



Taxation of international executives: Romania



February 2024

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01

Overview and Introduction

1 Overview and Introduction

The Romanian taxation of individuals depends upon their residence status. Generally, Romanian tax residents are liable to Romanian tax on their worldwide income, whereas non-Romanian tax residents are liable to Romanian tax on their Romanian-source income. This includes income received for services performed on Romanian territory. For the year 2023, the personal income tax rate is 10 percent (flat tax rate). Married individuals are taxed separately from their spouses (no joint filing applies in Romania).

The official currency of Romania is the Romanian Leu (RON).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

02

Income tax

2 Income Tax

2.1 Tax Returns and Compliance

When are tax returns due? That is, what is the tax return due date?

Annual tax returns are due by 25 May of the year in order to estimate the income to be obtained during the current year and declare the income obtained during the previous year. The above-mentioned deadline also represents the payment deadline for the income obtained during the previous year.

In certain cases, such as for employment income derived from non-Romanian employers, tax returns are due on a monthly basis by the 25th day of each month for the previous month.

What is the tax year-end?

31 December.

What are the compliance requirements for tax returns in Romania?

Residents and non-residents

Romanian employers are required to withhold tax at source on salaries paid to employees on their payroll and to pay such tax to the Romanian government on a monthly basis.

However, in case of assignments, the Romanian employer no longer has the obligation to withhold and pay the Romanian income tax due to the Romanian government, provided that the individual is assigned to a country/jurisdiction with which Romania has concluded a DTT and the individual is present in that country/jurisdiction for a period longer than the period mentioned in the DTT. Note importantly that although no Romanian income tax is paid during the year, at the end of the year a regularization of the income tax should be made and it is the individual's obligation to file an annual tax return in this respect.

Romanian residents who derive rental income in foreign currency, self-employment income, capital gains from sale of securities or income from intellectual property rights must file an annual tax return by 25 May of each year for the previous year.

Individuals who receive taxable remuneration from a non-Romanian payroll are taxed from the moment of their arrival in Romania irrespective of the assignment duration in Romania, unless they can claim protection under the relevant tax treaty.

In terms of social security, should social security contributions be due in Romania, it is the employer's obligation to calculate, withhold and pay the Romanian social contributions. In this respect, the non-Romanian employer must register in Romania for social security purposes. Alternatively, the individual may take over the responsibility of declaring and paying Romanian social security contributions, based on an agreement concluded with the employer in this respect.

As of 2016, where the employer is resident of a country/jurisdiction which is not covered by the EC Regulation 883/04 or with which Romania has no bilateral agreement on social security coordination, it is the individual's responsibility to declare and pay the full social security contributions.

An informative declaration has to be filed by the Romanian company where the individual carries out activity in Romania within 30 days from the beginning of their activity.

The non-Romanian employer or in certain cases the Romanian entity where work is performed also has the obligation to file an informative form with the Labor Authorities in Romania no later than 1 working day before the individual's first day of activity in Romania.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in Romania?

Residents

Ten percent flat tax rate (10 percent).

Non-residents

Ten percent flat tax rate (10 percent).

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Romania?

An individual is considered a Romanian tax resident if they meet at least one of the following conditions:

- the individual has their domicile in Romania
- the individual has their center of vital interests in Romania
- the individual is present in Romania for a period (periods) exceeding 183 days during any 12-month period, ending in the calendar year concerned.

There are exceptions to this rule for Romanian citizens working outside Romania as employees of the Romanian government, who remain Romanian tax residents irrespective of whether they meet the above-mentioned conditions or not, as well as for non-Romanian citizens working in Romania as employees of foreign governments, who are not treated as Romanian tax residents, irrespective of whether they meet the above mentioned conditions or not.

As a general rule, Romanian tax residents are liable to Romanian tax on their worldwide income, whereas Romanian tax non-residents are liable to Romanian tax only on Romanian-sourced income.

