



Tax & Legal Newsletter March 2023

Tax relief for digital nomads.

On 2 April 2023, new legislative changes came into force regarding the tax regime applicable to income obtained from salaries or assimilated to salaries by non-resident individuals with digital nomad status in Romania.

More specifically, these so-called digital nomads are exempt from the payment of income tax, social security contributions (CAS) and health insurance contributions (CASS) in Romania under the following conditions:

- they are in possession of a digital nomad visa;
- they are present on the territory of Romania for a period or periods not exceeding 183 days in any period of 12 consecutive months ending in the relevant calendar year; and
- they derive income, through the use of information and communications technology, from the activity they perform under an employment contract with a company registered outside Romania or from the provision of services within companies owned by them that are registered outside Romania.

It should be noted that a digital nomad is defined as *"a foreign citizen employed on an employment contract by a company registered outside Romania who provides services through the use of information and communications technology or who owns a company registered outside Romania for which he/she provides services through the use of information and communications technology and is able to carry out the activity of an employee or the activity within the company remotely through the use of information and communications technology"* (art. 2, letter n.4) of Government Emergency Ordinance no. 194/2002).

Source: Law no. 69/2023 amending and supplementing Law no. 227/2015 on the Fiscal Code

Government extends collective bargaining to industry sectors

Government Decision no. 171, adopted on 1 March 2023 (hereafter "Decision 171"), establishes the collective bargaining sectors and their corresponding 4-digit NACE codes. The sole criterion according to which an entity is classified into a particular collective bargaining sector is the entity's main NACE code. While some activities are found in more than one collective bargaining sector, employers may request classification into one of these sectors if their the main NACE code corresponds to one of those sectors.

Decision 171 was adopted in order to define and extend the collective bargaining sectors and repeals the previously applicable legal provisions in this area.

But what is an entity for the purposes of Decision 171? The legislative act refers to the provisions of the Social Dialogue Act, according to which an entity is a form of organisation of an employer (enterprise, company, cooperative organisation, society, public institution/authority or any other form of organisation, according to the law, with legal personality) in which employees/workers perform work within a specific field of activity.

Recently, Order no. 798 of 14 March 2023 approving the procedure for classification into collective bargaining sectors (hereafter "the Order") was also approved. The main purpose of this procedure is to inform the parties



Tax & Legal Newsletter March 2023

participating in sectoral collective bargaining of the option for an entity to be classified into a collective bargaining sector.

Carrying out the procedure involves the submission to the registry office of the Minister of Labour and Social Solidarity (hereafter the MMSS) by the entity's representative of an application for classification in letter form. The procedure also specifies the list of documents to be submitted by the representative of the entity.

Within five days of receipt of an application as provided for under Article 1 of the procedure, the employer's application will be published on the MMSS website.

It should be noted that collective bargaining is mandatory for all entities with at least 10 employees/workers, as well as at the level of the collective bargaining sector, according to the new Law on Social Dialogue.

In a press release the government explained that this regulation, which extends the number of collective bargaining sectors, aims to make collective bargaining more flexible and to encourage collective bargaining at sector level between social partners based on common interests and with the agreement of the parties.

It remains to be seen whether this legal instrument really does offer additional protection to employees or whether it is merely a legislative intervention carried out against the backdrop of the European-level trend of increasing the presence of collective bargaining in the field of labour relations and, by extension, the number of applicable collective agreements. If undertaken, collective bargaining can be an economic, social and cultural stabilising factor, as personal fulfilment depends to a large extent on how each individual manages to improve his or her professional situation.

Irrespective of the impact of new regulations in this area, it seems that the number of collective agreements at sector level is expected to increase in the future.

Source: Government Decision no. 171 of 1 March 2023 on the establishment of collective bargaining sectors and their related NACE codes, published in the Official Gazette no. 190 of 7 March 2023; Order no. 798 of 14 March 2023 approving the procedure for classifying entities, as defined under Article 1(21) of Law no. 367/2022 on social dialogue, into collective bargaining sectors, published in the Official Gazette no. 259 of 29 March 2023.

This newsletter is a service of TPA.

Kind regards,
Your TPA Team



Tax & Legal Newsletter March 2023

Contact:

TPA Romania

Str. Grigore Cobălcescu 46, 010196 Bucharest

Tel.: +40 21 310 06-69

Fax: +40 21 310 06-68

<http://www.tpa-group.ro>

<http://www.tpa-group.com>

To receive regular updates from TPA Romania, please sign up for our [newsletter](#).

Cristina Gheorghită

Legal Partner

cristina.gheorghita@tpa-group.ro



Daniela Zar, FCCA

Tax Partner

daniela.zar@tpa-group.ro



IMPRINT Information update: 31 March 2023. This information has been simplified and is not a substitute for individual advice. Responsibility for the content lies with [Cristina Gheorghita, Legal Partner](#), of TPA Romania, Str. Grigore Cobălcescu 46, 010196 Bucharest, Romania. TPA Romania is an independent member of the Baker Tilly Europe Alliance. Tel: +40 21 3100669. Homepage: www.tpa-group.ro. Concept and design: TPA Romania
Copyright ©2022 TPA Romania, Str. Grigore Cobălcescu 46, 010196 Bucharest, Romania