

INPATRIATES

Romania

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

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.

REGISTRATION/FORMALITIES

EU nationals who arrive in Romania and have a stay in country for more than 90 days have the obligation to obtain a registration certificate from the Romanian Immigration Authorities. The registration certificate attests the Romanian residency address and bears the personal numerical code of the EU national, which is used by the Romanian Tax Authorities as a tax number.

Also, based on the provisions of the EU Directive no. 96/71 regarding the posting of workers, transposed in the Romanian legislation by means of Law no. 16/2017, foreign employers who post secondees to Romania have the obligation to notify the Romanian Labour Authorities regarding the start date/end date of the secondment. The notification has to be filed no later than the start date of the secondment.

In addition, the Romanian company where the individual is seconded has the obligation to notify the Romanian Tax Authorities about the start date/end date of the activity. The notification must be filed within 30 days from the moment when the secondees starts his/her Romanian assignment.

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

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