



PwC's global payroll complexity survey

The future of payroll is changing

June 2025



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Preface

Preface

We've been delivering managed payroll services globally for more than 50 years. If you haven't heard about us, please allow us to introduce ourselves.



Who are we?

You will have heard the name PwC frequently over the years, predominantly, perhaps, as an accountant or tax advisor. But, did you know we also have a highly successful payroll business? We provide managed payroll services to a broad portfolio of clients who operate locally and globally, with headcounts ranging from one employee to thousands of employees. We help clients to transform their end to end payroll operation, through a mix of standardisation, integration and automation, using our in-house, in-country payroll specialists, “best in class” technology, and our global payroll management and coordination team. All our clients benefit from having direct access to our in-house payroll teams operating in over 140 countries/territories.

Complementary support from our in-house, in-country employment tax, legal and HR specialists is likewise also available. Our objectives are simple: to help clients optimise their end to end payroll process; to deliver an exemplary and compliant payroll service; and, to help ensure employees get paid accurately and on time.

What is a GPCI?

A GPCI (Global Payroll Complexity Index) report can help organisations navigate the challenges of operating global payroll, particularly in a world where payroll rules and regulations are continually evolving.

We believe that because of our long history of providing managed payroll services and our extensive global footprint, we can bring unique and valuable insights to a GPCI report. We believe that in doing so, we can help organisations looking to expand into new territories or needing to have a better understanding of payroll complexities or looking for expert advice and support.



What areas were assessed?

Paying employees accurately and on time should be part of the building blocks of any organisation that aspires to be successful. This report looks at a range of factors that typically influence the challenges of operating payroll successfully and compliantly: country rules and regulations, payroll data/data types, data privacy, payroll processing, payments and deductions, and location. Our research methodology required our payroll teams to respond to over 60 questions specifically designed to help us rank and rate payroll complexity.

What we discovered

Some of the highlights arising from our research:

Regulatory volatility: Payroll regulations are evolving more rapidly and payroll compliance is coming under increasing scrutiny by government and tax authorities.

Cost of failure: Failing to submit accurate and timely payroll filings can result in penalties, reputational damage, and potentially jail time for company employees.

Employee trust: Employees expect to be paid accurately and on time. Failure to do so can lead to employee dissatisfaction and higher employee turnover.

Tech-driven solutions: AI is already starting to impact on payroll operating models. AI will significantly reduce payroll cycle time and payroll processing costs.

