

CHAPTER 10

FEE SCALES, SALARIES AND TAXATION

This chapter sets out the financial and economic environment in which the professional civil engineer operates. In some countries there is a clear range of fees for particular civil engineering works which is defined in law. In other countries tendering is carried out freely, in others there are guidelines which may be purely voluntary and put in place to assist the client.

The question we asked on salaries can only produce indicative answers from our members. The range of salaries across Europe varies enormously: it is important that such considerations are viewed in the context of the national economy. It is not possible within the scope of this review to compare salaries of other professionals in member countries. Many countries do not in fact carry out reviews of salaries paid by profession.

The VAT rate across Europe is generally similar although there are some interesting variations in some countries in relation to e.g. new construction or maintenance of buildings.

The questions asked of members were:

10.1 Is there a Scale Code of fees in your country? If so, is it approved by law?

10.2 Is the tendering price free, or are there any rules for calculating this?

10.3 Are civil engineers subject to normal national taxation?

10.4 What do you believe is the average salary and percentage of tax paid on that salary in your country?

10.5 What rate of VAT (Value Added Tax) is paid in your country?

COUNTRY	
Croatia	<p>There is a fee scale approved by law, but it is applicable to public servants only. Other employers are free to define level of salaries for their employees by contract.</p> <p>An average gross salary is 7000 kunas (or € 933). State tax on that salary ranges from 20 to 35 per cent, local tax is 3%, while health and old age insurance is 40 percent. An average net salary is about 4000 kunas (or € 533). All citizens including civil engineers fall under the same taxation system.</p> <p>The VAT rate currently applied in Croatia (2004) amounts to 22 percent. As of 2005, this tax will be reduced to 20 percent and it will be cancelled altogether for some products.</p>
Cyprus	<p>There is a scale code for fees but this is not covered by law. A new scale code is under discussion/consideration, with the aim to be approved by law.</p> <p>At the moment the tendering price is free and there are no specific rules for calculating this.</p> <p>Annual salaries of civil engineers range from 11,000 to 55,000 Euro depending on experience. The average annual salary is of the order of 25,000 to 30,000 Euros. Civil Engineers are subject to normal national rates of taxation. Taxation rates in Cyprus are as follows:</p>

	<p>Up to CyP 10,000.00 income: zero tax Between CyP 10,000.00 - 15,000.00: 20% tax Between CyP 15,000.00 - 20,000.00: 25% tax Above CyP 20,000.00: 30% tax (1.00 CyP = 1.71 Euro)</p> <p>The VAT rate paid in Cyprus is 15%.</p>
Czech Rep.	<p>Yes, a Scale Code of fees exists but it is a recommended scale only. It is not approved by law.</p> <p>The average salary for a civil engineer is Euro 550 a month, the tax paid on this is 35%. Civil engineers are subject to normal national rates of taxation. State taxation rate is 15 - 40%, health and pension insurance is about 33% (1/3 of this is paid by the employee and 2/3 by the employer).</p> <p>VAT (Value Added Tax) rate: From 1st January 2004, the rate of VAT was more or less set at 22%, it was subsequently changed to 19%.</p>
Estonia	<p>There is no Scale Code of fees in Estonia now.</p> <p>Tendering Any indication of monthly or average salary e.g. for young graduate starting out? Civil Engineers are subject to normal rates of taxation.</p> <p>The VAT rate in Estonia is 18%/</p>
Finland	<p>No, there is no Scale Code of fees in Finland. Such fee scale codes are prohibited by law.</p> <p>The tendering price is free, there are not rules for calculating this.</p> <p>The average salary for a civil engineer in 2002 was 4000 € per month, the tax paid is approx. 35 %. (Civil engineers are subject to normal national taxation.)</p> <p>VAT (Value Added Tax) is generally 22 % but VAT on food and beverages amounts to 17 % and on publications 8 %</p>
France	<p>Fee scale: Tendering:</p> <p>Average salary: Detailed information is published in CNISF documents on studies dealing with detailed conditions of Employment, as well as detailed grids of salaries, on a yearly basis and in the Journal "Le Moniteur des Travaux Publics" which offers a yearly survey of salaries</p> <p>As a rough indicator, it could be mentioned that an average annual salary for a young Engineer is about 28,000 Euros in the Public Sector, and 31,000 Euros in the Private Sector.</p> <p>In regard to VAT applied for works in the Construction sector, 2 rates are applied: 19,6 % is the general rule, with an exception for maintenance of buildings, which is 5.5 %.</p>
Germany	<p>Fee scale: Fees are calculated to an "official scale of fees for services by architects and engineers" (Honorarordnung für Architekten und Ingenieure – HOAI). This scale is based on law. It is published by the Government.</p> <p>The tendering price is free, but the actual price lists for a special work will be used. To achieve low prices one may calculate less man hours per special work. Very often 'special object oriented' offers are used to highlight the experience</p>

