

THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
Romania 2023



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Description of policy rules for 2023

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Preface

This report provides a detailed description of the tax and benefit rules in Romania as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

TaxBEN is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)

Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2023**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format [\[variable name\]](#)
- Text in [blue font colour](#) identifies COVID-related measures that were still in place on the reference policy date of this report.

The OECD tax-benefit model for Romania: Policy rules in 2023

1. Reference wages

- Average wage [**AW**]: The average full-time annual gross wages that enters the OECD tax-benefit calculator (TaxBEN).¹ *Provisional* estimates of the Average Wage for the current policy year (2023) are released in February of the following year (2024). *Final* estimates are released in September of the next year (2024).²

The Average Wage value that enters the TaxBEN calculations for 2023 when the *provisional* and/or the *final* estimate are not yet available is calculated using the latest available provisional/final estimate, uprated with the latest available EU official forecast of the GDP component ‘Compensation of employees / head’. Please refer to the latest TaxBEN wage file ([here](#)) for the Average Wage values that enter the latest version of the TaxBEN calculations for Romania.

The Table below provides information on recent Average Wage values.

	State Budget Law	Provisional estimates	Final estimates
2019	61956	57168	54384
2020	65148	60660	58512
2021	64560	66120	62952
2022	73140	75228	71004
2023	81468	[February 2024]	[September 2024]

- Minimum wage [**MIN**]: the annual full-time minimum gross wage that enters the OECD tax-benefit model (TaxBEN). As of the 1st of January 2023, the reference annual minimum wage is 36000 Lei, except for the employees working in the construction sector (Section F of NACE Rev.2)³ for which the annual minimum wage value is 48000 Lei.

OECD note: the value that enters the TaxBEN model is that for employees working in the construction sector.

¹ Average Wages are calculated in line with the methodology developed by the [Centre for Tax Policy and Administration](#). For more information on methodology, see the latest [Taxing Wages publication](#).

² The *provisional* estimate of the average gross earnings is calculated from the Monthly Survey on Wages and Salaries (enterprises with 4+ employees). *Final* Average gross earnings estimates are calculated from the Labour Cost Survey (all class sizes). The provisional and final data on the average gross earnings refers to the economic sections B to N NACE Rev. 22, respectively to full-time equivalent employees.

³ Plus some related economic activities (NACE Rev.2 classes): 2312; 2331; 2332; 2361; 2362; 2363; 2364; 2369; 2370; 2223; 1623; 2512; 2511; 0811; 0812; 2351; 2352; 2399; 7111; 7112.

2. Unemployment benefits

2.1. Unemployment Indemnity (*Indemnizatia de somaj*)

Variable names: [UI_p; UI_s]

The Unemployment Indemnity is an unemployment insurance benefit. It is contributory, not means-tested and not taxable. ⁱ

The rights on “Unemployment insurance” are guaranteed and stipulated by the Law no.76/2002 on the Unemployment insurance system and stimulation of employment, with subsequent amendments. The legal institution related to the subject is the National Agency for Employment.

2.1.1. Eligibility conditions ⁱ

Contribution/employment history: The unemployed should have a minimum period of contribution of 12 months in the last 24 months before registration as jobseeker.

Behavioural requirements and related eligibility conditions ⁱ:⁴

1. The person is registered at one of the territorial National Agencies for Employment of the jurisdiction they reside.
2. Appears on a monthly basis, on a scheduling basis or whenever requested, at the employment agency to which is registered, in order to receive support with a view to being employed.
3. Communicates within 3 days to the employment agency any changes in the conditions that led to granting of the unemployment benefits.
4. Participates in the employment stimulation and vocational training services provided by the employment agency.
5. Actively seeks a job.
6. Notifies in writing the employment agency of the occurrence of the temporary incapacity to work and the personal identification data, respectively the name of the prescribing physician and the unit in which he/she operates, within 24 hours from the date of granting the medical leave. If the temporary incapacity to work occurred on non-working days or if the 24-hour term is fulfilled on non-working days, the person receiving unemployment benefit has the obligation to notify the employment agency at which are registered on the first business day.

OECD note: the TaxBEN calculations assume that the persons claiming the unemployment indemnity comply with the obligations above.

Unemployment benefit claimants must fulfil also the following conditions:⁵

1. The labour contract /agreement ceased due to reasons not attributable to them; they have at least 16 years old, do not have the standard retirement age and do not fulfil the conditions for retirement.

⁴ Details on behavioural requirements and sanction provisions for unemployment benefits are available in regularly updated [companion OECD reports](#).

⁵ Law no.76/2002 with subsequent amendments includes, among the others, the following conditions: non-Romanian jobseekers have obtained the refugee status or another form of international protection or are in the procedure of solving the asylum application and have access to the labour market, according to law; are foreign citizens or stateless persons who have been employed or have earned income in Romania, or have the right to work on Romanian territory. Jobseekers could not find/obtain a job after repatriation or release from detention.

2. They signed an unemployment insurance contract.
3. They do not have a job and have no income or make an income from authorized activities that is lower than the value of the Reference Social Indicator (Section 3.1 for details).
4. Their physical and mental capabilities make them suitable for work.

OECD note: the TaxBEN calculations assume that the persons claiming the unemployment indemnity comply with the obligations above.

2.1.2. *Benefit amount*

Calculation base: Basic amount plus rate applied to previous earnings.

Benefit amount: for entitled jobseekers (section 2.1.1), the monthly amount of unemployment insurance is the sum of the following two components:⁶

1. The value of the reference social indicator (RSI – see Section 3.1).⁷
2. An amount that depends on the average gross basic salary earned by the jobseeker during the last 12 months of contributions, multiplied with a percentage the depends on the duration of previous contribution:
 - a 3% for the persons that contributed at least 3 years.
 - b 5% for the persons that contributed at least 5 years.
 - c 7% for the persons that contributed at least 10 years.
 - d 10% for the persons that contributed at least 20 years.

The “average gross basic salary earned by the jobseeker during the last 12 months of contribution” is different from the “average annual gross wage” described in Section 1. The main difference between the two average wages is that the “Average gross basic salary” does *not* include, among other things, holiday bonuses, overtime bonuses and recurring cash payments (e.g. the 13th and/or 14th month payment).

OECD note: because the OECD TaxBEN model uses as an input for the UI calculations (any fractions of) the Average annual gross Wage “AW” described in Section 1, e.g. 50%, 100%, or 150% of the AW (the relevant fraction is selected by model users), the UI calculations in the TaxBEN model “approximate” the “average gross basic salary” by applying a discount factor of 15% to the selected fractions of the AW. However, if the users select the statutory minimum wage as an input for the UI calculations (see Section 1), the 15% discount factor is not applied as the model does not use the AW variable for the UI calculations.

The estimated *annual average gross basic salary* earned by the jobseeker is about 0.85% from the average annual gross earnings (Section 1).

Frequency/periodicity of benefit payments: monthly.

2.1.3. *Benefit duration*

The recipients, whose working contracts ceased due to reasons not attributable to them, are entitled to unemployment benefits for a period between 6 and 12 months, in accordance with different periods of contributions:

⁶ Legislative reference: Article 16, correlated with Article 5 point IV letter c) of Law no.76/2002, with subsequent amendments, plus Article 39 paragraph (2) of the Law no.76/2002.

⁷ Legislative reference: Law no. 273 of October 3, 2022, which amended art. 39 para. (2) of Law no. 76/2002.

- 6 months for the persons that contributed at least 1 year.
- 9 months for the persons that contributed at least 5 years.
- 12 months for the persons that contributed at least 10 years (Article 39 paragraph (1) Law no.76/2002).

The unemployment benefits are also provided to graduates of educational institutions for a period of 6 months and in a fixed monthly amount equal to 50% of the RSI.

2.1.4. Means test

The Unemployment benefit is not means-tested.

2.1.5. Tax treatment

The benefit is not taxable. Re-routed social contributions.⁸

2.1.6. Interactions with other components of the tax-benefit system ⓘ

According to Article 44, letter f), Article 45 letter f)-g) of Law no.76/2002, UI cannot be cumulated with the following benefits: invalidity pension (*pensie de invaliditate*), temporary work incapacity benefit (*indemnizatie pentru incapacitate temporara de munca*), maternity benefit (*indemnizatie pentru maternitate*), Child-Raising Benefit (*indemnizatie pentru cresterea copilului*).

Combining UI with the following benefits is permitted (under the terms of these benefit rules): guaranteed minimum income (Section 3), heating allowances (*ajutoare pentru incalzire*), monthly state allowance for children (*alocatia lunară de stat pentru copii*), and the allowance for family support (*alocatia pentru sustinerea familiei*).

2.1.7. Combining benefit receipt and employment/starting a new job

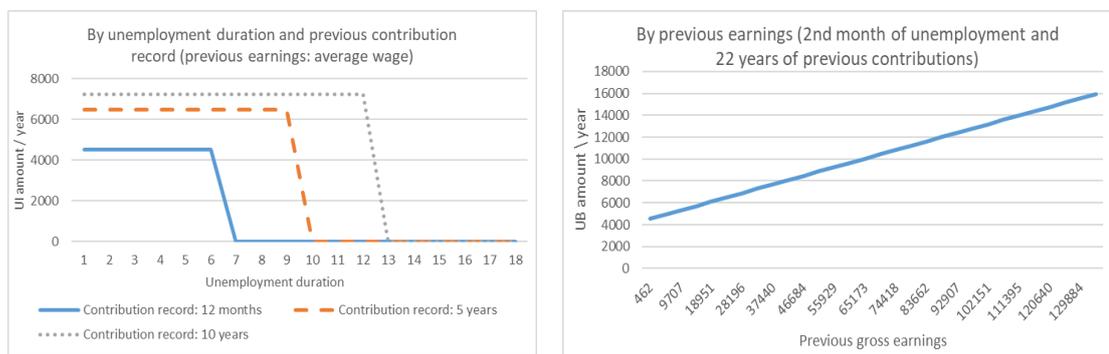
When taking up work, 30% of the unemployment benefit is paid on a monthly basis until the end of the entitlement period (Art 72, paragraph 1). In line with the UI amount received out of work, also the amount received when taking up employment is not included in the income tax base (section 8.1.3)

If a jobseeker who takes up work becomes unemployed again, any contribution periods that gave right to the previous unemployment benefit entitlements is not taken into account when determining the new benefit entitlement. In other words, the accrual of contributions requirements is set automatically restarts from zero when a jobseeker finds a new job.