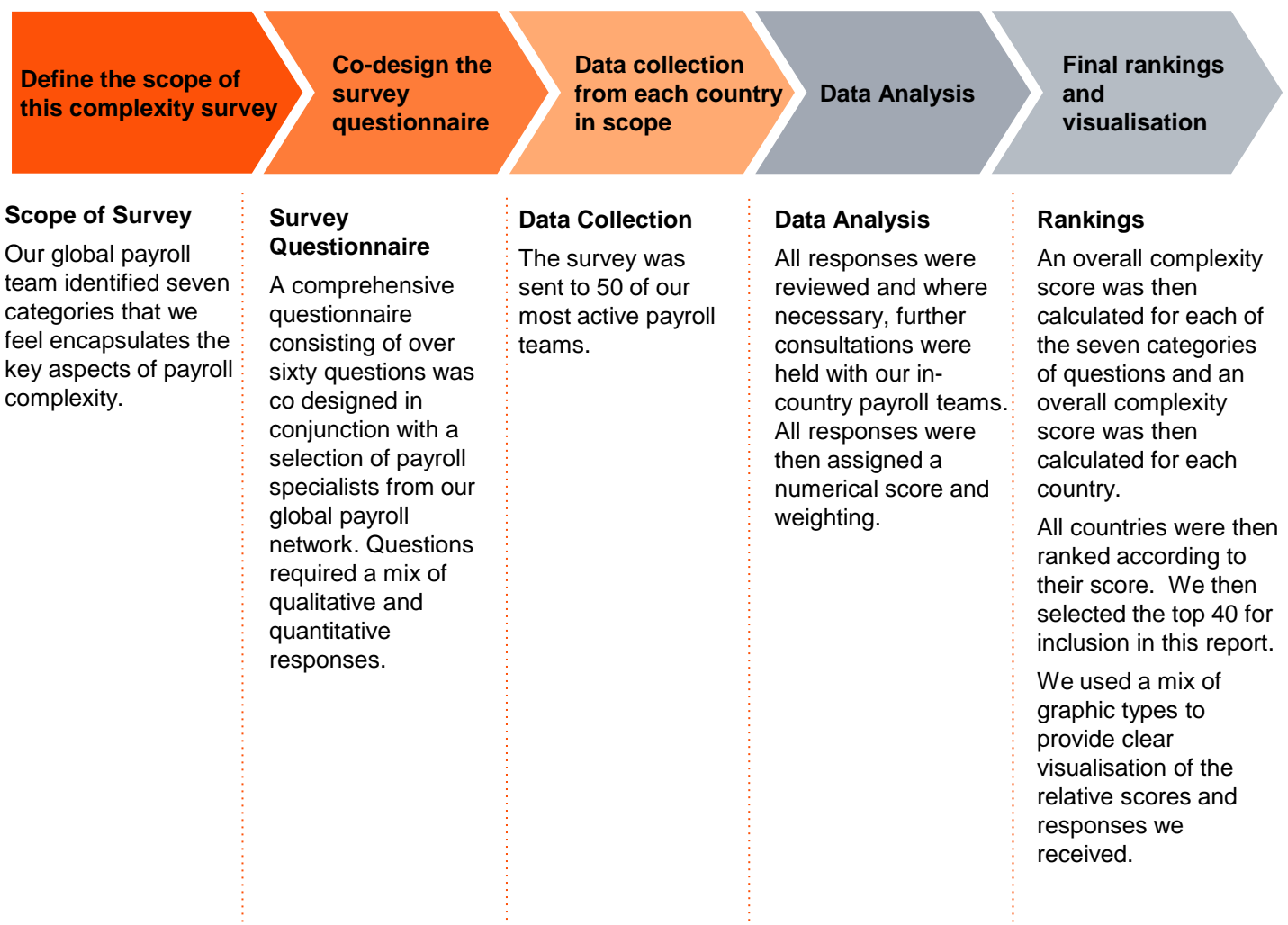


Our approach

Our approach

We co-designed this survey with our global network of in-country PwC payroll professionals. We then asked 50 of our most active payroll teams (measured by number of local and global clients served, annual volume of payslips generated) to respond to our survey.

This report was developed in 5 stages as described below.





Our findings

Overview of results

Our Global Payroll Complexity Index report assessed the complexity of payroll processes across more than 50 countries.

We assigned scores to each of our 50 countries responses along with relative weightings between the complexity factors. We then generated an overall payroll complexity score for each of the countries. Where we were unable to verify the scorings to a predetermined standard, through requests for supporting data or further consultations, we excluded countries from our final rankings.

Our GPCI report lists forty countries, ranked by complexity, highest to lowest.