	<p>and quality of the tendering company.</p> <p>Yes, of course, civil engineers are subject to normal national taxation. The average annual salary for an employed civil engineer is Euro 50,000, the salary for a 'free' civil engineer may be twice that or more; the tax amounts to approximately 35% for all of them.</p> <p>The rate of VAT (Value Added Tax) is generally 16%; for publications, foods etc it is only 7%.</p>
Hungary	<p>There is a recommended Scale code of fees in Hungary. However, it is not approved by law.</p> <p>The tendering price is free, there are not rules for calculating this.</p> <p>The average salary in Hungary is Euro 1,200 per month of which 40% is paid in tax. (Civil Engineers are subject to normal rates of taxation).</p> <p>VAT (Value Added Tax) is 25% (with some exceptions).</p>
Ireland	<p>Fee scale: There is no scale code of fees in Ireland as this is regarded as being anti-competition.</p> <p>Tendering: The tendering price is free and thus there are no rules to calculate this.</p> <p>Average salary: This is too varied to respond. The IEI produces a salary review booklet to provide details for members. As an example the 2001 IEI Salary Survey revealed that average salary levels of ordinary members of the Institution of Engineers of Ireland are between Euro 20,000-25,000 for those with less than 1 years employment, nearly Euro 30,000 for those with 1-2 years employment, approximately Euro 35,000 for those with 3-5 years' employment and in the region of Euro 45,000-50,000 for those with 6-10 years' employment. Civil engineers are subject to normal national rates of taxation</p> <p>VAT (Value Added Tax): VAT rates paid in Ireland are 13.5% and 21%.</p>
Italy	<p>Scale code of fees: Minimum fees of civil and environmental engineers are provided for by the Decree of the Ministry of Justice dated 4th April 2001. They are binding. Public Administration can enjoy a "discount" not exceeding, however, 20% of the minimum fee computed according to the updated table rates of the national fees in force.</p> <p>Taxation: Civil and environmental engineers pursuing free profession are subject to the taxation regime common to any other profession.</p> <p>VAT Rate: The 'Imposta sul Valore aggiunto' (IVA - <i>Value Added Tax</i> - VAT) applied to the Engineering professional activities amounts to 20%, like the one applied to any other professional.</p>
Lithuania	<p>There is no Scale Code of fees in Lithuania at present.</p> <p>For a tender primary tendering price is calculated and tendering companies propose their own prices. There is still no electronic mandatory tendering, however it starts to be applicable.</p> <p>Civil Engineering is a subject to normal national rates of taxation.</p> <p>The VAT Rate is equal to 18 %.</p>
Poland	<p>There is not a Scale Code of fees in Poland, however, a non-obligatory register exists. It is not approved by law.</p> <p>The tendering price includes VAT.</p> <p>Civil engineers are subject to normal national taxation.</p>