2.1.8. Indexation

As of 1st March 2022, the RSI amount is adjusted automatically to the annual average inflation rate of the previous year. If the change is negative, the current RSI amount is kept. This automatic indexation leads to a change in the monthly levels of all the benefits that are calculated using the RSI as a reference, including the UI benefit.

⁸ No social security contributions are paid by the unemployed persons. The corresponding amounts for social security and health insurance are paid from the governmental consolidated Unemployment Budget through the National and Territorial Agencies for Employment in behalf of the unemployed persons (transfers between social protection schemes).

Figure 1. Unemployment insurance by month of receipt and previous earnings

Note: Results for single person of 40 years old without children.

Source: OECD tax-benefit model, 2023.

1.1. Unemployment assistance

OECD note: In many OECD countries, jobseekers who do not qualify for Unemployment Insurance (UI – Section 2.1), or whose entitlement to UI is low or has expired, can claim Unemployment Assistance (UA – this section) and/or Social Assistance benefits (SA – Section 3). UA and SA are similar but not identical programmes. While they are typically both means tested at the household level, they serve different purposes and reach different target groups. For instance, while the main purpose of UA is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible to the standard UI benefit, the purpose of SA programmes is to provide an acceptable standard of living for families unable to earn sufficient incomes from other sources. Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for UI. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and activation requirements *exist only for those who are capable of work*.

According to the definition above, Romania does not currently operate a national UA programme. Instead, financial support to jobseekers who have exhausted or are not eligible to the standard unemployment insurance programme is provided to through the social assistance programme described in Section 3.

3. Social assistance and housing benefits

3.1. Guaranteed minimum income (*Schema privind venitul minim garantat*)

Variable name: [SA]

This is a non-contributory benefit, means-tested and not taxable.

Families and lone persons with low incomes are entitled to a guaranteed minimum income (Law no. 416/2001 regarding the guaranteed minimum income with subsequent amendments).

3.1.1. Eligibility conditions

Guaranteed minimum income is a social support that guarantees a certain standard of living if no other means of income can be obtained. It is a means-tested benefit for families having incomes under a certain level.⁹ Eligible family types:

⁹ Law 196/2016 on minimum inclusion income, which replaced Law 416/2001.

1. A couple (husband and wife) or husband/wife and their single children living together and managing the house in common.
2. A single person living with children in care (i.e. single, widow, divorced, his/her spouse is declared missing by a court of law, or has not reached the age of 18 and is found in one of the situations mentioned above).
3. Siblings without children living together and managing the house in common (not residing with their parents).
4. Unmarried man and women with their own children or with each own children living together and managing the house in common

These are also beneficiaries:

1. Lone persons living and managing the house alone.
2. De-facto separated couples, if the social investigation certifies the situation and justifies the grant of the benefit.
3. Families or lone persons, citizens of other states or stateless persons who reside or have the domicile in Romania, according to the Romanian law.
4. Persons without a domicile or residence and homeless, found in need, based on the own declaration that they didn't request the social aid from others city halls.

Applicants of social aid who are out of work and are capable of work¹⁰ are required to register with the employment service, engaging in the activities defined in the personal activation plan (e.g. attending educational or training courses), accepting any job offered by the employment office.¹¹ Non taking up a job, training or education programme leads to ending of the benefit (the recipient can then reapply only after 12 months).

In exchange for the social assistance payments, one or more of the family members / lone person who are capable of work must engage in a certain number of socially useful activities (administrated by the municipality). An exception to this rule is for families / lone persons for which the social aid calculated is up to LEI 50 / month. For them, the working hours are set every three months and undertaken in the first month of payment.¹²

¹⁰ According to article 7 from Law no. 416/2001 on minimum income guaranteed, with subsequent amendments, a person capable of work is (a) aged between 16 years and the standard retirement age, (b) not in full-time education, (c) in good health (both physically and mentally) to work. The law identifies specific circumstances when a person who is capable of work is not obliged to register with the employment service: (a) caring for one or more children aged up to 7 years (18 in the case of children with severe disability), or for one or more adults with severe disability, as well as other dependent elderly who do not receive care from a personal assistant or caregiver at home; (b) attending a professional training program; (c) working.

¹¹ Individualised activation plans, with an assessment of employability, are compulsory for all long-term unemployed. No *special* individualised activation plans or job integration agreements are in place for social aid beneficiaries, who receive the same service as any other unemployed person. The Law does not specify any social inclusion measures beyond those on labour market integration.

¹² The working hours shall be calculated in proportion to the amount of social aid that the family or lone person benefits can provide, with an hourly rate corresponding to the minimum gross base salary guaranteed in payment, reported to the monthly average duration of working time. The number of working days, limited to a monthly norm of 21.25, is determined by dividing the calculated working hours to 8 hours / day. The fractions are round in plus. The working hours are allocated to each member of family entitled to the social aid who is able to work.

The obligation to perform the actions or local interest works mentioned above can be transferred to other persons in the family, with the consent of the municipality, if the person nominated to carry out the actions or local interest works is in temporary incapacity for work or have lost totally or partially his/her capacity to work.

3.1.2. Benefit amount

The monthly level of the guaranteed minimum income depends on the value of the Reference Social Indicator (RSI). As of 1st March 2022, the RSI amount is adjusted automatically to the annual average inflation rate, thus leading to a change in the monthly levels of the GMI amount.

The average monthly RSI that applies in 2023 is 598,019 lei.

The maximum monthly levels of the guaranteed minimum income are calculated as follows.

Table 1. Maximum monthly level of guaranteed minimum income (2023)

Family composition type	Guaranteed minimum income (LEI)
Single (0.283*RSI)	170
2 persons (0.510*RSI)	305
3 persons (0.714*RSI)	427
4 persons (0.884*RSI)	529
5 persons (1.054*RSI)	631
More than 5 persons (0.073*RSI lei)	631 + 44 for each person above 5

The amount of guaranteed minimum income is the difference between the above-mentioned maximum amounts and the “monthly net income” of a family/single person (section 3.1.4).

Earnings from *occasional* work activities of day labourers are *not* taken into account when assessing the eligibility for the benefit or when calculating the monthly net income of the family or single person (for those who are eligible).¹³

Earnings from *stable* work activities, i.e. those based on a formal employment contract, do not affect eligibility for social aid but are fully taken into account when calculating the monthly net income of the family or single person. Specifically, these earnings are fully subtracted from the maximum amounts listed in Table 1. Thus, earnings from work do not affect the eligibility for social aid (unless they are high enough that the overall “monthly net income” is above the maximum amounts listed in Table 1) but only the amount of the aid.

Until September 2021, the final amount of social aid (i.e. the difference between the maximum GMI amounts listed in Table 1 and the reference net monthly income) was increased by 15% if the recipient or any other family members were engaged in stable work activities. As of September 2021, this provision no longer applies. Instead, benefit recipients can maintain eligibility for social aid for a period of 6 months from the date of employment, if the employment relationship is for a period of at least 24 months.¹⁴ After these six months, or from the first month if the employment relationship is shorter

¹³ Law no. 416/2001, article 8 paragraph (1), the earnings from occasional work activities of day labourers are not take into account when determining the monthly net income of the family or single person.

¹⁴ Government emergency Ordinance no. 101/2021 enacted in September 2021 ensured the revision of the GMI programme but not the revision of the unemployment insurance (section 2). GEO 101/2021 includes only a slight change for the unemployment insurance programme (art. 5 pct. IV⁴ from Law no. 76/2002), which extend the age for young NEETs.

than 24 months, benefit recipients maintain the eligibility for social aid but the earnings are fully subtracted from the benefit amount.

Box 1. Explanatory example of the September 2021 reform

Consider a jobless single person receiving GMI. Let us assume that this person finds stable employment, e.g. with a 24-month contract. Let us also assume that the annual earnings of this person are particularly low, e.g. because the contract requires this person to work only 1 or 2 hours per day at the minimum hourly wage.

Before September 2021

The person described in the example keeps the eligibility for GMI after he or she takes up stable employment. The earnings from the new job are fully subtracted from the maximum GMI amount and the new net benefit entitlements (if any, considering the subtraction of the earnings made in the new job) are increased by 15%.

After September 2021

The person described in the example keeps the eligibility for GMI after he or she takes up stable employment. GMI amounts are no longer increased by 15%. However, the earnings in the new job are NOT subtracted from the maximum GMI amount (Table 1) during the first 6 months of employment. After these 6 months, the earnings from work are fully subtracted from the maximum GMI amount and the final GMI entitlement is no longer increased by 15%.

As of 2015, there is a minimum Social Aid of 10 LEI per month (10 lei granted if after applying the method of calculation, the result is lower than 10 lei) (Article 5 paragraph (2) Law no. 416/2001).

Frequency/periodicity of benefit payments: monthly.

3.1.3. Benefit duration

Indefinite, as long as the conditions for receipt are met.

3.1.4. Means test

The GMI benefit is means tested.

When determining the net monthly income of the family or, of the single person, all the incomes achieved in the month prior to submitting the application are taken into account, including the incomes from work/employment contract.

The monthly net income that enters the means test of the GMI benefit includes all income sources of the family, net of taxes and social security contributions. Specifically, the reference income includes the “net monthly earnings”, i.e. the earnings from work of all the family members *after* the deduction of income tax liabilities (section 8.1) and employee social security contributions (section 7). It also includes the amount of the unemployment indemnity (Section 2.1) as well as selected family allowances and other social benefits (most of them described in the Annex).¹⁵ Excluded income components are:

- The monthly state allowance for children (Section 4.1),
- The allowance for family support (Section 4.2),

¹⁵ The ‘family allowances’ mentioned in the text include, among the others, the parental leave and child raising indemnity, the accommodation allowances for those who adopt a child, and placement allowance for the foster parents. These allowances are outside the scope of the OECD TaxBEN model and currently not described in the Annex.

- The monthly complementary budget and social indemnities for persons with disabilities,
- All types of scholarships and educational incentive (including tickets for kindergarten),
- Heating benefits (Annex)
- Income earned from occasional activities of day labourers, and some other financial support granted as compensations in exceptional circumstances.