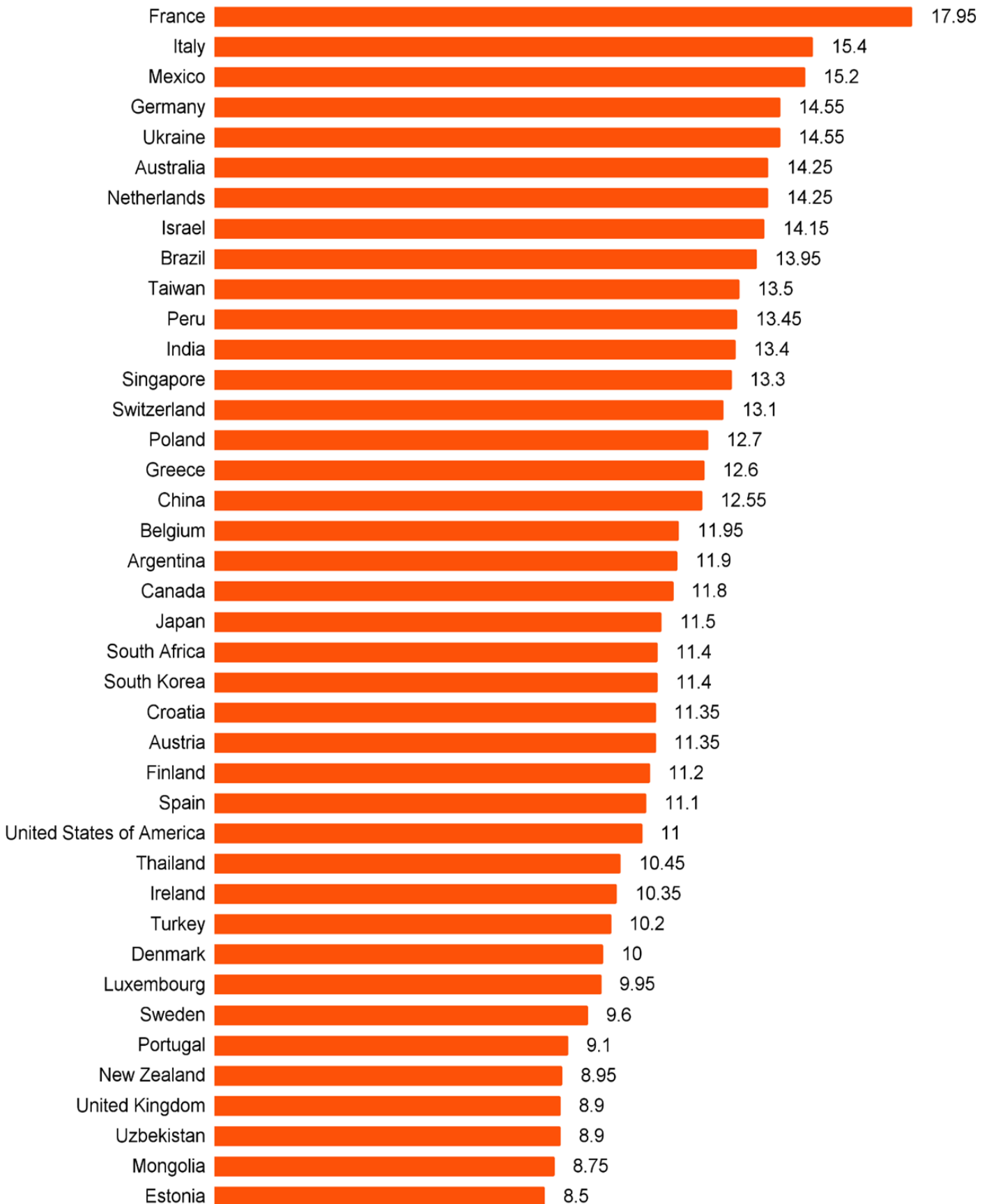


How should this report be used?

The aim of this report is to show the relative complexity of operating payroll in forty countries around the world. We selected these countries on the basis of the demand for their payroll services. In addition to the relative complexity, our survey generated a number of insights into why payroll was more or less complex and how payroll rules and regulations, as well as penalties for non compliance, are evolving. This report provides a valuable insight on the relative challenges, costs and resources required to set up, operate and manage payroll across these 40 countries/territories.



Top 40 countries in order of complexity





Detailed analysis

Detailed analysis

Our GPCI report shows that Europe presents the most challenging region in which to set up and operate payroll. France ranks as the most complex country or territory for payroll in our survey, closely followed by Italy, Mexico, Germany, and Ukraine. We provide further insights into the challenges of operating payroll in these countries in the following pages.

We have also taken a closer look at the survey findings for countries that scored low and medium for payroll complexity. We look at some of the factors below and how they compare to the country that rated highest for complexity.

