

ROMANIA

As per 1 January 2020

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EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Personal Income Tax Rates – Employment Income	Income tax rate: 10% except for dividends which are taxed at 5%
Tax Rate	
Tax period	Calendar year
Tax residency / Domicile according to domestic law	<p>For an individual to be considered a Romanian tax resident, he/she should fulfill at least one of the following conditions:</p> <ul style="list-style-type: none"> – is domiciled in Romania; – the center of vital interests is in Romania; – is present for more than 183 days during any consecutive 12 months period in Romania; – is a Romanian citizen who works abroad as an official or employee of the Romanian state performing activity in a foreign state. <p>For establishing the tax residency position, a tax residency questionnaire must be submitted within 30 days after 183 days effectively spent in Romania.</p> <p>At departure, a similar questionnaire must be submitted no later than 30 days before the departure.</p>
Tax registration	Before registering with the tax authorities, the individual should first register with the Romanian Immigration Office. Based on the personal identification number issued by the Immigration authorities, the tax registration must be performed with the Romanian Tax Authorities by submitting a specific form accompanied by supporting documents.
Employment income definition	All income in cash and/or in kind (i.e. bonus, cost of living allowance, per-diems) obtained by a resident or non-resident individual carrying out an activity based on the individual employment contract, a service report, an assignment letter or a special statute provided by the law.
Examples of tax exemption	<ul style="list-style-type: none"> – 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, under certain conditions; – Contribution for private pension fund supported by the employer for the employee in the limit of EUR 400 per year; – Voluntary health insurance premium, as well as medical services provided in the form of a subscription in the limit of EUR 400 per year supported by the employer for the employee.
Specific expatriate concession	The Romanian tax non-residents are taxable in Romania only for the Romanian sourced income (i.e. rental income obtained from Romania, capital gains obtained from Romania).
Income of board members	Treated as employment income (executive, as well as non-executive)
Tax returns	<p>In Romania, salary income is declared monthly. In case of the local employment agreement, the employer is liable for the monthly tax reporting and payment obligations. In respect of the foreign employment agreement, the individual is responsible for such liabilities. In case of social security contributions, there is also an option for the foreign employer to register for social security purposes in Romania.</p> <p>If an individual becomes tax resident in Romania, all his/her worldwide income (excepting the salary) should be declared by submitting an annual income tax return until March 15th of the following year in which the income is derived.</p>

Tax payments	If monthly in general before the 25th of the following month. If annually, by the 15th of March of the following year when the income was realized.
Tax on real estate property	
TAX TREATIES	
Employment income / income from board members	Art 15/16 Model OECD Tax Convention
INTERNATIONAL SOCIAL SECURITY	
Cross border employments	EU Regulation No 883/2004 and EU regulation No. 1408 / 71, as well as totalization agreements with Albania, Algeria, Canada, Israel, Korea, Macedonia, Moldova, Quebec, Russia, Serbia, Turkey.
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) 25%, health insurance contribution 10% Due by the employer: insurance contribution for working activities 2.25%
IMMIGRATION	
Work permit	EU and EEA nationals do not need a work permit to work in Romania, if certain conditions are met. Non-EU and non-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 residence and/or nationality.
Residency permits / registration certificate	EU and EEA nationals need to apply for a registration certificate within 30 days before staying in Romania for more than 3 months. Non-EU and EEA nationals, in general, should apply for a residency permit before staying more than 90 days within 180 days preceding their entry/exit on Romanian territory.
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	If the conditions for the program to be qualified as Stock Option Plan are met, the shares are non-taxable at the moment of grant and exercise.
ARTICLE 15 OF THE OECD MODEL	
183 days	Any fraction of day in which the individual is present in Romania is counted as a day of presence for the calculation of the 183 days. In computation of the 183 days are included the arrival day, departure day and any other day in which is present in Romania.
Notion of employer	In general, as per the Romanian legislation, the employer is considered a natural or legal person who can employ labor force based, on an individual employment contract. The legal person may conclude individual employment contracts, as an employer, from the moment of acquiring legal personality.
Existence of a permanent establishment	To be observed criteria from the Tax Treaty. According to the Romanian tax legislation, a permanent establishment of a non-resident entity is a place where a non-resident carries on fully or partially its activity, whether directly, or through a dependent agent.



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