

THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
Romania 2024



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Description of policy rules for 2024

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Preface

This report provides a detailed description of the tax and benefit rules in Romania as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables accurate international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are currently outside the scope of the **TaxBEN** model.

TaxBEN is a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD benefits and wages data portal](#)



[Network of national experts](#)


Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

Reading notes and further details on the content of this report

1. **Reference date** for the policy rules described in this report: **January 1, 2024**.
2. The symbol  in the text provides a link to the glossary of technical terms.
3. Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
4. TaxBEN variables are indicated in the text using the format **[variable name]**.

The OECD tax-benefit model for Romania: Policy rules in 2024

1. Reference wages

- Average wage [**AW**]: The average full-time annual gross wages that enters the OECD tax-benefit calculator (TaxBEN).¹ *Provisional* estimates of the Average Wage for the current policy year (2024) are released in February of the following year (2025). *Final* estimates are released in September of the next year (2025).²

The Average Wage value that enters the TaxBEN calculations for 2024 when the *provisional* and/or the *final* estimate are not yet available is calculated using the latest available provisional/final estimate, uprated with the latest available EU official forecast of the GDP component ‘Compensation of employees / head’. Please refer to the latest TaxBEN wage file ([here](#)) for the Average Wage values that enter the latest version of the TaxBEN calculations for Romania.

The Table below provides information on recent Average Wage values.

	State Budget Law	Provisional estimates	Final estimates
2021	64560	66120	62952
2022	73140	75228	71004
2023	81468	87072	82524
2024	90804	[February 2025]	[September 2025]


- Minimum wage [**MIN**]: the annual full-time minimum gross wage that enters the OECD tax-benefit model (TaxBEN). As of the 1st of January 2024, the reference annual minimum wage is 39600 Lei. For the employees working in the construction sector (Section F of NACE Rev.2)³ the annual minimum wage value is 54984 Lei. For employees working in agriculture and manufacture of food products⁴, the annual minimum wage value is 41232.

OECD note: the value that enters the TaxBEN model is the one that does not apply to a specific economic sector.

2. Unemployment benefits

2.1. Unemployment Indemnity (*Indemnizatia de somaj*)

Variable names: [**UL_p**; **UL_s**]

The Unemployment Indemnity is an unemployment insurance benefit. It is contributory, not means-tested and not taxable. 

The rights on “Unemployment insurance” are guaranteed and stipulated by the Law no.76/2002 on the Unemployment insurance system and stimulation of employment,

¹ Average Wages are calculated in line with the methodology developed by the [Centre for Tax Policy and Administration](#). For more information on methodology, see the latest [Taxing Wages publication](#).

² The *provisional* estimate of the average gross earnings is calculated from the Monthly Survey on Wages and Salaries (enterprises with 4+ employees). *Final* Average gross earnings estimates are calculated from the Labour Cost Survey (all class sizes). The provisional and final data on the average gross earnings refers to the economic sections B to N NACE Rev. 22, respectively to full-time equivalent employees.

³ Plus some related economic activities (NACE Rev.2 classes): 2312; 2331; 2332; 2361; 2362; 2363; 2364; 2369; 2370; 2223; 1623; 2512; 2511; 0811; 0812; 2351; 2352; 2399; 7111; 7112.

⁴ NACE Rev.2 divisions: 01 ,011, 012, 013,014 ,015, 016 ,10

with subsequent amendments. The legal institution related to the subject is the National Agency for Employment.

2.1.1. Eligibility conditions ⁱ

Contribution/employment history: The unemployed should have a minimum period of contribution of 12 months in the last 24 months before registration as jobseeker.

Behavioural requirements and related eligibility conditions ⁱ:⁵

1. The person is registered at one of the territorial National Agencies for Employment of the jurisdiction they reside.
1. Appears on a monthly basis, on a scheduling basis or whenever requested, at the employment agency to which is registered, in order to receive support with a view to being employed.
2. Communicates within 3 days to the employment agency any changes in the conditions that led to granting of the unemployment benefits.
3. Participates in the employment stimulation and vocational training services provided by the employment agency.
4. Actively seeks a job.
5. Notifies in writing the employment agency of the occurrence of the temporary incapacity to work and the personal identification data, respectively the name of the prescribing physician and the unit in which he/she operates, within 24 hours from the date of granting the medical leave. If the temporary incapacity to work occurred on non-working days or if the 24-hour term is fulfilled on non-working days, the person receiving unemployment benefit has the obligation to notify the employment agency at which are registered on the first business day.

OECD note: the TaxBEN calculations assume that the persons claiming the unemployment indemnity comply with the obligations above.

Unemployment benefit claimants must fulfil also the following conditions:⁶

1. The labour contract /agreement ceased due to reasons not attributable to them; they have at least 16 years old, do not have the standard retirement age and do not fulfil the conditions for retirement.
1. They signed an unemployment insurance contract.
2. They do not have a job and have no income or make an income from authorized activities that is lower than the value of the Reference Social Indicator (Section 3.1 for details).
3. Their physical and mental capabilities make them suitable for work.

OECD note: the TaxBEN calculations assume that the persons claiming the unemployment indemnity comply with the obligations above.

2.1.2. Benefit amount

Calculation base: Basic amount plus rate applied to previous earnings.

⁵ Details on behavioural requirements and sanction provisions for unemployment benefits are available in regularly updated [companion OECD reports](#).

⁶ Law no.76/2002 with subsequent amendments includes, among the others, the following conditions: non-Romanian jobseekers have obtained the refugee status or another form of international protection or are in the procedure of solving the asylum application and have access to the labour market, according to law; are foreign citizens or stateless persons who have been employed or have earned income in Romania, or have the right to work on Romanian territory. Jobseekers could not find/obtain a job after repatriation or release from detention.

Benefit amount: for entitled jobseekers (section 2.1.1), the monthly amount of unemployment insurance is the sum of the following two components:⁷

1. The value of the reference social indicator (RSI – see Section 3.1).⁸
1. An amount that depends on the average gross basic salary earned by the jobseeker during the last 12 months of contributions, multiplied with a percentage the depends on the duration of previous contribution:
 - a 3% for the persons that contributed at least 3 years.
 - a 5% for the persons that contributed at least 5 years.
 - b 7% for the persons that contributed at least 10 years.
 - c 10% for the persons that contributed at least 20 years.

The “average gross basic salary earned by the jobseeker during the last 12 months of contribution” is different from the “average annual gross wage” described in Section 1. The main difference between the two average wages is that the “Average gross basic salary” does *not* include, among other things, holiday bonuses, overtime bonuses and recurring cash payments (e.g. the 13th and/or 14th month payment).

OECD note: because the OECD TaxBEN model uses as an input for the UI calculations (any fractions of) the Average annual gross Wage “AW” described in Section 1, e.g. 50%, 100%, or 150% of the AW (the relevant fraction is selected by model users), the UI calculations in the TaxBEN model “approximate” the “average gross basic salary” by applying a discount factor of 15% to the selected fractions of the AW. However, if the users select the statutory minimum wage as an input for the UI calculations (see Section 1), the 15% discount factor is not applied as the model does not use the AW variable for the UI calculations.

The estimated *annual average gross basic salary* earned by the jobseeker is about 0.85% from the average annual gross earnings (Section 1).

Frequency/periodicity of benefit payments: monthly.

2.1.3. *Benefit duration*

The recipients, whose working contracts ceased due to reasons not attributable to them, are entitled to unemployment benefits for a period between 6 and 12 months, in accordance with different periods of contributions:

- 6 months for the persons that contributed at least 1 year.
- 9 months for the persons that contributed at least 5 years.
- 12 months for the persons that contributed at least 10 years (Article 39 paragraph (1) Law no.76/2002).

The unemployment benefits are also provided to graduates of educational institutions for a period of 6 months and in a fixed monthly amount equal to 50% of the RSI.

2.1.4. *Means test*

The Unemployment benefit is not means-tested.

⁷ Legislative reference: Article 16, correlated with Article 5 point IV letter c) of Law no.76/2002, with subsequent amendments, plus Article 39 paragraph (2) of the Law no.76/2002.

⁸ Legislative reference: Law no. 273 of October 3, 2022, which amended art. 39 para. (2) of Law no. 76/2002.