Payroll complexity ratings at a glance

8.90

United Kingdom



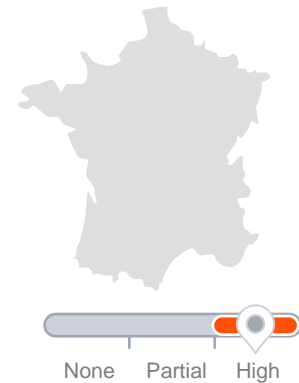
12.55

Japan



17.95

France

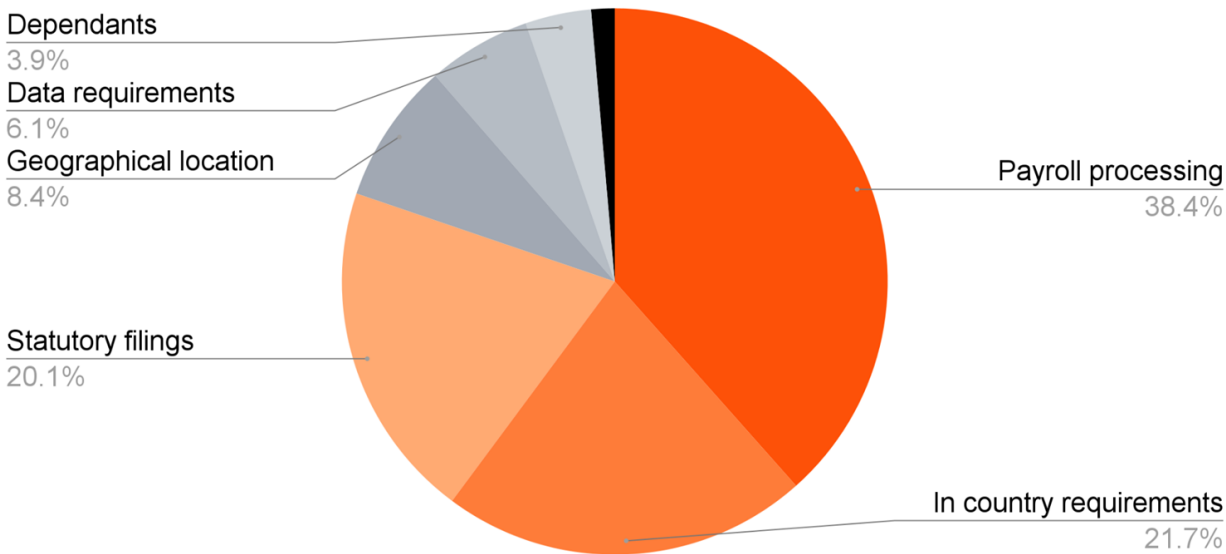


The United Kingdom is considered one of the less complex countries for payroll. Although it has three devolved administrations that impact on payroll regulations and there are other contributing factors such as holiday pay, auto enrolment and benefits in kind, it is well served by a range of established payroll systems providers, multiple payroll service providers and a sizable pool of experienced and qualified payroll specialists. Organisations such as the Chartered Institute of Payroll Professionals have done much to raise the awareness of payroll as a career choice and to implement an appropriate training and certification regime.

Japan's payroll system is moderately complex, featuring straightforward progressive tax rates and strong payroll infrastructure. However, overseas employers may face challenges due to limited English usage, multiple mandatory social security and insurance contributions, strict onboarding and offboarding procedures, and the requirement to maintain a local bank account for statutory payments. These factors add administrative complexity despite the otherwise efficient system.

France is widely regarded as the most complex country for payroll operations due to strict employment laws, numerous statutory requirements, and multiple social security schemes. Employers must navigate compulsory overtime rules, collective agreements, optional retirement plans, and stringent data retention obligations. Additionally, pre-registration for new hires and detailed procedures for employee terminations- often requiring legal guidance- make efficient payroll processes and accurate data management essential for compliance.

France



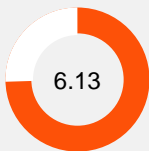
Payroll processing constitutes most of the complexity score but being conscious of all of the requirements in each area for France will help employers keep up with compliance. Some points to consider would be:

Ensuring that correct dependent data is provided is crucial, as processing incorrect data may result in penalties. French payroll specialists typically require 3 to 5 working days to process the payroll for each cycle.

Reporting to numerous statutory bodies for each pay cycle can take considerable time to ensure all documentation is accurately submitted on time.

