

Tax alert

October 7th, 2021



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ECOVIS Romania: payroll services and human resources

Esteemed Customers,

Within the Official Gazette no. 950 of October 5th, 2021, it was published the Decision no. 1071/2021 on establishing the minimum gross salary at the national level guaranteed for payment.

*Commencing with **January 1st, 2022**, the gross national minimum wage guaranteed for payment is established in cash, without any bonuses and other additions, in the amount of RON 2,550 per month, for a normal working schedule of 167,333 hours per month, on average, representing RON 15,239/hour.*

*SOCIAL PROTECTION MEASURES applicable as of **October 4th, 2021**.*

GRANTING PAID TIME OFF FOR PARENTS

The G.E.O. no. 110/2021 extends the possibility of granting time off for one of the parents in order to supervise children up to 12 years of age, during and after the state of alert, but not later than the end of the 2021-2022 school year, excluding holidays, when in-person teaching activities have been suspended within the educational establishments.

The provisions shall apply to parents who cumulatively meet the following conditions:

- a. the other parent does not, in his/her turn, benefit from time off or, as the case may be, the parent requesting time off is a single parent;*
- b. working from home or telework are not allowed within the current workplace.*

The provisions shall not apply if one of the parents is in one or more of the following situations:

- 1) he/she is on parental leave;*
- 2) he/she is the personal assistant of one of the dependent children;*
- 3) he/she is on annual leave/unpaid leave of absence;*
- 4) his/her employment relationship has been suspended due to the temporary interruption of employer's activity;*
- 5) he/she does not obtain income from salaries and assimilated to salaries, income from independent activities, intellectual property rights, agricultural activities, forestry and fish farming, subject to income tax.*

Paid days off are granted on the basis of an application of the parent submitted to his or her employer which shall be accompanied by a declaration on the other parent's own responsibility, a copy of the child's birth certificate(s) or the document certifying the quality of parent, as well as, if applicable, the following documents:

- ⇒ copy of the certificate of decision stating the disability degree of the child or adult up to 26 years of age; or*
- ⇒ copy of the certificate issued by the family physician/consultant in case of children up to 18 years of age who are part of a risk group.*

The employer is obliged to grant time off if the employee requests this right.

*The allowance for each day off is paid by the employer and shall be reimbursed, upon request, by the employment agencies. Furthermore, this is in the amount of 75% of the gross salary corresponding to one working day, but not higher than the correspondent per day of 75% of the average gross salary (75%*RON 5,380 = RON 4,035).*

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The allowance is subject to the taxation and payment of social insurance and health insurance contributions, as well as the payment of the work insurance contribution, performed by the employer.

For the settlement of the amounts, the employer submits an application accompanied by supporting documents regarding the fulfilment of the conditions for the settlement of such allowance to the county employment agencies within the territorial area where the employer carries out its activity. These shall be sent in electronic format or on paper no later than 30 days from the date of performing the payment of the contributions and taxes related to the allowance.

The effective settlement of the amounts shall be made within a maximum of 30 working days from the date of registration of the supporting documents.

For non-compliance with the obligation to grant time off to the employee requesting this right, the employer is sanctioned with a fine between RON 1,000 and 2,000 for each person for whom he refuses to grant such time off, without exceeding the cumulative value of RON 20,000.

TECHNICAL UNEMPLOYMENT ALLOWANCE

The G.E.O. no. 111/2021 establishes that until December 31st, 2021, for the period of temporary suspension of the individual employment contract, upon the initiative of the employer, as a result of the temporary interruption of activity, in whole or in part, employees may benefit from allowances in the amount of 75% of basic salary corresponding to the position occupied, but not more than 75% of the average gross salary (75%*RON 5,380 = RON 4,035).

The employee who has concluded several individual employment contracts of which at least one contract is active and the respective employee obtains an income at the level of the technical unemployment allowance on the basis of such contract does not benefit from the technical unemployment allowance settled by the authorities.

If an employee concluded several individual employment contracts and all were suspended, he/she would benefit from the technical unemployment allowance related to the individual employment contract with the most advantageous salary rights.

