage is the gross amount before income tax and social security contributions, although this can sometimes differ from country to country.

What criteria does the minimum wage depend upon?

In some countries, including some which have a national minimum wage, the level of the minimum wage depends upon certain factors, as shown below. Where

an employer intends to post employees to these countries, more thorough research is required to find out the appropriate minimum wage requirement applicable to the specific activity to be carried out by the posted employee.

Country	Occupation	Industry	Professional experience	Collective bargaining agreement	Education	Age	Other
Austria	✓	✓	✓				
Belgium	✓	✓					
Cyprus	✓						
Denmark	✓	✓		✓			
France	✓	✓		✓			
Greece	✓	✓		✓			
Hungary			✓		✓		
Iceland	✓	✓					
Ireland						✓	
Italy	✓	✓					
Luxembourg						✓	✓
Malta		✓				✓	
Netherlands						✓	
Norway		✓					
Poland							✓
Slovakia		✓					✓
Slovenia							✓
Switzerland	✓	✓				✓	
United Kingdom	✓					✓	

How frequently does the minimum wage change?

Frequent changes to the minimum wage can have an important impact. Changes directly influence the costs of the employer which is making the posting. The employer has to constantly be aware of the changes to the minimum wage requirements in the posting country and adjust the salary accordingly.

Even for the countries which have fixed national minimum wages, this can change, sometimes during the course of a year.

As can be seen from the table below, within 15 countries there is no particular pattern as to when the minimum wage changes. In 13 other states, it usually changes annually, while in the Netherlands and France, the minimum wage usually changes twice a year, in January and July, respectively.

How often does the level of the minimum wage change

Annually	Irregularly	Twice a year
Austria	Belgium	France
Bulgaria	Cyprus	Netherlands
Croatia	Czech Republic	
Hungary	Denmark	
Iceland	Estonia	
Malta	Finland	
Norway	Germany	
Poland	Greece	
Romania	Ireland	
Slovakia	Italy	
Slovenia	Latvia	
Spain	Lithuania	
United Kingdom	Luxembourg	
	Portugal	
	Switzerland	



18 countries under analysis have reported increases to the minimum wage level in 2016 as compared to 2015.

Country	Monthly minimum wage in local currency (2015)	Monthly minimum wage in local currency (2016)
Bulgaria	BGN 380	BGN 420
Croatia	HRK 3,029.55	HRK 3,120
Czech Republic	CZK 9,200	CZK 9,900
Estonia	EUR 390	EUR 430
France	EUR 1,457.52	EUR 1,466.65
Hungary	HUF 105.000	HUF 111.000
Iceland	ISK 245,000 ³	ISK 260,000 ⁴
Ireland	EUR 8.65 (hourly rate)	EUR 9.15 (hourly rate)
Latvia	EUR 360	EUR 370
Lithuania	EUR 325	EUR 350
Malta	EUR 166.26 (weekly rate)	EUR 168.01 (weekly rate)
Netherlands	EUR 1,507.80	EUR 1,524.60
Poland	PLN 1,750	PLN 1,850
Portugal	EUR 505	EUR 530
Romania	RON 1,050 ⁵	RON 1,250 ⁶
Slovakia	EUR 380	EUR 405
Spain	EUR 648.6	EUR 655.20
United Kingdom	GBP 6.70 (hourly rate) ⁷	GBP 7.20 (hourly rate) ⁸

3) As of 1 May 2015

4) As of 1 May 2016

5) As of 1 July 2015

6) As of 1 May 2016

7) As of 1 October 2015

8) As of April 2016

What can be included in the minimum wage?

At first glance, complying with a minimum wage requirement does not appear to be a complicated issue. Once the level of the minimum wage in the country where the posting takes place is known, all the employer has to do is make sure that level is reached. That might sound simple. However the practical difficulties and the challenges lie in understanding how the minimum wage is determined.

The following questions may come up in such cases:

- Would a salary rise be enough if the employee does not earn enough income in the home country to meet the level of the minimum wage in the posting country?
- Can we grant the posted employee an assignment allowance on top of the home-country base salary in order to reach the minimum wage requirement in the posting country?
- Would a bonus be sufficient?
- What about per-diem?
- Can transport and accommodation allowances be considered part of the minimum wage?

Of course, the above list can go on with many more similar questions.

The posting employer will also have to deal with issues relating to its country's domestic legislation, as well as internal policy (if any), such as:

- An increase in salary to meet the minimum wage in the posting country could lead to employment law implications in the home country (e.g. what happens upon termination of the assignment, and can we decrease the base salary to the home-country level after repatriation?).
- How can a different increase in salary for two assignees holding the same position be justified, when staff are posted to two different countries with different levels of minimum wage (e.g. assignment to Romania and assignment to Germany).

The Directive clearly states that allowances specific to the posting are to be considered part of the minimum wage, unless they are paid to reimburse expenditure on travel, board and lodging.

Bearing this in mind, the country-by-country section of the report includes information on which salary items could be considered as part of the minimum wage in accordance with the domestic legislation of each country.

Types of payments which have been analysed as to whether they could be considered as part of the minimum wage:

Per diem allowance

Daily allowance meant to cover food and incidental costs while travelling in connection with one's work or being employed at a distance from one's home.

Cost of living allowance

Amount paid by employers to protect assignees while on assignment from increased costs of goods and services in the host location as compared to those in the home country.

Foreign service premiums

Assignment-related allowance.

Bonuses

Additional compensation given to an employee in the home country above the normal wage.

Section 3

Country-by-country report



Every employee who works in Austria is entitled to obtain the minimum wage according to the applicable bargaining agreement.

Austria does not have a minimum wage set by the law, as there is no separate legislation relating to a minimum wage requirement. However, bargaining agreements set a minimum standard.

The minimum wage in the bargaining agreements changes annually. Every year there is a percentile increase of the minimum wage. Some industries raise the minimum wage at the beginning of the year, while others change it during the year (e.g. 1 November).

The minimum wage is determined based on industry (retail, construction, metal, print and paper, and service industry) and on the occupation of the employee (depending on the qualification of an employee, the employer has to assign a rating at the beginning of the employment).

The maximum legal hours must not exceed 10 per day and 50 per week.

In terms of how the minimum wage is determined, starting 2015, every foreign employee who works in Austria is entitled to obtain the minimum wage according to the applicable bargaining agreement. Austria includes foreign service premiums and bonuses as part of the minimum wage. Furthermore, foreign employees are entitled to allowances such as Christmas bonus, holiday allowance and overtime premiums. These allowances are only granted if the bargaining agreement regulates it. Otherwise the employee is not entitled to them. Generally (unless otherwise provided for by the

collective bargaining agreement) these allowances are granted on basis of the monthly wage. In the case of supplements, other allowances, e.g. night allowance, and overtime hours, these also have to be included in the basis of the calculation.

On the other hand, expense allowances (e.g. per-diems) cannot be included in the minimum wage.

From an administrative perspective, for postings to Austria, the home-country employer must notify the posting to the relevant Austrian authorities no later than one week before the beginning of work.

The home-country employer must submit Form ZKO3 concerning postings and Form ZKO4 for personnel leasing cases. The Federal Ministry of Finance has established a special coordinating office called "Zentrale Koordinationsstelle des Bundesministeriums für Finanzen" where cross-European postings must be notified.

In the case of non-compliance with the above requirements, penalties vary as follows:

- Forms are not filed on time - penalty ranges from EUR 500 to EUR 10.000 for each employee
- Minimum wage is not paid - penalty ranges from EUR 1.000 to EUR 50.000 for each employee.
- Under certain conditions, it is possible that the employer may be forbidden from carrying out activity in Austria for up to five years.



As a rule, only the fixed base salary is considered part of the minimum wage.