Payroll complexity score

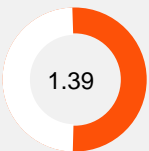
17.95



Data requirements



Dependants



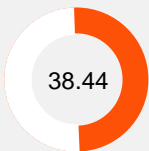
In country data protection



Geographical location



In Country requirements

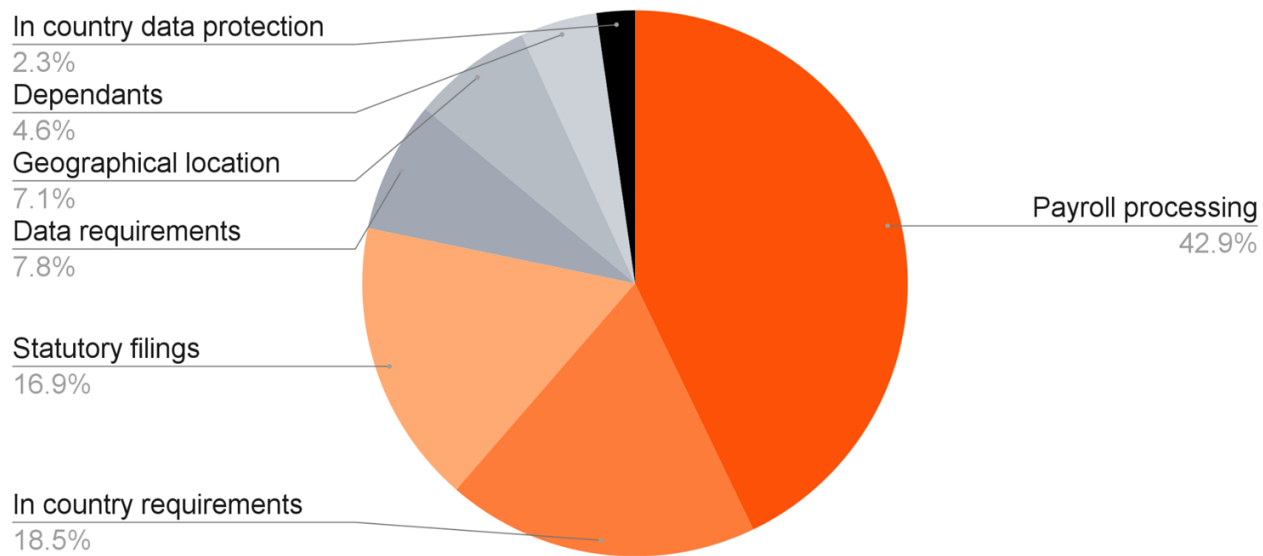


Payroll processing



Statutory filings

Italy



Like France, payroll processing in Italy is one of the most complex aspects of the payroll cycle. Requirements specific to the country and statutory filings also contribute significantly to this complexity. Some crucial points worth noting are:

In Italy, it is crucial that all pay components undergo a comprehensive review to ensure accuracy from both tax and social security perspectives. Although establishing a local legal entity in Italy is not mandatory, appointing a social security representative within the country is required.

Although data protection may appear less complex compared to other areas, it remains a critical component of payroll management. Ensuring the protection and security of confidential data is of utmost importance to payroll specialists who manage this information daily.

Payroll complexity score

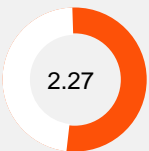
15.40



Data requirements



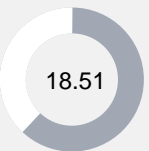
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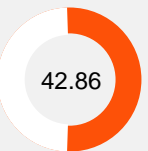
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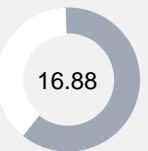
Geographical location



In Country requirements

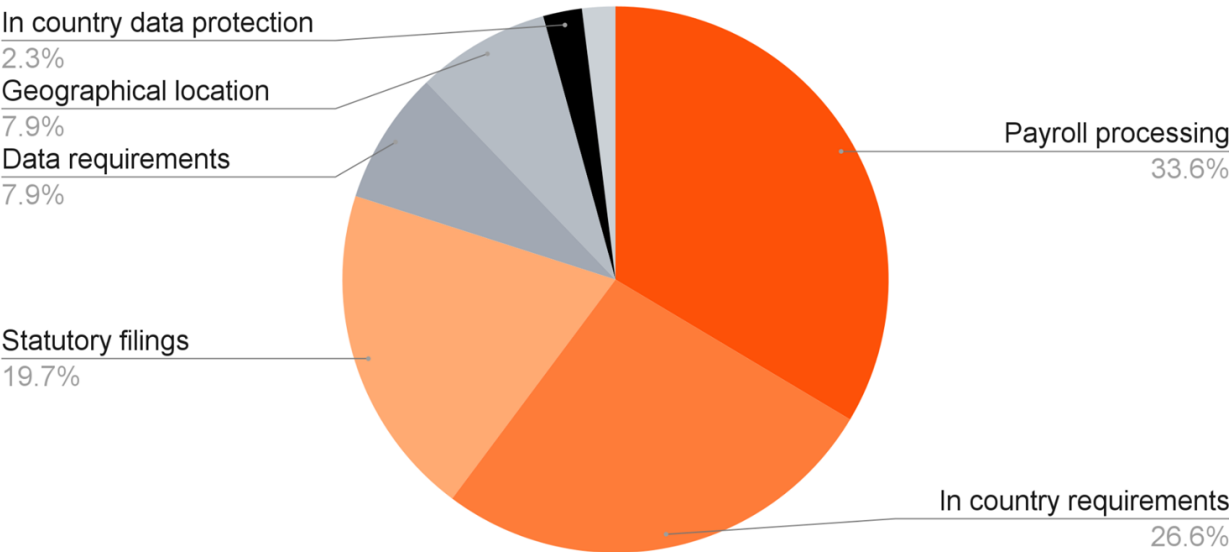


Payroll processing



Statutory filings

Mexico



Mexico ranks as the third most complex country for payroll, with its complexity score closely trailing that of Italy. A few notable points for Mexico would be within the in-country requirements section.

The registration process for new companies in Mexico is intricate and time-consuming, requiring meticulous attention to meet all necessary requirements. Additionally, there must be a designated individual within the country to physically sign specific documents and deliver them to the appropriate authorities.

Geographical location significantly impacts payroll calculations in Mexico, further complicating the generation of payroll reports. Furthermore, the process for overseas workers to operate within the country is not straightforward and should be carefully considered by employers prior to hiring such individuals.

