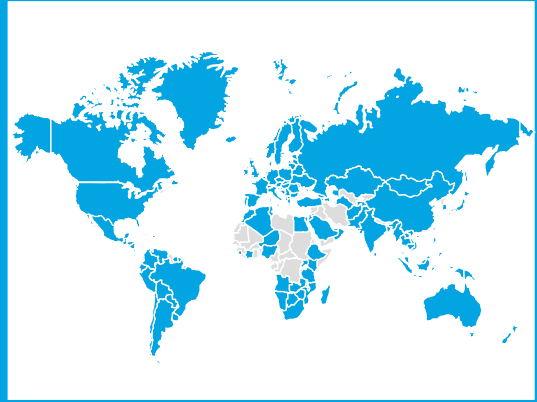


# EXPATRIATES

## 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
25%	Income from gambling activities of more than 445,000 RON/prize.
16%	Income from a joint venture with a legal entity, income whose source cannot be identified, income from gambling activities ranging between 66,750 RON - 445,000 RON/prize, income obtained from Romania by non-residents subject to withholding tax in Romania (e.g. interest, dividends).
10%	Salary income, pension income, rental income, investment income, income from freelance activities and other types of income
5%	Dividend income
1%	Income from gambling activities of less than 66,750 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. The annual pension contribution in this case is  $12 * 25% * \text{minimum working salary}$  ( $12 * 25% * 2,230 \text{ RON} = 6,690 \text{ RON}$ , approximately 1,400 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 in this case is  $12 * 10% * \text{minimum gross salary}$  ( $12 * 10% * 2,230 \text{ RON} = 2,676 \text{ RON}$ , approximately 550 EUR).

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

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