In Belgium, minimum wages are set under collective bargaining agreements (CBAs), which means that every joint committee (JC)⁹ has a different minimum wage. Consequently, changes in the minimum wage and the expected date for the change depend on the applicable CBA. A system of automatic wage indexation also exists in Belgium, which is set by the CBA but is imposed by law.

The minimum wage is determined as a fixed amount, depending on occupation and industry. We include below examples of minimum wage requirements based upon both.

As a rule, only the fixed base salary is considered part of the minimum wage. All additional benefits or allowances (such as per-diems, cost of living allowances, bonuses or foreign service premiums, etc.) are in principle not included in the minimum wage.

For non-compliance with the minimum wage requirements (or non-payment of wages) a criminal fine of between EUR 300 and EUR 3,000 or an administrative fine of between EUR 150 and EUR 1,500 per individual may be imposed.

For postings to Belgium in which the employee remains subject to the home-country social security regime, the home-country employer must formally notify the Belgian

social security authorities prior to the individual starting his or her activity in Belgium (by means of a so-called 'Limosa'¹⁰ declaration'). If the home-country employer does not meet this obligation, the host entity should in principle take care of it.

For non-compliance with the notification requirements, the employer may be liable to criminal law penalties, which consist of a prison sentence of 6 months to 3 years and/or a criminal fine of between EUR 3,600 and EUR 36,000. Alternatively, an administrative penalty applies, varying between EUR 1,800 and EUR 18,000 per individual.

If, in the absence of the employer, the Belgian entity fails to report the posted employee who is working or performing services at the entity's premises, the Belgian host entity is liable to a criminal fine of between EUR 600 and EUR 6,000 per individual or an administrative penalty of between EUR 300 and EUR 3,000 per individual.

The same penalties apply for an assigned self-employed worker who has not duly reported his or her activities via Limosa.

Belgium has maximum legal working hours of 8 hours per day and 38 hours per week (40h if 12 rest days are granted).

Blue collar workers JC 100: supplementary joint committee for blue collar workers (starters)	White collar workers JC 200: supplementary joint committee for white collar workers (starters)	Highly skilled (blue card)
EUR 1,501	Class A: EUR 1,644.47 Class B: EUR 1,712.99 Class C: EUR 1,737.22 Class D: EUR 1,873.91	EUR 51,465

9) The determination of the joint committee to which a particular undertaking belongs depends on that undertaking's principal activity. To find out which joint committee an undertaking belongs to, please contact the Social Legislation Inspectorate: SPOC.LabourInspection@employment.belgium.be

10) The international migration information system LIMOSA (Landenoverschrijdend Informatiesysteem Migratie Onderzoek Sociaal Administratief) is a federal government project which was set up to prepare the country for the complete opening of the labour market for workers from the new EU Member States on 1 May 2009. LIMOSA represents an instrument of control in the fight against fraud and the unfair competition of foreign workers who accept work at below-market wages and disregard Belgian labour laws and regulations.



Bulgaria has a minimum wage set at national level.

From January 2016 the minimum wage is BGN 420 per month (approximately EUR 214), compared to BGN 380/ month (approximately EUR 194) in 2015. The minimum wage is revised on an annual basis. During 2015, however, a mid-year revision of the minimum wage was made.

The minimum wage requirement in Bulgaria is fixed regardless of the industry, age or occupation, however, the minimum insurable income varies depending on the occupation and is generally higher than the minimum wage.

In Bulgaria, the maximum legal working hours are 8 hours/day, equivalent to 40 hours/week.

The assignment allowances such as per-diems, cost of living allowances or foreign service premiums are not considered as part of the minimum wage.

In terms of administrative requirements, in the case of postings to Bulgaria, a formal notification must be submitted to the local employment authorities. This notification should be filed by the host employer to the Bulgarian Employment Agency. However, there is no strict deadline for submitting it, and therefore no specific penalties.

The minimum wage requirement in Bulgaria is fixed regardless of the industry, age or occupation.



All employees who work in Croatia, irrespective of the industry, occupation or age, are entitled to a minimum wage in accordance with the Croatian Minimum Wage Act.

From January 2016 the minimum wage in Croatia is HRK 3,120 per month (the equivalent of approximately EUR 407). During 2015 the minimum wage was set at HRK 3,029.55 (the equivalent of approximately EUR 395), however this is updated annually.

In certain cases, the applicable wage can be lower than the minimum wage set by the Croatian Minimum Wage Act, if that wage is part of a collective bargaining agreement. However, even in such cases, the wage cannot be lower than 95% of the minimum wage set by the Croatian Minimum Wage Act - i.e. HRK 2,878.07 (the equivalent of approximately EUR 380).

Assignment allowances (e.g. per diems, cost of living allowances, Foreign Service premiums, etc.) cannot be considered part of the minimum wage.

No formal notification has to be submitted to the local authorities in the case of postings to Croatia as an automatic exchange of information exists between the Croatian Ministry of Internal Affairs and the Croatian Tax Authorities.

For non-compliance with the above requirements fines which range from HRK 60,000 (approx. EUR. 7,950) to HRK 100,000 (approx. EUR 13,245) for the employer and HRK 7,000 (EUR 930) to HRK 10,000 (approx. EUR 1,325) for the employee can be imposed.

The maximum legal working hours are 40 per week. Any additional work is considered overtime.



Usually, the level of the minimum wage in Cyprus changes annually. However, since 1 April 2012 no changes have occurred and there are no indications as to when changes, if any, are expected.

The minimum wage is determined as a fixed amount or as an hourly rate depending on occupation.

Assignment allowances such as per diems, cost of living allowances, foreign services premiums, and bonuses are not included in the minimum wage. However, the minimum wage may include commissions.

Cyprus has a legal limit of 8 working hours per day and 48 working hours per week.

In the case of postings to the Czech Republic, no formal notification has to be submitted to the local authorities.



The Czech Republic has a minimum wage requirement set by law.

The minimum wage is determined as a fixed amount and as an hourly rate. The minimum wage is revised by the Government generally in January of each year.

The current level of the minimum wage is applicable as from 1 January 2016.

The minimum wage per hour is CZK 58.70 (approx. EUR 2.15), while the minimum wage per month is CZK 9,900 (approx. EUR 363), which is applicable to both blue-collar and highly-skilled workers.

The minimum wage for disabled-workers for 2016 is CZK 9,300/month (approx. EUR 341) for 40 working hours per week or CZK 55.10 per hour (approx. EUR 2.02).

During 2015 the minimum wage per hour was CZK 55 (approximately EUR 2), while the minimum wage per month was CZK 9,200 (approximately EUR 337). The minimum wage for disabled-workers for 2015 was CZK 8,000/month (approx. EUR 300) for 40 working hours per week or CZK 48.10 per hour (approx. EUR 1.77).

The maximum number of legal working hours in the Czech Republic is 40 per week.

In terms of how the minimum wage is determined, with the exception of wages and salaries for overtime, extra pay for work on public holidays, night work, payment for work in a difficult working environment and work on Saturdays and Sundays all wage components can be considered part of the minimum wage.

However, the minimum wage does not include benefits provided in connection with employment, especially wage compensation, severance pay, travel expenses, or remuneration for work readiness.

In terms of administrative requirements, in the case of postings to the Czech Republic, no formal notification has to be submitted to the local authorities.

However, penalties for non-compliance with the minimum wage requirement can be up to CZK 2 mil. (approx. EUR 74,000).



In Denmark there is no statutory minimum wage, and no provision on minimum wages is included in the Danish Secondment/Posting Act, which implements the EU Posting of Workers Directive. Generally, this means that if an EU employee is posted by the home-country employer to deliver services to a Danish company in Denmark, no minimum wage will apply. However, in Denmark, pay and working conditions are typically laid down by collective bargaining agreements concluded between trade unions and employers' organizations. This system of labour market regulation is referred to as the Danish Model.