The net family income is compared with the maximum benefit amounts listed in Table 1. If the net family income is below the maximum benefit amount, the benefit is calculated as the difference between the above-mentioned amounts and the net income of a family/single person, otherwise the benefit is zero.

Assets of the family are also evaluated. The evaluation is made to establish the eligibility for social aid, not to calculate the amount of the aid. The lists of assets that leads to the exclusion of the social aid is published as Annex 4 of the Government Decision no. 50/2011. It includes the following items.

Immovable properties:

- buildings or other living spaces outside the domicile and the household annexes (independently of their value).
- plots of land surrounding a house and the associated grounds as well as other plots of land in urban areas which have an area exceeding 1000 square metres in urban areas and 2000 square metres in rural areas, except for lands in the hill or mountain area that do not have potential for capitalization through sale/construction/agricultural production.

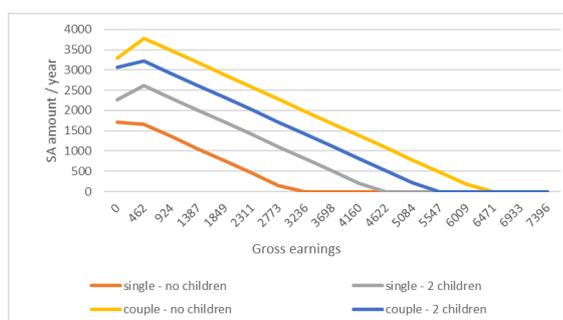
Movable properties (in working conditions):

- a car (or cars) and/or motorcycle (or motorcycles) less than 10 years old, except those which have been adapted for disabled persons or are intended to transport them as well as for the use of the persons who are living in hard-to-reach areas.
- more than one car / motorcycle older than 10 years.
- vehicles: vans, trucks of any kind with or without trailers, caravans, buses, minibuses.
- boats, motorboats, water scooters, yachts, except the boats necessary for the use of persons living in the Biosphere Reserve “Danube Delta”.
- agricultural machinery: tractor, self-propelled combine harvester.
- agricultural processing machinery: oil press, grain mill.
- wood processing machinery: sawmill or other hydraulically, mechanically or electrically operated wood processing machinery.
- bank deposits in current or saving accounts never exceeding LEI 3,000 (excluding the interest) at any point of time during the receipt of the aid.
- areas of land, animals, and birds whose net annual production value exceeds LEI 1,000 for a single person or LEI 2,500 for a family.¹⁶

¹⁶ To determine the amounts mentioned in the text, the mayors use the net production value of land, animal and birds established by the Ministry of Agriculture and Rural Development, for determining the economic development unit. In the situation where the land areas owned by the applicant, regardless of their quality, are not cultivated, for their evaluation shall be taken into account the lowest net value that may result from the evaluation.

If one or more goods included in annex no. 4, owned by the single person/family, is given in rent/lease/concession (or other legal form of transfer of use of the goods), these goods will be considered for the person/family who has it for rent/lease/concession. However, the income obtained following the assignment of the right to use the property will be included in the income test of the right owner.

Figure 2. Social assistance by earnings levels and family type



Note: At the zero-earning point, both adults are assumed to be out of work without receiving unemployment benefits. Children are aged 4 and 6 where applicable.

Source: OECD tax-benefit model, 2023.

3.1.5. Tax treatment

Not taxable.

3.1.6. Interaction with other components of the tax-benefit system

The benefit is compatible with the receipt of unemployment insurance benefit (Section 2.1) and the family benefits described in Section 4.

3.1.7. Combining benefit receipt and employment/starting a new job

Incomes earned from *occasional* activities of day labourers are not taken into account when establishing both the eligibility and the amount of the guaranteed minimum income.

As of September 2021, benefit recipients can maintain eligibility to social aid for a period of 6 months from the date of employment if the employment relationship is for a period of at least 24 months.¹⁷

3.1.8. Indexation

As of 1st March 2022, the RSI amount is adjusted automatically to the annual average inflation rate of the previous year. If the change is negative, the current RSI amount is kept. This automatic indexation leads to a change in the monthly levels of all the benefits that are calculated using the RSI, including the GMI benefit.

3.2. Housing benefits for rented accommodations

The main purpose of the housing benefits that are within the scope of the OECD TaxBEN model is to reduce the rental costs for families who live in privately rented accommodations. Cash support for housing costs other than rent, e.g. heating and water bills, is outside the scope of the TaxBEN model. Similarly, TaxBEN does not include

¹⁷ Government Emergency Ordinance no. 101/2021 for amending and supplementing the Law no. 76/2002 on the unemployment insurance system and employment stimulation and Law no. 416/2001 on the guaranteed minimum income.

other housing benefits such as those for the construction of housing, the purchases of owner-occupied housing, or the repayment of interests on owner-occupied housing. In-kind support for families in social housing through below-market rents is also excluded.

According to this definition, Romania does not currently operate a national cash housing programme aiming primarily at reducing the rental costs for tenants. As of 2021, Romania has a Heating benefits (Annex). However, this benefit is outside the scope of the TaxBEN model.

4. Family benefits

Variable name: **[FB]**

4.1. Monthly state allowance for children (*Alocația lunară de stat pentru copii*)

Variable name: **[fb_msa]**

This is a non-contributory benefit, not means-tested and not taxable.

4.1.1. Eligibility conditions

The state allowance (Law no.61/1993) is a fixed sum paid for all children until they reach the age of 18. Other eligible persons are young adults older than 18 who attend high school or a vocational programme, until their completion,¹⁸ as well as young adults with disability who follow a form of pre-university education provided by law, but no later than the age of 26. The monthly state allowance is also granted to children of foreign citizens or without citizenship residing, under the law, in Romania, if they live with their parents.

4.1.2. Benefit amount

The amounts that apply on the 1st of January 2023 are:

- 631 lei for children up to 2 years old (or up to 18 years old in case of a child with disability).

- 256 lei for children between the age of 2 and 18. This amount is paid also to young adults older than 18, who attend high school or vocational education courses, until their completion, as well as to young adults with disabilities who follow a form of pre-university education provided by law, but not later than the age of 26.

Frequency/periodicity of benefit payments: monthly.

4.1.3. Benefit duration

No limitation.

4.1.4. Means test

The benefit is not means-tested.

4.1.5. Tax treatment

Family benefits are not taxable.

¹⁸ Except pupils who repeats the school year (except for health reasons proven with a medical certificate).

4.1.6. *Interaction with other components of the tax-benefit system*

The benefit can be received together in any other benefit. It is *not* accounted as income in the income-test for social assistance.

4.1.7. *Combining benefit receipt and employment/starting a new job*

The benefit is compatible with the work activity of the parents. There are no additional payments linked to this income support program for benefit recipients who take up new employment.

4.1.8. *Indexation*

As of January 2023, the amount is indexed every year according to the annual average inflation rate calculated by the National Institute of Statistics.

4.2. *Allowance for family support (Alocația pentru susținerea familiei)*

Variable name: `[fb_fsa]`

This is a non-contributory benefit, means-tested and not taxable.

4.2.1. *Eligibility conditions*

The allowance for family support is stipulated by law no. 277/2010.¹⁹ Eligible families are those with children under 18 and with a household income per person below certain limits (Section 4.2.4).

The family is defined as:

- husband, wife and their children in care who live together in the household (article 2, paragraph 1, Law no. 277/2010)
- unmarried man and woman and their children in care who live together in the household (article 2, paragraph 3, Law no. 277/2010).

Single parent²⁰ family concept is defined as:

- one person and his/her children in care who live together in the same household (article 2, paragraph 2, Law no. 277/2010).

Are considered to be part of the family as it is defined in article 2 also the children entrusted for adoption, those placed in foster care to a person or a family or for whom guardianship has been established, according to the law.

4.2.2. *Benefit amount*

Benefit amounts depend on the number of dependent children and the level of the per-capita reference income (as defined in Section 4.2.3).

For eligible families with a reference monthly income below or equal to 239.21 lei (i.e. 40% of the RSI):

¹⁹ The law no. 277/2010 will be repealed by article 6 of Law 196/2016 on minimum inclusion income starting with 1st of April 2021.

²⁰ A *single parent*, as it is defined in article 2 paragraph (2) is a person who is in one of the following situations: a) is unmarried; b) is a widow; c) is divorced; d) the spouse is declared missing/disappeared by a court order; e) has the spouse detained temporarily for more than 30 days or executes a custodial sentence and does not participate in taking care of the children; f) has not reached the age of 18 and is in one of the situations mentioned in a) -e); g) has been appointed tutor or has been entrusted with or placed in her/his care one or more children and is in one of the situations mentioned in a) -c) (article 3, Law no. 277/2010)

- 99 lei for families with 1 child (0.1640*RSI)
- 197 lei for families with 2 children (0.3280*RSI)
- 295 lei for families with 3 children (0.4920*RSI)
- 393 lei for families with 4 and more children (0.6560*RSI)

For eligible families with a reference monthly income between 239.21 and 633.90 lei (i.e. between 0.40*RSI and 1.06*RSI):

- 90 lei for families with 1 child (0.1500* RSI)
- 180 lei for families with 2 children (0.3000* RSI)
- 270 lei for families with 3 children (0.4500* RSI)
- 359 lei for families with 4 and more children (0.6000*RSI)