2.1.5. Tax treatment and social security contributions

The benefit is not taxable. Re-routed social contributions.⁹

2.1.6. Interactions with other components of the tax-benefit system

According to Article 44, letter f), Article 45 letter f)-g) of Law no.76/2002, UI cannot be cumulated with the following benefits: invalidity pension (*pensie de invaliditate*), temporary work incapacity benefit (*indemnizatie pentru incapacitate temporara de munca*), maternity benefit (*indemnizatie pentru maternitate*), Child-Raising Benefit (*indemnizatie pentru cresterea copilului*).

Combining UI with the following benefits is permitted (under the terms of these benefit rules): Minimum Inclusion Income (Section 3), heating allowances (*ajutoare pentru încălzire*), state allowance for children (*alocația lunară de stat pentru copii*).

2.1.7. Combining benefit receipt and employment/starting a new job

When taking up work, 30% of the unemployment benefit is paid on a monthly basis until the end of the entitlement period (Art 72, paragraph 1). In line with the UI amount received out of work, also the amount received when taking up employment is not included in the income tax base (section 8.1.3)

If a jobseeker who takes up work becomes unemployed again, any contribution periods that gave right to the previous unemployment benefit entitlements is not taken into account when determining the new benefit entitlement. The accrual of contributions requirements restarts from zero when a jobseeker finds a new job.

2.1.8. Indexation

The RSI amount is adjusted automatically to the annual average inflation rate of the previous year. If the change is negative, the current RSI amount is kept. This automatic indexation leads to a change in the monthly levels of all the benefits that are calculated using the RSI as a reference, including the UI benefit.

2.2 Unemployment Assistance

OECD note: In many OECD countries, jobseekers who do not qualify for Unemployment Insurance (UI – Section 2.1), or whose entitlement to UI is low or has expired, can claim Unemployment Assistance (UA – this section) and/or Social Assistance benefits (SA – Section 3). UA and SA are similar but not identical programmes. While they are typically both means tested at the household level, they serve different purposes and reach different target groups. For instance, while the main purpose of UA is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible to the standard UI benefit, the purpose of SA programmes is to provide an acceptable standard of living for families unable to earn sufficient incomes from other sources. Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for UI. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and activation requirements *exist only for those who are capable of work*.

According to the definition above, Romania does not currently operate a national UA programme. Instead, financial support to jobseekers who have exhausted or are not eligible to the standard unemployment insurance programme is provided to through the social assistance programme described in Section 3.

⁹ No social security contributions are paid by the unemployed persons. The corresponding amounts for social security and health insurance are paid from the governmental consolidated Unemployment Budget through the National and Territorial Agencies for Employment in behalf of the unemployed persons (transfers between social protection schemes).

3. Social assistance and housing benefits

3.1. *Minimum Inclusion Income* (Schema privind venitul minim de incluziune)

Variable name: [SA]

3.1.1. *Eligibility conditions*

Minimum Inclusion Income (MII) is a social support that guarantees a certain standard of living if no other means of income can be obtained. The minimum inclusion income is granted as a national scheme and represents the financial support granted by the State for the purpose of ensuring the minimum standard of living for families and single persons in the situation of difficulty, as well as for preventing the risk of poverty among children and stimulating their participation in the education system.

Eligible persons:

1. Husband and wife, married under the terms of the law, who live together.
2. Husband and wife with their unmarried, dependent children up to 18 years old or up to 26 years old for those following a form of education, with registered domicile or joint residence in identity documents and who live together.
3. Unmarried man and woman who live and stay together, if this situation is confirmed by a social investigation.
4. Unmarried man and woman living together with their unmarried children, aged up to 18 years (or up to 26 years if they follow a form of education), if this situation is confirmed by social investigation.
5. The parent(s) who lives with his/her dependent unmarried children, over 18 years of age and have a certificate of a person with a severe or severe handicap/disability.
6. A person who over 18 who lives alone and is no longer dependent on their parents, as well as the person aged between 16 and 18, who lives and manages himself and has anticipated exercise capacity.
7. A person over 18 years of age who lives with their parents or with other single persons or families, and who obtains/does not obtain their own income from wages and/or other activities.
8. Others (outside the scope of the OECD tax-benefit model).¹⁰

Claimants who are out of work and are capable of work¹¹ are required to register with the employment service, engaging in the activities defined in the personal activation plan (e.g. attending educational or training courses), accepting any job offered by the

¹⁰ Other eligible persons include: The two spouses, in the case of de facto separated couples with different domiciles, if this situation is certified by social investigation. Persons aged at least 65, unmarried, divorced or widowed, who live in their home or residence or in State accommodations. Persons without a domicile or residence and without a home, but only during the period in which they are in the evidence of the local public social assistance services.

¹¹ According to article 13 paragraph (4) from Law no. 196/2016 on minimum inclusion income, with subsequent amendments, a person capable of work is (a) aged between 16 years and the standard retirement age, (b) not in a form of pre-university full-time education, (c) in good health (both physically and mentally) to work. The law identifies specific circumstances when a person who is capable of work is not obliged to register with the employment service: a) ensures the care of one or more children aged up to 7 years, in the event that, within the territorial area where person lives, there are no available services that provides supervision and education services during the day; b) ensures the care of one or more children aged up to 12 years, respectively 16 years in the case of children from a single-parent family, in the event that, within the territorial area where they live, there are no social services that provide supervision and education services during the day and/or afterschool services; c) ensures the care of one or more children up to the age of 18, if they are classified as having a serious or accentuated handicap/disability; d) ensures the care of one or more persons with disabilities/severe/severe disabilities or elderly persons who do not benefit from a caregiver at home; e) is in full-time education; f) participates in a professional training/reconversion program; g) is employed.

employment office.¹² Non taking up a job, training or education programme leads to ending of the benefit (the recipient can then reapply only after 12 months).

In exchange for the inclusion aid, one of the family members / single person who are capable of work must engage in a certain number of socially useful activities (administrated by the municipality). An exception to this rule is for families / single persons for which the social aid is up to LEI 50 / month. For them, the working hours are set every 3 months and undertaken in any of the months of the quarter.¹³

The obligation to perform the actions or local interest works mentioned above can be transferred to other persons in the family, with the consent of the municipality, if the person nominated to carry out the actions or local interest works is in temporary incapacity for work or have lost totally or partially his/her capacity to work.

3.1.2. Benefit amount

The MII has two components: the “Inclusion Aid” and the “Aid for families with children”. The Aid for families with children is granted in different amounts depending on the family type and the number of children in the family. The Aid for families with children is not a supplement of the Inclusion Aid, it is a component of MII (there is a unique claim for both Minimum Inclusion Income (MII) components). After claiming the MII, the evaluation of the adjusted net monthly income of the family is done based on the eligibility criteria established by law, and the family will be entitled to one of the two components or both. There is no possibility to claim only one MII component.

The income eligibility thresholds for the two components are:

- *Inclusion aid*: 346 Lei/month per equivalent adult (504 Lei per equivalent adult in case of a single person aged at least 65 years old).

- *Aid for families with children*: 879 Lei/month per equivalent adult.

The equivalence scale is calculated as follow: 1 for the 1st person, plus 0.5 for the subsequent persons (1 person = 1, 2 persons = 1.5, ..., 5 persons = 3, etc.).

Example for a married couple with two children aged 4 and 6 years.

- The MII equivalence scale for this family is $1+0.5+0.5+0.5 = 2.5$
- If *equivalised* net monthly income of this family (Section 3.1.4) is below 346 Lei/month, the family is eligible for both the *Inclusion aid* and the *Aid for families with children*.
- If the *equivalised* net monthly income of this family is between 346 Lei/month and 879 Lei/month, the family is eligible only for the *Aid for families with children*.

Note: the *equivalised* net monthly income is equal to the net monthly income described in Section 3.1.4 *divided by the MII equivalence scale*.

The amount of the *Inclusion aid* is calculated as the difference between the maximum amount of the *Inclusion aid* for the whole family / single person, and the net household

¹² Individualised activation plans, with an assessment of employability, are compulsory for all long-term unemployed. The territorial agencies for employment register the beneficiaries of the minimum inclusion income as persons looking for a job and elaborate the individual mediation plan, provided for in art. 60 of Law no. 76/2002, with subsequent amendments and additions.

