



How top companies run international payroll in the ever-changing business environment

Business relationships are more than just client-supplier interactions meant to solve everyday tasks and challenges. Most of the time, the quality of these partnerships reflects on the aftermath and drives impact on the company's final achievements. This makes the way to choose the right business partner a highly important journey, one that requires a few key factors to identify the best company to join forces with.

When talking about payroll, the situation is no different. Clients look for a true partner to entrust their payroll processing with and always rest assured that their business is error-free in terms of employee payments, both on time and in an accurate manner.

Alongside the processing aspect, companies look for expert advice at hand, whenever the situation implies, and in multiple locations around the world.

To further uncover what the business leaders' needs are in terms of payroll partners and how they choose the right one, we have looked inside our own company and discussed with our experts, Jana Boštíková, Head of Payroll Department, Mazars in Czech Republic, Outsourcing HR & Payroll Leader, Mazars in CEE and Ioana Vlad-Rădulescu, International Payroll and Compliance Director, Mazars.

What should we understand by international payroll and what are the benefits of cross-country collaboration?

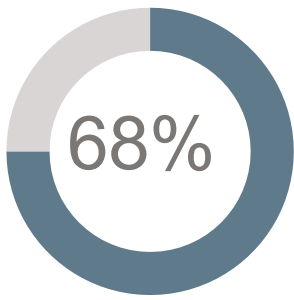
Payroll is typically one of the first services a company needs when entering new markets in the international background. Thus, the overall payroll journey is similar to this business line's long history within our organisation as well.

In terms of coverage, only two-three years ago, payroll used to represent roughly 30% of Mazars' total outsourcing service line revenues. However, in the last couple of years, there has been a spike in the demand for international payroll services, that now represents approximately half of Mazars' global outsourcing revenues, which makes it the core outsourced service at the moment.

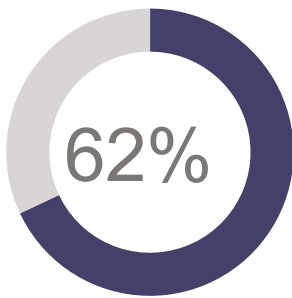
Ioana Vlad-Rădulescu: Responding to this rising outsourcing demand, how we conducted our day-to-day work was our top priority. Hence, we had to look back at literally everything inside our processes, from identifying what is our staffing model to what part of the big, international HR and payroll market we play a key role in and act on it.

This analysis provided valuable insights that helped us understand how to better serve our clients in a one-stop-shop approach, and also decide what is the best technology mix to empower our expertise.

In this respect, in CEE, for example, our latest [C-suite Barometer](#) showed that leaders are looking to transform their businesses with the help of technology-driven solutions and also through sustainability-centered approaches, so these elements became a must-have in our strategy as well.



Two thirds expect their business to go through a technology transformation in the next three to five years.



Businesses consider a transformation in their sustainability strategy in the coming three to five years likely.

Jana Boštíková: Cross-country collaboration must imply a common payroll strategy, including the right tools for effective communication and data sharing. Building experienced teams of professionals, coordinated by a central management will provide clients with top expertise and better insights, strengthened by international exposure to different payroll challenges.

Teams working in a cross-country environment usually merge the experience and know-how of each individual local context so that innovation can arise and produce the most suitable solutions.

For us as well, while continuing to expand our geographic footprint and serve international companies, our main focus goes on deepening collaboration between cross-country teams. On top of that, we believe that remaining ever-learning and willing to innovatively solve clients' challenges makes our expertise the right asset in international payroll for any company that aims for growth by process optimisations.

From your experience, what does the market need when talking about international payroll?

Considering the dynamic context multinational companies are facing and the ever-growing fast-paced business environment, there is a clear need from business leaders to find reliable helping hands they can trust to process their employees' payroll, no matter where in the world they are or where they are about to move next. Expert advice and compliance counselling are also top things organisations are looking for.



Jana Boštíková: We have thousands of clients in international payroll and what they needed the most in these challenging times was a perfectly managed local payroll and tax compliance. Coming in second, but equally valuable was the efficient communication flows and secure data exchange powered by the latest technology, that allowed companies to implement optimised processes.

And then, maybe the most important need mentioned by the organisations we work with is the mutual trust between clients and providers, which seems to be a pivotal point in payroll today, as our [Trust equation](#) series revealed multiple times. Leading by example, with authenticity and transparency becomes essential, especially when most communications are made halfway around the world using modern technology.