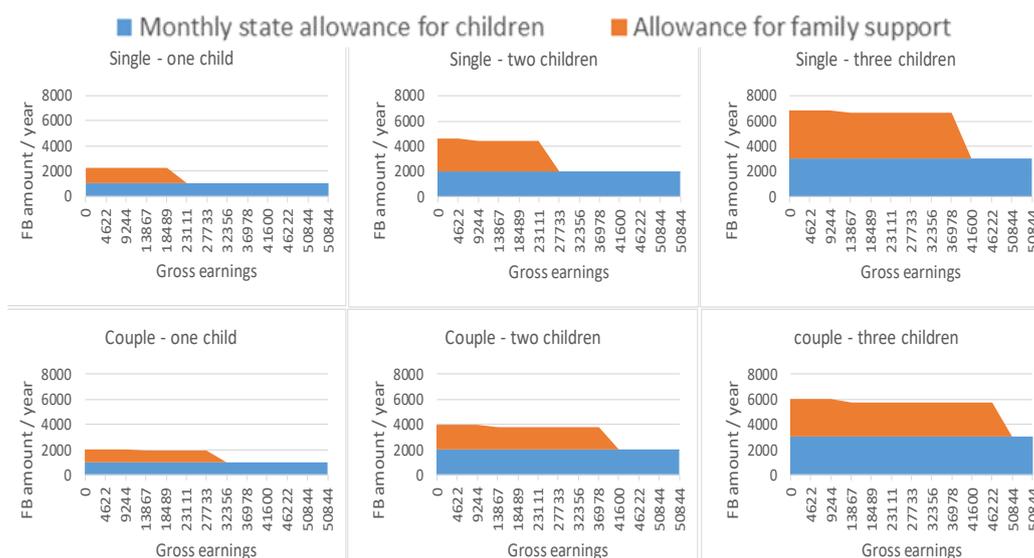
For single parents with a reference monthly income below or equal to 239.21 lei (0.4*RSI lei):

- 128 lei for families with 1 child (0.214*RSI)
- 256 lei for families with 2 children (0.428* RSI)
- 384 lei for families with 3 children (0.642* RSI)
- 512 lei for families with 4 and more children (0.856* RSI)

For single parents with a reference monthly income between 239.21 and 633.90 lei (i.e. between 0.40*RSI and 1.06*RSI):

- 122 lei for families with 1 child (0.204*RSI)
- 244 lei for families with 2 children (0.408*RSI)
- 366 lei for families with 3 children (0.612*RSI)
- 488 lei for families with 4 and more children (0.816*RSI)

Figure 3. Family benefits by type, earnings levels and family type



Note: At the zero-earning point, both adults are assumed to be out of work without claiming unemployment benefits. Children are aged 4 and 6 and 8 where applicable.

Source: OECD tax-benefit model, 2023.

Frequency/periodicity of benefit payments: monthly.

4.2.3. Benefit duration

No limitation.

4.2.4. Means test

The benefit is income tested. The reference income is the overall 'net' monthly income of the family - as defined in article 2, paragraph (2) Law no. 277/2010 - divided by the number of family members. The 'net' income is calculated by subtracting income tax and social contribution payments from the gross earnings. For instance, if a family member is employed, the family income that is considered in the income test includes his/her gross earnings *less* the associated income tax liabilities (Section 8) and the employee social security contributions (Section 7). Unemployment indemnity (Section 2.1) is included as well as the Allowance for family support (Section 4.2).

Excluded income components are:

- The monthly state allowance for children (Section 4.1),
- Heating benefits (Annex)
- The monthly complementary budget and social indemnities for persons with disabilities,
- All types of scholarships and educational incentive (including tickets for kindergarten),
- Income earned from occasional activities of day labourers, and some other financial support granted as compensations in exceptional circumstances.

The method for determining the net monthly income is the same as for the Guaranteed Minimum Income benefit (Section 3.1). The monthly state allowance for children (Section 4.1) is *not* included in the income test.

Family assets are part of the means test. There is a List of assets leading to the exclusion of the right, Annex to the Government Decision no.50/2011.

4.2.5. Tax treatment

The benefit is not taxable.

4.2.6. Interaction with other components of the tax-benefit system ⓘ

The benefit can be received together in any other benefit. It is *not* accounted as income in the income-test for social assistance. The allowance for family support is not taken into account in the estimation of the monthly net income of the family/lone person, when the right to social aid is established.

4.2.7. Combining benefit receipt and employment/starting a new job

The benefit is fully compatible with the work activity of the parents. Incomes from work are fully included, without disregards, in the reference income that is used for the means test.

There are no special or ad-hoc additional payments linked to this benefit for those who receive this benefit and take up employment.

4.2.8. Indexation

As of 1st March 2022, the RSI amount is adjusted automatically and monthly to the annual average inflation rate of the previous year. If the change is negative, the current RSI amount is kept. This automatic indexation leads to a change in the monthly levels of all the benefits that are calculated using the RSI, including the Allowance for family support.

5. Net costs of Early Childhood Education and Care

This section provides information on the net costs of centre-based early childhood and care services for children aged between birth and six years (included). The focus is on public early childhood education and care centres, i.e. centres owned and operated by public authorities at central or local level.

According to the National Education Law no.1/2011, subsequently amended and supplemented, the national system for childhood education and care in Romania consists of two parts:

- Early childhood education before the preschool level (0-2 years) – not compulsory;
- The pre-school education (3-6 years) – not compulsory;²¹

Compulsory school starts at 6 years old.

The Early childhood education before the pre-school education cycle (i.e. the education for children between 0 and 3) can take place either in nurseries and kindergartens (as standard service, part of the education sector) or day-care centres (part of the social-protection sector).²²

The pre-school education for children between 3 and 6 years can take place in kindergartens or schools (state or private).

According to Government Decision no.566/2022, in early education units, the following method of organising the number of children is recommended: a) beginner group - children from 0 to 12 months; b) middle group - children from 13 to 24 months; c) advanced group - children from 25 to 36 months. If the pre-school child enrolled in the pre-school early education unit reaches the age of 3 during the school year, he/she may attend the unit until the end of the school year.

State-owned and private institutions providing pre-school education and care (0-6) should meet and respect the same national standards in terms of quality and contents.

5.1. Gross childcare fees

In accordance with National Education Law 1/2011, pre-school education and care (0-6) is free of charge in public institutions. Therefore, no fees are charged to parents for children attending ECEC services in the public sector.

Parents pay a fee for the meals when children attend long-hours (10 hours/day) or weekly programmes. The amount of meal costs in kindergartens and nurseries is not regulated at national level. Government Decision no. 566/2022 regarding the approval of the Organization and Operation Methodology of nurseries and other early childhood education centres, stipulates in art 55 paragraph (1) that parents/legal representatives

²¹ As of the year 2030, the entire pre-school cycle (3-6 years of age) will become compulsory. As of the school year 2021-2022, following the express request of parents and within the limit of the number of places, children aged 2 years or older can be enrolled in pre-school education.

²² Public nurseries and kindergartens are under the responsibility of the Ministry of Education, whereas day-care centres are under the responsibility of local public authorities and the National Authority for Social Welfare Child Protection, which is part of the Ministry of Family, Youth and Equality of Chances. Day-care centres provide free care during the day to children from vulnerable families, e.g. families with a precarious and difficult financial condition and/or vulnerable families in which mothers/fathers raise their children alone. The aim of day-care centres is twofold: 1) keep the child in the family, avoiding entry into the protection system for predominantly socio-economic reasons; 2) give parents the possibility of seeking employment, in order to provide adequate material conditions for raising their children. Day-care centres provides children with care, educational and fun programs.

whose children benefit from services in public early childhood education (i.e. the education for children between 0 and 3) are obliged to pay a monthly maintenance contribution/food contribution, established by the decision of the board of administration of the educational unit, after consulting the parents. This amount varies, depending on the area and the household socio-economic conditions, between 12 and 25 lei / day at the national level.²³ For children attending regular-hours programmes (maximum 5 hours/day) there are no costs for meals as parents provide a daily snack to their children.

For children attending ECEC in the private sector, the fees that parents pay are determined by individual institutions and are used to cover the costs of staff, supplies, transportation, food, etc.

OECD note: The meal cost that enters the OECD [NET Childcare Cost indicator](#) are calculated assuming that children attend weekly full-time ECEC programmes in public kindergartens. The meal cost is 18.5 LEI per day.²⁴ This amount is the average between the minimum and the maximum amount provided by the Ministry of Education in the text. The annualised value that enters the OECD calculations is equal to LEI 4810.²⁵

5.1.1. Discounts for part-time usage

In case of part-time usage, i.e. maximum 5 hours per day, parents do not pay for the meals. Instead, they have to provide a sandwich, daily, for their children whereas teachers provide the time for serving it during the school programme.

OECD note: The meal cost considered in the OECD calculations of the NET Childcare Cost indicator for parents using up to 5 hours per day of childcare is 0 LEI. Parents using childcare for more than 5 hours per day are assumed to use *weekly* full-time ECEC programmes and pay the associated daily cost for the meals (section 5.1).

5.2. Childcare benefits

According to the OECD methodology, “Childcare benefits” are support measures that depend *explicitly* on the use of centre-based childcare: a family that does not use centre-based childcare is not eligible for this type of benefits. In general, childcare benefits can take the following forms:

- Conditional/unconditional cash allowances received by parents who use centre-based childcare for their children (e.g. to purchase meals at the childcare centre);
- Tax concessions related to direct family expenditures on centre-based childcare;
- Top-ups or supplements to other cash benefits (e.g. social assistance or family benefits) in order to reduce the cost of centre-based childcare for benefit recipients.
- Fee discounts / rebates (including fee provision) applied directly by the childcare centre to reduce the cost of the fees charged to parents in particular circumstances (e.g. for low-income families, large families, lone parents, etc.).

5.2.1. Cash allowances and subsidies for formal centre-based care

There are no regular cash benefits paid *directly* to parents to support the direct costs of centre-based care. However, children from disadvantaged backgrounds may receive a

²³ The Ministry of Education does not currently have access to official estimates of the daily cost for the meals in public kindergartens as these costs are not monitored.

²⁴ I.e. $(25+12)/2$.

²⁵ I.e. 18.5 LEI per day multiplied by the number of working day per week (5) and 52 weeks.

subsidy from local authorities (mayor's offices) and may be fully or partially exempted from the fees for meals.

Access to this local aid is at the discretion of the mayor's office and depends on the availability of local funds/budget and the criteria applied by the local authority during the social inquiry that follows the parents' demand for support. Possible criteria may include proof of the minimal income and number of family members.

5.2.2. *Childcare allowance for children NOT using child care centres*

In some countries, there are benefits whose eligibility is conditional to NOT using childcare centres. Examples are home-care allowances for stay-at-home parents. There are no such benefits in Romania.

5.2.3. *Tax concessions for childcare expenditures*

There are no tax concessions to working parents for childcare-related expenditures.

5.2.4. *Fee discounts / rebates (including fee provision)*

Local public authorities can pay for the cost of meals (integrally or partially, depending of the data collected from the social welfare report) for children attending public kindergartens and nurseries with a disadvantaged background.