¹³ The working hours shall be calculated in proportion to the amount of inclusion aid that the family or lone person benefits can provide, with an hourly rate corresponding to the minimum gross base salary guaranteed in payment, reported to the monthly average duration of working time. The number of working days, limited to a monthly norm of 21.25, is determined by dividing the calculated working hours to 8 hours / day. The fractions are round in plus. The working hours are allocated to one member of family entitled to the social aid who can work.

income (as defined in Section 3.1.4) in the month preceding the claim. The maximum amount of the *Inclusion aid* for the whole family / single person is equal to 346 Lei/month multiplied by the equivalence scale. The minimum amount of the Inclusion aid component is 50 lei per month.

The amount of the *Aid for families with children* depends on the level of equivalised net monthly income, the family type, and the number of children in the family. Differently from the *Inclusion aid*, the amount *Aid for families with children* does not decrease if the net monthly income increase (provided that the equalise net monthly income remains below the eligibility threshold).

Amounts of the Aid for families with children, LEI/month – 2024 values

	Couple with equivalised net monthly income up to 346 lei/month	Couple with equivalised net monthly income between 347 Lei and 879 Lei inclusive	Lone parent with equivalised net monthly income up to 346 lei/month	Lone parent with equivalised net monthly income between 347 Lei and 879 Lei inclusive
1 child	135	108	152	140
2 children	270	215	303	271
3 children	405	322	453	409
4 or more children	539	428	604	541

Example for a married couple with two children aged 4 and 6 years.

- The MII equivalence scale for this family is $1+0.5+0.5+0.5 = 2.5$
- Assume that the relevant net monthly income of this family is 600 lei/month (see section 3.1.4 for the calculation of the relevant net monthly income).
- The *equivalised* net monthly income of this family is $600/2.5 = 240$ lei/month, which is below the MII income eligibility threshold.
- The amount of *Inclusion aid* is $(346 - 240)*2.5 = 265$ lei/month.
- The amount of the *Aid for families with children* is 270 lei/month.
- The total MII amount for the selected family is $265 + 270$ Lei/month.

-
- Assume now that the *equivalised* net monthly income of this married couple with children is 500 lei/month (instead of 240 lei/month). In this case, the family would *not* be eligible for the *Inclusion aid* and will be entitled only for the *Aid for families with children*, in the amount of 215 lei.

3.1.3. Benefit duration

Indefinite, as long as the conditions for receipt are met.

Frequency/periodicity of benefit payments: monthly.

3.1.4. Means test 

The MII benefit is means tested.

The reference net monthly income includes all the income sources of the family members / single person that are earned/received in the month prior the claim of the MII benefit, net of any income tax payments and social security contributions.

Specifically, the reference income includes the “net monthly earnings”, i.e. the earnings from work of all the family members *after* the deduction of income tax liabilities (section 8.1) and employee social security contributions (section 7) due on the gross earnings. It also includes the amount of the Unemployment indemnity (Section 2.1) as

well as selected family allowances and other social benefits (most of them described in the Annex).¹⁴

If one or more family members earn income based on an individual work contract, service report or other legal form of employment, or the family members carry out independent or agricultural activities, 50% of these incomes, but not more than 500 Lei per family, are disregarded when determining the family's net monthly income. If, after the recalculation, the equivalised income of the family is above the thresholds established by law, the family is not eligible for the MII. This deduction applies for the assessment of benefit eligibility (including the first claim) and the calculation of amount paid to each family. The deduction does not have any pre-determined duration and does not depend on the duration of the employment contract (see also Section 3.1.7).

Excluded income components are:

- The monthly state allowance for children (Section 4.1),
- Amounts received as social benefits based on Law no. 448/2006 regarding the protection and promotion of the rights of persons with disabilities,
- All types of scholarships or other forms of financial support intended exclusively for supporting the education of pre-schoolers, pupils and students and educational incentive (including tickets for kindergarten),
- The sums received as a result of participation in professional training programs organized under the law, if they do not have the title of salary income,
- Sums occasionally received from individuals or legal entities, including emergency aid received or occasional amounts granted from the state or local budget,
- Heating benefits and the energy supplements (Annex),
- The monthly food allowance regarding the measures to prevent the spread of AIDS in Romania and to protect people infected with HIV,
- Income earned from *occasional* activities of day labourers as well as those obtained as a domestic provider.

Assets of the family are also evaluated. The evaluation is made to establish the eligibility for minimum inclusion income, not to calculate the amount of the aid. The lists of assets that leads to the *exclusion* of the minimum inclusion income is published as Annex 4 of the Government Decision no. 1154/2022. It includes the following items.

Immovable properties:

Buildings, other living spaces outside the home, as well as land located in urban area with an area of over 1,200 m² in the urban area and 2,500 m² in the rural area, outside the land surrounding the house and the related yard.

Movable properties (in working conditions):

- more than one vehicle older than 10 years, with the right to drive on public roads.
- motor vehicle with the right to drive on public roads less than 10 years old, except for those used and/or adapted for the transport of people with disabilities.
- sloops, motorboats, yachts or other types of boats, except for those necessary for transport, in the case of people who live in the area of the "Danube Delta" Biosphere Reserve.

¹⁴ The 'family allowances' mentioned in the text include, among the others, the parental leave and child raising indemnity, the accommodation allowances for those who adopt a child, and placement allowance for the foster parents. These allowances are outside the scope of the OECD TaxBEN model and currently not described in the Annex.

- If at least one of the family members holds, as the holder, one or more bank deposits, and the total amount of these deposits is greater than 3 times the value of the average gross salary provided by the State Social Insurance Law.

If one or more assets included in annex no. 4, owned by the single person/family, is given in rent/lease/concession (or other legal form of transfer of use of the goods), these goods are considered for the person/family who has it for rent/lease/concession. However, the income obtained following the assignment of the right to use the property is included in the income test of the right owner.

3.1.5. Tax treatment and social security contributions

The benefit is not subject to income tax and social contribution payments.

3.1.6. Interaction with other components of the tax-benefit system

The benefit is compatible with the receipt of unemployment insurance (Section 2.1) and the family benefits described in Section 4.

3.1.7. Combining benefit receipt and employment/starting a new job

Incomes earned from *occasional* activities of day labourers are not considered when establishing both the eligibility and the amount of the Minimum Inclusion Income.

If a MII benefit recipient takes up work with an individual employment contract of at least 24 consecutive months duration, the eligibility for the MII benefit is extended for a period of 6 months with an amount that is equal to the amount received before taking up employment. After these 6 months, or from the first month if the employment relationship is shorter than 24 months, earnings are subtracted from the maximum benefit amount, also applying the deduction described in section 3.1.4.

3.1.8. Indexation

The monthly level of the minimum inclusion income, respectively of its components, inclusion aid and aid for families with children, is increased annually, *ex officio*, starting from March of each year, with the average annual inflation rate of the previous year, definitive indicator, communicated by the National Institute of Statistics. In the situation where the average annual inflation rate has a negative value, the last value of the minimum inclusion income and its amounts is kept.

3.2. Housing benefits for rented accommodations

The main purpose of the housing benefits that are within the scope of the OECD TaxBEN model is to reduce the rental costs for families who live in privately rented accommodations. Cash support for housing costs other than rent, e.g. heating and water bills, is outside the scope of the TaxBEN model. Similarly, TaxBEN does not include other housing benefits such as those for the construction of housing, the purchases of owner-occupied housing, or the repayment of interests on owner-occupied housing. In-kind support for families in social housing through below-market rents is also excluded.

According to this definition, Romania does not currently operate a national cash housing programme aiming primarily at reducing the rental costs for tenants. As of 2021, Romania has a Heating benefit (Annex). However, this benefit is outside the scope of the TaxBEN model.

4. Family benefits

Variable name: **[FB]**

4.1. Monthly state allowance for children (*Alocația lunară de stat pentru copii*)

Variable name: **[fb_msa]**

This is a non-contributory benefit, not means-tested and not taxable.

4.1.1. Eligibility conditions

The state allowance (Law no.61/1993) is a fixed sum paid for all children until they reach the age of 18. Other eligible persons are young adults older than 18 who attend high school or a vocational programme, until their completion,¹⁵ as well as young adults with disability who follow a form of pre-university education provided by law, but no later than the age of 26. The monthly state allowance is also granted to children of foreign citizens or without citizenship residing, under the law, in Romania, if they live with their parents.

4.1.2. Benefit amount

The amounts that apply on the 1st of January 2024 are:

- 719 lei for children up to 2 years old (or up to 18 years old in case of a child with disability).

- 292 lei for children between the age of 2 and 18. This amount is paid also to young adults older than 18, who attend high school or vocational education courses, until their completion, as well as to young adults with disabilities who follow a form of pre-university education provided by law, but not later than the age of 26.

