



SUPPORTING
EUROPEAN
AVIATION

Taxation on Pension

EUROCONTROL

Speaker name
Date



NETWORK
MANAGER



Taxation of Pensions in ECTL

- Since creation ECTL guarantee the payment of pension equivalent to those at EC (with internal taxes)
- In 1978, distinction between *salaries* & *pensions*: **pensions subject to national tax** of the country of residence but Agency paying back the national tax paid (**compensation on ECTL pension only**) to keep the net EU pension.
- This compensation is from the general budget of the Agency (**no prorata**).
- Depending the States some issues:
 - Some MS agreeing to transfer the pension rights acquired previously to ECTL, not all
 - Rate for taxation very different depending on countries
 - In addition to income tax, which is compensated so far, some States impose other taxes, not compensated (such as France 9% if you are affiliated to the national social security system)
 - Agency asking a lot of questions when staff retired in some countries with high rate of living (Switzerland)

Two Pension Reforms

History of pension reforms affecting key pension parameters *2005 Pension Reform*

- **Increase** of the **normal retirement age** (from 60 to 63, with transitional measures for staff in place)
- **Decrease** of the **annual accrual rate** from 2% to 1.90% for newcomers
- Creation of the **Pension Fund**
- **Increase** of the employee **contribution rate** (10%) – with employer contribution rate at 20%
- Suppression of the correction coefficient for staff recruited as from 1.7.2005

History of pension reforms affecting key pension parameters *2016 Pension Reform*

- **Increase** of the **normal retirement age** (from 63 to 66, with transitional measures for staff in place)
- **Decrease** of the **annual accrual rate** from 1.90% to 1.80% for newcomers.
- **Reduction** of the employee **contribution rate** (8.5%) – with employer contribution rate at 17%
- Suppression of the tax compensation for pensioners residing in a non-Member State
- Modification of the calculation methodology for pensions (including positive impact of bonuses and penalties in case of late/early retirement)

Today

- Retirement age: 66
- Annual accrual rate: 1,8%
- Contribution: 8,5% (to be increased to 10%)
- No cost of living

A new Reform

- In 2025, Agency decided to misalign with EU, not guaranteeing the net EU, meaning **no more tax compensation!**
- Under negotiations:
 - No change to current staff (*initially the request was 50% to current staff and 0 for newcomers*)
 - 50% of tax compensation for newcomers
 - Discussion on going on the basis of the 50% (SIRP tables instead of true data)
 - Possibility for staff having only 3/5 years of contracts to leave with a lumpsum
 - Transfer of pension rights for all
 - Possibility to have a contribution scheme, to compensate the tax



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Thank you!

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