

Romanian reforms impact social contributions and income tax

(I) On 1 January 2020, Romania implemented changes that impact social contribution charges from certain categories of employees and individuals with non-salary income.

Part-time employment agreements

Based on the provisions of Law 263/2019 that amends the Tax Code (published in the Official Gazette no. 1054 on 30 December 2019), the tax base for social security and health insurance contributions due for salaries from part-time employment agreements was changed. Starting in 2020, these contributions will be based on the actual salary income and not in reference to the minimum gross wage.

This amendment brings back the calculation method for determining social contributions that was previously in force before January 2018.

Increase of the minimum gross wage

Through Government Decision 935/2019 (published in the Official Gazette no. 1010 on 16 December 2019), the minimum gross wage has been increased to RON 2,230 (EUR 467). The minimum gross wage for employees with more than one year of experience who perform activities requiring higher education remains RON 2,350. Also, the wage of RON 3,000 for employees working in the construction sector did not change.

Employers must increase the gross salary of affected workers to reflect this increase. The tax base for other categories of individuals, however, will also be affected. Specifically, the minimum wage is set as a threshold against social security and health insurance contributions or income tax due for the following types of workers:

- Individuals obtaining income from freelance activities, intellectual property rights or investments who will have to calculate social security (25%) and / or health insurance (10%) contributions in relation to RON 26,760 (instead of RON 24,960 in 2019).
- Freelancers who calculate their income tax based on income norms will have a higher minimum threshold of RON 26,760 (instead of RON 24,960 in 2019).

(II) Single tax return

Through Government Ordinance 6/2020 (published in the Official Gazette no. 72 on 31 January 2020) the term set for individuals to file the single tax return for 2019 has been changed. The new term is 25 May 2020 instead of 15 March 2020. This new term applies also for the payments related to the submission of the single tax return.

For more information on these amendments, contact the CMS experts [Roxana Popel](#) and [Andrei Tercu](#).