The collective bargaining agreements include provisions on the minimum wage and other working conditions. These Danish collective bargaining agreements are not of general application and will generally not apply if an EU employee is seconded to Denmark as mentioned above. However, the EU employer may need to observe collective bargaining requirements from the relevant Danish unions in the branch. As a consequence, the Danish company receiving the services from the foreign employee may - due to the company's collective bargaining agreement(s), if the company is subject to any - be required to ensure or be encouraged to ensure that minimum wage and working conditions are provided to posted employees as well.

If any collective bargaining agreements apply or must be followed, these are typically re-negotiated every third year and this may involve a change in the minimum salary. The minimum wage set by the collective agreements may vary depending on occupation, industry, length of service, education, skills, experience, age, etc.

The minimum wage includes the base salary and any mandatory allowances and fees stated in the relevant collective bargaining agreement. However, it will depend on the content of the specific collective bargaining agreement.

In the case of non-compliance with the minimum wage requirements, the penalties will depend on the relevant collective bargaining agreement.

An EU citizen/ EEA national is eligible for a registration certificate, if she/he: is in paid employment, is self-employed, provides services in Denmark, is a retired worker, retired self-employed person or service provider, has been seconded, is a student at an educational institution accredited or financed by public authorities, and she/he is able to support him/herself during the period of residence in Denmark or has sufficient income or means so that she/he is not expected to become a burden on the public authorities.

Separately, there is a general obligation for the foreign service provider (home company) to register the business and the seconded employees in the Danish RUT register. In the case of non-compliance with the RUT, registration fines may be imposed.

In relation to the maximum legal working time, Danish legislation includes different mandatory provisions. The legislation states that the number of working hours must not exceed 48 per week on average (including overtime) within a period of 4 months. Moreover, employees are entitled to a break if the number of daily working hours exceeds six. With regard to night work, employees may only work 8 hours per day on average in a period of 4 months. As a general rule in Danish legislation, the working hours must be arranged in such a way that the employees have a period of rest of at least 11 continuous hours within each period of 24 hours.

Danish collective bargaining agreements also include different provisions relating to working hours. Collective bargaining agreements typically state that the normal working hours are 37 per week.

If any collective bargaining agreements apply or must be followed, these are typically re-negotiated every third year and this may involve a change in the minimum salary.



Estonia has a national minimum gross wage requirement.

From 2016 the level of the minimum gross wage applicable to blue collar workers and other EU nationals for full time employment is set at EUR 430 per month. This represents an increase +from EUR 390 per month which was the level during 2015.

The current minimum gross wage for highly skilled workers, whether they are EU nationals or non-EU citizens who are holders of the European Union (EU) blue card, is EUR 1,508 per month.

In the following cases, the minimum gross wage for an EU Blue Card holder may be EUR 1,246:

- Employment as a top specialist or a junior administrator.
- Employment as a top specialist in natural or technical science.
- Employment as a top specialist in the health service.
- Employment as a specialist in pedagogics.
- Employment as a specialist in business or administration.
- Employment as a specialist in information or communication, or
- Employment as a specialist in the legal, cultural or social sphere.

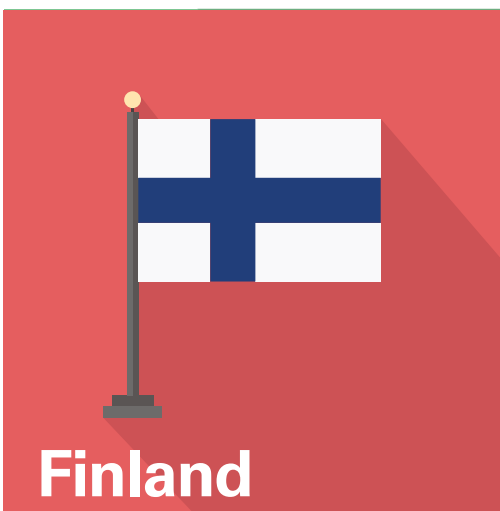
The minimum gross wage for a foreigner working as a top specialist, with appropriate professional training or experience for employment in the field, is EUR 2,010 per month.

The minimum gross wage for a foreigner working as an expert, adviser or consultant is EUR 1,246 per month.

The maximum legal working hours in Estonia are 8 hours per day and 40 hours per week.

Besides the regular salary received during an assignment, per diems, cost of living allowances, foreign service premiums and bonuses are not considered as part of the minimum wage.

In the case of assignments to Finland, the employer might be required to submit a notification to the trade union about the use of foreign employees.



Finland does not have a minimum wage set at national level.

However, the minimum wage requirement is determined under the collective agreements concluded between the Finnish employer's unions and trade unions. The minimum wage is determined for different industry/occupational sectors based on the employee's professional skills, experience or other types of information such as the geographical position of the workplace.

There are also many industry/occupational sectors without any binding collective agreement, which in practice means that there are no

minimum wage rules applicable. In these situations, the wage level should however be the "usual and reasonable" wage level which is normally applied in similar work positions.

The maximum legal working hours in Finland are 8 hours per day or the equivalent of 40 hours per week. However, different rules might apply for overtime work.

In terms of administrative requirements, in the case of assignments to Finland, the employer might be required to submit a notification to the trade union about the use of foreign employees.



The minimum wage can change once or twice a year, usually in January and/or July.

The current minimum wage level is applicable from 1 January 2016 and it can change once or twice a year, usually in January and/or July.

Minimum wages in France are defined:

1. By legal provisions (there is a fixed amount for full time employees working 35 hours per week and an hourly rate, for part time employees).
2. By collective bargaining agreements (CBAs). There are various CBAs, since there is usually one per industry. A CBA applies mandatorily to a company falling within its scope. The CBA defines the minimum wages according to the employee's position within the company.

From January 2016 the legal minimum wage is EUR 1,466.65 gross per month for a full time employee working 35 hours per week. During July –December 2015 the legal minimum wage was EUR 1,457.52 gross per month for a full time employee working 35 hours per week.

Hours worked above 35 per week are regarded as overtime and should lead to additional compensation. To be entitled to a European Blue Card, an employee should earn at least EUR 53,331 per year.

According to French regulations, assignment related allowances can be part of the minimum wage (i.e. COLA, foreign service premiums, bonuses). However, the amounts paid to the assignee to compensate for expenses actually borne, as well

as the expenses directly borne by the employer like travel expenses, accommodation or meals, are not taken into account in the minimum wage and cannot be supported by the employee.

Prior to the beginning of a temporary assignment to France, a specific notification (déclaration préalable de détachement) should be sent by the home-country employer to the French labour inspectorate. The home-country employer must also appoint a representative in France. The French host company should verify that these requirements have been fulfilled.

In the case of non-compliance with the above requirements French regulations provide for different penalties depending of the type of legal failure. They range, from a fine to criminal prosecution. The foreign company/French host company may also have to pay the employees additional amounts to respect the minimum wage. There are recent regulations in that respect that reinforce the penalties in the case of non-compliance with legal requirements when posting foreign employees to France.

Generally speaking, the legal working time in France is 35 hours/week. The maximum daily legal working time is 10 hours. The maximum working time/week is 48 hours. However, the average weekly working time cannot exceed 44 hours over any period of 12 consecutive weeks.



For third national employees who need a work permit for Germany and apply for a Blue Card, the minimum wage requirement is EUR 49,600 gross per year (2016) or EUR 38,688 gross per year (2016) for selected occupational groups

Germany has a minimum wage requirement set at national level.

On 1 January 2015, Germany's law on the statutory minimum wage became effective. Consequently, a general minimum wage requirement has been implemented for all occupations and affects all individuals working in Germany regardless of their nationality and the location of the employer.