We choose to build our relationships with our business partners on these specific factors and make sure they are always at top-notch levels.

For us, the importance of personal relationships is an aspect that really adds value to the way we do our work.

Ioana Vlad-Rădulescu: As Jana also mentioned, companies express a need for top-notch compliance, that gives them the peace of mind that they always operate correctly in each country, under full international compliance.

In our case, a dedicated outsourced team will successfully back up the cross-country payroll processes, according to the given legislature. Furthermore, we can see a need for multiple market coverage, while offering standardisation and centralised processes at the same time.

For example, our cross-country consulting teams are certified experts, highly skilled in advising on international laws and legislation, always ready to steer clients in the right direction. As an integrated service provider, we offer clients access to a pool of resources in legal, tax, global mobility, financial advisory and many more business areas.

Can you share with us some examples of deep legislative changes in CEE that impact payroll?

As the economic and political international context continues to be shaken, the CEE region also undergoes profound instability. Inflation and the energy crisis calls for special measures from the governments across the globe. In CEE, a handful of legislative changes have been implemented as well, in order to swamp inflation and help families in need pay the rising energy bills.

Jana Boštíková: One example I want to focus on is the inflation cushioning measures taken by the governments. In general, as a result of inflation, all wages (statutory minimum wages, collective labour agreement wages, etc.) have risen or will rise next year in most countries across Europe.

Almost the same situation applies to the CEE region, but here it is more a question of whether employers will be able to respond by raising wages.

In the Czech Republic, for example, minimum wage increases have only just begun to be discussed, and it is hard to know when approval and implementation can be actually expected.

Also in the Czech Republic a one-off contribution was paid in September 2022 to help families with children, in the amount of EUR 200 per child.

In Romania, the government has introduced a relief package to mitigate the impact on both, employers, and other economic entities that are faced with reduced production as a result of the economic crisis at the international level generated by the increase in inflation and the decrease in purchasing power. The measures imply continued granting of the allowance of 75% of the monthly gross base salary related to the reduced working hours, to the employees who are affected by the decision to reduce the working time with no more than 80% of the daily, weekly, or monthly duration provided for in the individual employment contract.



Ioana Vlad-Rădulescu: Since Jana mentioned inflation, which was one of the most discussed topics lately, I would like to talk about the energy aids as legislative measures meant to help people pay their increased energy bills.

In Spain, there has been applied a new package of measures in response to the rising energy prices in the amount of 3,000 M€ to protect citizens. 40% of households received an aid for families with centralized natural gas boilers, the electricity social voucher has been reinforced and the thermal social voucher benefitted from improvements.

In The Netherlands, the Dutch government has taken multiple measures to cushion the energy crisis, such as: lowering the energy tax on electricity, increasing the energy tax refund and lowering the VAT on gas and electricity. Additionally, households with an income around the social minimum are viable for extra financial support to compensate for the high energy prices.

The Dutch government is also working on an energy support package for companies.

Jana Boštíková: Adding to Ioana's energy highlights, in the Czech Republic there was a capping energy price implemented. According to this new measure, households and small businesses will pay a maximum of CZK 6, the equivalent of 0,24 EUR for 1 kWh of electricity, and CZK 3, the equivalent of 0,12 EUR for 1 kWh of gas.

In Slovenia, there has been implemented a law in the field of value-added tax to mitigate the increase in energy prices.

The government has decided to reduce the VAT on energy products from 22% to 9.5% for all users, both household and business consumers. The measure will apply for the current heating season, from 1 September to 31 May next year.

Thank you Jana, thank you Ioana for these valuable insights on how the CEE region looks like in terms of payroll status, needs, and legislative background.

As all international outlooks seem to be quite unpredictable, the importance of suitable measures from governments around the world and experts to interpret and correctly apply them, both locally and internationally, becomes of the essence. Good, old-fashioned values such as authenticity and trust resurface, and come to the forefront in the help of building a better business framework for tomorrow. Furthermore, sustainable choices when partnering with the right payroll provider comes with long term benefits, so this particular joint journey is a quite important one.

There is a variety of ways to understand more about HR & payroll at Mazars.

- Read [this article](#) about Optimising your business through global payroll processing;
- Learn about [Global regulatory compliance](#) and check our dedicated [HR & payroll webpage](#);
- Explore our [CEE Tax & Payroll Newsletters](#).



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