



H. E. Mr Valdis Dombrovskis  
European Commission  
Rue de la Loi 200 / Wetstraat 200  
B-1049, Brussels  
Belgium

14.04.2026 No 11-1/1369-1

H.E. Ms Hadja Lahbib  
European Commission  
B-1049, Brussels  
Belgium

H.E. Ms Roxana Minzatu  
European Commission  
B-1049, Brussels  
Belgium

**Considerations Regarding the Implementation  
of the EU Pay Transparency Directive**

Dear Mr Valdis Dombrovskis,  
Dear Ms Hadja Lahbib,  
Dear Ms Roxana Minzatu,

I hope this letter finds you well.

The report on European competitiveness presented by Mario Draghi makes clear that restoring European competitiveness is an urgent priority. A key to address these challenges should be reduction of administrative burdens and reporting obligations of our companies.

Against this background, we consider that the requirements introduced by the EU Pay Transparency Directive present significant challenges for effective implementation. In this respect, we would encourage a fundamental reconsideration of the Directive's requirements. We call on the Commission to support the Business Europe's initiative to "Stop the Clock" and to extend the entry into force of the directive by at least two years. This would give time to identify and consider amendments that limit the administrative burden of salary transparency obligations, especially for SME's.

In our view, companies with fewer than 50 employees, namely SMEs, should not be subject to an obligation to maintain pay structures in writing, given their limited administrative and compliance capacity. A more proportionate approach would help avoid placing excessive burdens on enterprises that are essential to Europe's economic dynamism and employment.

As regards Article 9, we consider that the definition of pay used for reporting purposes should either be left to the discretion of Member States or be limited to pay in cash. Pay transparency is a tool for implementing the principle of equal pay, but for that tool to be effective, reporting obligations must remain clear and workable. If an overly broad definition of pay is used, the indicators may include an almost unlimited number of variables (for example company cars, housing benefits, private health insurance, meal benefits, childcare support, additional pension contributions, stock options, and other benefits in kind), making it difficult for employees, labour inspectorates and employers alike to assess whether the principle of equal pay is being respected. In such circumstances, the additional administrative burden associated with broad reporting requirements is not justified by the practical value of the results.

We also encourage reconsideration of the list of indicators set out in Article 9. At least one of the core indicators should be aligned with those already used under other EU reporting frameworks, including CSRD and LMB, as the current definition of the gender pay gap differs across these instruments. Different EU legislative frameworks addressing gender pay gaps should, as far as possible, rely on the same definitions and methodologies. The current list of indicators is also unnecessarily extensive, particularly as several indicators are further divided into sub-indicators, some of which appear to have limited practical relevance. One example is the gender pay gap in corresponding gross hourly pay in complementary or variable components. Streamlining the indicator set would improve clarity and reduce administrative burden for employers.

In addition, we would also like to raise a broader overall policy consideration. In several EU policy areas, the Commission has pursued "omnibus" initiatives aimed at simplifying and consolidating requirements, thereby reducing fragmentation and administrative burden. In labour policy, however, such omnibus approach has been limited. We understand that this is partly due to the specific nature of labour policy, where rules are closely intertwined with national industrial relations systems, enforcement practices, and fundamental rights considerations. Nevertheless, the absence of comparable "simplification packages" in labour policy can have an unintended consequence: administrative and reporting obligations may accumulate over time across different initiatives, without a structured opportunity to streamline, align definitions, remove duplication, and ensure proportionality—especially for smaller employers.

We would like to reaffirm our strong support for the objective of reducing the gender pay gap, which remains a persistent challenge in Estonia. In pursuing this goal, we encourage the Commission and the co-legislators to give due consideration to implementation mechanisms that deliver the simplification objective in labour policy as effectively as in other domains, while fully respecting the specificities of national labour law systems and the role of the social partners.

Estonian Government is committed to close cooperation and would welcome further dialogue on the practical implementation of the Directive, with a view to ensuring that it effectively meets its policy objectives. This engagement would also support efforts to avoid disproportionate administrative burden and to safeguard Europe's competitiveness and job creation goals.

With best regards,



Erkki Keldo

Minister of Economy and Industry of the Republic of Estonia