However, the non-Romanian individual who qualifies as a Romanian tax resident according to Romanian tax legislation may remain liable to Romanian income tax only on the Romanian-sourced income, if they can provide a tax residence certificate from a country/jurisdiction with which Romania has concluded a treaty for the avoidance of double taxation. In such case, the individual remains tax non-resident for the period of validity mentioned in the tax residence certificate.

Romania has an extensive network of double tax treaties which determine the circumstances under which non-Romanian individuals are treated as Romanian tax residents. If an individual can demonstrate that during their assignment to Romania, they remain a tax resident of another state with which Romania has concluded a tax treaty, then the provisions of the treaty will prevail.

All individuals who spend more than 183 days in Romania within any 12-month period ending in the fiscal year concerned, must submit a special Questionnaire, together with relevant documentation, no later than 30 days after the end of the 183-day period. Within 30 days of submission of this form, the tax authorities will notify the individual as to whether they have full tax liability in Romania or if they are taxable only on income derived from Romania. As of 1 January 2018, fines are imposed by the Romanian authorities for late filing of the Questionnaire upon arrival to Romania (between RON 50-100).

Is there a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

See residence rules above.

What if the assignee enters the country/jurisdiction before their assignment begins?

A Romanian tax liability may occur even for periods before assignment if the person performs work in Romania. The period spent in the country/jurisdiction before the assignment is also taken into account for determining the 183-day limit of presence in Romania. However, if the assignee is a non-EU national, even if he/she enters Romania before the assignment starts, he/she do not have the right to work unless they obtain proper immigration documents.

2.4 Termination of residence

Are there any tax compliance requirements when leaving Romania?

Upon the termination of residence in Romania, an individual should notify the tax authorities. A questionnaire needs to be filed with the authorities at least 30 days before leaving the country/jurisdiction. Within 15 days of submission the tax authorities should notify the individual whether they will remain fully taxable in Romania and also whether they will be maintained in/removed from the tax records. As of 1 January 2018, fines are imposed by the Romanian authorities for late filing of the Questionnaire upon departure from Romania (between RON 50-100).

Also, the Romanian company where the individual carries out activity in Romania has to file an informative declaration at the end of the individual's assignment, within 30 days from the end of the individual's activity in Romania.

The individual should deregister for Romanian income tax and / or social security purposes within 15 days as of the end date of activity.

What if the assignee comes back for a trip after residency has terminated?

Any time spent in Romania is taken into account upon determining the 183-day limit of presence in Romania, irrespective of whether the person is on a formal assignment to Romania or not. If the person carries out work in Romania, then the person might be liable to tax in Romania.

Communication between immigration and taxation authorities

Do the immigration authorities in Romania provide information to the local taxation authorities regarding when a person enters or leaves Romania?

Note that currently, the Romanian immigration authorities issue a personal number to each non-Romanian national applying for a registration certificate or residence permit, and the same number is also used for tax purposes, as a personal tax number of the individual.

Currently, there is not an automatic transfer of information between the immigration and tax authorities. However, the tax authorities may request information from the immigration authorities in order to determine the number of days a person has spent in Romania.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

A filing requirement may occur if the person derives Romanian-sourced income or if the person qualifies as a Romanian tax resident and derives income which is taxable in Romania.

2.5 Economic employer approach¹

Do the taxation authorities in Romania adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Romania considering the adoption of this interpretation of economic employer in the future?

There is not much practice of the tax authorities applying the economic employer concept; however, current legislation in force allows tax authorities to use the concept.

De minimus number of days

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

Not applicable.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

As a rule, all types of remuneration and benefits received by an employee for work done are deemed as taxable regardless of where paid or received, unless these are specifically exempted under.

Romanian tax legislation. Typical items of an expatriate compensation package set out below are fully taxable unless otherwise indicated:

- cost-of-living allowances
- premiums/hardship allowances for working in Romania
- benefits in cash and in kind.

Intra-group statutory directors

Will a non-resident of Romania who, as part of their employment within a group company, is also appointed as a statutory director (i.e., member of the Board of Directors in a group company situated in Romania trigger a personal tax liability in Romania, even though no separate director's fee/remuneration is paid for their duties as a board member?

A case by case analysis should be performed.

Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Romania?

See above.

Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Romania (i.e., as a general management fee where the duties rendered as a board member is included)?

See above.

¹ Certain tax authorities adopt an "economic employer" approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or a calendar year or a 12-month period), the employee remains employed by the home country/jurisdiction employer but the employee's salary and costs are recharged to the host entity, then the host country/jurisdiction tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied, and the employee would be subject to tax in the host country/jurisdiction

In the case that a tax liability is triggered, how will the taxable income be determined?

See above.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in Romania? If so, please provide a general definition of these areas.

Exempt income includes the following (however certain conditions must be met):

- employment income derived from non-Romanian employers in respect of work done outside Romania, unless this income is paid by or on behalf of a Romanian employer
- costs borne by employers for their employees while on business trips in Romania or abroad, including per-diem (within certain limits), travel, and housing costs, if it can be demonstrated that they are business-related
- reimbursable loans granted to employees free of interest or with interest lower than the market interest, within certain limits
- employer's contributions to qualifying voluntary pension funds, up to EUR400 per year, but added to other non-taxable benefits should not exceed 33% of the monthly base salary.
- private health insurance and medical subscriptions paid by employers for their employees, up to EUR400 per year, but added to other non-taxable benefits should not exceed 33% of the monthly base salary.
- benefits in kind represented by the personal use of vehicles for which expenses are only 50 percent deductible for corporate tax purposes, as per current legislation.

2.8 Expatriate concessions

Are there any concessions made for expatriates in Romania?

Certain remuneration items, such as assignment allowances, housing allowances, travel costs covered by employers, received during assignments may qualify as non-taxable (within certain limits).

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in Romania? If so, how?

Remuneration earned by Romanian tax residents for work done outside Romania is not taxable in Romania, provided that the remuneration is not paid by or on behalf of a Romanian resident employer and the remuneration is not borne by a permanent establishment in Romania of the non-Romanian employer.

Employment income earned from working abroad by Romanian non-resident individuals is not taxable in Romania unless it relates to work carried out in Romania.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in Romania? If so, how?

Resident individuals are liable to tax on investment income and capital gains. See below detailed information on applicable tax rates on various types of income.

Non-resident individuals are also liable to withholding tax on investment income, provided that such income qualifies as Romanian-source income. The applicable tax rates to income derived by non-resident individuals are similar to the tax rates applicable to resident individuals.

Individuals who are tax residents of countries/territories that have concluded tax treaties with Romania can potentially obtain treaty relief to reduce these taxes.

As of 2023, the taxation rates have changed for capital gains earned through “intermediaries,” defined as “investment management companies, self-managed investment companies, administrators of alternative investment funds, Romanian tax residents and tax non-residents which have a permanent establishment in Romania and are considered intermediaries”:

Accordingly, these intermediaries are required to calculate, withhold, declare and pay income tax for every transaction, on income obtained both from Romania as well as on income obtained from abroad, except for income obtained from the transfer of investment gold.

For gains obtained through these intermediaries, the taxation rates decrease to 1% or 3%, as follows:

For securities:

- A 1% tax rate on capital gains obtained from securities acquired and sold during a period longer than 365 days, calculated as of the day when they were purchased
- A 3% tax rate on capital gains obtained from securities acquired and sold during a period shorter than 365 days, calculated as of the day when they were purchased

For derivatives:

- A 1% tax rate on capital gains obtained from derivatives held for more than 365 days since they were acquired
- A 3% tax rate on capital gains obtained from derivatives held for less than 365 days since they were acquired

For any other cases (other than those described above), the flat tax rate of 10 percent continues to apply.

Dividends, interest, and rental income

Generally, interest is subject to a 10 percent tax rate and dividends are taxed at 8 percent as of 2023. Romanian resident persons paying interest or dividends to individuals (residents or non-residents) have an obligation to withhold tax.

Rental income is subject to a 10 percent flat tax rate.

Gains from stock option exercises

Under current Romanian tax law, employees deriving income from stock option plans qualified as such according to Romanian law, are not liable to tax at the moment of grant or at the moment of exercise of the options. Upon sale of underlying shares, individuals derive capital gains subject to capital gain tax. The taxable income is determined as the difference between sale proceeds and exercise price, less broker's fees.

