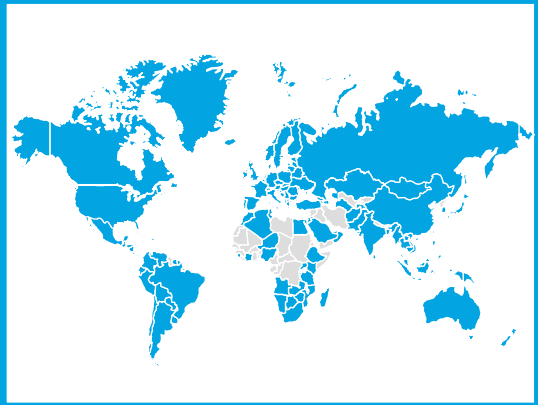


# EXPATRIATES

## Romania

### Tax facts for International Assignees



#### INCOME TAX: WHO IS LIABLE

As a general rule, Romanian tax residents are taxed on their worldwide income, whereas Romanian non-residents are liable to Romanian income tax only on their Romanian-sourced income.

An individual who leaves Romania remains a tax resident of Romania if he/she has his/her domicile address in Romania, has his/her centre of vital interests in Romania, or leaves Romania for a period of less than 183 days in a 12-month period.

Regarding salary income, Romanian tax residents who are seconded outside of the country by their Romanian employer are exempt from paying salary income tax in Romania if any of the below criteria are met (the Romanian employer can stop withholding the salary income tax):

- The individual is present in the other country for more than the period mentioned in the applicable double tax treaty;
- The salary costs are recharged to an employer located in the other country or allocated to a Permanent Establishment that the Romanian employer has in the other country.

#### BREAKING RESIDENCY - EXIT PROCEDURES

Romanian nationals who leave Romania for more than 183 days within any 12-month period have the obligation to submit a Tax residency questionnaire for the Romanian Tax Authorities to determine his/her tax residency status upon departure.

## INCOME TAX RATES

Tax rate	Types of income
11,650 RON + 40%	Income from gambling activities of more than 66,750 RON/prize.
300 RON + 20%	Income from gambling activities of more than 10,000 RON/prize.
16%	Income from a joint venture with a legal entity, income whose source cannot be identified, income obtained from Romania by non-residents subject to withholding tax in Romania (e.g. interest, dividends).
10%	Salary income, pension income, rental income, interest income, income from freelance activities and other types of income
5%	Dividend income
3%	Income from gambling activities of less than 10,000 RON/prize

## SOCIAL SECURITY CONTRIBUTIONS

Both employers and employees must contribute to the social security system. For employees of Romanian companies, it is the employer who has the obligations to withhold, declare and pay the mandatory social security contributions.

Employees are required to pay the following monthly social security contributions:

- Health fund contribution: 10% of monthly gross salary earned;
- Pension fund contribution: 25% of monthly gross salary earned.

Employers are required to pay the following monthly social security contribution:

- Labour insurance contribution: 2.25% of the monthly gross salary earned.

Individuals who derive income from freelancing activities and intellectual property rights have the obligation to pay pension contributions if the estimated annual net income is more than 12 times the minimum gross salary. Since the minimum gross salary increased in 2022 at 2,550 RON, the annual pension contribution for 2022 is  $12 * 25% * \text{minimum working salary}$  ( $12 * 25% * 2,550 \text{ RON} = 7,650 \text{ RON}$ , approximately 1,550 EUR).

Similarly, individuals who derive annual net income from freelancing activities, intellectual property rights, rental activities, investments, agriculture, forestry and fishery, joint ventures with a legal entity and income from other source of more than 12 times the minimum gross salary are obliged to pay mandatory health insurance contributions. The annual health insurance contribution for 2022 is  $12 * 10% * \text{minimum gross salary}$  ( $12 * 10% * 2,550 \text{ RON} = 3,060 \text{ RON}$ , approximately 620 EUR).

**For further information and to register for future updates contact [expat@bdo.global](mailto:expat@bdo.global)**

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication. No entity of the BDO network, its partners, employees and agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

The BDO network (referred to as the 'BDO network') is an international network of independent public accounting, tax and advisory firms which are members of BDO International Limited and perform professional services under the name and style of BDO (hereafter: 'BDO member firms'). BDO International Limited is a UK company limited by guarantee. It is the governing entity of the BDO network.

Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium.

Each of BDO International Limited, Brussels Worldwide Services BV and the BDO member firms is a separate legal entity and has no liability for another entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV and/or the BDO member firms. Neither BDO International Limited nor any other central entities of the BDO network provide services to clients.

BDO is the brand name for the BDO network and for each of the BDO member firms.

The fee income of the member firms in the BDO network, including the members of their exclusive alliances, was US\$ 11.8 billion in 2021. These public accounting, tax and advisory firms provide professional services in 167 countries & territories, with 97,292 people working out of 1,728 offices worldwide.

© Brussels Worldwide Services BV December 2022

[www.bdo.global](http://www.bdo.global)