Payroll complexity score

15.20



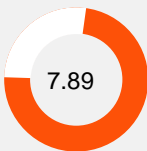
Data requirements



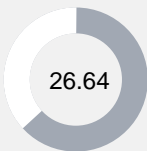
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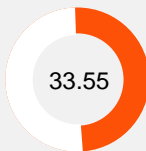
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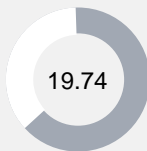
Geographical location



In Country requirements

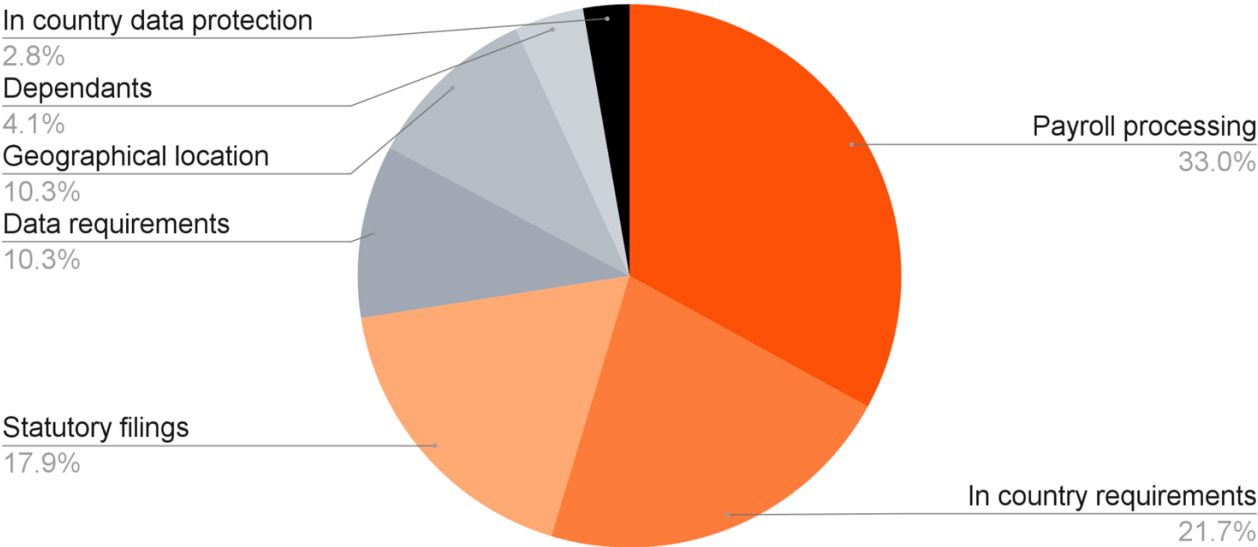


Payroll processing



Statutory filings

Germany



In Germany, payroll processing significantly impacts complexity as expected, with higher scores compared to other European countries.

While a local legal entity is not required to employ people in Germany, employers need a company number and a German address for social security purposes. They must also comply with domestic employer standards set by German legislation.

Tax calculations are influenced by dependent status and geographical location, so accurate data is essential. Similar to other European nations, there are multiple statutory bodies that must receive monthly reports in a timely manner.

Payroll complexity score

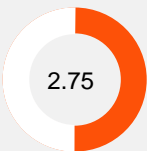
14.55



Data requirements



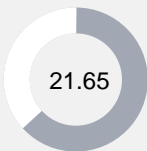
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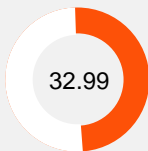
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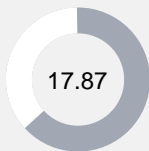
Geographical location