The current statutory minimum wage is EUR 8.50/working hour. In addition, there are minimum wage requirements in collective bargaining agreements which are often higher than the nation-wide minimum wage requirements and which, however, depend on the industry and occupational group. In addition, there are minimum wage requirements for agency workers which are as follows:

- By end of May 2016: EUR 8.20 / working hour in the Eastern provinces and EUR 8.80 / working hour in the remaining provinces
- In the period between June and December 2016: EUR 8.50 / working hour in the Eastern provinces and EUR 9.00 / working hour in the remaining provinces

There is no differentiation between blue collar workers and highly qualified employees.

However, for third national employees who need a work permit for Germany and apply for a Blue Card, the minimum wage requirement is EUR 49,600 gross per year (2016) or EUR 38,688 gross per year (2016) for selected occupational groups (IT-specialists, doctors, engineers etc.).

For any other third nationals who need a work permit, but do not qualify for a Blue Card, the requirements for their wages is to

be at least as high as the wages for comparable German or EU employees, but not less than the minimum wage requirements.

The next adjustment is due to take effect from 1 January 2017.

In Germany, the standard working hours are 8 hours/day, or the equivalent of 48 hours/six days per working week.

Besides the regular salary received during an assignment, any payment which is perceived as an equivalent for the normal performance of services, but not for rewarding special purposes can be considered as part of the minimum wage. Consequently, if bonus payments fulfil this criterion, they can only be considered in the month in which they are paid out.

In terms of administrative requirements, in the case of assignments to Germany, there is a formal notification which has to be submitted to the Customs authority in the case of employment in certain industries as well as in the case of agency work.

Generally, the home employer has to file this notification prior to the performance of work. However in the case of agency work from foreign lessors, the obligation falls on the lessee of leased employees.

In the case of non-compliance with the minimum wage or notification requirements there are certain penalties which are applicable:

- For non-payment or delayed payment of the minimum wage – up to EUR 500,000
- For non-compliance with the notification obligations – up to EUR 30,000.

Further penalties such as withdrawal of business license are possible depending on the degree of severity.



Besides the regular salary received, during an assignment, per-diems, cost of living allowances, foreign service premiums and bonuses are not part of the minimum wage.

Greece has a national minimum wage requirement.

Before Greece's recourse to International Monetary Fund (IMF) and European Commission funding, the minimum wage used to change on an annual or bi-annual basis. However, this no longer applies, and the current minimum wage is expected to remain unchanged during the period of Greece's financial adjustment.

Generally, minimum wages depend on different factors. For certain occupations, there are Sectorial Collective Labour Agreements providing for the minimum wages of the covered personnel (only a few Sectorial Collective Labour Agreements are currently in force). If the personnel do not fall within any Sectorial Collective Labour Agreements, the minimum wages are provided for by the General National CLA/Law 4093/2012 (if the employers are not members of trade unions participating in the conclusion of the National General Collective Labour Agreements) and depend on the status (employee or worker), age, prior term of service and/or marital status (married/single).

For example, under the National General Collective Labour Agreements, the minimum monthly gross salary of a single employee below the age of 25 with no prior term of service is EUR 510,95 per month whereas for a married employee working under similar circumstances the monthly gross salary is set at EUR 562,05 per month. An employee below the age of 25 with no prior term of service

falling within Law 4093/2012 will be entitled to EUR 510,95 whether married or single (no marriage allowance is provided in Law 4093/2012).

The minimum wage for employees is determined as a fixed amount on a monthly basis, while the minimum wage for workers is determined on a daily basis.

The maximum legal working hours in Greece are 8 hours per days, or the equivalent of 40 hours per week.

Besides the regular salary received during an assignment, it seems that per diems, cost of living allowances, foreign service premiums and bonuses are not considered as part of the minimum wage.

In these cases, for assignments especially, caution should be paid to the salary package granted in order to ensure that the Greek minimum wage requirement is met.

In terms of administrative requirements, in the case of assignments to Greece, the home-country employer must notify the Greek Employment Authorities with respect to the postings prior to the commencement of the activity.

For non-compliance with the notification and minimum wage requirements the employer could face temporary cessation of operations, monetary penalties or even imprisonment in serious cases.



The minimum wage in Hungary normally changes on an annual basis, in January of each year.

The minimum wage is determined on a monthly, weekly and hourly basis.

An increased minimum wage is applicable to full-time employees who carry out certain physical work or work which requires secondary/higher education.

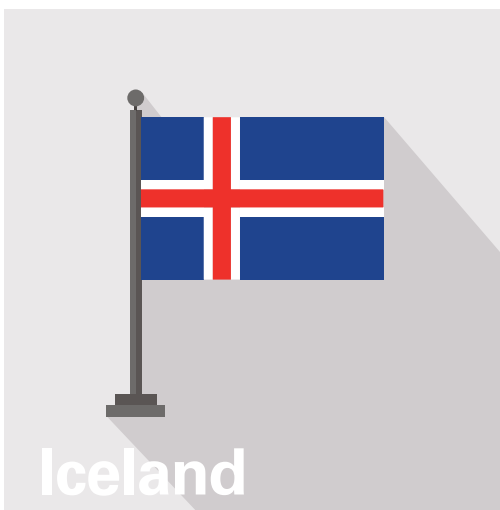
As from January 2016 the minimum wage is HUF 111.000 (approximately EUR 355), compared with 2015 when it was HUF 105.000 (approximately EUR 339).

In Hungary only the base salary, as established through the employment contract, may be considered as part of the minimum wage.

Moreover, for postings to Hungary, form T104 must be filed with the Hungarian tax authority within a maximum of 30 calendar days from the start of the assignment. The obligation falls with the host employer with respect only to assignees who have foreign tax residency status and are likely to receive income taxable in Hungary.

If the host employer does not file form T104, the Hungarian tax authority may impose a penalty of up to HUF 200,000. In addition, the Hungarian labour inspectorate may also impose penalties.

The maximum legal working time in Hungary is 12 hours per day and 48 hours per week.



Iceland does not have a minimum wage requirement set at national level. However, there are minimum wage requirements included within the various collective bargaining agreements. All Icelandic employees must contribute to a union of their choice, each union applying a different minimum wage.

The current minimum wage is applicable as from 1 May 2015 and it is revised when the collective wage agreements are updated. Currently, the minimum wage for the majority of Icelandic unions is ISK 245,000 (approximately EUR 1,700).

It is expected that the minimum wage will increase as follows:

Period	ISK	EUR (approximately)
1 May 2015	245,000	1,700
1 May 2016	260,000	1,800
1 May 2017	280,000	1,950
1 May 2018	300,000	2,100

Generally, the minimum wage is applicable to all categories of workers, with no difference between blue collar workers and highly skilled workers with an EU blue card. However, there may be certain differences depending on the collective agreement that applies.

In relation to the maximum legal working hours, Iceland has defined a maximum of 13 hours per working day and a maximum of 48 hours per week, including overtime.

Besides the regular salary received during an assignment, the Cost of Living allowance and bonuses (including any additional compensation given to the employee) are considered part of the minimum wage.

In terms of administrative requirements, in the case of assignments to Iceland, a formal notification must be submitted to the local authorities by the host employer. The notification should be submitted to the Iceland Registers within 7 days of the assignee's arrival.



Ireland's minimum wage requirement applicable from 1 January 2016 is in amount of EUR 9.15 per hour, a rise from EUR 8.65 applicable during 2015.

The minimum wage is stipulated in the National Minimum Wage Act.

The minimum wage is determined as an hourly rate and it depends on the age of the employee (trainee or seniors) as follows:

Age	Minimum wage applicable
Under 18 years old	6.41 (70% of the minimum wage)
1st year of employment over the age of 18	7.32 (80% of the minimum wage)
2nd year of employment over the age of 18	8.24 (90% of the minimum wage)

The National Minimum Wage Act also provides sub-minimum rates which apply to employees who are over 18 and are undergoing a course

of structured training or directed study that is authorised or approved by the employer. The trainee minimum wage rates are as follows:

Stage of the training	Minimum wage applicable
1st part of the course	6.86 (75% of national minimum wage)
2nd part of the course	7.32 (80% of national minimum wage)
3rd part of the course	8.24 (90% of national minimum wage)

The minimum wage in Ireland is determined as an hourly rate and it depends on the age of the employee.