Frequency/periodicity of benefit payments: monthly.

4.1.3. Benefit duration

No limitation.

4.1.4. Means test

The benefit is not means-tested.

4.1.5. Tax treatment and social security contributions

Family benefits are not taxable.

4.1.6. Interaction with other components of the tax-benefit system

The benefit can be received together in any other benefit. It is *not* accounted as income in the income-test for social assistance.

4.1.7. Combining benefit receipt and employment/starting a new job

The benefit is compatible with the work activity of the parents. There are no additional payments linked to this income support program for benefit recipients who take up new employment.

¹⁵ Except pupils who repeats the school year (except for health reasons proven with a medical certificate).

4.1.8. Indexation

The amount is indexed every year according to the annual average inflation rate calculated by the National Institute of Statistics. Abrogated

5. Net costs of Early Childhood Education and Care

This section provides information on the net costs of centre-based early childhood and care services for children aged between 3 months and six years (included). The focus is on public early childhood education and care centres.

According to Law no.198/2023, subsequently amended and supplemented, the national system for childhood education and care in Romania consists of two parts:

- Early childhood education before the preschool level (3 month- 3 years) – not compulsory.
- The pre-school education (3-6 years) –compulsory only for children aged 4 and 5 years old.¹⁶

The Early childhood education before the pre-school education cycle (i.e. the education for children between 3 month and 3 years old) can take place either in nurseries and kindergartens (as standard service, part of the education sector) or day-care centres (part of the social-protection sector).¹⁷

The pre-school education for children between 3 and 6 years can take place in kindergartens or schools (state or private).

According to Government Decision no.566/2022, in early education units, the following method of organising the number of children is recommended: a) beginner group - children from 3 month to 12 months; b) middle group - children from 13 to 24 months; c) advanced group - children from 25 to 36 months. If the pre-school child enrolled in the pre-school early education unit reaches the age of 3 during the school year, he/she may attend the unit until the end of the school year.

State-owned and private institutions providing pre-school education and care (0-6) should meet and respect the same national standards in terms of quality and contents.

5.1. Gross childcare fees

In accordance with Law 198/2023, pre-school education and care (0-6) is free of charge in public institutions. Therefore, no fees are charged to parents for children attending ECEC services in the public sector.

Parents pay a fee for the meals when children attend long-hours (10 hours/day). The amount of meal costs in kindergartens and nurseries is not regulated at national level. Government Decision no. 566/2022 regarding the approval of the Organization and

¹⁶ As of the year 2023, preschool education is compulsory for children aged 4 years old and starting with 2030, preschool education will be compulsory for children aged 3 years old. As of the school year 2021-2022, following the express request of parents and within the limit of the number of places, children aged 2 years or older can be enrolled in pre-school education.

¹⁷ Public nurseries and kindergartens are under the responsibility of the Ministry of Education, whereas day-care centres are under the responsibility of local public authorities and the National Authority for Social Welfare Child Protection, which is part of the Ministry of Family, Youth and Equality of Chances. Day-care centres provide free care during the day to children from vulnerable families, e.g. families with a precarious and difficult financial condition and/or vulnerable families in which mothers/fathers raise their children alone. The aim of day-care centres is twofold: 1) keep the child in the family, avoiding entry into the protection system for predominantly socio-economic reasons; 2) give parents the possibility of seeking employment, in order to provide adequate material conditions for raising their children. Day-care centres provides children with care, educational and fun programs.

Operation Methodology of nurseries and other early childhood education centres, stipulates in art 55 paragraph (1) that parents/legal representatives whose children benefit from services in public early childhood education (i.e. the education for children between 3 months and 3 years old) are obliged to pay a monthly maintenance contribution/food contribution, established by the decision of the board of administration of the educational unit, after consulting the parents. This amount varies at the national level, depending on the area and the household socio-economic conditions. In 2024, the amount was between 12 and 25 lei / day.¹⁸ For children attending regular-hours programmes (maximum 5 hours/day) there are no costs for meals as parents provide a daily snack to their children.

For children attending ECEC in the private sector, the fees that parents pay are determined by individual institutions and are used to cover the costs of supplies, transportation, food, etc.

OECD note: The meal cost that enters the OECD [NET Childcare Cost indicator](#) are calculated assuming that children attend weekly full-time ECEC programmes in public kindergartens. In 2024, the meal cost for Romania is 18.5 LEI per day.¹⁹ This amount is the average between the minimum and the maximum amount communicated by the Ministry of Education. The annualised value that enters the OECD calculations is equal to LEI 4810.²⁰

5.1.1. Discounts for part-time usage

In case of part-time usage, i.e. maximum 5 hours per day, parents do not pay for the meals. Instead, they have to provide a sandwich, daily, for their children whereas teachers provide the time for serving it during the school programme.

OECD note: The meal cost considered in the OECD calculations of the NET Childcare Cost indicator for parents using up to 5 hours per day of childcare is 0 LEI. Parents using childcare for more than 5 hours per day are assumed to use *weekly* full-time ECEC programmes and pay the associated daily cost for the meals (section 5.1).

5.2. Childcare benefits

According to the OECD methodology, “Childcare benefits” are support measures for families that use of centre-based childcare: a family that does not use centre-based childcare is *not* eligible for this type of benefits. Childcare benefits can take the following forms:

- Conditional/unconditional cash allowances received by parents who use centre-based childcare for their children.
- Tax concessions related to direct family expenditures for centre-based childcare.
- Top-ups or supplements to other cash benefits (e.g. social assistance or family benefits) in order to reduce the cost of centre-based childcare for benefit recipients.
- Fee discounts / rebates (including fee provision) applied directly by the childcare centre to reduce the cost of the fees charged to parents in particular circumstances (e.g. for low-income families, large families, lone parents, etc.).

5.2.1. Cash allowances and subsidies for formal centre-based care

In Romania, there are no regular cash benefits paid *directly* to parents to support the direct costs of centre-based care. However, children from disadvantaged backgrounds

¹⁸ The Ministry of Education does not currently have access to official estimates of the daily cost for the meals in public kindergartens as these costs are not monitored.

¹⁹ I.e. $(25+12)/2$.

²⁰ I.e. 18.5 LEI per day multiplied by the number of working day per week (5) and 52 weeks.

may receive a subsidy from local authorities (mayor's offices) and may be fully or partially exempted from the fees for meals.

Access to this local aid is at the discretion of the mayor's office and depends on the availability of local funds/budget and the criteria applied by the local authority during the social inquiry that follows the parents' demand for support. Possible criteria may include proof of the minimal income eligibility and number of family members.

5.2.2. *Childcare allowance for children NOT using child care centres*

In some countries, there are benefits whose eligibility is conditional to NOT using centre-based childcare. Examples are home-care allowances for stay-at-home parents. There are no such benefits in Romania.

5.2.3. *Tax concessions for childcare expenditures*

There are no tax concessions to working parents for childcare-related expenditures.

5.2.4. *Fee discounts / rebates (including fee provision)*

Local public authorities can pay for the cost of meals (integrally or partially, depending of the data collected from the social welfare report) for children attending public kindergartens and nurseries with a disadvantaged background.

OECD note: As the partial or full exemptions in Sections 5.2.1 and 5.2.4 are at the discretion of the local public authorities and depends on the availability of local funds/budget, they are not included in the OECD net childcare cost indicator.

As a result, the OECD calculations of net childcare costs for Romania assume that the following families pay the *full* meal costs in case of full-time attendance:

- Jobless families receiving “*Indemnizatia de somaj*” (Section 2) or “*Schema privind venitul minimde incluziune*” (Section 3).
- Families with only one parent.
- Large families with three or more dependent children.

5.2.5. *Top-ups or supplements to other cash benefits*

There are no top-ups or supplements to other cash benefits in Romania for benefit recipients with pre-school children using centre-based childcare.

5.2.6. *In-kind benefits*

According to Government Decision no. 904/2014, the following children/mothers may receive in-kind benefits including food, school supplies, clothing, footwear, sanitary materials, supplies/manuals, and toys:

- Pupils with disabilities attending special or mass educational institutions.
- Children under special protection measures attending public day services (nurseries, kindergartens, and day-care centres).
- Children and young people under special protection measures staying in public residencies.
- Mothers protected in maternity centres.

