



i-payee



**Guide to Contracting
in Romania**



COUNTRY HIGHLIGHTS (2017)

Romania – Individual

Currency	Romanian Leu (RON)
Tax Year	Starts 1 January Ends 31 December
Tax Rates	Flat Tax Rate at 16%
Employee Social Security	Social Security 10.50 (includes 5.1% into a Mandatory Private Pension) Health Fund 5.50% Unemployment Fund 0.50%
Employers Social Security	Social Security 15.80% Health Fund 5.20% Unemployment Fund 0.50% Contribution to Insurance against work accidents and disease. 0.15% to 0.85% Medical Leave Contribution 0.85% Contribution to Fund for Guaranteed Salary 0.25% A disabled contribution of 50% of the national minimum salary per workplace not occupied by a disabled person based at 4% of the total number of employees in the company).

Tax Residency

An individual becomes Tax Resident in Romania if:

- if they have spent more than 183 days in Romania; or
- their centre of vital interests is considered to be in Romania.

An individual who is Tax Resident is taxable on Worldwide Income except if exempt under a double taxation treaty.

An individual who is not Tax Resident is taxable in Romania on Income earned or generated there.

Social Security

Social Security is payable in Romania unless the individual is paying Social Security in the country in which their employer is based and they are habitually resident. A certificate of continuing liability to Social Security is required to exempt the individual from Romanian Social Security.

Right to Work

EU and EEA Nationals have an unfettered right to work in Romania without the need to hold a VISA or Work Permit.

Other Nationals, generally, need to have the relevant approval to work in Romania work permits issued following the presentation of specific documents to the Romanian Immigration Office.

I-PAYE Service

I-PAYE is registered as an employer in Romania and all individuals are engaged on contracts of employment.

All income is reported to the Romanian Tax Authorities, with deduction for expenses allowed under Romanian Law. Any expenses that are reimbursed that are not allowed or are above published rates will be subject to Romanian Taxation and Social Security at the appropriate rates.

I-PAYE will provide UK Nationals that habitually reside in the UK. I-PAYE will not normally seek to employ Romanian or other European Nationals to assignments based in Romania.

As an employee of I-PAYE then you simply would register as working in Romania and the rest is down to us.

Frequently Asked Questions

Q. I currently work on a project in the United Kingdom through a PSC and have an assignment in Romania, is it true that I can operate the same model in Romania?

A. Under Romania Domestic Law a UK PSC may be considered as having a Permanent Establishment in Romania, which means that all income derived by the business will be subject to xxxxxx Taxation. No matter the taxation position of the company any employment income paid in respect of duties performed in Romania will be subject to Romanian Taxation and Social Security from day 1.

In addition any dividends payable to shareholders will be subject to Romanian Dividend Taxation either at resident or non-resident rates.

Q. What happens if I choose to ignore the rules?

A. Romania as with all European Countries may seek to apply the Mutual Assistance Recovery Directive (MARD) to request the UK and other Tax Authorities to collect any unpaid moneys due.

From 1 October 2017 new legislation has been enacted in the United Kingdom that means that any entity engaging in or with business that evades taxation in a Foreign Country will be subject to an unlimited fine. Failing to report income to the Romanian Authorities is Tax Evasion, not avoidance, and under Romanian Law would generally lead to a criminal conviction.

Q. I want to do it correctly where should I seek advice?

A. Unfortunately, the Romanian Tax Office only provide advice in Romanian and many of the general advice given on other websites is out of date. Specialist advice should be sought before going on assignment.

More information is available from I-PAYE on 0151 449 3500



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