

Fiscal and Economic News as of January 1st, 2017 in Romania

In this article, we aim to briefly present the main changes implemented in Romania as of January 1st, 2017, in the fiscal and economic area.

The legislative updates are a consequence of the political changes following the latest elections.

Despite several governmental and institutional changes, Romania has continued to generate economic growth, the country's national priorities being anchored in the European Union framework.

Therefore, the Government implemented the following legislation in the fiscal and economic area:

1. Government Decision no. 1 of January 6, 2017 to establish the minimum gross salary payment ("**G.D. no. 1/2017**") was published in Official Gazette, Part 1, no. 15 of January 6, 2017.

G.D. no. 1/2017 provides that as of 1 February 2017, the minimum gross salary free of any bonuses and other supplements is set at RON 1,450 per month.

2. Government Emergency Ordinance no. 2/2017 regarding certain fiscal measures as well as amending and supplementing certain acts ("**OUG nr. 2/2017** ") was published in Official Gazette, Part 1, no. 16 of January 6, 2017.

The main changes are the following:

According to art. 1 of G.E.O. 2/2017 as of February 1, 2017, the gross basic salaries / indemnities of public the staff is increased by 20% compared to the given month January 2017.

As of February 1, 2017 the amount of bonuses, indemnties are increased by the same percentage of 20%.

Moreover, as of July 1, 2017 the pension point value is increased by 9% and will amount to RON 1,000.

As of March 1, 2017 the social indemnity for retired individuals is RON 520.

Students in higher education institutions will benefit from free railway transportation;

3. Government Emergency Ordinance no. 3 of January 6, 2017 amending and supplementing Law no. 227/2015 on the Fiscal Code ("**G.E.O. no. 3/2017**") was published in Official Gazette, Part 1, no. 16 of January 6, 2017.

The main changes of the GEO no. 3/2017 are the following:

Profit Income:

Taxpayers engaged exclusively in innovation, research and development will be exempted from tax payment in the first 10 years of activity.

Small companies income tax:

The limit when a legal person is considered small companies is changed from 100.000 Euros to 500,000 Euros.

Tax rates will be 1% for small companies with one or more employees and 3% for small companies without employees;

Income tax

Medical services that are provided as a subscription, that are paid by the employees, shall be deducted from the taxable amount salary, limited to 400 euro per year.

A flat rate of 3% was determined for the tax on the incomes resulting from selling personal property. The non taxable threshold value is RON 450,000;

4. Law no. 2 as of January 12, 2017 amending and supplementing Law no. 227/2015 regarding the Fiscal Code and amending Law no. 95/2006 regarding the healthcare reform („**Law no. 2/2016**”)”) was published in the Official Gazette, Part 1, no. 32 as of January 12, 2017, and entered into force as on February 1, 2017.

As of 1 February 2017, only their retired indemnities over RON 2,000 will be subject to tax. The tax percentage is 16%;

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