OECD note: As these partial or full exemptions are at the discretion of the local public authorities ("mayor's offices") and depends on the availability of local funds/budget, they are not included in the OECD net childcare cost indicator.

As a result, the OECD calculations of net childcare costs assume that the following families pay the *full* cost of the meals in case of full-time attendance:

- Jobless families receiving "*Indemnizatia de somaj*" (Section 2) or "*Schema privind venitul minim garantat*" (Section 3).
- Families with only one parent.
- Large families with three or more dependent children.

According to Government Decision no. 904/2014, the following children/mothers may receive in-kind benefits including food, school supplies, clothing, footwear, sanitary materials, supplies/manuals and toys:

- Pupils with disabilities attending special or mass educational institutions.
- Children under special protection measures attending public day services (nurseries, kindergartens, and day-care centres).
- Children and young people under special protection measures staying in public residencies.
- Mothers protected in maternity centres.

Table A provides the monetary values ("standard costs") of these welfare benefits. Note that the costs reported in Table A are not direct payments. They are transfers between institutions: children only benefit from these monetary transfers indirectly if they are eligible for a social protection measure.

Table A. Standard costs for food, clothing, footwear, sanitary equipment, supplies and manuals, toys, transport, cultural and sports materials.

Age group	Meal costs (lei/day /child/young person)	Standard cost for clothing, footwear, sanitary materials, supplies/manuals, toys, transport, cultural and sports materials (lei/year/child/young people)
From 0 to 3 years inclusive	22.00	366.00

From 3 to 7 years inclusive*	16.60	498.00
Child benefiting from the day service**	12.00	

* It also applies to children and young people with special educational needs, educated in special or mass education units, including those educated in a county other than the one of domicile.

** It also applies to children in nurseries and other early education units, under special protection measures.

5.2.5. Top-ups or supplements to other cash benefits

There are no such top-ups or supplements to other cash benefits in Romania.

6. Employment conditional (in-work) benefits

OECD note: This section provides information on employment-conditional (“in-work”) benefits for employees, i.e. benefits whose eligibility is conditional on the following key requirements: 1) being regularly employed (in either the private or public sector); 2) working a certain number of hours and/or earning more than a certain minimum. This definition notably excludes ‘workfare’ programmes and related ‘work-first’ policies that make out-of-work benefits conditional on participation in work activities.

This section provides information also on *one-off* and/or *temporary* payments for benefit recipients who are out of work and make a transition into employment. These type of benefits are referred to as *transitional “into-work” benefits* in order to differentiate them from the “regular” in-work benefits that do not have any predefined maximum duration after moving into work.

Based on this definition, Romania does not have in 2023 a national Employment-conditional benefit. However, Romania does provide an *into-work benefit* for selected benefit recipients who move into work (described in section 2.1.7)

7. Social security contributions and payroll taxes

7.1. Social security contributions payable by employees and benefit recipients

Variable names: `[SOCSEC_p; SOCSEC_s]`

In accordance with the national legislation provisions in force²⁶ the social security contribution and the social health insurance contribution paid by the employer were transferred to the employee; thus, starting with January 2018, these contributions are borne entirely by the employee, and reflected in the gross amount of the nominal earnings.²⁷

According to the national legislation (Law no. 227/2015 Fiscal Code with subsequent amendments), the employees pay the following social contributions:

- for health care schemes – 10.0% from the monthly gross income (Article 156 Law no. 227/2015);

- for social-security schemes – 25.0% from the monthly gross income (including 5.1 % corresponding to the private pension funds (Article 138, Law no. 227/2015); If the basis value is greater than *five times* the average gross earnings stipulated in the State Budget Law (see below for details), the individual social security contribution rate will be applied to the equivalent of five times the average gross earnings (Article 146, par.6

²⁶ GEO no. 79/2017 for amending and completing the Law no. 227/2015 on the tax code

²⁷ Consequently, starting with 2018, the “average annual gross earnings” shown in this section are no longer comparable with the data prior to 2018.

Law no. 227/2015). The ceiling of the employees' social security contributions is applied since January 1st 2011.

As of 2023, an amount of LEI 200/month is disregarded when calculating the employee social security contributions if the following conditions are both met: (a) the level of the *basic* monthly gross salary established according to the individual employment contract, without including increments, bonuses and other supplements, is equal to the gross full-time minimum wage (the standard minimum wage, not the minimum wage that applies in the construction section). (b) The *total* monthly gross salary including increments, bonuses and other supplements does not exceed LEI 4000/month overall.

The table below shows the values of the average gross earnings starting from 2018.²⁸

Average monthly gross earnings stipulated in the State Budget Law

Year	2018	2019	2020	2021	2022	2023
Value	4162	5163	5429	5380	6095	6789

7.2. Social security contributions payable by employers

Variable names: `[SSCR_p; SSCR_s]`

According to the national legislation, the employers (Law no. 227/2015 Fiscal Code with subsequent amendments) are paying the following social contributions:

- for risk and accident fund, between 4.0% and 8.0% of the monthly gross income depending on the risk class (Chapter III Article 5 paragraph (2) G.D no.144/2008 with subsequent amendments)
- for salary debt fund – 0.25% from the monthly gross income (Article 211, Law no. 227/2015)
- employment insurance contributions paid by the employers to the general consolidated budget: 2.25% (Art. 220⁶, Law no. 227/2015)²⁹

Compulsory social security contributions		
Percentage (%)		
As of 1 st of January 2023		
Employee	Employees' individual contributions to social security	25.0
	Employees' social health insurance contribution	10.0
	Employers' contributions to the social security fund ⁽³⁰⁾	0.0 / 4.0 / 8.0
Employer	Employer's contribution to the guarantee fund for the payment of wage claims	0.25
	Employment insurance contributions paid by the employers to the general consolidated budget	2.25

TaxBEN note: The model for 2023 uses the general SSC rates above: 35% in total for employees and 2.225% in total for the employers (the calculations assume that the

²⁸ The average gross earnings is stipulated in Law no. 3 on social security budget for 2018 (Art. 15, Chapter III Final provisions).

²⁹ It is distributed as follows: 15.0% to the guarantee fund for the payment of wage claims; 20.0% to the unemployment budget; 5.0% to the risk and accidents fund; 40.0% to the Unique National Health Insurance Fund for sick leaves payments; 20.0% to the state budget, in a special fund.

³⁰The employers' contributions to social security fund is based on working conditions in a gradually order from left to right: normal working conditions, harder working conditions and special working conditions. The OECD tax-benefit model uses the rate that applies to the *normal* working conditions.

employee working conditions are ‘normal’ and therefore the Employers' contributions to the social security fund is zero – see the related footnote for details).

As of 2023, the amount of LEI 200/month is disregarded when calculating the employment insurance contributions paid by the employers to the general consolidated budget, when the same conditions mentioned above are met (see point 7.1).

As of 1 January 2018, individuals who carry out activities in the field of computer software, innovation or research and development pay no taxes. Starting with January 1, 2019, and for a determined period, some exceptions apply for section F and some related divisions. Starting with June 2022, the same exceptions apply for agriculture and manufacture of food products (table below).

Compulsory social contributions and tax (January 1 2023 – December 31 2023) – section F and some related divisions + agriculture and manufacture of food products		
Employee	Employees' social security contribution	21.25
	Employees' social health insurance contribution	-
	Tax	-
Employer	Employment insurance contributions paid by the employers to the general consolidated budget	0.337

To benefit from these reductions, the employers must make up at least 80% of their total turnover in activities from the construction domain.

OECD note: As this measure is temporary and applies only to workers of selected sectors, it is not included in the OECD tax-benefit model. The model for 2023 uses the general SSC rates above: 35% in total for employees and 2.225% in total for the employers.

8. Taxes

The tax unit is the individual.

8.1.1. Personal income tax

Variable name: [\[INCTAX_p\]](#); [\[INCTAX_s\]](#)

8.1.2. Tax allowances/deductions

A standard tax deduction is subtracted from the tax base (section 8.1.3) for all employees with earnings up to LEI 2000/month above the reference monthly gross minimum wage. The amount of the deduction depends on (1) number of persons “in care” (from 0 to 4+, see below for details), (2) the reference Monthly Gross Salary (MGS - defined below), and (3) the value of the monthly gross minimum wage. The reference value of the monthly gross minimum wage considered in the calculation of the standard deduction is the general one (LEI 3000/month in 2023 – see Section 1), not the minimum wage that applies in the construction section.

The reference Monthly Gross Salary (MGS) is the sum of the monthly gross earnings from employment *plus* any monthly unemployment benefit entitlements (Section 2.1). Employee social security contributions (Section 7) are *not* subtracted from the reference Monthly Gross Salary. The Monthly Gross Salary is *not* rounded to specific values (e.g. to 10 lei if the amount is lower than 10 lei).

Persons “in care” can be the wife/husband and children as well as other family members or relatives of the taxpayer (or his/her spouse) up to the second degree (included), whose

reference Monthly Gross Salary (MGS) is less than 20% of the monthly gross minimum wage (see the table below).³¹

- If a taxpayer has a partner “in care”, i.e. with a reference income below 20% of the monthly gross minimum wage per month, the taxpayer can subtract from his/her tax base the tax deduction for 1 person in care (if there are no other persons in care).
- If the taxpayer’s partner is *not* “in care”, the taxpayer can still subtract from his or her tax base the tax deduction for “no person in care” (see the table below).
- If both partners work and do *not* have other persons in care (e.g. a working couple *without* dependent children), *both* taxpayers can subtract from their tax base the tax deduction for “no persons in care”.
- If both partners work and have children in care, the tax allowance is applied at 100% to each parent.

