

Romania: Tax Changes to be implemented January 2018

On 10th November, the Romanian Government announced the changes to be made in relation to income tax and social security contributions.

Currently the social security contributions rate of 39.25% of the gross wage is paid by both the employer and the employee but from January 1st 2018, the government will implement the transfers of almost all social and health security obligations from the employer to the employee. As a result of this change the government has reduced the rate on gross salary from 39.25% to 37.25%.

From January the employer will pay a work insurance contribution of 2.25% instead of the current 23-24% in contributions on gross salary with the employee contributing a rate of 35% of their gross salary instead of their current 15-16 %.

The government also announced the reduction of the current income tax rate of 16% to 10% starting January 1st 2018.

Breakdown of the new social and health security contributions starting 1st January 2018

Paid only by the Employee

Pension Contribution	25%
Health Insurance	10%

Paid only by the Employer

Work Insurance Contribution	2.25%
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