

Tax Newsletter: New tax incentives and list of high-risk tax products

The authorities recently introduced a number of legislative amendments, as follows:

Changes to the Fiscal Code

1. New tax facilities for individuals working in agriculture and the food industry

Under new legislative amendments introduced by the Romanian authorities, for the period 1 June 2022-31 December 2028 the national gross minimum wage for those working in the agriculture sector and food industry will rise to RON 3,000 a month, excluding any allowances and bonuses, for a work schedule of 8 hours a day.

In addition, during the aforementioned period, any natural persons earning salary income and earnings assimilated to salary income for activities carried out in the agricultural sector or the food industry will benefit from an exemption from income tax and social security contributions (CASS) provided they cumulatively meet the following conditions:

- The employer, a legal entity, has the following NACE codes listed under its areas of economic activity: 011-016 for the agriculture sector, and 10 for the food sector
- The employer's turnover generated from performance of the activities listed under the aforementioned NACE codes accounts for more than 80% of their total turnover

For entities established as of June 2022, turnover will be calculated cumulatively starting with the registration date, including the month for which the exemption applies

Moreover, individuals who meet the above conditions will benefit from a 3.75% reduction in the rate of social insurance contributions. However, they can instead opt to pay this 3.75% contribution to their private pension fund by submitting a written notice to their employer.

Employees who take advantage of this incentive will be insured under the national insurance system until 31 December 2028 without paying the related contributions. This period is taken into account when calculating the contribution period for unemployment and temporary incapacity.

These changes come into effect from June 2022.

Source: Law no. 135 on the modification and supplementation of various normative acts, in the form published on 17 May 2021

2. Tax incentives available to employees earning the national minimum wage

As of 1 June 2022, employees working on a full-time contract at the place where their core function is carried out and earning a gross monthly salary equal to the national minimum gross salary (i.e. RON 2,550) will not pay income tax or mandatory social contributions on RON 200 of their salary income or earnings assimilated to salary income, if:

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- During the period 1 June-31 December 2022, their employers voluntarily choose to increase the level of their basic gross salary to RON 2,750 not including bonuses or other allowances
- For individuals employed during the period 1 June-31 December 2022, the level of the basic gross salary is set at RON 2,750 not including bonuses or other allowances.

Source: Emergency Ordinance no. 67 on various fiscal measures, as well as the modification and supplementation of art. 59 of Law no. 207/2015 on the Fiscal Procedure Code, in the form published on 18 May 2022

List of high-risk tax products

The authorities have published the list of high-risk tax products transported by road that are monitored under the RO e-Transport system (i.e. vegetables, fruit, alcoholic beverages, mineral products, clothing and footwear, cast iron, iron and steel).

Source: Order no. 802 of the President of the National Agency for Fiscal Administration on the list of high-risk tax products transported by road that are monitored under the RO e-Transport system, in the form published on 3 May 2022.

Kind regards,

Your TPA Team

Contact:

TPA Romania

46 Grigore Cobălcescu Street, 010196 Bucharest

Tel.: +40 21 310 06-69

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

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Daniela Zar, FCCA

Tax Partner

email: daniela.zar@tpa-group.ro

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