	<p>In 2003, the average salary was approximately 600 Euros per month.</p> <p>Percentage of tax on salaries: 19 % up to 9,200 Euro annual income, 30 % up to 18,500 Euro annual income, and 40 % above 18,500 Euro annual income</p> <p>The VAT rate (Value Added Tax) applied in Poland is: 7 % - building, constructing activity, materials; 22 % - designing activity, services</p>
Portugal	<p>Portugal does have a Scale Code of fees for design, based on a taxation of the estimated value of the work. It is approved by law, but discounts are encouraged.</p> <p>The tendering price is free, subjected to market laws.</p> <p>Civil engineers are subject to normal national rates of taxation.</p> <p>An average annual salary for an engineer with 5 years' experience may be €35,000 and the percentage of tax paid on that salary is around 30%.</p> <p>In Portugal the rate of VAT (Value Added Tax) paid is 19%.</p>
Romania	<p>Scale Code of fees: The scale fees are established within each company. For public servants, scale fees are established at national level by the decision of the government, taking into account the inflation rate and the reduced level of salaries.</p> <p>Minimum salaries are regulated by law</p> <p>Tendering system. For public works, the tendering system is compulsory. The conditions of participation to tenders are stipulated by law, which also defines the organization, the eligibility criteria, guarantees required etc. In the private system, for important works tenders are usually organized with selected participants.</p> <p>The minimum salary in construction industry is about 100 Euro per month, the average salary about 250 Euro per month. However, when judging these figures, one should consider the level of prices for commodities and services which, as compared to the level in EU is roughly in the ratio 1/2.5...1/3.</p> <p>Taxation. The present system of taxation in Romania is rather varied and complex and takes into account the size of the enterprise, the field of activity, the type of activity. According to the opinion of the general public, taxation is considered to be high. For instance, 32%... 35% of the salaries fund represents social taxes supported by the employer. At the same time the employee supports from his/her salary about 17% for the same kind of taxes. The taxes on the salaries are, depending on the amount of the salary, between 18% and 40%. Some deductions are, however, made for special social conditions. The tax on profit to be paid by enterprises is 25%.</p> <p>At present the rate of VAT in Romania is 19%.</p>
Russia	<p>10.1 Is there a Scale Code of fees in your country? If so, is it approved by law?</p> <p>10.2 Is the tendering price free, or are there any rules for calculating this?</p> <p>10.3 Are civil engineers subject to normal national taxation?</p> <p>10.4 What do you believe is the average salary and percentage of tax paid on that salary in your country?</p> <p>10.5 What rate of VAT (Value Added Tax) is paid in your country?</p>

<p>Slovak Rep.</p>	<p>Scale Code of fees does not exist within the Slovak Chamber of Civil Engineers. It is not approved by law. Fees for services are negotiated between the seller (natural/legal person) and the buyer (investor/other) that is ordering the services.</p> <p>The tendering price is free and subject to the Act No. 18/1996 Coll. on the price.</p> <p>The average gross salary for an authorised civil engineer - employee is approximately 600 Euro per month; and approximately 500 Euro per month for an unauthorised civil engineer. The salary depends on the negotiation between employee and employer.</p> <p>Civil engineers are subject to normal national taxation. Incomes of all subjects (individuals, legal entities, foreign individuals and entities and other entities) in Slovakia are taxed at one linear 19 % tax rate.</p> <p>The rate of VAT is 19% in Slovakia.</p>
<p>Turkey</p>	<p>Fee scales: In Turkey, there are specified salary scales in law, for public employees, referred to their profession, job experiment, and some other detailed criteria. There is also a minimum fee value per worker, determined by government. Private sector is not obliged by any fee specification. Public sector has to determine the fee related to the minimum by-law value.</p> <p>Tendering:</p> <p>Both public and private sector engineers are subjected to normal taxation, which must be paid salary basis by the employers. Average gross salary of civil engineers in Turkey is 1200 Euro, of which 37 percent is taxes.</p> <p>The rate of VAT varies according to the application and the product between 1-25 percent. General consumption materials and general construction materials are subjected to %18 VAT.</p>
<p>United Kingdom</p>	<p>There is no standard fee scale in the UK, and no law governing either competition or fees. However, the Association of Consulting Engineers has recommended a scale of fees to its members, but there is no obligation to follow it.</p> <p>The tendering price is free, but will be governed by specifications in the tender. As there is a lot of competition for design of projects, bidders will normally not make excessive calculations.</p> <p>The average annual gross earnings for all those classified as professional engineers and technologists were £32,086 in the tax year ending April 2001. By contrast, the average annual gross earnings (including overtime) for registered Chartered Engineers in the year to April 2001 were £49,997 according to the Engineering Council 2001 Survey of Registered Engineers earnings, tax year ending April 2002.</p> <p>Civil engineers are subject to normal taxation. For an income of £32,000, the total tax rate (income tax and national insurance contribution) would be approximately 25%. For an income of £50,000, the total tax rate would be approximately 34%. On an individual level, the total tax rate may vary depending on entitlement to tax credits etc. (Source: Inland Revenue)</p> <p>VAT rate: VAT is payable on all forms of construction work at a rate of 17.5%.</p> <p>DEM added text – “There are particular issues in relation to historic building conservation and repair work which relate more to the building than the civil engineering sector”).</p>