Table 1. Monthly standard tax deduction in 2023

Monthly standard deduction based on the level of the monthly salary and number of persons in care (Lei)						
Monthly gross salary (MGS) in LEI		Persons in care				
		no persons in care	1 person in care	2 persons in care	3 persons in care	4 or more persons in care
		% of the minimum wage				
from	to					
1	minimum wage	20.00	25.00	30.00	35.00	45.00
minimum wage + 1 leu	minimum wage + 50 lei	19.50	24.50	29.50	34.50	44.50
minimum wage + 51 lei	minimum wage + 100 lei	19.00	24.00	29.00	34.00	44.00
minimum wage + 101 lei	minimum wage + 150 lei	18.50	23.50	28.50	33.50	43.50
minimum wage + 151 lei	minimum wage + 200 lei	18.00	23.00	28.00	33.00	43.00
minimum wage + 201 lei	minimum wage + 250 lei	17.50	22.50	27.50	32.50	42.50
minimum wage + 251 lei	minimum wage + 300 lei	17.00	22.00	27.00	32.00	42.00
minimum wage + 301 lei	minimum wage + 350 lei	16.50	21.50	26.50	31.50	41.50
minimum wage + 351 lei	minimum wage + 400 lei	16.00	21.00	26.00	31.00	41.00
minimum wage + 401 lei	minimum wage + 450 lei	15.50	20.50	25.50	30.50	40.50
minimum wage + 451 lei	minimum wage + 500 lei	15.00	20.00	25.00	30.00	40.00
minimum wage + 501 lei	minimum wage + 550 lei	14.50	19.50	24.50	29.50	39.50
minimum wage + 551 lei	minimum wage + 600 lei	14.00	19.00	24.00	29.00	39.00
minimum wage + 601 lei	minimum wage + 650 lei	13.50	18.50	23.50	28.50	38.50
minimum wage + 651 lei	minimum wage + 700 lei	13.00	18.00	23.00	28.00	38.00
minimum wage + 701 lei	minimum wage + 750 lei	12.50	17.50	22.50	27.50	37.50
minimum wage + 751 lei	minimum wage + 800 lei	12.00	17.00	22.00	27.00	37.00
minimum wage + 801 lei	minimum wage + 850 lei	11.50	16.50	21.50	26.50	36.50
minimum wage + 851 lei	minimum wage + 900 lei	11.00	16.00	21.00	26.00	36.00
minimum wage + 901 lei	minimum wage + 950 lei	10.50	15.50	20.50	25.50	35.50
minimum wage + 951 lei	minimum wage + 1.000 lei	10.00	15.00	20.00	25.00	35.00
minimum wage + 1001 lei	minimum wage + 1.050 lei	9.50	14.50	19.50	24.50	34.50
minimum wage + 1.051 lei	minimum wage + 1.100 lei	9.00	14.00	19.00	24.00	34.00
minimum wage + 1.101 lei	minimum wage + 1.150 lei	8.50	13.50	18.50	23.50	33.50
minimum wage + 1.151 lei	minimum wage + 1.200 lei	8.00	13.00	18.00	23.00	33.00
minimum wage + 1.201 lei	minimum wage + 1.250 lei	7.50	12.50	17.50	22.50	32.50
minimum wage + 1.251 lei	minimum wage + 1.300 lei	7.00	12.00	17.00	22.00	32.00
minimum wage + 1.301 lei	minimum wage + 1.350 lei	6.50	11.50	16.50	21.50	31.50
minimum wage + 1.351 lei	minimum wage + 1.400 lei	6.00	11.00	16.00	21.00	31.00
minimum wage + 1.401 lei	minimum wage + 1.450 lei	5.50	10.50	15.50	20.50	30.50
minimum wage + 1.451 lei	minimum wage + 1.500 lei	5.00	10.00	15.00	20.00	30.00
minimum wage + 1.501 lei	minimum wage + 1.550 lei	4.50	9.50	14.50	19.50	29.50

³¹ Some incomes are excluded. The list (not exhaustive) includes, survivors' pensions, social benefits granted according to art. 58 of Law no. 448/2006 on the protection and promotion of the rights of persons with disabilities, scholarships, prizes and other rights in the form of, e.g. accommodations, meals, transport, etc.

Monthly standard deduction based on the level of the monthly salary and number of persons in care (Lei)						
Monthly gross salary (MGS) in Lei		Persons in care				
		no persons in care	1 person in care	2 persons in care	3 persons in care	4 or more persons in care
		% of the minimum wage				
from	to					
minimum wage + 1.551 lei	minimum wage + 1.600 lei	4.00	9.00	14.00	19.00	29.00
minimum wage + 1.601 lei	minimum wage + 1.650 lei	3.50	8.50	13.50	18.50	28.50
minimum wage + 1.651 lei	minimum wage + 1.700 lei	3.00	8.00	13.00	18.00	28.00
minimum wage + 1.701 lei	minimum wage + 1.750 lei	2.50	7.50	12.50	17.50	27.50
minimum wage + 1.751 lei	minimum wage + 1.800 lei	2.00	7.00	12.00	17.00	27.00
minimum wage + 1.801 lei	minimum wage + 1.850 lei	1.50	6.50	11.50	16.50	26.50
minimum wage + 1.851 lei	minimum wage + 1.900 lei	1.00	6.00	11.00	16.00	26.00
minimum wage + 1.901 lei	minimum wage + 1.950 lei	0.50	5.50	10.50	15.50	25.50
minimum wage + 1.951 lei	minimum wage + 2.000 lei	0.00	5.00	10.00	15.00	25.00

Notes: Minor children, up to the age of 18, of the taxpayer are considered dependent. For the taxpayers' minor children, the amount of the tax deduction is attributed to *each* taxpayer in the measure of 100% (each parent can deduct 100% of the tax deduction).

As of 2023, there are the following new additional tax deductions (which can be cumulated with the Standard tax deduction in Table 1):

- 15% of the monthly gross minimum wage for taxpayers up to the age of 26 (included) if the gross monthly salary is up to 2000 LEI above the reference monthly gross minimum wage (i.e. up to LEI 3000+2000=5000 LEI/month). Differently from the standard deduction described in Table 1, this deduction is fixed (15% of the monthly gross minimum wage = 450 LEI/month) and does not change with the earnings level. Each member of a young couple where both partners have not turned 27 can benefit from this deduction. The maximum annual amount of this deduction is $450 \times 12 = 5400$ LEI.
- LEI 100/month for each child up to the age of 18 in education (annual amount: $100 \times 12 = 12000$ LEI). This deduction is granted regardless of the earnings level. If the child is maintained by both parents, the deduction is granted only to one parent. Parents can choose who can benefit from this tax deduction. To benefit from the deduction, they must present the document that certifies the child's enrolment in an educational unit and a self-responsible declaration on the beneficiary parent.

Example 1. Taxable income of a 26-year-old taxpayer with a non-working partner and one minor in care (lei/months)

Monthly gross salary [0]	Non-taxable value/decrease based on SSC [1]	Standard tax deduction for 2 persons in care [2]	Additional tax deduction for young taxpayers [5]	Additional tax deduction for minors [6]	Social insurance and health contributions [7] = $([0]-[1]) \times 0.35$	Tax liability [8] = $([0]-[1]-[4]-[5]-[6]-[7]) \times 0.1$
3500	200	750	450	100	$(3500-200) \times (0.35) = 1155$	$3500-200-750-450-100-1155 = 84.5$

8.1.3. Tax base

The tax base is calculated by subtracting from the gross earnings the following items:

- Standard tax deduction (Table 1, Section 8.1.2)
- Additional tax deductions for young taxpayers and minors (Section 8.1.2).
- Employee social contributions (Section 7.1).
- As of 2023, LEI 200/month for full-time employees are subtracted from the tax base if the following conditions are both met: (a) the level of the *basic* monthly gross salary established according to the individual employment contract, without including increments, bonuses and other supplements, is equal to the gross

minimum wage. (b) The *total* monthly gross salary including increments, bonuses and other supplements does not exceed LEI 4000/month overall.

8.1.4. Income tax schedule

In 2023, the income tax rate is equal to 10% of the tax base (Art.64, paragraph (1) Law no. 227/2015), irrespective of the monthly gross income ('flat tax'). During the period 2005-2017, the tax rate was 16%.

8.1.5. Tax credits

None.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Romania 2023 (Figure 4). TaxBEN by default produces the following output: 1) net household incomes (**black lines**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (e.g. a lone parent working at different earnings levels with two children aged 4 and 6 respectively – users are free to select many of these circumstances using the [online web calculator](#)). Figure 4 shows outputs for four scenarios:

- By current hours of work for an employee with an hourly wage rate equal to the average wage (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels, for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the household income components. Note that each component can contain more than one benefit. The table of content of this report describes which benefit is included in each category.

Results in Figure 4 refer to a couple with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes shows the net household incomes of a couple where the 'first adult' is employed full-year at different working hours ranging between 1% and 100% of full time work (with a fixed hourly wage rate equal to the average hourly wage). The second adult is out of work and not eligible for unemployment benefits (e.g. because they have expired).

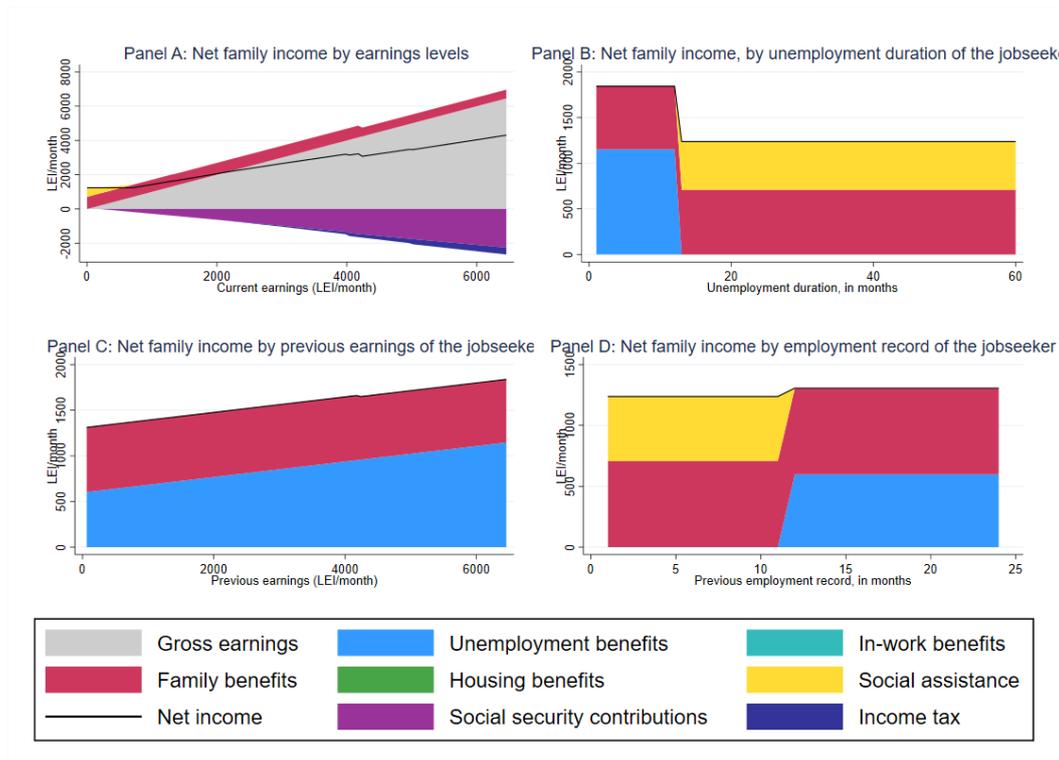
Panels B to D assume that the first adult is out of work and claiming unemployment benefits whereas the second adult is also out of work but not claiming unemployment benefits. In Panel B and C the first adult is assumed to have a 'long' employment record of 264 consecutive months before the job loss. The x axis in Panel B measures the time of unemployment benefit receipt, starting from the first month. The x axis in Panel C shows the annual amount of previous in-work earnings (before any social contributions) as a percentage of the average wage. Results in Panels C and D refer to the 2nd month of

unemployment benefit receipt whereas Panel D considers the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

All results assume a (fixed) private market rent plus other relevant housing costs amounting to 20% of the full-time average wage in all four scenarios.

