

## TAX RELIEFS FOR ACTIVITY IN THE FIELD OF CONSTRUCTION

LEGAL AND TAX ALERT, 8 January 2019



Government Emergency Ordinance no. 114/2018 regarding the establishment of measures on public investments and specific fiscal-budgetary measures, the amendment and completion of normative acts and prorogation of certain deadlines ("GEO no. 114/2018") recently published within the Official Gazette[1] provides certain tax reliefs in what concerns the activity performed in the field of construction.

Therefore, the following categories of natural persons are exempt from the payment of income tax for the salary and salary assimilated incomes provided by law[2], between January 1st 2019 – December 31st 2028 inclusively, if they meet the following conditions:

a) The employers perform an activity in the field of construction[3];

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[1] Official Gazette no. 1116 dated December 29 2018;

[2] Art. 76 par. (1) - (3) of Law no. 227/2015 - Fiscal Code;

[3] These activities refer to:

(i) Construction activity, as defined by NACE code 41.42.43 - section F - Constructions;

(ii) The fields of construction material production, as defined by the following NACE codes:

2312 - Processing and cutting flat glass;

2331 - Manufacturing of ceramic plates and dales;

2332 - Manufacturing of bricks, tiles and other construction products of clay;

2361 - Manufacturing concrete products for construction;

2362 - Manufacturing plaster products for construction;

2363 - Manufacturing concrete;

2364 - Manufacturing mortar;

2369 - Manufacturing other concrete, cement and plaster products;

2370 - Cutting, shaping and finishing stone;

2223 - Manufacturing of plastic materials for construction;

1623 - Manufacturing of other elements of carpentry and woodwork for construction;

2512 - Manufacturing of metal doors and windows;

2511 - Metal constructions making and manufacturing of components for metal structures;

0811 - Ornamental and construction stone extraction, calcareous stone extraction, extraction of gypsum, chalk and slate;

0812 - Gravel and sand extraction;

711 - Activities of architecture, engineering and technical consultancy services;

- b) The employers gain at least 80% of the turnover calculated by reference to the total turnover (cumulatively as of the beginning of the year, including the month when the exemption is applied) from the activities mentioned at the letter a);
- c) The gross salary and salary assimilated incomes, earned by natural persons the exemption is referred to, range from RON 3,000 to RON 30,000 monthly and are earned from individual employment agreements;
- d) The exemption is administered under the instructions set out according to the law.

Moreover, the statement regarding payment obligations of social contributions, income tax and the register of insured persons represents an affidavit in what concerns the fulfilment of the conditions for the exemption.[4]

Besides, a series of other tax reliefs for the employers and employees performing the activity under the abovementioned conditions are provided, such as the exemption from the payment of social health insurance contributions in what concerns these employees, the payment of social insurance contribution and work insurance contribution in a lower amount.

The above-mentioned provisions are applicable starting with the income for the month of January.

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[4] Art. 60 point 5 of Law no. 227/2015 – Fiscal Code.



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