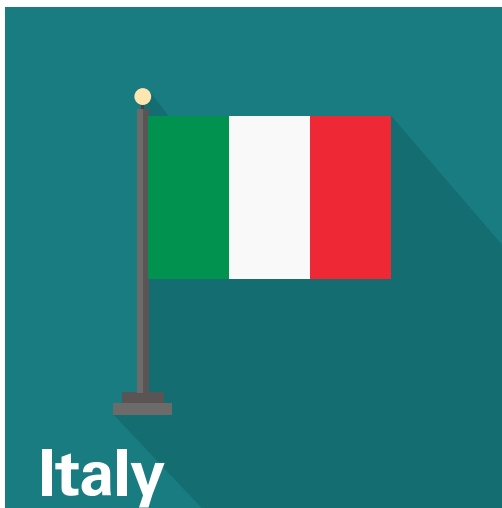
Each part of the course must last at least one month and no more than a year.

In relation to the assignment allowances included in the minimum wage, Ireland considers per-diem, cost of living allowance, foreign service premiums and bonuses as part of the minimum wage.

Employees assigned to Ireland must submit a 12A Form to the Irish Tax and Customs authority to obtain a Tax Credit Certificate.

In the case of non-compliance with the minimum wage requirements criminal proceedings, imprisonment or fines may be imposed.

The maximum legal working hours in Ireland are 9.6 hours per day or 48 hours per week.



Italy does not have a minimum wage set at national level. However, the minimum wage is generally established by the National Collective Labour Agreements, which are updated yearly for each category of employee.

The minimum wage is determined by negotiation between employers and different unions and it depends on the industry, employees' level, etc.

The maximum legal working hours in Italy are 8 hours per day or the equivalent of 40 hours per week. Overtime is allowed up to 8h/week, 250 h/year, followed by a customised approach in relation to the collective agreements, which

are based on the employee's status/occupation within the company/district.

Besides the regular salary received during an assignment the cost of living allowance, foreign service premiums (and certain reimbursement of expenses) are considered as part of the salary.

In terms of administrative requirements, in the case of postings to Italy, there is no formal obligation to notify the Italian authorities about the start of the assignment, except for the fulfilment of any mandatory obligation provided by Italian law on immigration matters.



Latvia has a minimum wage requirement in place.

The Latvian Government reviews the minimum wage level each year. However this does not necessarily lead to it being increased. Changes in the minimum wage depend on the economic situation in the country.

The Latvian minimum wage is a fixed amount of EUR 370 per month (EUR 360 during 2015) and it does not depend on professional expertise, industry or age. The minimum wage is the lowest salary that all employers must grant to their employees for work within normal working hours.

The maximum working hours in Latvia are 8 hours per day or 40 hours per week.

Assignment allowances such as per-diems, cost of living allowances, foreign service premiums or bonuses are not considered as part of the minimum wage.

In the case of assignments to Latvia, host employers need to notify the tax authority about all new hired employees one day before the employee starts working.

For non-compliance with the minimum wage requirement, Latvian employers can face an administrative penalty of up to EUR 7,000. If the requirement is breached repeatedly within one year, the penalty increases to EUR 14,000.

The Latvian Government reviews the minimum wage yearly, although this does not necessarily lead to an increase.



Lithuania has a minimum wage set at national level.

As from January 2016 the minimum wage is EUR 350 per month (equivalent of EUR 2.13 per hour), which applies to EU and non-EU nationals, both blue collar workers and highly skilled workers.

During 2015 the minimum wage was EUR 325 per month.

There is no general rule with respect to how frequently the minimum wage changes.

The maximum legal working hours in Lithuania are 8 hours per day or the equivalent of 40 hours per week. Various exceptions might be applicable in accordance with specific laws, government resolutions and collective agreements.

The maximum working hours, including overtime, must not exceed 48 hours per 7 working days.

Besides the regular salary received during an assignment, per-diems are considered as part of the minimum wage.

In terms of administrative requirements, in the case of assignments to Lithuania, an employer who posts employees to Lithuania must notify the Lithuanian labour authorities with respect to these postings. The labour notification must be made within 5 days of the start date of activity of the assignees.

Non-compliance with the above mentioned requirements can lead to various penalties for the posting employer (e.g. warnings, penalties, fines, etc.).



Luxembourg's legislation provides for a minimum wage requirement.

As of January 2016, the minimum wage applicable was set at EUR 1,922,96 per month.

However this is updated periodically, with no specific rule as to how often the update takes place.

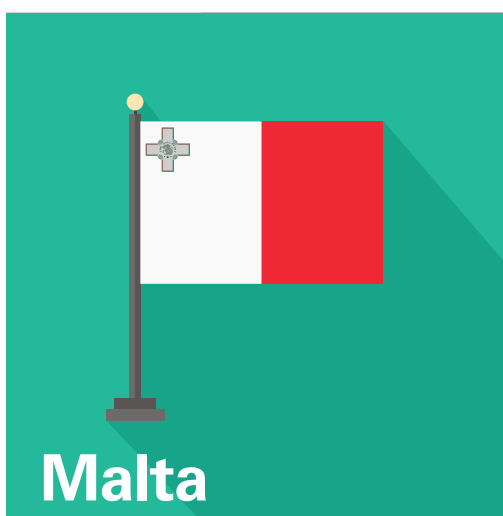
The minimum wage is determined as a fixed amount and it depends on the worker's age and skills.

Age	Skill	Minimum wage (EUR)
15-16	Blue collar workers	1,422.22 (75% of the standard minimum wage)
17-18	Blue collar workers	1,538.37 (80% of the standard minimum wage)
Over 18	Blue collar workers	1,922.96 (100% of the standard minimum wage)
Over 18	Highly skilled workers	2,307.55 (100% of the standard minimum wage)

Per diems, cost of living allowances and foreign service premiums may be considered as part of the minimum wage, except from reimbursement of professional expenses.

Penalties of non-compliance with the minimum salary, range from EUR 251 to EUR 25,000 and this amount may double in case of repeat within two years.

It is the responsibility of the employer posting the worker to Malta to notify the Director of Labour of the intention to post a worker to the country, prior to the date of posting.



Malta has a minimum wage set at national level.

However, the minimum wage requirement is determined by the economic activity of the enterprise as stipulated in the applicable Wage

Regulation Order and by the age of the employee.

Where no Wage Regulation Order applies, the level of the minimum wage is as follows:

	2016	2015
Under 17 years	EUR 158.39c per week	
Age 17 years	EUR 161.23c per week	EUR 159.48 per week
Age 18 and over	EUR 168.01 per week	EUR 166.26 per week

The minimum wage increases annually and normally changes with effect from 1 January of each year.

In terms of legal working hours, the general rule is that the average working time for each seven day period of a worker including overtime must not exceed 48 hours. Exceptions apply in relation to certain types of employment covered by a particular Wage Regulation Order.

Besides the regular salary received during an assignment, per diems, cost of living allowances, foreign service premiums and bonuses are considered as part of the minimum wage.

In terms of administrative requirements, in the case of postings to Malta, it is the responsibility of the employer posting the worker to Malta to notify the Director of Labour of the intention to post a worker to the country, prior to the date of posting.

For non-compliance with this notification obligation, a fine ranging between EUR 116.47 and EUR 1,164.69 can be imposed.

Non-compliance with the minimum wage requirement can lead to penalties ranging between EUR 232.94 and EUR 2,329.37. In addition, the employer will be liable to pay the employee the amount due.