Figure 4. Selected output from the OECD tax-benefit model

Couple with two children



Note: more information on the simulation settings described in the text of Section 8.

Source: [OECD tax-benefit model, 2023](#).

Annex 1: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Romania that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

A.1 Unemployment benefit for people assimilated as unemployed

For the persons who did not find a job after graduating certain levels of education (Article 17 paragraph (2) correlated with Article 16 letter b) Law no.76/2002), the unemployment benefits is a monthly fixed sum granted for a period of 6 months and represents 50% from the value of reference social indicator.

A.2 Employment, establishment, and relocation bonus

Working long distances without changing the domicile/residence

Registered unemployed presented at 2.1. I (Article 17 paragraph (1) Law no.76/2002) who get a job in a company situated at a distance longer than 15 km from home are entitled to receive an employment bonus, tax free. The amount of the employment bonus is calculated at 0.5 lei/km, but no more than 55 lei per day, proportionally with the number of working days. The employment bonus is to be granted for a period of maximum 12 months (Article 74 Law no.76/2002, revised by the E.O no. 60/2016).

Working long distances by changing the domicile/residence

Registered unemployed presented at 2.1. I (Article 17 paragraph (1) Law no.76/2002) who accept a job for which they have to move to a different locality more than 50 km away from their domicile/residence, and as a result, change their domicile/residence to the respective locality or its neighbouring localities, they benefit from a tax free establishment bonus, intended to stimulate employment, to cover the cost of living in the new home and/or for family reunification, if the case.

The establishment bonus is granted as follows:

- a. 12,500 lei, if the job is in another locality and, as a result, change their domicile/residence.
- b. 15,500 lei, if are accompanied by their family members and in case of the single parent family, if they are accompanied by their children.

If both spouses meet the conditions for granting the establishment bonus one of the spouses will receive the amount of 12,500 lei and the other spouse will receive an instalment allowance of 3,500 lei. By exception, if the employer provides for a work-related house or pays the related expenses from their own funds, the establishment bonus will be granted as follows:

- a. 3,500 lei, if the job is in another locality and, as a result, change their domicile/residence
- b. 6,500 lei, if are accompanied by their family members and in case of the single parent family, if they are accompanied by their children.
- c. 3,500 lei, if both spouses meet the conditions for granting the establishment bonus.

The establishment bonus will be granted in two instalments as follows:

- a. one establishment bonus equal to 50% on installation date;

- b. another establishment bonus equal to 50% after a 12 month period following the employment date.

If the employer provides a work-related house or pays the related expenses, the establishment bonus will be granted in one payment on the installation date (Article 75 Law no.76/2002, revised by the E.O no. 60/2016).The mobility allowances (employment and establishment bonus) referred to in art. 74 and art. 75 are not cumulated (Article. 75¹, paragraph 1) and are granted on request. This mobility allowances, provided in art. 74 and 75, are granted to people who have their domicile or residence or establish their new domicile or residence in the areas provided for in the National Mobility Plan, approved by Government Decision no. 903/2016.

Persons registered as unemployed at the employment agencies who are employed in another locality located at a distance greater than 50 km from the locality where they have their domicile or residence and, as a result of this fact, they change their domicile or establish their residence in the respective locality or in its neighbouring localities, they benefit from a non-taxable relocation bonus, granted from the unemployment insurance budget, equal to 75% of the amount intended to cover living expenses in the new domicile or the new residence, but not more than 900 lei (article 76²). The relocation bonus is granted monthly, for a period of no more than 36 months.

A.3 Bonus for new employment for graduates of educational institutions

Graduates of educational institutions and graduates of special schools with at least 16 years who, within 60 days of graduation, register with employment agencies and find full-time employment for a period longer than 12 months, receive an insertion premium equal to 3 times the value of the reference social indicator in force on the date of employment. For details: Article 73¹ paragraph (1) Law no.76/2002).

A.4 Maternity Benefits

The insured women (in-work) and the women who lost the job less than 9 months before have the right to maternity³² benefits for a period of 126 days including pregnancy leave and postnatal leave. The payments are made from the health insurance budget (Article 23 and 25 E.G.O no. 158/2005).

A.5 Indemnity for maternal/parental leave

The insured have the right to leave for pregnancy and childbirth, for a period of 126 calendar days, during which they benefit from maternity allowance.

Women who are no longer insured have the same rights if they give birth within 9 months from the date of losing the quality of insured. To ensure eligibility, the loss of the quality of insured should not occur due to reasons attributable to the person in question. This should be proved by official documents issued by employers or their assimilates. Under these circumstances, the indemnity is paid from the budget of the Single National Health Insurance Fund by health insurance houses where the family doctor of the insured has concluded an agreement.

Pregnancy leave is granted for a period of 63 days before birth, and leave for maternity leave for a period of 63 days after birth.

³² For women who lost the job less than 9 months before have the right to maternity, the allowance will computing as the average of the monthly incomes during the last 6 months preceding the date of losing the job

Pregnancy and maternity leave can be offset against each other, depending on the doctor's recommendation and the beneficiary's choice, so that the minimum mandatory duration of maternity leave is 42 calendar days.

One of the child parents is entitled to receive indemnity and parental leave up to 2 years or 3 years in case of a disabled child (Article 2 paragraph (1) E.G.O no.111/2010).

The monthly indemnity is established at a rate of 85% of the average net income achieved in the last 12 months in the last 2 years preceding the date of childbirth and cannot be less than 2.5 ISR (ISR = Reference Social Indicator- 598,019 lei), but no more than 8.500 lei/monthly.

In case of twin or multiples pregnancy, the level of monthly indemnity provided is increased with 2.5 ISR for each child born, starting with the second child came from such a birth (Article 5 paragraph (2), E.G.O. no 111/2010).

Persons who, during the period they are entitled to benefit of parental leave, receive incomes subject to taxation, are entitled to a monthly incentive insertion. The incentive insertion is granted to persons entitled to benefit from the child raising indemnity if the parent decides to come back to work.

Recently, the amount of the insertion incentive increased. According to the Government Emergency Ordinance no. 26/2021. This measure was adopted in order to stimulate the return to work of parents on parental leave. Parents on parental leave receive an insertion incentive increased to 1.500 lei (fixed value that does not change with the RSI) if they return to work before the child reaches the age of 6 months, or 1 year, in the case of a disabled child. The amount is granted until the child reaches the age of 2 years old (3 years old in the case of a child with disabilities). The insertion incentive of 650 lei (fixed value that does not change with the RSI) is paid to persons receiving taxable earnings after the child reaches the age of 6 months (1 year for a child with disabilities) until the child reaches the age of 3 years (4 years in in the case of a child with a disability).

In cases when the persons receive the monthly indemnity and ask for the incentive insertion amount, then the monthly indemnity for maternal/parental leave is suspended.

Leave and allowance for the care of a sick child

Insured persons are entitled to leave for the care of a sick child up to 7 years of age (18 years of age for disabled children). For children with serious illnesses, the insured person is entitled to take a leave for the care of a sick child up to 18 years of age.

Only one of the parents benefits from the allowance for the care of the sick child. Those have adopted a child, have been appointed as guardian, or have been entrusted for adoption can claim the leave and allowance for the care of a sick child.

The duration of the allowance corresponds to the number of calendar days related to the duration of the medical leave established by the physician. The gross monthly amount of the allowance for this type of medical leave is 100% of the established calculation base and is fully borne from the budget of the Single National Health Insurance Fund.

Maternity risk leave and allowance

The maternal risk indemnity received during the maternal risk leave is fully paid from the budget of the Single National Health Insurance Fund.

Leave and maternity risk allowance are granted without the condition of a contribution period. The amount of the maternal risk allowance is 75% of the established calculation basis.

A.6 Heating benefits

Law no. 226/2021 provides new social protection measures for vulnerable energy consumers (“*Heating benefits*”). The financial support consist of four measures: (1) House heating support, (2) Energy consumption support; (3) Support for the purchase, within a dwelling, of energy-efficient equipment; (4) Aids for the purchase of products and services.³³ This section describes the House heating support in details and provides details on the other three measures.

A.6.1 House heating support (*Ajutoare pentru încălzirea locuiței*)

Eligibility conditions

All families with an eating system can claim the house heating support. The main eligibility requirement is to have an income below a certain level (section 3.2.4).

Benefit amounts

Benefit amounts depend on the household income (table below) and the type of heating system. Amounts are calculated as a percentage compensation applied to a reference value, which is differentiated according to the type of heating system (below). The percentage compensation is 100% for the beneficiaries with the lowest incomes and at least 10% for those whose incomes are at the maximum limit. See Section 3.2.4 for the exact definition of the reference income.

