



# ROMANIA PAYROLL GUIDE 2024

## 1. Applicable Law on Payroll Fees

The general provisions regarding the Romanian payroll system are settled in accordance with the Romanian Labor Code, Romanian Social Insurance Code, and the Law on social dialogue.

## 2. Social Insurance Foundation

Social insurance contributions are paid monthly. The percentage of social insurances depends on the activity of the employer. The scenario is as follows:

Employer	2.25% - labor insurers contribution
Employee	21.25% - 25% - social insurance contribution 10% - social health insurance contribution 10 - salary tax

The employer is obliged to pay social insurance contributions monthly by transferring the related amount to the bank accounts of the National Agency for Fiscal Administration. Until the 25th of the following month, the employer submits to the competent authorities the necessary declarations for accumulated social insurance and paid social contributions.

## 3. Tax Deductions

The personal income of natural persons is taxed at a rate of 10% of the tax base. The income tax is paid by the employer on behalf of the employee together with the payment of social security.

Every additional payment (including bonuses) is subject to social security and taxes.

Employees benefit from two types of deductions:

**Personal deduction** - granted to individuals who have a gross monthly income of up to 2,000 lei above the minimum basic salary (3,300 lei)

**Additional personal deduction** - is granted as follows:

- 15% of the gross minimum basic salary for natural persons up to the age of 26, who earn income from salaries whose level is up to 5300 lei
- 100 lei per month for each child up to the age of 18, if he is enrolled in an educational unit

## 4. Employment Procedure

The employer has the obligation to register the employment contracts no later than the day before the start of the activity. In case of termination of the employment contract, the employer must register and transmit to the territorial labor inspectorate no later than the date of termination of the contract. The legal number of working hours per week is 40 hours. There is a separate procedure to be followed in cases where a company employs a specialist from a non-EU country.

## 5. Protection of Employment

**Holidays:** According to the Romanian Labor Code, every employee is entitled to not less than 20 working days of paid annual leave. If there is an additional agreement between the employer and the employee this period can be longer, but not shorter. There are some categories (such as young people up to 18 years old) which have additional paid days off. If the employment contract is terminated and the employee has unused days off, these days should be paid by the employer as compensation.

In addition to the 20 paid leave days, each employee is entitled to 17 days of public holidays.

**Illness:** The allowance is paid by the National Single Fund of Social Health Insurance except for the first 5 days, which are paid by the employer. The amount of compensation for medical leave is between 75% and 100% (depending on the employee's illness) of the employee's average income for the last 6 months. In the case of a work accident, this percentage is between 80% - 100%. The employee must have at least 6 (six) months of experience in the job, so that he has the right to payment of sick leave.

**Maternity:** The allowance is paid by the Government and is set at 85% of the average monthly income earned by the mother in the last six months. It is paid for a duration of 126 days. Medical leaves are paid by the employer and are recovered from the Single National Health Insurance Fund by applying and related medical leave certificates within a maximum of 90 calendar days.

## 6. Payroll Calculation Procedure

The procedure for calculating the monthly salary consists of the following steps: The monthly working and sick days of employees are calculated and compared if there are requests for leave and additional contracts. Bonuses or any other benefits are added to the gross salary. After the necessary calculations and deductions are made, the necessary printouts are generated. The payroll file, social insurance payment orders as well as salary payment orders (if applicable) are sent to the employer. Upon completion of the salary calculations, the salary reporting statement (Declaration 112) is drawn up and submitted to the National Fiscal Administration Agency. In the case of medical leave and after submitting the salary reporting statements, the lists of medical leave must be submitted to the Health Authority.

## 7. Termination of Employment

Termination of employment can occur with a notice of 20 working days or without notice in the case of agreement between the employee and the employer. After the termination of the contract, the employer is obliged to provide the employee with all the relevant documents - the termination notice, seniority certificate and Revisal extract with all the changes made during the employment period.

## 8. Contact details

Address: Calea Victoriei street, Nr.155, Block D1, Tronson 5 (5th floor), 010073 Bucharest

Tel.: +4037 496 05 20

E-mail: bucharest@eurofast.eu