



## EMN Ad-Hoc Query 2016.1119 on Minimum Annual Remuneration Thresholds

Requested by Ireland on 1 December 2016

### Summary

#### Introduction

Ireland posed the ad hoc query to seek information to inform its review of minimum annual remuneration thresholds for the Irish employment permits system. Since the commencement of the Employment Permits (Amendment) Act 2014, a number of elements of the employment permits system in Ireland have been formally reviewed. The review will focus on the remuneration thresholds applying to those permits designed to facilitate skills availability in the productive economy, i.e. Critical Skills, General, Intra Company Transfer and Contract for Services Employment Permits and examine their relevance and appropriateness and a model for future review and adjustment.

In Ireland, economic migration is managed through an employment permits system which is driven by the need to fill skills gaps. Ireland does not participate in EU legislation regarding economic migration, e.g. Blue Card directive.

In Ireland, the minimum annual remuneration threshold was originally introduced in 2006. The thresholds vary depending on the type of employment permit. For example, the Critical Skills Employment Permit has two thresholds - €30,000 for occupations included on a Highly Skilled Eligible Occupations List and €60,000 for all other eligible occupations. Certain employment permit types (e.g. sports and cultural employment permit or the reactivation employment permit) only require compliance with the national minimum wage.

EMN NCPs were asked: if their country applies a minimum annual remuneration threshold in their systems for both EU and national schemes and, if so, to give details; to detail what is the policy rationale underpinning the threshold; to give the factors that trigger a revision of the threshold; and to indicate if any revisions of any threshold(s) have shown an impact on economic migration or the labour market. NCPs were also asked for the formula used to calculate the minimum annual remuneration threshold and for the average gross annual salary in their country.

#### Contributing Member States

20 NCPs, including Ireland, contributed to the query – **Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Slovakia, Slovenia, Sweden, United Kingdom and Norway.**



## Results

*Minimum annual remuneration thresholds applied as a condition of permission granted to third country nationals to work in a Member State, including both EU schemes (Blue Card etc.) and national schemes.*

Salary thresholds are applied in most responding countries, either for EU (e.g. Blue Card) or national schemes or both. In **Sweden, Finland** and **Norway**, thresholds are linked to applicable collective agreements in respective sectors. A minimum salary level to enable the third country national employee to support him/herself applies in **Sweden**, but as collective agreements also apply, the minimum salary in certain sectors can be higher. Collective agreements also apply in certain sectors in **Luxembourg, Poland** and **Lithuania** use a comparable wage principle for their national schemes – in **Lithuania** remuneration must equal that paid to a Lithuanian national performing the same job with the same employer, and in **Poland**, the wage offered must be not lower than remuneration offered to employees performing similar work in a comparable position. In **Germany** the general principle of the third country national being able to support him/herself without recourse to public funds applies, in addition to a national minimum wage. Specific thresholds are applied for students, Blue Card holders and researchers under the EU Researchers' Directives. In national schemes in **Austria** and the **Netherlands**, thresholds can be set at different levels depending on age (above and below 30 years). Some countries apply a general minimum salary threshold for third country national employees which can be the minimum salary applicable to all employees (e.g. as set out in a national collective agreement e.g. **Belgium, Luxembourg**) or a national minimum wage (e.g. **Czech Republic, Estonia, Slovakia, Slovenia**). In addition, in **Slovakia**, a third country national applying for temporary residence for employment must be able to demonstrate financial security via a minimum living wage for each month of his/her residence. In some countries' national schemes, specific thresholds are set for specific categories (e.g. **Belgium, Croatia, France, Netherlands, Latvia, United Kingdom**). **Estonia** has a list of occupations in respect of which a salary threshold (other than national minimum wage) does not apply. **United Kingdom** applies minimum annual remuneration thresholds in most circumstances, but certain employment categories only require compliance with the national minimum wage.

### *Policy rationale underpinning the threshold*

The policy rationales underpinning setting the threshold which were indicated by the responding countries were: labour market management, including skills needs and attracting highly skilled employees; and protecting workers' rights; preventing exploitation of migrant workers and protection against social/wage dumping. **Latvia** reported that a policy rationale is to minimise the effects of the shadow economy.



### *Factors that trigger a revision of the minimum annual remuneration threshold*

Responding countries revise salary thresholds for both national and EU schemes. Revisions for the Blue Card are in line with changes in average salaries. It was recommended in **Lithuania** that the threshold for the Blue Card should be reduced from twice to 1.5 times the average gross monthly salary, in order to help attract more highly skilled employees. This is operative as of January 2017.

In terms of national employment migration schemes, the factors that trigger a revision of the thresholds include revision of minimum wage or amendment of national average earnings in line with economic conditions and wage inflation. In **Sweden** the general minimum remuneration threshold is not automatically revised, and has remained unchanged for several years. In the **United Kingdom**, the Government may mandate the Migration Advisory Committee to periodically review thresholds. **Latvia** reported that amendments are under discussion due to concerns of lack of competitiveness of sectors with lower average income. A proposal to change threshold of minimum income to correspond to monthly average salary is under discussion.

### *Impact of any revisions of minimum annual remuneration thresholds on economic migration or the labour market*

Most responding NCPs reported that revision of salary thresholds had had no impact or a modest impact on economic migration or the labour market in their country, mostly due to the fact that any revisions are in line with general income trends, or that there have been no recent revisions to the threshold (**Belgium, Sweden**). In **Sweden**, there have been concerns about labour exploitation of foreign workers and wage dumping, and efforts are being made to ensure compliance with minimum requirements. **Czech Republic** reported that the main pull factor is the number of job vacancies, depending on economic growth. **United Kingdom** noted a relatively small impact from revision of salary thresholds as compared to other policy changes such as changes to skill thresholds or language requirements.

### *Formula by which minimum annual threshold is calculated*

Responding NCPs reported on how the minimum annual threshold is calculated for both the Blue Card and national schemes. Calculations can be based on, for example, percentages of social insurance base; collective agreements; minimum wage/minimum remuneration levels based on economic conditions and cost of living; multiples of average annual earnings (e.g. for Blue Card); or appropriate rates taken from national salary data.

### *Average gross annual salary in MS*

Responding NCPs reported on the average gross annual salary in their country.