Table A provides the monetary values (“standard costs”) of these welfare benefits. Note that the costs reported in Table A are not direct payments. They are transfers between institutions: children only benefit from these monetary transfers indirectly if they are eligible for a social protection measure.

Table A. Standard costs for food, clothing, footwear, sanitary equipment, supplies and manuals, toys, transport, cultural and sports materials.

Age group	Meal costs (lei/day /child/young person)	Standard cost for clothing, footwear, sanitary materials, supplies/manuals, toys, transport, cultural and sports materials (lei/year/child/young people)
From 0 to 3 years inclusive	22.00	366.00
From 3 to 7 years inclusive*	16.60	498.00
Child benefiting from the day service**	12.00	

* It also applies to children and young people with special educational needs, educated in special or mass education units, including those educated in a county other than the one of domicile.

** It also applies to children in nurseries and other early education units, under special protection measures.

6. Employment conditional (in-work) benefits

OECD note: This section provides information on employment-conditional (“in-work”) benefits for employees, i.e. benefits whose eligibility is conditional on the following key requirements: 1) being regularly employed (in either the private or public sector); 2) working a certain number of hours and/or earning more than a certain minimum. This definition notably excludes ‘workfare’ programmes and related ‘work-first’ policies that make out-of-work benefits conditional on participation in work activities.

This section provides information also on *one-off* and/or *temporary* payments for benefit recipients who are out of work and make a transition into employment. These type of benefits are referred to as *transitional “into-work” benefits* in order to differentiate them from the “regular” in-work benefits that do not have any predefined maximum duration after moving into work.

Based on this definition, Romania does not have in 2024 a national Employment-conditional benefit. However, Romania does provide an *into-work benefit* for selected benefit recipients who move into work (described in section 2.1.7)

7. Social security contributions and payroll taxes

7.1. Social security contributions payable by employees and benefit recipients

Variable names: [\[SOCSEC_p; SOCSEC_s\]](#)

According to the national legislation (Law no. 227/2015 Fiscal Code and subsequent amendments), the employees pay the following social contributions:

- for health care schemes: 10.0% from the monthly gross income (Article 156 Law no. 227/2015).

- for social-security schemes: 25.0% from the monthly gross income (including 5.1 % corresponding to the private pension funds (Article 138, Law no. 227/2015); If the basis value is greater than *five times* the average gross earnings stipulated in the State Budget Law (see below for details), the individual social security contribution rate will be applied to the equivalent of five times the average gross earnings (Article 146, par.6 Law no. 227/2015).

The table below shows the values of the average gross earnings starting from 2018.²¹

²¹ The average gross earnings is stipulated in Law no. 3 on social security budget for 2018 (Art. 15, Chapter III Final provisions).

Average monthly gross earnings stipulated in the State Budget Law

Year	2018	2019	2020	2021	2022	2023	2024
Value	4162	5163	5429	5380	6095	6789	7567

An amount of LEI 200/month is disregarded when calculating the employee social security contributions, if the same two conditions described in Section 8.1.2 for the “additional tax deduction for full-time employees” are met.

7.2. Social security contributions payable by employers

Variable names: [\[SSCR_p; SSCR_s\]](#)

According to the national legislation, the employers (Law no. 227/2015 Fiscal Code with subsequent amendments) pay the following social contributions:

- for risk and accident fund, between 4.0% and 8.0% of the monthly gross income depending on the risk class (Chapter III Article 5 paragraph (2) G.D no.144/2008 with subsequent amendments)

- for salary debt fund – 0.25% from the monthly gross income (Article 211, Law no. 227/2015)

- employment insurance contributions paid by the employers to the general consolidated budget: 2.25% (Art. 220⁶, Law no. 227/2015)²²

Compulsory social security contributions		
Percentage (%)		
As of 1 st of January 2024		
Employee	Employees' individual contributions to social security	25.0
	Employees' social health insurance contribution	10.0
	Employers' contributions to the social security fund ⁽²³⁾	0.0 / 4.0 / 8.0
Employer	Employer's contribution to the guarantee fund for the payment of wage claims	0.25
	Employment insurance contributions paid by the employers to the general consolidated budget	2.25

TaxBEN note: The model for 2024 uses the general SSC rates above: 35% in total for employees and 2.225% in total for the employers (the calculations assume that the employee working conditions are ‘normal’ and therefore the Employers' contributions to the social security fund is zero – see the related footnote for details).

An amount of LEI 200/month is disregarded when calculating the employment insurance contributions paid by the employers to the general consolidated budget, when the same two conditions described in Section 8.1.2 for the “additional tax deduction for full-time employees” are met.

As of 1 January 2018, individuals who carry out activities in the field of innovation or research and development pay no taxes. Starting with January 1, 2019, and for a determined period, some exceptions apply for section F and some related divisions. Starting with June 2022, the same exceptions apply for agriculture and manufacture of food products (not shown as outside the scope of the OECD tax-benefit model). To

²² It is distributed as follows: 15.0% to the guarantee fund for the payment of wage claims; 20.0% to the unemployment budget; 5.0% to the risk and accidents fund; 40.0% to the Unique National Health Insurance Fund for sick leaves payments; 20.0% to the state budget, in a special fund.

²³The employers' contributions to social security fund is based on working conditions in a gradually order from left to right: normal working conditions, harder working conditions and special working conditions. The OECD tax-benefit model uses the rate that applies to the *normal* working conditions.

benefit from these reductions, the employers must make up at least 80% of their total turnover in activities from the construction domain.

OECD note: As this measure is temporary and applies only to workers of selected sectors, it is not included in the OECD tax-benefit model. The model for 2024 uses the general SSC rates above: 35% in total for employees and 2.225% in total for the employers.

8. Taxes

The tax unit is the individual.

8.1.1. Personal income tax

Variable name: [\[INCTAX_p; INCTAX_s\]](#)

8.1.2. Tax allowances/deductions

A standard tax deduction is subtracted from the tax base (section 8.1.3) for all employees with earnings up to LEI 2000/month above the reference monthly gross minimum wage. The amount of the deduction depends on:

- (1) number of persons “in care” (from 0 to 4+, see below for details)
- (2) the reference Monthly Gross Salary (MGS - defined below)
- (3) the value of the monthly gross minimum wage (Section 1).

The reference value of the monthly gross minimum wage considered in the calculation of the standard deduction is the general one (LEI 3.300/month in 2024 – see Section 1), not the minimum wage that applies in the construction section.

The reference Monthly Gross Salary (MGS) is the sum of the monthly gross earnings from employment *plus* any monthly unemployment benefit entitlements (Section 2.1). Employee social security contributions (Section 7) are *not* subtracted from the reference Monthly Gross Salary. The Monthly Gross Salary is *not* rounded to specific values (e.g. to 10 lei if the amount is lower than 10 lei).

Persons “in care” can be the wife/husband and children as well as other family members or relatives of the taxpayer (or his/her spouse) up to the second degree (included), whose reference Monthly Gross Salary (MGS) is less than 20% of the monthly gross minimum wage (see the table below).²⁴

- If a taxpayer has a partner “in care”, i.e. with a reference income below 20% of the monthly gross minimum wage per month, the taxpayer can subtract from his/her tax base the tax deduction for 1 person in care (if there are no other persons in care).
- If the taxpayer’s partner is *not* “in care”, the taxpayer can still subtract from his or her tax base the tax deduction for “no person in care” (see the table below).
- If both partners work and do *not* have other persons in care (e.g. a working couple *without* dependent children), *both* taxpayers can subtract from their tax base the tax deduction for “no persons in care”.
- If both partners work and have children in care, the tax allowance is applied at 100% to each parent.

²⁴ Some incomes are excluded. The list (not exhaustive) includes, survivors' pensions, social benefits granted according to art. 58 of Law no. 448/2006 on the protection and promotion of the rights of persons with disabilities, scholarships, prizes and other rights in the form of, e.g. accommodations, meals, transport, etc.

