

## Closing the gap: A new era for pay transparency in the EU

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### 1 Tackling the gender pay gap

The gender pay gap – the persistent divide in earnings between women and men – remains a global challenge. It is rooted in the lack of transparency in pay systems, vague legal definitions of “equal work” and legal barriers that hinder employees from taking action. The EU Pay Transparency Directive ("Directive"), adopted in June 2023, introduces clear obligations for employers from the recruitment stage onwards, with local authorities also playing a role.

### 2 Key deadline

EU member states must implement the Directive by 7 June 2026. To comply with employers' obligations, data collection and thorough analysis of pay information must begin well in advance. Identifying any gender pay gaps at an early stage is crucial, as this requires employers to review and potentially adjust their pay structures. Since reporting begins in June 2027, based on 2026 data, forward-thinking employers should allocate budget in 2025 to proactively close gaps and ensure compliance.

### 3 Work of equal value

To fully understand the impact of the Directive, it is essential to examine its key definitions. “Pay” refers not only to base salary, but also includes bonuses, overtime, benefits, allowances and more. The scope of “employees” is broad, encompassing fixed-term, agency, platform and atypical workers, as well as trainees and apprentices. Even job applicants fall under certain transparency provisions. A cornerstone of the Directive is the requirement to evaluate “work of equal value” using clear, gender-neutral criteria like skills, effort, responsibility and working conditions. This means employers must establish transparent systems to accurately assess and compare job roles and employee contributions.

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## 4 Core obligations

The obligation of the employer	Application
<b>Recruitment: Providing information to job applicants about initial pay</b>	All employers, without exception
<b>Salary structures: Implementing transparent salary frameworks with objective, neutral criteria</b>	All employers, without exception (Local derogation possible for employers with fewer than 50 employees)
<b>Information obligation: Upon employee request, providing written information on pay levels within 2 months</b>	All employers, without exception
<b>Joint pay assessment: Conducting a joint pay assessment with employee representative bodies if the gender pay gap exceeds 5%</b>	All employers, without exception
<b>Reporting obligation: Reporting on the gender pay gap</b>	Applies to employers with 100 or more employees

## 5 Preparation In Time

Meeting the Directive's new obligations requires treating compliance as a strategic priority. This involves collaboration across HR, legal, payroll and data analytics teams. The Directive goes beyond simple compliance – it drives structural improvements in fair workplace pay structure.

Plan ahead and partner with Wolf Theiss for expert support in reviewing pay criteria, conducting audits and updating recruitment and remuneration policies – ensuring you stay ahead of evolving EU transparency standards.

## About Wolf Theiss

Wolf Theiss is one of the leading European law firms in Central, Eastern and South-Eastern Europe with a focus on international business law. With 400+ lawyers in 13 countries and a central European hub in Brussels, over 80% of the firm's work involves cross-border representation of international clients. Combining expertise in law and business, Wolf Theiss develops innovative solutions that integrate legal, financial and business know-how.

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