



employment - legal changes published in July 2022

Government Ordinance no. 16/2022 („G.O. 16/2022”) for amending and supplementing Law no. 227/2015 on the Fiscal Code, for repealing certain legal acts and other financial-fiscal measures was published in the Official Gazette of Romania, Part. I, no. 716 of July 15, 2022, entering into force on July 18, 2022.

G.O. 16/2022 provides a series of tax regime related amendments which has also an impact on the labour field, the main amendments concerning:

- The introduction, as of January 1, 2023, of a **non-taxable monthly threshold of 33% of the base wage corresponding to the position held**, subject to certain conditions and limitations provided under the G.O. 16/2022, for which no income tax and social contributions are applied. Thus, it is not taxable income within the meaning of income tax:
 - additional benefits received by the employee under the mobility clause – except for those received by workers performing mobile road transport activities;
 - the cost of food provided by the employer for his employees;
 - accommodation and rent costs for accommodation/ living accommodation provided by employers to their employees, up to a non-taxable threshold of 20% of the national gross basic monthly wage/month/person;
 - travel services and/or treatment services costs, including transport, during the holiday period, for own employees and their family members;
 - contributions to a voluntary pension fund, voluntary health insurance premiums and medical subscriptions;
 - amounts granted to teleworking employees to cover the cost of utilities at the place of work, such as electricity, heating, water and data subscription, and the purchase of office furniture and equipment, up to a monthly threshold of LEI 400.
- Tax incentives granted to employees in the construction, agriculture and food sector, consisting of the reduction of the monthly non-taxable threshold from LEI 30,000 to LEI 10,000, starting with August 2022.
- Starting with the salary income for the month of August 2022, the social security contribution and health contributions due by individuals employed on the basis of a full-time or part-time individual employment agreement could not be below the level applied to the national minimum gross basic wage in force in the month for which they are due.

G.O. 16/2022 does also provide for exceptions to the obligation above. If there is still such an obligation, the employer/payer will bear the difference between the contributions determined considering the salary earned and those due for the national minimum gross basic wage.
- **Amendment of personal deductions** applicable to salary income. Thus, two types of personal deductions are provided for:
 - **basic**: for a gross monthly income of up to LEI 2,000 exceeding the national minimum gross basic wage;



- **additional:** 15% of the national minimum gross basic wage for individuals up to the age of 26 with a wage income not exceeding LEI 2,000 above the level of the national minimum gross basic wage and LEI 100/month for each child up to the age of 18 if the child is enrolled in an educational establishment, regardless of the employee's wage level.
- The decrease of the threshold for switching from the income-rule system to the real system from EUR 100.000 to EUR 25.000 for self-employed income, which shall be applicable starting from 2023.
- A new calculation base of 24 national gross minimum wages was introduced, for which social security **contributions** are due, in case of individuals earning their income from self-employment and/or intellectual property rights, if the annual income earned is exceeding 24 national gross minimum wages (in addition to the existing 12 wages).
- Amendment of the annual base for the calculation of the social health insurance contribution. The contribution will be calculated on the basis of three thresholds, depending on the level of income earned: **6, 12 or 24 national gross minimum wages (currently the base is of 12 wages)**.