In 2024, the following additional tax deductions also apply (which can be cumulated with the Standard tax deduction in Table 1):

- Additional tax deduction for young taxpayers: 15% of the monthly gross minimum wage for taxpayers up to the age of 26 (included) if the gross monthly salary is up to 2000 LEI above the reference monthly gross minimum wage (i.e. up to LEI $3.300+2000=5.300$ LEI/month). Differently from the standard deduction described in Table 1, this deduction is fixed (15% of the monthly gross minimum wage = 450 LEI/month) and does not change with the earnings level. Each member of a young couple where both partners have not turned 27 can benefit from this deduction. The maximum annual amount of this deduction is $450*12 = 5400$ LEI.
- Additional tax deductions for minors: LEI 100/month for each child up to the age of 18 in education (annual amount: $100*12=12000$ LEI). This deduction is granted regardless of the earnings level. If the child is maintained by both parents, the deduction is granted only to one parent.²⁵ Parents can choose who can benefit from this tax deduction. To benefit from the deduction, they must present the document that certifies the child's enrolment in an educational unit and a self-responsible declaration on the beneficiary parent.
- Additional tax deduction for full-time employees: LEI 200/month for full-time employees are subtracted from the tax base if the following conditions are both met: (a) the level of the *basic* monthly gross salary established according to the individual employment contract, without including increments, bonuses and other supplements, is equal at least to the gross full-time minimum wage (the standard minimum wage, not the minimum wage that applies in the construction section). (b) The *total* monthly gross salary including increments, bonuses and other supplements does not exceed 4000/month LEI overall. The tax deduction applies only to full time employees. According to Law no. 53/2003 of the Labour Code, “full time” employees are those employed with an individual employment contract whose normal working time is 8 hours per day and 40 hours per week.²⁶

TaxBEN note: the “basic” monthly salary in the TaxBEN model is equal to the “total” monthly salary. As a result, the 200 LEI rebate is available to the employees working full time, i.e. at least 40 hours/week, with a monthly salary between 3300 lei/month and 4000 lei/month.

²⁵ TaxBEN note: Because this tax concession is not refundable, the TaxBEN model assigns it to the highest earner.

²⁶ According to art. 113 of the same law, the distribution of working time within the week is, as a rule, uniform: 8 hours a day for 5 days, with two days of rest.

Table 1. Monthly standard tax deduction in 2024

Monthly standard deduction based on the level of the monthly salary and number of persons in care (Lei)

Monthly gross salary (MGS) in LEI		Persons in care				
		no persons in care	1 person in care	2 persons in care	3 persons in care	4 or more persons in care
from	to	% of the minimum wage				
1 lei	minimum wage	20.00	25.00	30.00	35.00	45.00
minimum wage + 1 lei	minimum wage + 50 lei	19.50	24.50	29.50	34.50	44.50
minimum wage + 51 lei	minimum wage + 100 lei	19.00	24.00	29.00	34.00	44.00
minimum wage + 101 lei	minimum wage + 150 lei	18.50	23.50	28.50	33.50	43.50
minimum wage + 151 lei	minimum wage + 200 lei	18.00	23.00	28.00	33.00	43.00
minimum wage + 201 lei	minimum wage + 250 lei	17.50	22.50	27.50	32.50	42.50
minimum wage + 251 lei	minimum wage + 300 lei	17.00	22.00	27.00	32.00	42.00
minimum wage + 301 lei	minimum wage + 350 lei	16.50	21.50	26.50	31.50	41.50
minimum wage + 351 lei	minimum wage + 400 lei	16.00	21.00	26.00	31.00	41.00
minimum wage + 401 lei	minimum wage + 450 lei	15.50	20.50	25.50	30.50	40.50
minimum wage + 451 lei	minimum wage + 500 lei	15.00	20.00	25.00	30.00	40.00
minimum wage + 501 lei	minimum wage + 550 lei	14.50	19.50	24.50	29.50	39.50
minimum wage + 551 lei	minimum wage + 600 lei	14.00	19.00	24.00	29.00	39.00
minimum wage + 601 lei	minimum wage + 650 lei	13.50	18.50	23.50	28.50	38.50
minimum wage + 651 lei	minimum wage + 700 lei	13.00	18.00	23.00	28.00	38.00
minimum wage + 701 lei	minimum wage + 750 lei	12.50	17.50	22.50	27.50	37.50
minimum wage + 751 lei	minimum wage + 800 lei	12.00	17.00	22.00	27.00	37.00
minimum wage + 801 lei	minimum wage + 850 lei	11.50	16.50	21.50	26.50	36.50
minimum wage + 851 lei	minimum wage + 900 lei	11.00	16.00	21.00	26.00	36.00
minimum wage + 901 lei	minimum wage + 950 lei	10.50	15.50	20.50	25.50	35.50
minimum wage + 951 lei	minimum wage + 1000 lei	10.00	15.00	20.00	25.00	35.00
minimum wage +1001 lei	minimum wage + 1050 lei	9.50	14.50	19.50	24.50	34.50
minimum wage +1051 lei	minimum wage + 1100 lei	9.00	14.00	19.00	24.00	34.00
minimum wage +1101 lei	minimum wage + 1150 lei	8.50	13.50	18.50	23.50	33.50
minimum wage +1151 lei	minimum wage + 1200 lei	8.00	13.00	18.00	23.00	33.00
minimum wage +1201 lei	minimum wage + 1250 lei	7.50	12.50	17.50	22.50	32.50
minimum wage +1251 lei	minimum wage + 1300 lei	7.00	12.00	17.00	22.00	32.00
minimum wage +1301 lei	minimum wage + 1350 lei	6.50	11.50	16.50	21.50	31.50
minimum wage +1351 lei	minimum wage + 1400 lei	6.00	11.00	16.00	21.00	31.00
minimum wage +1401 lei	minimum wage + 1450 lei	5.50	10.50	15.50	20.50	30.50
minimum wage +1451 lei	minimum wage + 1500 lei	5.00	10.00	15.00	20.00	30.00
minimum wage +1501 lei	minimum wage + 1550 lei	4.50	9.50	14.50	19.50	29.50
minimum wage +1551 lei	minimum wage + 1600 lei	4.00	9.00	14.00	19.00	29.00
minimum wage +1601 lei	minimum wage + 1650 lei	3.50	8.50	13.50	18.50	28.50
minimum wage +1651 lei	minimum wage + 1700 lei	3.00	8.00	13.00	18.00	28.00
minimum wage +1701 lei	minimum wage + 1750 lei	2.50	7.50	12.50	17.50	27.50
minimum wage +1751 lei	minimum wage + 1800 lei	2.00	7.00	12.00	17.00	27.00
minimum wage +1801 lei	minimum wage + 1850 lei	1.50	6.50	11.50	16.50	26.50
minimum wage +1851 lei	minimum wage + 1900 lei	1.00	6.00	11.00	16.00	26.00
minimum wage +1901 lei	minimum wage + 1950 lei	0.50	5.50	10.50	15.50	25.50
minimum wage +1951 lei	minimum wage + 2000 lei	0.00	5.00	10.00	15.00	25.00

Notes: Minor children, up to the age of 18, of the taxpayer are considered dependent. For the taxpayers' minor children, the amount of the tax deduction is attributed to *each* taxpayer in the measure of 100% (each parent can deduct 100% of the tax deduction).

8.1.3. Tax base

The tax base is calculated by subtracting from the gross earnings the following items:

- Standard tax deduction (Table 1, Section 8.1.2)
- Additional tax deduction for young taxpayers, for minors, and for full-time employees (Section 8.1.2).
- Employee social contributions (Section 7.1).

8.1.4. Income tax schedule

In 2024, the income tax rate is equal to 10% of the tax base (Art.64, paragraph (1) Law no. 227/2015), irrespective of the monthly gross income ('flat tax'). During the period 2005-2017, the tax rate was 16%.

8.1.5. Tax credits

None.

Example 1. Taxable income of a 26-year-old taxpayer with a non-working partner and one minor in care (lei/months)

Monthly gross salary [0]	Additional tax deduction for full-time employees [1]	Standard tax deduction for 2 persons in care [2]	Additional tax deduction for young taxpayers [5]	Additional tax deduction for minors [6]	Social insurance and health contributions [7] = ([0]-[1])*0.35	Tax liability [8] = ([0]-[1]-[4]-[5]-[6]-[7])*0.1
3500	200	750	450	100	(3500-200)*(0.35) = 1155	3500-200-750-450-100-1155 = 84.5

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Romania 2024 (Figure 4). TaxBEN by default produces the following output: 1) net household incomes (**black lines**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (e.g. a lone parent working at different earnings levels with two children aged 4 and 6 respectively – users are free to select many of these circumstances using the [online web calculator](#)). Figure 4 shows outputs for four scenarios:

- By current hours of work for an employee with an hourly wage rate equal to the average wage (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels, for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the household income components. Note that each component can contain more than one benefit. The table of content of this report describes which benefit is included in each category.

