

Tax Alert

March 5th, 2018



Summary:

- **The calculation of the net sick leaves allowances and of the net salary for part-time employees – applicable for December 2017 – March 2018**

ECOVIS Romania: Financial Audit Services

Esteemed Partner,

We would like to inform you about the latest legal changes applicable starting with the salary incomes due to the month of January 2018 regarding **the calculation of the net allowances for sick leaves, and of the net salary for the part-time employees.**

During the current year three calculation systems were valid for the net allowances for the sick leaves:

✓ For the **period 01.01.2018 – 07.02.2018:**

It was applied the OUG no. 99/14.12.2017 for the modification and the addition of the OUG no. 158/2005, regarding the leaves and the allowances for the social health insurances, which has changed the duration of the required contribution continuance in order to benefit from the leaves and the allowances from "a month in the last 12 month", to "6 month in the last 12 month".

The contribution for social insurance (pensions) has increased considerably compared with the year 2017, due to the increase of the contribution quota (from 10.5% to 25%), and of the calculation basis (35% of the gross average salary income of 4.162 lei in 2018 compared with the gross average salary income of 3.131 lei of 2017).

Following the transfer of the pensions and health contributions from the employee to the employer since the beginning of the current year, for the part-time employees who have obtained in January 2018 a gross total income below 1.900 lei it was imposed the payment of the two above-mentioned contributions at the level of the gross minimal national salary.

✓ **The period between 08.02.2018–28.02.2018:**

On 08.02.2018 it was published the OUG no.3/2018 which introduced a series of tax actions impacting the incomes obtained by the employees starting with January 2018:

- The calculation basis of the contribution for the social insurance (pensions, 25% in 2018) owed by the employees who benefit of sick leaves has been represented by the allowance for social health insurance. This change has lead to the decrease of the net values of the sick leaves allowances;
- The contribution for pensions and health owed by the part-time employees is calculated by reference to the gross income effectively obtained, and the difference of the contributions owed up to the level of the social contributions due to the gross minimal national salary is paid by the employer on behalf of the employee.

ECOVIS Romania: Rent a CFO Services

On **01.03.2018** it was published OUG no. 8/2018 which **determines as new calculation system of the social insurance contribution (pensions) for the sick leaves.**

1. The minimal payment duration

In the first semester of the year 2018 (between January 1st – June 30th, 2018) it will be maintained the regulation applied until the end of 2017: the minimal insurance stage in order to benefit of leaves and allowances of social health insurance is of a month carried out in the last 12 month before the month the sick leave is granted for.

Starting with **July 1st, 2018** the system will revert back to the minimal insurance stage of 6 month carried out in the last 12 month previous to the month the sick leave is granted.

2. The capping of the pensions contribution (CAS) at the amount level due to 2017

Another significant change introduced by OUG no. 8/2018 regards the calculations system of the pensions contribution for sick leaves. In order to maintain the allowances at the payment level valid before January 1st, 2018 for a limited duration of 6 month it is mandatory to revert back to the calculation system of CAS used before January 1st, 2018.

In conclusion, pursuant to the OUG no. 8/2018 it is necessary to adjust the payrolls according to the new legal provisions for the period 01.01.2018–28.02.2018. If the adjustment will generate differences, the employers must make the adjustment through the filling in of the adjusting statement and the paying of the allowance differences to the entitled persons until March 31st, 2018.

The summary of the changes of the calculations system applicable to the sick leaves during December 2017 – March 2018:

Changes	December 2017	The period 01.01 – 07.02.2018	OUG 3/08.02. 2018 – applicable starting 01.01.2018	OUG 8/01.03.2018 – applicable dur- ing 01.01.2018 – 3006.2018
Percentage of the contribution for national social insurance (CAS) due to sick leaves	10.50%	25%	25%	10.50%
Calculation basis	35%*3.131	35%*4.162	The gross value of the sick leave allowance	35%*3.131
Payment duration	At least 1 month in the last 12 month	6 month in the last 12 month	6 month in the last 12 month	At least 1 month in the last 12 month

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