

Tax & Legal Alert

ROMANIA 11 October 2007

Social Security Amendments and Clarifications

Emergency Ordinance no. 91/2007 amends some provisions regarding the base calculation for social security contributions

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The significant amendments in the Emergency Ordinance are:

- 1) The monthly base for calculating social security contributions due by employers is uncapped.

It was previously capped at five times the national gross average salary multiplied by the average number of employees.

The social security due by employees was uncapped from 1 August 2007 onwards.

- 2) The monthly base for calculating the individual unemployment contribution of 1% is extended to the total monthly gross income (including bonuses, overtime, allowances). It was previously just the base salary (i.e. the employment agreement salary).

These changes are applicable from 1 January 2008.

For more information, please contact Peter de Ruiters, Mihaela Mitroi or Ionut Simion