Results in Figure 4 refer to a couple with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes shows the net household incomes of a couple where the 'first adult' is employed full-year at different working hours ranging between 1% and 100% of full

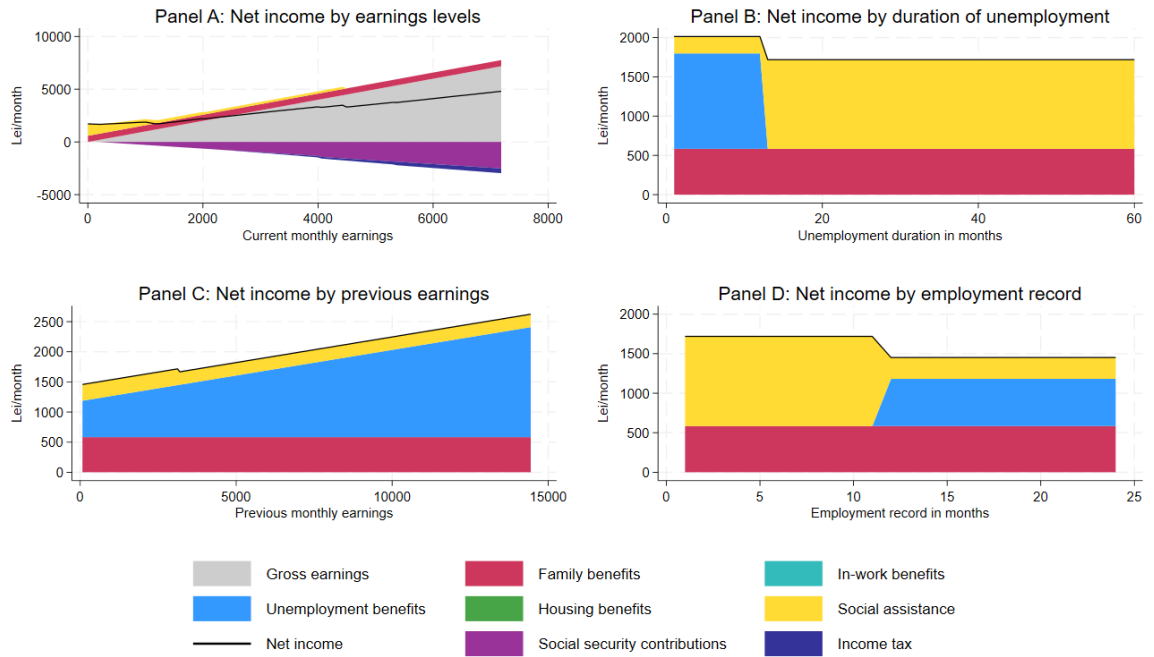
time work (with a fixed hourly wage rate equal to the average hourly wage). The second adult is out of work and not eligible for unemployment benefits (e.g. because they have expired).

Panels B to D assume that the first adult is out of work and claiming unemployment benefits whereas the second adult is also out of work but not claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The x axis in Panel B measures the time of unemployment benefit receipt, starting from the first month. The x axis in Panel C shows the annual amount of previous in-work earnings (before any social contributions) as a percentage of the average wage. Results in Panels C and D refer to the 2nd month of unemployment benefit receipt whereas Panel D considers the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

All results assume a (fixed) private market rent plus other relevant housing costs amounting to 20% of the full-time average wage in all four scenarios.

Figure 1. Selected output from the OECD tax-benefit model

Couple with two children - 2024



Note: more information on the simulation settings described in the text of Section 9.

Source: [OECD tax-benefit model, 2024](#).

Annex 1: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Romania that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

A.1 Unemployment benefit for people assimilated as unemployed

For the persons who did not find a job after graduating certain levels of education (Article 17 paragraph (2) correlated with Article 16 letter b) Law no.76/2002), the unemployment benefits is a monthly fixed sum granted for a period of 6 months and represents 50% from the value of reference social indicator.

A.2 Employment, establishment, and relocation bonus

Working long distances without changing the domicile/residence

Registered unemployed presented at 2.1. I (Article 17 paragraph (1) Law no.76/2002) who get a job in a company situated at a distance longer than 15 km from home are entitled to receive an employment bonus, tax free. The amount of the employment bonuses calculated at 0.5 lei/km, but no more than 55 lei per day, proportionally with the number of working days. The employment bonus is to be granted for a period of maximum 12 months (Article 74 Law no.76/2002, revised by the E.O no. 60/2016). *Working long distances by changing the domicile/residence*

Registered unemployed presented at 2.1. I (Article 17 paragraph (1) Law no.76/2002) who accept a job for which they have to move to a different locality more than 50 km away from their domicile/residence, and as a result, change their domicile/residence to the respective locality or its neighbouring localities, they benefit from a tax free establishment bonus, intended to stimulate employment, to cover the cost of living in the new home and/or for family reunification, if the case.

The establishment bonus is granted as follows:

- a. 12,500 lei, if the job is in another locality and, as a result, change their domicile/residence.
- a. 15,500 lei, if are accompanied by their family members and in case of the single parent family, if they are accompanied by their children.

If both spouses meet the conditions for granting the establishment bonus one of the spouses will receive the amount of 12,500 lei and the other spouse will receive an instalment allowance of 3,500 lei. By exception, if the employer provides for a work-related house or pays the related expenses from their own funds, the establishment bonus will be granted as follows:

- a. 3,500 lei, if the job is in another locality and, as a result, change their domicile/residence
- a. 6,500 lei, if are accompanied by their family members and in case of the single parent family, if they are accompanied by their children.
- b. 3,500 lei, if both spouses meet the conditions for granting the establishment bonus.

The establishment bonus will be granted in two instalments as follows:

- a. one establishment bonus equal to 50% on installation date;

- a. another establishment bonus equal to 50% after a 12-month period following the employment date.

If the employer provides a work-related house or pays the related expenses, the establishment bonus will be granted in one payment on the installation date (Article 75 Law no.76/2002, revised by the E.O no. 60/2016).The mobility allowances (employment and establishment bonus) referred to in art. 74 and art. 75 are not cumulated (Article. 75¹, paragraph 1) and are granted on request. This mobility allowances, provided in art. 74 and 75, are granted to people who have their domicile or residence or establish their new domicile or residence in the areas provided for in the National Mobility Plan, approved by Government Decision no. 903/2016.

Persons registered as unemployed at the employment agencies who are employed in another locality located at a distance greater than 50 km from the locality where they have their domicile or residence and, as a result of this fact, they change their domicile or establish their residence in the respective locality or in its neighbouring localities, they benefit from a non-taxable relocation bonus, granted from the unemployment insurance budget, equal to 75% of the amount intended to cover living expenses in the new domicile or the new residence, but not more than 900 lei (article 76²). The relocation bonus is granted monthly, for a period of no more than 36 months.

A.3 Bonus for new employment for graduates of educational institutions

Graduates of educational institutions and graduates of special schools with at least 16 years who, within 60 days of graduation, register with employment agencies and find full-time employment for a period longer than 12 months, receive an insertion premium equal to 3 times the value of the reference social indicator in force on the date of employment. For details: Article 73¹ paragraph (1) Law no.76/2002).

A.4 Maternity Benefits

The insured women (in-work) and the women who lost the job less than 9 months before have the right to maternity²⁷ benefits for a period of 126 days including pregnancy leave and postnatal leave. The payments are made from the health insurance budget (Article 23 and 25 E.G.O no. 158/2005).

A.5 Indemnity for maternal/parental leave

The insured have the right to leave for pregnancy and childbirth, for a period of 126 calendar days, during which they benefit from maternity allowance.

Women who are no longer insured have the same rights if they give birth within 9 months from the date of losing the quality of insured. To ensure eligibility, the loss of the quality of insured should not occur due to reasons attributable to the person in question. This should be proved by official documents issued by employers or their assimilates. Under these circumstances, the indemnity is paid from the budget of the Single National Health Insurance Fund by health insurance houses where the family doctor of the insured has concluded an agreement.

Pregnancy leave is granted for a period of 63 days before birth, and leave for maternity leave for a period of 63 days after birth.

Pregnancy and maternity leave can be offset against each other, depending on the doctor's recommendation and the beneficiary's choice, so that the minimum mandatory duration of maternity leave is 42 calendar days.

