



**MOORE STEPHENS KSC
SUMMARY
IT TAX INCENTIVES
ROMANIA**



For Companies

Profits tax exemption for reinvested profits

- The profit invested in new technological equipment, electronic computers and peripheral equipment, machines and cash registers, for control and billing, computer programs, the right to use software (herein called “**the investments**”), manufactured and/or acquired, including within financial leasing contracts, is exempt from profits tax;
- In order to benefit from this incentive, the investments should be used by the taxpayer for business purposes for more than half of its useful life, but for no longer than five years;
- The investments for which this tax incentive applies cannot be depreciated by using the accelerated depreciation method;
- The tax exemption for the investments made is granted within the limit of the profits tax due for the period in which the investments are put into function.
- If in the quarter in which the investments are put into function, the company records an accounting loss, and in the next quarter or at the end of the accounting year profit is recorded, the profits tax on the reinvested profit is not recalculated;
- The exemption shall be calculated quarterly or annually, as the case may be. The amount of the profit for which the tax exemption was granted, except for the part of the statutory reserve, is distributed at the end of the financial year, with priority being given to the constitution of the reserves, up to the balance of the accounting profit recorded at the end of the financial year. If an accounting loss is made at the end of the financial year, no recalculation of the profit tax on the invested profit is made and the taxpayer does not allocate to the reserves the amount of the invested profit. For the investment which is carried out over several consecutive years, the facility shall be granted for investments made partly in that year on the basis of partial works.

A newly incorporated company is subject to income tax and may not benefit of the above incentive. With a view to fall into the category of profits tax payers from the incorporation and benefit of the incentive, the company must have a minimum share capital of RON 45,000 and at least 2 employees.

For Employees

Exemption from salary tax

Employees carrying out software development activities are exempt from the related salary income tax (10%) provided certain conditions are satisfied:

- The hiring company must have this software development as an registered object of activity (registered under the NACE code 5821, 5829, 6201, 6202, 6209);
- The position for which the persons are employed must coincide with the ones mentioned in a special Annex provided by the law (e.g. administrator, analyst, Software system engineer, Programmer, Computer systems designer, etc.);
- The position is an integrated part of a specialized department of informatics as specified in the organizational status.
- The employee holds a diploma awarded after completion of a long-term or short-term higher education or holds a diploma awarded after the completion of the first cycle of university studies, issued by an accredited higher education institution or holds a baccalaureate degree and follows the courses of an accredited higher education institution and effectively carries out one of the activities listed in the Annex;
- The employer realized in the previous fiscal year and recorded separately in analytical balances, income from the activity of creating computer programs for the purpose of commercialization (companies that are established during the fiscal year shall be exempted from the fulfillment of this condition for the year of establishment and for the following fiscal year);
- The annual earnings referred to in point e) have a value of at least the equivalent in RON of EUR 10,000 (calculated at the average monthly exchange rate communicated by the National Bank of Romania for each month in which the income was registered) for each employee benefiting from the income tax exemption.



The exemption is granted both to Romanian citizens and to citizens of the Member States of the European Union, the European Economic Area and the Swiss Confederation, whose diplomas are equated or recognized through the specialized structures of the Ministry of National Education.

The employer has the option to apply for the tax exemptions based on specific documentation attesting the fulfillment of the above criteria and no specific confirmation from tax authorities is needed

Other General Incentives

Incentives for hiring people from certain categories:

Emergency Ordinance no. 60/2018 of 9th of July 2018 enforces incentives for employers hiring persons from certain categories as following:

- Employers who hire for an indefinite period, graduates of educational institutions, receive on a monthly basis, over a period of 12 months, for each graduate, a sum in the amount of 2,250 lei;
- Employers who hire for an indefinite period, unemployed persons of over 45 years of age, unemployed persons who are unique parents supporters of single-parent families, long-term unemployed persons or young NEET, receive monthly, over a period of 12 months, for every person employed in those categories, a sum in the amount of 2,250 lei, with the obligation to maintain employment relationships for at least 18 months;
- Employers who hire, according to the law, unemployed persons who within 5 years from the date of employment meet the conditions required by law to request early partial pension or pension for old age, receive monthly, during the employment, until the completion of their respective conditions, a sum in the amount of 2,250 lei;
- Employers employing young people at risk of social exclusion and benefiting from social custom accompaniment under contract of solidarity, shall receive monthly, according to legal provisions, for each person in this category, from the unemployment insurance budget, an amount equal to the basic salary determined on the date of the commitment of young people, but not more than four times the value of reference social indicator, from the date his employment until the expiry of the solidarity contract;
- An employer who enters into a contract of apprenticeship, shall be entitled, upon request, for the entire period of the contract of apprenticeship, a sum in the amount of 2,250 lei/month, granted from the unemployment insurance budget within the limits of the funds allocated to this destination;
- An employer who enters into a contract of internship, under the present law, shall be entitled, upon request, for the period of the contract, a sum in the amount of 2,250 lei/month, granted from the unemployment insurance budget within the limits of allocated funds with this destination.

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