In Country requirements

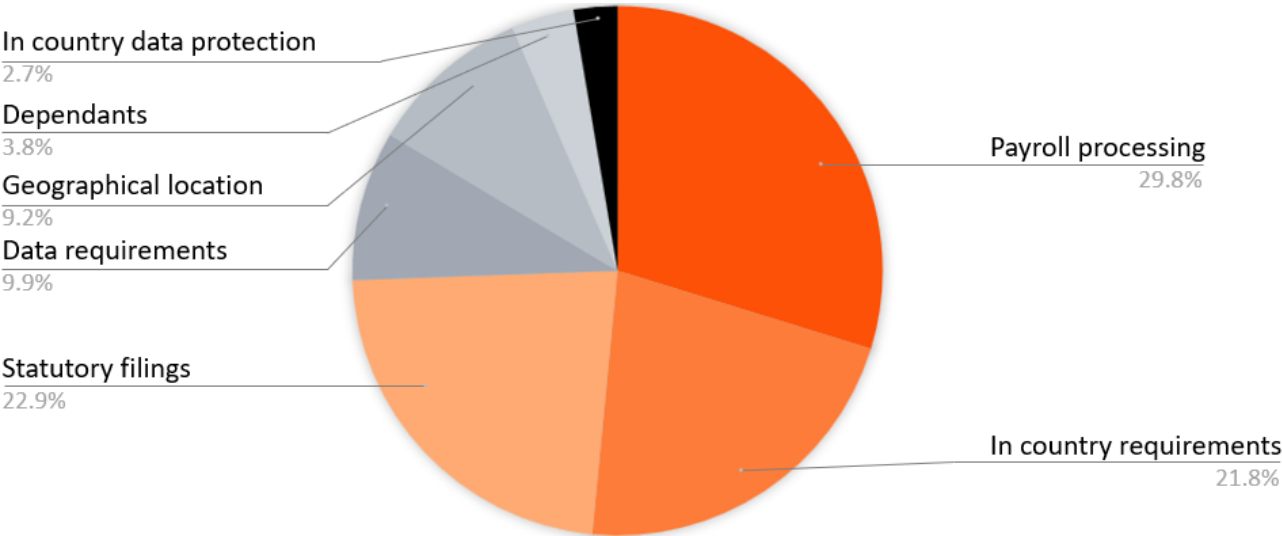


Payroll processing



Statutory filings

Switzerland



Payroll processing represents a significant complexity factor in Switzerland, requiring careful attention to detail to ensure compliance with local regulations.

Statutory filings are equally important, demanding precise and timely submissions to governmental entities. The diverse regional laws can impact payroll operations, necessitating adherence to various canton-specific requirements.

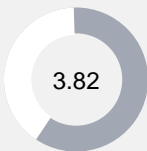
Ensuring accurate data handling for both employees and statutory compliance is crucial. Missteps in these areas could lead to non-compliance issues and potential penalties.

Payroll complexity score

13.10



Data requirements



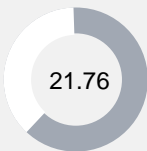
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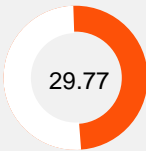
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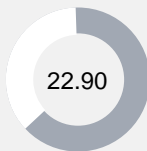
Geographical location