²⁷ For women who lost the job less than 9 months before have the right to maternity, the allowance will computing as the average of the monthly incomes during the last 6 months preceding the date of losing the job

One of the child parents is entitled to receive indemnity and parental leave up to 2 years or 3 years in case of a disabled child (Article 2 paragraph (1) E.G.O no.111/2010).

The monthly indemnity is established at a rate of 85% of the average net income achieved in the last 12 months in the last 2 years preceding the date of childbirth and cannot be less than 2.5 ISR (ISR = Reference Social Indicator- 598,019 lei), but no more than 8.500 lei/monthly.

In case of twin or multiples pregnancy, the level of monthly indemnity provided is increased with 50% for each child born, starting with the second child came from such a birth. The increased indemnity cannot be lower than the minimum amount of the child raising indemnity (Article 5 , E.G.O. no 111/2010).

Persons who, during the period they are entitled to benefit of parental leave, receive incomes subject to taxation, are entitled to a monthly incentive insertion. The incentive insertion is granted to persons entitled to benefit from the child raising indemnity if the parent decides to come back to work.

Recently, the amount of the insertion incentive increased. According to the Government Emergency Ordinance no. 26/2021. This measure was adopted in order to stimulate the return to work of parents on parental leave. Parents on parental leave receive an insertion incentive increased to 1.500 lei (fixed value that does not change with the RSI) if they return to work before the child reaches the age of 6 months, or 1 year, in the case of a disabled child. The amount is granted until the child reaches the age of 2 years old (3 years old in the case of a child with disabilities). The insertion incentive of 650 lei (fixed value that does not change with the RSI) is paid to persons receiving taxable earnings after the child reaches the age of 6 months (1 year for a child with disabilities) until the child reaches the age of 3 years (4 years in in the case of a child with a disability).

In cases when the persons receive the monthly indemnity and ask for the incentive insertion amount, then the monthly indemnity for maternal/parental leave is suspended.

Leave and allowance for the care of a sick child

Insured persons are entitled to leave for the care of a sick child up to 7 years of age (18 years of age for disabled children). For children with serious illnesses, the insured person is entitled to take a leave for the care of a sick child up to 18 years of age.

Only one of the parents benefits from the allowance for the care of the sick child. Those have adopted a child, have been appointed as guardian, or have been entrusted for adoption can claim the leave and allowance for the care of a sick child.

The duration of the allowance corresponds to the number of calendar days related to the duration of the medical leave established by the physician. The gross monthly amount of the allowance for this type of medical leave is 100% of the established calculation base and is fully borne from the budget of the Single National Health Insurance Fund.

Maternity risk leave and allowance

The maternal risk indemnity received during the maternal risk leave is fully paid from the budget of the Single National Health Insurance Fund.

Leave and maternity risk allowance are granted without the condition of a contribution period. The amount of the maternal risk allowance is 75% of the established calculation basis.

A.6 Heating benefits

Law no. 226/2021 provides new social protection measures for vulnerable energy consumers (“*Heating benefits*”). The financial support consist of four measures: (1) House heating support, (2) Energy consumption support; (3) Support for the purchase, within a dwelling, of energy-efficient equipment; (4) Aids for the purchase of products

and services.²⁸ This section describes the House heating support in details and provides details on the other three measures.

A.6.1 House heating support (Ajutoare pentru încălzirea locuiței)

Eligibility conditions

All families with an eating system can claim the house heating support. The main eligibility requirement is to have an income below a certain level (section 3.2.4).

Benefit amounts

Benefit amounts depend on the household income (table below) and the type of heating system. Amounts are calculated as a percentage compensation applied to a reference value, which is differentiated according to the type of heating system (below). The percentage compensation is 100% for the beneficiaries with the lowest incomes and at least 10% for those whose incomes are at the maximum limit. See Section 3.2.4 for the exact definition of the reference income.

Monthly income levels (lei)	Amount
0 - 200	100% of the reference value, but no more than the consumption and the invoice value
200,1 - 320	90%
320,1 - 440	80%
440,1 - 560	70%
560,1 - 680	60%
680,1 - 920	50%
920,1 – 1.040	40%
1.040,1 – 1.160	30%
1.160,1 – 1.280	20%
1.280,1 – 1.386 (families) / 2.053 (single persons)	10%

The reference values to which the percentage compensations apply depend on the type of heating system:

- Centralized heating: the reference value is established on a monthly basis taking into account the average consumption of the population and the local price of the thermal energy. Annex 1 of law no. 226/2021 includes the average monthly consumption for heating in centralized systems by areas (cold, temperate and warm) and type of house.
- Heating with natural gas: 250 lei/month;
- Heating with electricity: 500 lei/month;
- Heating with solid or liquid fuels: 320 lei/month.

Energy suppliers deduct the amounts of the heating aid from the invoice certifying the value of the monthly consumption. The aid cannot be higher than the value of the invoiced consumption.

According to a statistical report elaborated by National Institute of Statistics in 2009, the Heating with solid or liquid fuels (especially wood) is the most common heating source in Romania.²⁹

²⁸ In 2021, the government enacted also other non-financial measures for vulnerable energy consumers, which consist of facilities for accessing and connecting to available energy sources necessary to ensure minimum energy needs. This includes a ban on disconnection from energy sources for categories of vulnerable consumers, as well as transparent and accessible information to the population regarding the energy sources, costs and procedures for access to them, according to the legislation in force

²⁹ https://insse.ro/cms/files/publicatii/CENG_publicatie_tabele.pdf (pages 17-20).

Benefit duration

The House Heating Support is paid with a monthly frequency, during the cold season (1st November – 31st March) at the beginning of the winter season, for a total of 5 months. In case of heating with solid or liquid fuels, the payment is made as a one-time payment, for the entire period, directly to the beneficiaries.

Means test

The total “net” monthly income per person of the family (i.e. the total income of the family divided by the number of family members), or the net monthly income of the single person. “Net” means that income tax payments and social security contributions are subtracted from the total gross incomes. The reference income includes also the amount of the unemployment indemnity (Section 2.1). Excluded income components are:

- Minimum Inclusion Income (Section 3.1)
- The monthly state allowance for children (Section 4.1),
- The amounts received as social benefits based on Law no. 448/2006 regarding the protection and promotion of the rights of persons with disabilities,,
- All types of scholarships or other forms of financial support intended exclusively for supporting the education of preschoolers, pupils and students and educational incentive (including tickets for kindergarten),
- Income earned from occasional activities of day labourers as well as those obtained as a domestic provider,
- the sums received by the able to work persons from the family as a result of participation in professional training programs organized under the law, if they do not have the title of salary income;
- sums occasionally received from individuals or legal entities, as well as sums entitled emergency aid received from the state or local budget;
- occasional amounts granted from the state budget or local budgets as compensation or financial support for exceptional situations;
- the monthly food allowance granted on the basis of Law no. 584/2002 regarding the measures to prevent the spread of AIDS in Romania and to protect people infected with HIV or suffering from AIDS, and the monthly food allowance on tuberculosis control measures;
- the amounts received as support, provided from the state budget or non-reimbursable funds, granted on the basis of the law or on the basis of the approved operational programs.

Assets of the family are also considered. The list of assets leading to the exclusion of the right is in the Annex of the GD no. 1154/2022.

Tax treatment

The benefit is not included in the income tax base (Section 8.1).

Interaction with other components of the tax-benefit system

The benefit can be received together in any other benefit. The amount is *not* included in the income tests of the following benefits: Minimum Income (Section 3.1), Monthly state allowance for children (Section 4.1)..

A.6.2 Energy consumption support

This support aims at covering part of the household's energy consumption throughout the year. This benefit can be combined with the House heating support as well as the Support for the purchase, within a dwelling, of energy-efficient equipment (described

below). The average monthly net income up to which the energy supplement is granted is 1386 lei per person for a family, and 2053 lei for a single person. Amounts are as follows:

- 10 lei / month for thermal energy consumption (centralized heating);
- 10 lei / month for natural gas consumption;
- 30 lei / month for electricity consumption;
- 20 lei / month for the consumption of solid or liquid fuels;

Exceptionally, for those who use *only* electricity as a source of heating, the support is 70 lei /month.

A.6.3 Support for the purchase, within a dwelling, of energy-efficient equipment

Necessary for lighting, cooling, heating and hot water supply in the dwelling, for the replacement of technically and morally obsolete household appliances with energy - efficient household appliances, as well as for the use of energy - intensive means of communication;

A.6.4 Aids for the purchase of products and services

Support that aims to increase the energy performance of buildings, or for connection to energy sources.