In order to grant the amounts necessary for the payment of the allowance, employers shall submit to the employment agencies which have jurisdiction over their registered office, an application, a declaration on their own responsibility and the list of persons to benefit from this allowance. The templates will be approved within 10 working days from the entry into force of the emergency ordinance.

The previously provided documents shall be submitted within the current month for the payment of the allowance from the previous month, and the payment of the allowances from the unemployment insurance fund shall be performed in the employer's account within maximum 15 days from the submission of the documents. The payment of allowances shall be made to employees within a maximum of 3 working days from the receipt of the amounts by the employer.

The allowance is subject to taxation, and the calculation and payment of contributions and tax shall be accomplished by the employer. No work insurance contribution is due for this allowance.

AMENDMENTS TO THE APPLICABLE LABOUR CODE AS OF OCTOBER 5th, 2021

Undeclared work is considered the activity of an employee performed in excess of the duration of the working schedule established within part-time individual employment contracts, except in cases of force majeure or other urgent work aimed at preventing accidents or removing their consequences. The activities of one or more employees performed in excess of the duration of the working schedule established within part-time individual employment contracts shall be sanctioned with a fine ranging from RON 10,000 to RON 15,000 for each person thus identified, without exceeding the cumulative value of RON 200,000.

The category of under-declared employment includes the granting of a net salary higher than the one established and highlighted in the payroll document and in the monthly declaration on the obligations to pay social security contributions, income tax and the nominal records of insured persons, sent to the tax authorities.

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The grant by the employer of a net salary higher than the one highlighted in the payroll documents and in the monthly declaration on the obligations to pay social security contributions, income tax and the nominal records of insured persons, sent to the tax authorities, shall be sanctioned with a fine ranging from RON 8,000 to RON 10,000 for each employee identified in this situation, without exceeding the cumulative value of RON 100,000.

Violation by the employer of the obligation to pay the salary for more than one month, from the date of payment of the salary, established within the individual employment contract shall be sanctioned with a fine ranging from RON 5,000 to RON 10,000 for each person who has not received the salary, unless the employer is in insolvency prevention and insolvency proceedings.

Overtime shall be compensated by paid time off within the next 90 calendar days after its performance, and not within the next 60 calendar days.

THE VALUE OF MEAL VOUCHERS

As of October 6th, 2021, the maximum value of a meal voucher shall be increased from RON 20.01 to RON 20.09.

This information is a selection of elements of legislative novelty, for informational purposes only. It is not considered professional advice and as a result we do not assume any responsibility in this regard. For further questions regarding the issues stated, please do not hesitate to contact us.

ECOVIS Romania: One Stop Shop

Accounting Services

- Financial Accounting;
- Preparation and submission of tax returns for Romanian and foreign legal and natural persons;
- Harmonization of the national financial accounting with the accounting standards of the parent company;
- Preparation and certification of annual financial statements;

Audit

- Financial audit in accordance with International Standard on Auditing (ISA);
- Revision of financial statements prepared in accordance with national regulations, for International Financial Reporting Standards (IAS/IFRS) or Client-Specific Standards (GAAP);
- Financial audit imposed by the group's policy;
- Internal audit;
- Audit tasks such as: agreed-upon procedures (ISA 4,400), reviews (ISA 2,400), *due diligence*;

Payroll Services and Human Resources

- Payroll services;
- Management, audit and registration of personnel files according to the legal requirements and regulations of the company;
- Preparation of job descriptions and Internal Regulations specific to the Client's activity;
- Interface with banking applications and performance of salary payment operations;
- Assessments and selection of personnel for accounting services / accounting department;

Tax Advice Services

- Tax advice
- Assistance in preparing the transfer pricing file;
- Advice services for mergers and acquisitions, company restructuring;
- Assistance in the implementation of IT solutions regarding: financial and management accounting, employee records, payroll, management reports, etc.;
- Fiscal registration of various entities and registration as a VAT payer;
- Notifications regarding significant changes in legislation.

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