Monthly income levels (lei)	Amount
0 - 200	100% of the reference value, but no more than the consumption and the invoice value
200,1 - 320	90%
320,1 - 440	80%
440,1 - 560	70%
560,1 - 680	60%
680,1 - 920	50%
920,1 – 1.040	40%
1.040,1 – 1.160	30%
1.160,1 – 1.280	20%
1.280,1 – 1.386 (families) / 2.053 (single persons)	10%

The reference values to which the percentage compensations apply depend on the type of heating system:

- Centralized heating: the reference value is established on a monthly basis taking into account the average consumption of the population and the local price of the thermal energy. Annex 1 of law no. 226/2021 includes the average monthly consumption for heating in centralized systems by areas (cold, temperate and warm) and type of house.
- Heating with natural gas: 250 lei/month;
- Heating with electricity: 500 lei/month;
- Heating with solid or liquid fuels: 320 lei/month.

³³ In 2021, the government enacted also other non-financial measures for vulnerable energy consumers, which consist of facilities for accessing and connecting to available energy sources necessary to ensure minimum energy needs. This includes a ban on disconnection from energy sources for categories of vulnerable consumers, as well as transparent and accessible information to the population regarding the energy sources, costs and procedures for access to them, according to the legislation in force

Energy suppliers deduct the amounts of the heating aid from the invoice certifying the value of the monthly consumption. The aid cannot be higher than the value of the invoiced consumption.

According to a statistical report elaborated by National Institute of Statistics in 2009, the Heating with solid or liquid fuels (especially wood) is the most common heating source in Romania.³⁴

Benefit duration

The House Heating Support is paid with a monthly frequency, during the cold season (1st November – 31st March) at the beginning of the winter season, for a total of 5 months. In case of heating with solid or liquid fuels, the payment is made as a one-time payment, for the entire period, directly to the beneficiaries.

Means test

The total “net” monthly income per person of the family (i.e. the total income of the family divided by the number of family members), or the net monthly income of the single person. “Net” means that income tax payments and social security contributions are subtracted from the total gross incomes. The reference income includes also the amount of the unemployment indemnity (Section 2.1). Excluded income components are:

- Guaranteed minimum income (Section 3.1)
- The monthly state allowance for children (Section 4.1),
- The allowance for family support (Section 4.2),
- The monthly complementary budget and social indemnities for persons with disabilities,
- All types of scholarships and educational incentive (including tickets for kindergarten),
- Income earned from occasional activities of day labourers, and some other financial support granted as compensations in exceptional circumstances.

Assets of the family are also considered. The list of assets leading to the exclusion of the right is in the Annex of the GD no. 50/2011.

Tax treatment

The benefit is not included in the income tax base (Section 8.1).

Interaction with other components of the tax-benefit system

The benefit can be received together in any other benefit. The amount is *not* included in the income tests of the following benefits: social assistance (Section 3.1), Monthly state allowance for children (Section 4.1), and the Allowance for family support (Section 4.2).

A.6.2 Energy consumption support

This support aims at covering part of the household's energy consumption throughout the year. This benefit can be combined with the House heating support as well as the Support for the purchase, within a dwelling, of energy-efficient equipment (described below). The average monthly net income up to which the energy supplement is granted

³⁴ https://insse.ro/cms/files/publicatii/CENG_publicatie_tabele.pdf (pages 17-20).

is 1386 lei per person for a family, and 2053 lei for a single person. Amounts are as follows:

- 10 lei / month for thermal energy consumption (centralized heating);
- 10 lei / month for natural gas consumption;
- 30 lei / month for electricity consumption;
- 20 lei / month for the consumption of solid or liquid fuels;

Exceptionally, for those who use *only* electricity as a source of heating, the support is 70 lei /month.

A.6.3 Support for the purchase, within a dwelling, of energy-efficient equipment

Necessary for lighting, cooling, heating and hot water supply in the dwelling, for the replacement of technically and morally obsolete household appliances with energy - efficient household appliances, as well as for the use of energy - intensive means of communication;

A.6.4 Aids for the purchase of products and services

Support that aims to increase the energy performance of buildings, or for connection to energy sources.

A.7 Sickness Benefit (Prestații de boală)

Entitlement and eligibility conditions

In order to benefit from leave and social health insurance benefits, the insured persons must cumulatively meet the following conditions:

- a) to fulfill the minimum contribution period provided by the Government Emergency Ordinance no. 158/2005;
- b) to present the certificate from the payer of indemnities showing the number of days of temporary incapacity for work in the last 12/24 months, except for medical-surgical emergencies, of certain types of burns, including for the recovery period, of quarantine, of group A infectious diseases, in the case of infectious diseases for which the isolation measure is required, as well as in the situation of issuing medical leave certificates granted for the same episode of illness by the attending physician which has the obligation to draw up the plan for monitoring the evolution of the disease.

In order to prevent illness, the insured persons have the right to leave and indemnity for quarantine, without fulfilling the condition regarding the insurance period.

Insured persons for whom the quarantine measure has been established benefit from quarantine leave and allowances regardless of where they are established.

Benefit amounts

The leave and the indemnity for quarantine are granted to the insured persons for whom the quarantine measure was instituted according to art. 7 of Law no. 136/2020, republished, with subsequent amendments and completions.

For employees, the basis for calculating allowances is determined as the average of gross monthly income in the last 6 months of the 12 months from which the contribution period is constituted, up to the limit of 12 minimum gross salaries per month, based on which insurance contribution for work is calculated.

For the unemployed, the calculation basis of the indemnities is determined as the average of the monthly gross income representing unemployment indemnity, from the

last 6 months of the 12 months from which the contribution period is constituted, up to the limit of 12 minimum gross salaries per month.

For individuals, the basis for calculating benefits is determined as the average of insured income, entered in the insurance contract, from the last 6 months of the 12 months from which the contribution period is established, up to the limit of 12 minimum gross wages per month.

• Leave and allowance for temporary incapacity for work

Temporary incapacity benefits are paid as follows:

A. by the employer, from the first day to the 5th day of temporary incapacity for work, except for the indemnities related to the medical leave certificates granted to the insured persons for whom the isolation measure was instituted, according to Law no. 136/2020;

B. from the budget of the Single National Health Insurance Fund, starting with:

b.1) the day following those borne by the employer, according to letter A, and until the date of termination of the temporary incapacity for work of the insured or his retirement;

b.2) the first day of temporary incapacity for work, in the case of insured persons earning income in Romania, from employers of states not covered by the applicable European legislation in the field of social security, as well as agreements on social security systems to which Romania it is a party, in the case of unemployed persons, as well as of natural persons

b.3) the first day of temporary incapacity for work, in the case of insured persons for whom the isolation measure was instituted, according to Law no. 136/2020.

The gross monthly amount of the allowance for temporary incapacity for work is determined by applying the percentage of 75% on the established calculation basis.

The gross monthly amount of the indemnity for temporary incapacity for work, determined by tuberculosis, AIDS, neoplasms, as well as by a group A infectious disease and medical-surgical emergencies, is 100% of the established calculation base.

• Leave and allowances for the prevention of illness and recovery of work capacity

In order to prevent illness and recover work capacity, the insured may benefit from: allowance for reducing working time; leave and allowance for quarantine and spa treatment, in accordance with the individual recovery program.

The indemnity for reducing the working time by a quarter of the normal duration is granted to the employed insured persons, who, due to health reasons, can no longer achieve the normal working hours.

The gross monthly amount of the allowance for the reduction of working time is equal to the difference between the established calculation base and the gross salary income achieved by the insured by reducing the normal working time, without exceeding 25% of the calculation base.

The leave and the indemnity for quarantine are granted to the insured persons who are in quarantine or established isolation.

The gross monthly amount of the quarantine or isolation allowance represents 100% of the established calculation base and is fully supported from the budget of the Single National Health Insurance Fund.

• Leave and allowance for insured persons who care for an adult oncological patient

The insured persons have the right to medical leaves and allowance for the care of patients with oncological conditions. The insured person who, with the patient's

consent, accompanies him to surgical interventions and treatments prescribed by the specialist doctor, benefits from leave and allowance for the care of the patient with oncological diseases over the age of 18. The patient with oncological diseases can express his consent only for one person for each surgical intervention, respectively treatment.

The gross monthly amount of the indemnity for the care of the patient with oncological conditions represents 85% of the established calculation base and is supported from the budget of the Single National Health Insurance Fund.

Duration

The duration of leave and allowance for the care of a patient with oncological conditions is no more than 45 days in a year for one patient.

The duration of the indemnity for temporary incapacity for work is maximum 183 days during one year, calculated from the first day of illness.

Starting with the 91st day, the leave can be extended by the specialist doctor up to 183 days, with the approval of the social security expert doctor.

The duration of the granting of leave and allowance for temporary incapacity for work is longer in the case of special illnesses and is differentiated as follows:

- a) one year, within the last 2 years, for some cardiovascular diseases, established by the National Health Insurance House, with the consent of the Ministry of Health;
- b) one year and 6 months, within the last 2 years, for AIDS and neoplasms, depending on the stage of disease;
- c) for the entire treatment period, until healing, for tuberculosis
- d) throughout the treatment period, until healing, for some types of burns, including the recovery period.

The types of burns for which the duration of the leave and the allowance for temporary incapacity for work is provided above are the burns of degree IIB - III located on the face, scalp, hands, feet, genitals, perineum, large joints and / or burns. grade III with other locations, but affecting at least 10% of the body surface ".

In the case of insured persons, leave and indemnities for temporary incapacity for work caused by infectious diseases for which the isolation measure is instituted, according to the law, are granted until the date of confirmation of the person as cured based on clinical and paraclinical examinations or doctor's recommendation that the risk of transmitting the disease no longer exists.

Means test

No means test.

Tax treatment

The benefit is taxed

Interactions with other components of the tax-benefit system

Benefit amounts are considered as earnings and enters the income test of means tested benefits.

Combining benefit receipt and employment/starting a new job

Benefit recipients cannot work while receiving this benefit.

A.8 Mandatory employer sick pay

The rules are the same as the sickness benefit. The main difference is the duration of benefit entitlements:

The employer has the obligation to pay the contribution for each period of sick leave, from the first day to the 5th day of temporary incapacity for work, except for the indemnities related to the medical leave certificates granted to the insured persons for whom the isolation measure was instituted, according to Law no. 136/2020. Duration of the benefit: the first 5 days for each period of sick leave, without waiting periods.