Currently, the Netherlands has a minimum wage set at national level. However, the minimum wage is determined based on the age of the

employee. The level of the minimum wage is determined monthly, weekly and daily as per the table below:

Period	Employees over the age of 23 ¹¹ 2015	Employees over the age of 23 ¹ 2016
Daily	EUR 69.59	EUR 70.37
Weekly	EUR 347.95	EUR 351.85
Monthly	EUR 1,507.80	EUR 1,524.60

A new provision has applied since January 2016 stating that the minimum wage should be paid to a bank account. Furthermore, a mandatory holiday allowance of 8% of the gross wage is applicable.

Blue collars workers can only work in the Netherlands for the minimum wage mentioned above if they are EU/EEA or Swiss nationals.

Special salaries, higher than the minimum wage, apply to non-EU/EEA and Croatian highly skilled migrants who apply for residence-work authorisations and for blue card holders.

The maximum legal working schedule in the Netherlands is 12

hours per day or 60 hours per week.

Besides the regular salary received during an assignment, every monetary payment qualifies as a wage for the purpose of the minimum wage legislation except the following: income for overtime, holiday allowances, profit sharing payments, payments for special events, entitlements to receive payments in the future, reimbursements which are supposed to cover necessary expenses as a result of the employment, special reimbursements for wage-earners and heads of families, year-end payments, employer's contributions to health insurance, etc.

11) Employees between 15 and 22 years old are granted a different minimum wage. In the survey, only employees over the age of 23 were taken into consideration.



Norway is one of the Nordic countries which does not have a fixed minimum wage requirement in place. However, the minimum wage depends on the different industries or business sectors and is determined as an hourly rate.

The minimum wage can change at different times for different

industries. However, generally, it changes annually, during spring. The minimum wage per hour is dependant on education, experience etc.

Below you can find some examples of industries and the minimum wages applicable.

Industry	Minimum wage per hour
Construction sites	NOK 187.80 (EUR 21)
Maritime construction industry	NOK 160.15 (EUR 18)
Agriculture and horticulture	NOK 131.05 (EUR 15)
Cleaning workers	NOK 169.37 (EUR 19)

It is important to determine whether the work is covered by an agreement which contains provisions on minimum wage. The maximum legal working time is 9 hours per day or an average of 8 hours per day or 40 hours per week.

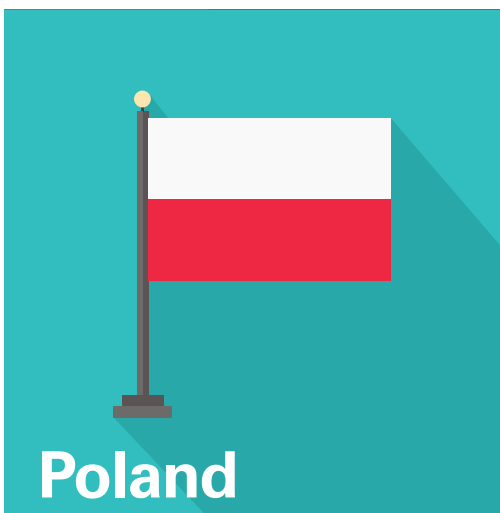
The working hours may also be regulated by the employment contract and by any collective agreements. In certain cases, it is also possible to apply for exemptions on the maximum working time according to the Working Environment Act.

Moreover, in terms of how the minimum wage is determined, there is no general rule in relation to the allowances included in the minimum wage, as these depend on the minimum salary agreement.

In terms of administrative requirements, in the case of assignments to Norway, the employee needs to be registered by the host employer with the Central Office for Foreign Tax Affairs or with the NAV Database within 14 days of the start of the posting.

The employee must be registered but no salary level or approval of salary level is required when filing the reporting on the form RF-1199.

The minimum wage in Poland is usually set in September and applies from 1 January of the following year.



Poland has a minimum wage set at national level.

The level of the minimum wage is usually published in September and is applicable from 1 January of the following year.

The minimum wage is a fixed amount determined based on the increase in the price of goods.

As from January 2016 the level of the minimum wage is PLN 1,850 (approximately EUR 420) fixed for both blue collar workers and highly skilled workers, corresponding to full time employment, based on an employment contract only (i.e. it is not applicable to civil law based contracts).

In 2015, the minimum wage was PLN 1,750 (approximately EUR 418).

The maximum legal working hours in Poland are 8 hours per day, or the equivalent of 40 hours per week.

Besides the regular salary received during a posting, per diems, cost of living allowances, foreign service premiums and bonuses are considered as part of the minimum wage as long as they are paid in monetary form.

Penalties of between PLN 1,000 and PLN 30,000 apply for non-compliance by an employer with the minimum wage requirements. The employer is also responsible for paying the missing amount and interest to the employee.



Portugal has a minimum wage requirement which is updated as needed by the economic environment, with no specific timetable.

The current level of the minimum wage, applicable from January 2016, is EUR 530 per month and there is an intention to proceed with a gradual increase in the amount of the minimum wage during the next few years.

Previously, as from October 2014, the minimum wage was set at EUR 505 per month.

The minimum wage does not depend on occupation, industry or age. The minimum wage is also applicable to all employees

irrespective of their professional background (e.g. blue collar workers, highly skilled workers or other categories).

Assignment related allowances such as per-diems, cost of living allowances, foreign service premiums, bonuses or other similar payments are not considered as part of the minimum wage.

In the case of assignments to Portugal, neither the assignee, the home nor the host entities have any special notification obligations towards the local authorities.

The maximum legal working time in Portugal is 8 hours per day and 40 hours per week.



As from July 2015 the national minimum wage in Romania was set at RON 1,050 (approximately 236 EUR) per month.

From 1 May 2016 the monthly minimum wage is expected to increase to RON 1,250 lei (approximately 277 EUR) meaning 7.38 lei (1.67 EUR) / hour for a full work schedule of 169.33 hours on average per month for 2016.

The national minimum wage is established by Government decision (generally on an annual basis) or after consultation with trade unions and employers.

For foreigners, the same minimum wage applies in the case of local employment or assignment to Romania. However, for highly skilled foreign employees, who are holders of EU blue card, the minimum wage requirement is the equivalent of 4 times the average gross wage in Romania (i.e. $4 * \text{RON } 2,681 = \text{RON } 10,720$ applicable for 2016).

In Romania the standard working hours are 8 per day and 40 hours per week.

Where the normal working hours are, by law, less than 8 hours/day, the minimum hourly wage is calculated by reference to the minimum gross wage and the average number of hours worked per month.

Minimum wage rates are also established by the applicable collective agreements. However these amounts cannot be lower than the national minimum gross wage.

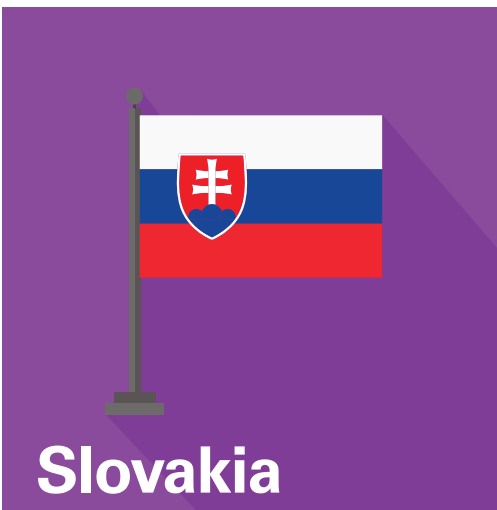
Under the Romanian labour code, wages are defined as basic wages, allowances, benefits, as well as other additional payments. At the same time the base wages cannot be lower than the national minimum wage. It is thus considered, that the Romanian minimum wage cannot include cost of living allowances, foreign service premiums, bonuses or per-diems.

