

Tax & Legal Alert

ROMANIA 1 April 2009

Social security measures

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Government Emergency Ordinance nr. 25/2009 (the "Ordinance"), establishing social security measures, has been published.

The Ordinance stipulates a three-month extension of the period during which the unemployment allowance will be paid. People who already receive the unemployment allowance are also to benefit from this extension. The provisions apply until 31 December 2009.

During temporary activity interruptions, both employer and employees are exempted from social security contributions, for up to three months. The employment status is preserved throughout this period.

The exempted social contributions are:

- social security contribution
- unemployment fund contribution
- work accidents and occupational disease insurance contribution
- salaries payment guarantee fund contribution
- health fund contribution
- holiday and health insurance contribution.

Payments made to employees during this period (at a minimum of 75% of base salary adequate for the job) are not to be treated as wage income and are, therefore, non-taxable in 2009 for a period of three months.

The Ordinance also regulates sectoral committees as legal entities of public utilities intended to facilitate social dialogue. A sectoral committee has at least two organisations in its structure – an employer and an employee union, both representative for an activity sector. It also includes ministry and

regulating authority assignees and, optionally, professional association representatives. These organisations develop national strategies regarding occupational formation, certificated professional qualifications and offer consultancy in the field of employment and occupational formation.

Sectoral committee operational expenses are funded from the state budget and from revenues obtained by providing certification services or services delivered through other programmes.

[Source: Official Gazette no. 186 dated 25 March 2009]

For more information, please contact Peter de Ruiter, Mihaela Mitroi, Ionut Simion and Daniel Anghel.