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New tax facilities to encourage construction sector

On 29 December 2018, the controversial Emergency Government Ordinance no. 114/2018 entered into force providing, inter alia, several tax facilities (which would apply starting with 2019) to encourage the strengthening and development of the construction sector in Romania, as summarized below:

- employees working for employers which carry out activities in the construction sector are exempt from paying salary income tax until 31 December 2028, if the gross salary is between EUR 640 and EUR 6,400 and at least 80% of the employer's turnover derives from construction activity;
- the contribution to pension social security for employees in the construction sector is reduced from 25% to 21.25% until 31 December 2028 and these employees are exempt from paying contribution to private pension funds, if the gross salary is between EUR 640 and EUR 6,400 and at least 80% of the employer's turnover derives from construction activity;
- employees in the construction sector are exempt from paying contribution to health social security until 31 December 2028, if the gross salary is between EUR 640 and EUR 6,400 and at least 80% of the employer's turnover derives from construction activity;
- the minimum gross salary in construction is RON 3,000 (approx. EUR 640).

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