A home-country employer posting workers to Romania is required to notify the Romanian labour authorities, at least five days before the start of the activity of the posted worker. For non-compliance with the requirement to notify the labour authorities, fines may be imposed on the employer.

Setting a base salary below the minimum national wage constitutes a civil offence and is penalised by a fine between RON 1,000 and RON 2,000 for each employment contract where the base salary is set below the minimum wage. Repeatedly setting wages below the national minimum wage may constitute a criminal offence.

Romania has a minimum wage set at national level. Collective Bargaining Agreements can also set minimum wages for certain categories of employees, however not lower than the national minimum wage.

For non-compliance with the Slovak labour regulations on employment, the employer may face fines.



Slovakia's minimum wage is determined annually through government regulation. The Slovak government passes the regulation in October each year and it enters into force starting from 1 January of the following year.

The minimum wage is determined as a fixed, monthly amount, for employees who are paid monthly and have a regular weekly working time. For other employees an hourly rate is applicable.

The level of the minimum wage does not depend on the occupation, but on the type of work (i.e. complexity, responsibility and work difficulty). Each position must be classified in one of the six levels of work difficulty. The minimum wage for each level of work difficulty is determined by multiplying the minimum wage by the index stated for the relevant level of work difficulty.

Below you can find examples of the six levels of work difficulty:

- Level 1 – e.g. Cleaner
- Level 2 – e.g. Administrative worker
- Level 3 – e.g. Nurse
- Level 4 – e.g. Chief accountant
- Level 5 – e.g. Production manager
- Level 6 – e.g. Managing director

As the minimum wage level depends, as stated above, on the level of work difficulty, the type of work must be taken into consideration.

Highly skilled workers are generally classified in the fifth and sixth category of work difficulty. For example for blue collar workers the minimum wage is at least EUR 405 (EUR 380 during 2015) per month, while for highly skilled workers with a blue card, the minimum wage is at least EUR 810 (EUR 684 during 2015) per month.

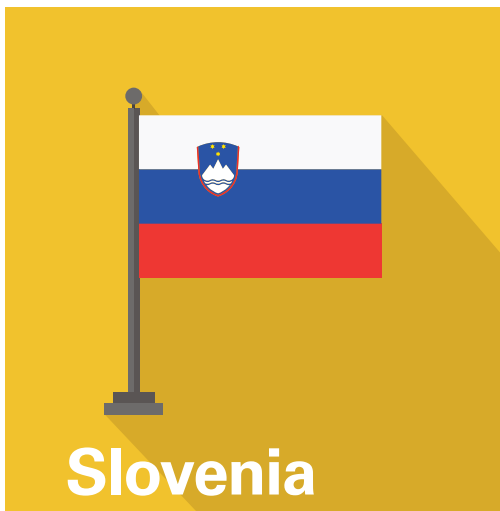
The Slovakian minimum wage includes cost of living allowances, foreign service premiums, bonuses and payment for work on professional or personal anniversaries (unless it is provided from the net profit or from the social fund). However, per-diems are not considered part of the minimum Slovakian wage.

For non-compliance with the Slovak labour regulations on employment, the employer may face fines of up to EUR 100,000.

In the case of postings to Slovakia, the host employer must inform the relevant Office of Labour, Social and Family Affairs in relation to the start/termination of the assignment within 7 days of the commencement/termination of the assignment.

The host employer faces fines of up to EUR 33,193.91 if it fails to notify the assignment or employment to the Slovak authorities.

The maximum legal working time in Slovakia is 8 hours per day or 40 hours per week.



Slovenia has a minimum wage requirement and the level of the minimum wage is generally updated every year in January.

As from January 2015 the level of the minimum wage was set at EUR 790.73 and it remains unchanged irrespective of the individual's professional expertise (e.g. blue collar workers, highly skilled workers or others). The same level is also applicable from January 2016.

The minimum wage is determined as a fixed amount and is based on economic factors such as growth of retail prices, change in salaries, economic growth and changes in employment.

The minimum wage includes all salary elements according to the Employment Relationships Act, except supplements for night work, for work on Sundays and

for work on public holidays and work-free days determined by law. These supplements are added to the amount of the minimum wage. Thus, assignment related allowances such as cost of living allowances, foreign service premiums or bonuses may be considered part of the minimum wage.

For non-compliance with the minimum wage requirements, the general penalty is between EUR 3,000 and 20,000. For employers with 10 or fewer employees, the penalty is between EUR 1,500 and EUR 8,000. The penalty for an individual representative of the employer who is responsible for the non-compliance, is between EUR 1,000 and EUR 2,000.

The maximum legal working time in Slovenia is 8 hours per day or 40 hours per week



There is a minimum wage requirement in Spain, which is set by the government.

For 2016, the minimum wage is EUR 655.20/month, compared with 2015 when it was set at EUR 648.6/ month.

However, collective bargaining agreements (national, regional or sectional), usually set another minimum wage requirement, depending on the activity or professional category, which is always higher than the one set by the government.

The minimum wage set by the government is applicable as from 1 January and it is updated every year. Collective bargaining agreements also set the minimum wage for a fixed period of time, generally for one year.

The minimum wage set by the government is a fixed amount. However, collective bargaining agreements can determine other remuneration systems. Generally, collective bargaining agreements set a fixed amount and, in addition, add other amounts that depend on productivity, seniority, etc.

The minimum wage established by the government does not depend on the occupation, industry or the age of the employee. It is established yearly by the

Government and, sometimes, is set depending on agreement between the government, the most representative unions and the management. However, the minimum wage set by the collective bargaining agreements can consider other criteria such as occupation or position in the company, as it depends on the sector.

The minimum wage set by the government does not distinguish between blue collar workers, highly skilled workers or other types of workers, as it is a fixed amount. However, collective bargaining agreements usually set a level of minimum wage depending on the category of the employee.

The minimum wage set by the government and the collective bargaining agreements may include only the basic working hours in a month and thus assignment related allowances, such as cost of living allowances, foreign service premiums, and per diems are not considered part of the minimum wage.

The Spanish Workers Statute establishes a maximum working time of 9h per day and 40h per week. However, the duration of the working day or week, may be different, depending on the applicable collective bargaining agreement and the annual timetable.



Sweden does not have a minimum wage requirement for EU nationals.

The maximum legal working hours in Sweden are 8 hours per day or 40 hours per week. Overtime may be allowed under certain limits.

In terms of administrative requirements, in the case of assignments to Sweden, the home country employer must notify the Swedish Work Environment Authority no later than five days after the assignment has begun.

The notification should include certain specific information such as both the home and the host employer as well as a contact person representing the employer.

The notification can be filed online, on the Swedish Work Environment Authority's home page.

In the case of non-compliance with the notification requirements, the tax authorities can impose penalties starting from SEK 20,000.



Switzerland does not have a minimum wage set at national level. However, the minimum wage requirements are set out for specific industries in hundreds of collective labour schemes (some of which mandatorily apply to all employees working in Switzerland whether or not the employer or its Swiss host group company is a party to the scheme).

Apart from the above and regardless of the type of industry and work performed in Switzerland, the following applies without exception: Employees who are employed outside Switzerland and are supposed to work in Switzerland as assignees must be paid a salary for the time in Switzerland which is in line with the customs in the relevant Swiss canton, industry and profession (so-called Swiss reference salary).

In this respect, the Swiss immigration authorities always check on the salary requirements when processing a work permit application. In addition, in the event of labour inspections in Switzerland on site, the employer may be required to provide evidence to the authorities that the salary (plus expenses) outlined in the work permit application and supporting documents is actually being paid (by providing pay slips, records of expense compensation payment, etc.).

All 26 Swiss cantons apply their own standard salary levels, meaning that when determining a relevant reference salary every case is analysed individually. All cantons, however, base their assessment on their statistical reference salaries for comparable Swiss employees in their geographical area. This means that for all sorts of activities and groups of employees they apply a statistical reference salary range and usually request the assigning employer to pay the average of the statistical salary range to the employee. If a salary turns out not to be sufficient during the work application process, time consuming negotiations with the authorities on the adjustment payments and drafting and signing of new supporting documents are required.