In Country requirements



Payroll processing

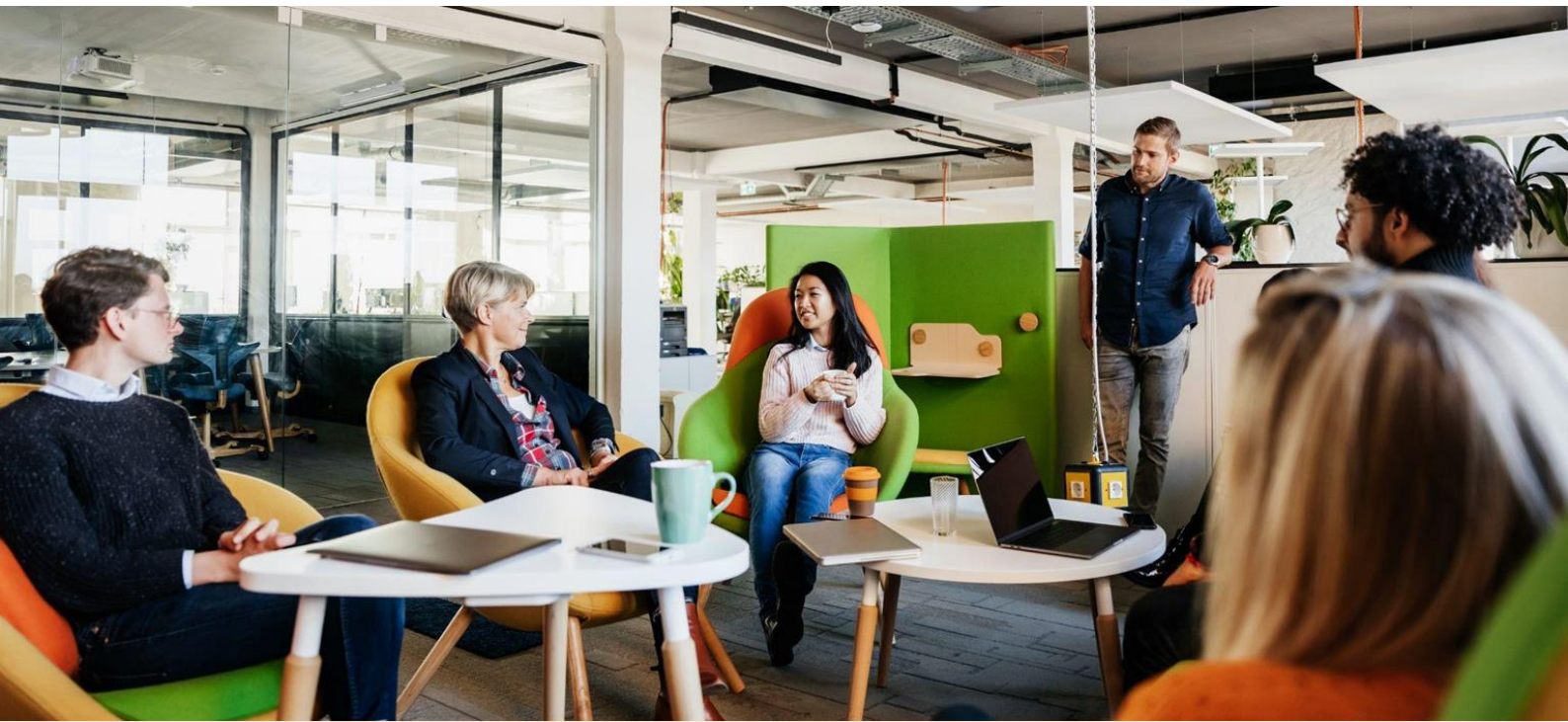


Statutory filings



Final thoughts and conclusions

Final thoughts and conclusions



01

Global payroll complexity is rapidly evolving, requiring companies to stay ahead to manage payroll processing and ensure compliance.

02

Payroll rules and regulations are key to assessing complexity, but data privacy and in-country representation are increasingly influential.

03

Geographical location within a country or territory can also impact on payroll complexity.

04

Awareness of the risks in each country, coupled with robust countermeasures to mitigate these risks, will enhance resilience against uncontrollable variables in payroll.

05

Whilst payroll regulations are evolving faster rate than ever, technologies such machine learning and AI are evolving even faster and can offer a cost effective way to stay compliant.

06

Look to involve all stakeholders when developing a strategy to stay ahead of the curve: payroll, HR, finance, IT, tax and most importantly of all, employees.

Final thoughts

Payroll rules and regulations are evolving at an ever faster rate and the costs for non-compliance are likewise accelerating. However, there are also plenty of sources of advice and support, ranging from payroll systems providers, to experienced and qualified payroll professionals to professional bodies.



Conclusions

As companies look to expand into new markets, the absence of a payroll strategy and a payroll operation that is fit for purpose both now and into the foreseeable future is increasingly being seen as a barrier to success. Developing a better understanding of how payroll regulations are evolving and the range of possible solutions available to provide advice and support is key to helping organisations ensure that they continue to deliver an accurate, timely and compliant payroll service. This will not only deliver a positive return on investment but will free the organisation up to focus on core business.

Technology has a key role to play. Integrating payroll with HR, finance and payment systems is already standard practice for many organisations. Machine learning and AI will offer opportunities to transform payroll processing itself, reducing payroll timelines and costs by up to 80%. An effective payroll strategy is therefore one that can also constantly horizon scan and adapt accordingly.



6

Who we are

Who we are and how we can help

**Chris Watt**

Global
Payroll Leader
Christopher.watt@pwc.com

**Lynne Campbell**

Global Payroll
Manager and
Global Complexity
Owner

Lynne.campbell@pwc.com

**Mike Loydon**

Global Payroll
Leader

Michael.loydon@pwc.com

**Marlene Oswald**

Swiss Payroll Leader

Marlene.oswald@pwc.co.ch

**Jacques Kocher**

Swiss Payroll Leader

Jacques.kocher@pwc.ch

Alongside our extensive global network, we can provide comprehensive advice and support to our clients and prospective clients in navigating the complexities of payroll processing. Our in-country payroll professionals are highly trained, possess extensive experience, and assist businesses in meeting compliance regulations while ensuring accurate payroll calculations for each pay period.

We can produce detailed reports for any country included in our survey ranking.

For additional information about our payroll services, please visit our [website](#).

For our Global Payroll business, we have developed a sophisticated Global Payroll Platform (GPP), designed to provide our clients with an exceptional user experience. The GPP integrates multi-territory payrolls into a single, unified dashboard.

This brief [video](#) offers an overview of the capabilities and benefits of the GPP and how it can support your payroll needs.

For detailed information regarding our additional services, including payroll consulting, payroll transformation, employment tax, and legal services, please contact us for further details.

We would be delighted to assist you.



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