

**LEGAL AND TAX ALERT, 29 November 2018**

**THE APPROVAL OF THE CALCULATION SCHEME OF THE NATIONAL HEALTH INSURANCE CONTRIBUTION FOR EMPLOYEES EXEMPT FROM THE PAYMENT OF INCOME TAX**

The Law<sup>1</sup> on the approval of the Government Emergency Ordinance No. 3/2018 regarding certain fiscal-budgetary measures (“GEO No. 3/2018”) shall enter into force as of 1 December 2018.

To recall, GEO No. 3/2018 has introduced a calculation scheme for the national health insurance contribution, with temporary applicability, for employees exempt from the payment of income tax, among which the eligible employees from the IT sector. The purpose of this scheme was to limit the negative effects of the transfer of the social contributions from the employers to the employees<sup>2</sup>, respectively to avoid for such transfer to lead to the decrease of the net incomes of these persons.

The approval of GEO No. 3/2018 through Law leads to the consolidation of the abovementioned scheme, even though such remains applicable for only two more months (the scheme is strictly applicable to the salary and salary assimilated incomes obtained in 2018).

No extension of the applicability period was provided through the Law on the approval of GEO No. 3/2018, which means that, in the absence of adopting other measures, the employers might have to rethink their employment and/or remuneration policies starting with the incomes for January 2019, for this category of employees.

Should you require any further information, please feel free to contact us:

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<sup>1</sup> Law No. 276/2018 on the approval of Government Emergency Ordinance No. 3/2018 regarding certain fiscal-budgetary measures, published within the Official Gazette of Romania, Part I, No. 1006/28.11.2018.

<sup>2</sup> Approved through Government Emergency Ordinance No. 79/2017 on the amendment and supplementation of Law No. 227/2015 regarding the Fiscal Code.

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