

ROMANIA

As per 1 January 2014

EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Tax rate	Flat tax rate: 16 %.
Tax period	Calendar year
Tax residency / Domicile according to domestic law	Domicile in Romania. "Centre of vital interests" in Romania. Present for more than 183 days during any consecutive 12 months period in Romania.
Tax registration	At arrival within 30 days from the date the assignment started and a Questionnaire must be submitted within 30 days after 183 days effectively spend in Romania At departure, the same Questionnaire must be submitted no later than 30 days before the departure.
Employment income definition	Remuneration in cash and other taxable benefits (e.g.. cost of living allowance, home leave allowance, bonus).
Examples of tax exemption	Employment income obtained from non-Romanian employers in respect of work performed outside of Romania. Per-diem (within certain limits), business related travel, relocation and housing cost. Not more than EURO 400 employer contribution to qualifying pension fund.
Specific expatriate concession	Taxed on worldwide income starting with the 1st of January of the following calendar year after the tax residency conditions are met.
Income of board members	Treated as employment income (executive as well as non-executive).
Tax returns	Local employment agreement: the employer is liable for the monthly tax compliance, depending on the other sources of income an annual Individual Income Tax return may need to be filed. Foreign employment agreement, monthly individual tax compliance, depending on the other sources of income an annual Individual Income Tax return may need to be filed.
Tax payments	If monthly in general before the 25th of the following month.

TAX TREATIES

Employment income / income from board members	Art 15/16 Model OECD Tax Convention
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	EU Regulation No 883/2004 and EU regulation No. 1408 / 71.
Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71	Generally applicable.

Social Security Cost as % from gross salary and absolute amounts

Due by the employee: social security contribution/pension 10.5% (*), health insurance contribution 5.5%, unemployment fund 0.5%.

Due by the employer: social security contribution/pension 20.8% (*), health insurance contribution 5.2%, unemployment fund 0.5%, Risk and accidents fund contribution 0.85% (**), medical leave fund contribution 0.85% , guarantee fund contribution 0.25% .

Notes: (*) both bases of the social security contributions, due by the employee and by the employer, are capped at the corresponding value of 5 times the medium gross salary income (i.e. 5 * RON 2,298 = RON 11,490) (converted against the exchange rate of 1 January 2014 approximately EURO 2,570);

(**) the level of the contribution is between 0.15% – 0.85%, taking in consideration the NACE code of employer;

(***) the medical leave fund contribution bases is capped is capped at the value of 12 minimum gross salary (i.e. 12 * RON 900 = RON 10,800) (converted against the exchange rate of 1 January 2014 approximately EURO 2,400).

IMMIGRATION

Work permit

EU and EEA nationals do not need a work permit to work in Romania, if certain conditions are met a notification may need to be filed.

Non – EU and EEA nationals need to obtain a work permit before obtaining a residency permit.

Visa

EU and EEA nationals do not need a visa to enter into Romania although their duration of stay may be subject to restrictions.

Non EU and EEA nationals may need a visa, which needs to be obtained before their arrival in Romania and should correspond to the purpose of their visit and can be obtained in general from the Romanian diplomatic mission in their country of residency and / or nationality.

Residency permits / registration certificate

EU and EEA nationals need to apply for a registration certificate before staying in Romania for more than 90 days in any consecutive six month period.

Non EU and EEA nationals in general need to apply for a residency permit before staying more than 90 days in any consecutive six month period.

Driving license

EU nationals at renewal would need to obtain a driving license in the country where they are resident and can use their current driving license as long as it remains valid.

Non EU nationals who stay for more than 90 days should obtain a Romanian driving license.

STOCK OPTION PLAN

Tax treatment depends upon the conditions of the Stock Option Plan.



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