The minimum wage is determined either (i) based on the provisions of potentially applicable collective labour scheme(s) or (ii) in the case of assignees for whom no collective labour scheme applies, individually on a case by case basis.

Employees who are employed outside Switzerland and are supposed to work in Switzerland as assignees must be paid a salary for the time in Switzerland which is in line with the customs in the relevant Swiss canton, industry and profession (so-called Swiss reference salary).

For assignees for whom no collective labour scheme applies, the following main criteria must be taken into consideration:

- Specific role/activities/responsibilities when working in Switzerland;
- Age.
- Job grade.
- Overall level of occupation (e.g. 50%, 80%, 100%).
- Weekly hours of work as per employment/assignment contract.
- Qualification level (highest scholar and professional certificate).
- Overall professional experience.
- Service for the applying employer.
- Number of employees employed by the Swiss group entity.

In Switzerland, the maximum legal working hours per day/week depends on the specific activity and industry.

In addition to the assessed Swiss reference salary, the employer must pay the employee expenses for meals and housing, as well as for travel related to the assignment in Switzerland.

Besides the regular salary, received during an assignment to Switzerland, cost of living allowances and foreign service

premiums may be considered salary components who count towards the reference salary.

In terms of administrative obligations, at least an online notification or even a formal application is required to be submitted to the local authorities (depending on the location of the home company, nationality of the assignee, duration of assignment and total duration of all assignments of the same employer to Switzerland in the current calendar year).

All 26 cantons apply different processes to the different permit types.

In the case of non-compliance with the above requirements the employer may be liable to the following:

- Subsequent payment of the salary gap claimed.
- Obligation to pay the proceeding fees.
- In the case of a minor breach (e.g. salary gap is small) a fine of up to CHF 5,000.
- In the case of more material breaches, a ban on providing services in Switzerland for up to 5 years (this is imposed on more than 400 employers every year and publicly disclosed on the internet) in addition to the fine of up to CHF 5,000.
- In the case of a more material breach, which is committed systematically and with intent the fine may be up to CHF 1 million.



The United Kingdom has a national minimum wage. This usually, changes annually on 1 October.

The national minimum wage ('NMW') rate per hour depends on age and whether the employee is an apprentice (see below). Currently, the NMW is £ 6.70 per hour for workers aged 21 and over.

From 6 April 2016, a new mandatory National Living Wage ('NLW') will apply to workers aged 25 and over. All employers must pay employees aged 25 and over, £7.20 per hour which the government expects to increase to £ 9.00 per hour by 2020. The minimum wage will still apply for workers aged 24 and under.

The NLW will operate in conjunction with the existing NMW regulations.

The minimum wage in the UK is based on an hourly rate.

For NMW purposes, the pay allocated to a pay reference period in the UK is any pay which is:

- Received during that period.
- Earned in that period but not received until the next pay reference period.

The pay in the period will consist of the total eligible earnings for NMW purposes and it is not limited to the hourly rate received by the individual.

The NMW is calculated by dividing pay by the number of actual hours worked in the relevant pay reference period.

The level of the minimum wage is determined based on age and whether the individual is an employee or apprentice.

As from April 2016, a new National Living Wage (NLW) will be introduced for individuals over the age of 25. From April 2016, all employers must pay employees aged 25 and over £7.20 per hour, increasing to £9.00 per hour from 2020.

Year	21 and over	18 -20	Under 18	Apprentice	NLW 25 and over
Rate from Oct. 2014	£ 6.70	£ 5.30	£ 3.87	£ 3.30	
Rate from April 2016	-	-	-	-	7.20

For instance for the NMW the rates based on age are the following:

Apprentices

Apprentices are entitled to the apprentice rate if they are either:

- Under 19
- Over 19 and in the first year of their apprenticeship

Apprentices over 19 who have completed the first year of their apprenticeship are entitled to the minimum wage rate for their age.

Work experience – refers to a specified period that a person spends in a business, during which they have an opportunity to learn directly about working life and the working environment. The nature and of arrangements for work experience vary and an individual's entitlement to the National Minimum Wage will depend on whether the work experience offered makes the individual a worker for National Minimum Wage purposes.

Where the minimum wage does not apply:

- Government training schemes or a European Union Programme: if a person is doing work experience in a government scheme to provide training, work experience or temporary work.
- Work experience as part of an education course – a person doing work experience which is a requirement of a higher or further education course is not eligible for the minimum wage.
- Volunteers.

The UK considers bonuses as part of the minimum wage. However some employers pay workers special allowances over and above standard pay (e.g. London weighting). These allowances do not count towards minimum wage pay unless they are consolidated into the worker's standard pay or they relate to the worker's performance.



This would therefore apply to COLA and foreign service premiums, unless they are consolidated into the assignees' base pay.

In the case of **non-compliance** with the minimum wage requirements the employer might be required to:

- Repay arrears of the minimum wage to each worker named on the notice.
- Pay a penalty to the Secretary of State.

The government has increased the financial penalty percentage that employers pay for breaking minimum wage law from 50% to 100% of the unpaid wages owed to workers and the maximum penalty from GBP 5000 to GBP 20,000. The increase came into effect on 7 March 2014. In order to enforce the National Minimum Wage and National Living Wage the calculation of penalties on those who fail to comply will rise from 100% of arrears to 200%. The penalty can be halved if employers pay within 14 days.

Anyone found guilty of non-compliance may also be considered for disqualification from being a company director for up to 15 years.

Policy on naming employers who break NMW law:

In October 2010 the Government announced a scheme to name and shame employers who break the NMW law and this came into effect on 1 January 2011. The naming and shaming scheme was revised in October 2013 to make it simpler to name and shame employers that do not comply with minimum wage rules. The objective of the naming scheme is to raise awareness of NMW enforcement and deter employers who must otherwise be tempted to break the NMW law.

Contact us

Mădălina Racovițan

Partner, Global Mobility Services
Tel: +40 (372) 377 782
Email: mracovitan@kpmg.com

Daniela Oprescu

Director, Global Mobility Services
Tel: +40 (372) 377 781
Email: doprescu@kpmg.com

Alina Predescu

Senior Manager, Global Mobility Services
Tel: +40 (753) 333 759
Email: apredescu@kpmg.com

KPMG in Romania

Bucharest

Victoria Business Park
DN1, Bucuresti Ploiesti Street, no. 69 - 71
Sector 1, Bucuresti 013685

Tel: +40 372 377 800

Fax: +40 372 377 700

Email: kpmgro@kpmg.ro

Web: www.kpmg.ro

Cluj

Liberty Technology Park
Garii street, no. 21,
Cluj-Napoca, 400267
Cluj, Romania

Tel: +40 372 377 900

Fax: +40 753 333 800

Constanta

Mamaia Blv, no 208, 2nd floor
Constanta, 900540, Romania

Tel: +40 756 070 044

Fax: +40 752 710 044

Iasi

Pacurari street, no 138,
1st floor, Office B 105,
Iasi, 700521, Romania

Tel: +40 756 070 048

Fax: +40 752 710 048

Timisoara

Mihai Viteazu Blv, no 30,
Timis, 300222, Romania

Tel: +40 256 22 13 65

Fax: +40 256 49 93 61

KPMG in Moldova

Chisinau

Stefan cel Mare str, no 171/1,
8th floor, MD-2004, Chisinau
Republic of Moldova

Tel: + 373 22 580 580

Fax: + 373 22 540 499

E-mail: kpmg@kpmg.md

Web: www.kpmg.md

kpmg.com/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

© 2016 KPMG Romania S.R.L., a Romanian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Romania.