

# Tax & Legal Weekly Alert

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### **Clarifications and amendments brought to the criteria and conditions for granting the income tax exemption to the individuals performing research-development („R&D”) and innovation activities**

The procedure for granting the income tax exemption to the individuals performing R&D and innovation activities was clarified and modified by the Order no. 2.326/2.855/2017.

### **The payment of the social security contributions at the level of the minimum national salary for the employees with part-time employment contracts – procedure**

The procedure for application of the provisions on social security and health fund contributions for the employees with part-time employment contracts was approved by the Order no.2.343/2017 of the Minister of Public Finance.

### **Deloitte Events: VAT split payment**

The VAT split payment mechanism was approved by the Government. The system will be mandatory starting 1st of January 2018 and optional starting 1st of October 2017. Romania will be the first EU member state to apply the mechanism in a generalized and mandatory manner, applicable for all companies registered for VAT purposes. Penalties for not applying the system are severe.

For more information and registration, please click the following links:

[Timisoara, 26 September](#) | [Cluj-Napoca, 27 September](#)



## Clarifications and amendments brought to the criteria and conditions for granting the income tax exemption to the individuals performing R&D and innovation activities

The procedure for granting the income tax exemption to the individuals performing R&D and innovation activities was clarified and modified by the Order no. 2.326/2.855/2017 as follows:

- The Order no. 4.947/899/2.018/1.840/906/2016 regarding the classification of applied R&D and / or technological development activity was withdrawn.
- The conditions that employees have to cumulatively fulfill in order to qualify for the income tax exemption (currently included in the Law no. 227/2015 regarding the Tax Code), as well as the description of the R&D activities were removed from the Order.
- The number of mandatory justifying documents needed in order to sustain the qualification for the income tax exemption was reduced.

## The payment of the social security contributions at the level of the minimum national salary for the employees with part-time employment contracts – procedure

The procedure was approved by the Order no.2.343/2017 and it provides the followings:

- is applicable to employees who derive salary income based on two or more employment contracts and the monthly taxable base is at least equal to the level of the minimum gross salary per country;
- provides that the employees in question have the obligation to submit on a monthly basis to their employers a sworn statement (until the 5th of the following month) if they derive a total gross income at least equal to the national minimum gross salary and if the income derived from the respective employer is less than the national minimum gross salary;
- in order to prepare the sworn statement, each employer has to issue a document to the employee, upon request, reflecting the level of income derived;
- if the employee does not submit the sworn statement above mentioned, the employer determines the computation base for the pension and health fund contributions due by reference to the minimum national gross salary established by law associated with the number of days worked;
- the employer has the obligation to register and keep records of these sworn statements.

For further questions, please contact us.



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