Principal residence gains and losses

Income from sale of real estate properties is taxable as follows:

- 1 percent if the real estate property was owned for more than 3 years
- 3 percent if the real estate property was owned for less than 3 years

Capital losses

Generally, capital losses from sale of shares in listed companies may be deducted from similar gains. Annual capital losses can be carried forward for the following 7 years, provided fully declared.

However, as of 2023, Losses incurred through intermediaries, as defined above, from the transfer of securities or derivatives, cannot be carried over and compensated with future gains. Thus, these losses represent a permanent loss for the taxpayer.

Personal use items

Capital gains on the sale of personal belongings are not taxable, except from income from sale of real estate properties.

Gifts

Gifts are not subject to tax. Also, gifts consisting of real estate properties may be subject to tax, unless the gift is between relatives up to the third degree or between spouses.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in Romania? If so, please discuss?

No.

Are there capital gains tax exceptions in Romania? If so, please discuss?

No tax is due upon transfer of ownership right over real estate properties by virtue of special restitution laws, gifts between relatives, or inheritance if the inheritance procedure is finalized within 2 years from the death of the predecessor. If the inheritance procedure is not finalized within 2 years, a 1 percent tax is applied on the value of the inheritance.

Pre-CGT assets

Not applicable.

Deemed disposal and acquisition

Not applicable.

2.12 General deductions from income

What are the general deductions from income allowed in Romania?

For employment income, a personal deduction is allowed to Romanian tax residents, depending upon level of the individual's monthly gross income and the number of dependent persons.

Mandatory social security contributions are generally allowed for deduction for the purpose of calculating the Romanian income tax due.

Also, employees' contribution to qualifying voluntary pension plans and employee's private health insurance contributions/medical subscriptions are deductible for income tax purposes up to EUR 400 per year each contribution.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in Romania?

The current month gross-up method is the normal method of recognizing tax reimbursements paid by the employer (see glossary for explanation of terms). The current year reimbursement and 1 year rollover methods might also be acceptable in some instances.

Loan/bonus arrangements may also be used as a method for tax reimbursements paid by the employer.

2.14 Calculation of estimates/ prepayments/ withholding

How are estimates/prepayments/withholding of tax handled in Romania? For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Pay-as-you-go (PAYG) withholding

Employment income paid by Romanian employers is subject to monthly withholdings (PAYG withholding). Employment income paid by non-Romanian employers has to be declared by the individual taxpayer on a monthly basis.

When are estimates/prepayments/withholding of tax due in Romania? For example: monthly, annually, both, and so on.

For employment income, tax has to be withheld and paid on a monthly basis, by the 25th of each month for the previous month.

For self-employment income or rental income, payments on account should be made by the individual taxpayer annually.

2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in Romania? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

Based on the provisions of the double tax treaties concluded by Romania with other countries/territories, as well as based on the Romanian law, if Romanian tax residents are liable to income tax in a country/jurisdiction with which Romania has concluded a tax treaty, then a tax credit or a tax exemption will be granted by the Romanian state to each individual. The credit is granted at the level of the tax paid abroad, but it cannot exceed the tax due in Romania.

2.16 General tax credits

What are the general tax credits that may be claimed in Romania? Please list below.

Not applicable.

2.17 Sample tax calculation

This calculation² assumes a married taxpayer resident in Romania with two children whose 3-year assignment begins 1 January 2022 and ends 31 December 2024. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years.

Calendar	2022 USD	2023 USD	2024 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Net housing allowance	12,000	12,000	12,000

²

Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

For 2024, exchange rate used for calculation: USD1.00 = RON 4.5.

Form 2022 and 2023, exchange rate used for calculation: USD1.00 = RON 4.15

Other assumptions

- All earned income is attributable to Romanian sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year. Interest income is not remitted to Romania.
- The company car is used for business and private purposes and originally cost USD50,000. The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

Calculation of taxable income

Year-ended	2022 RON	2023 RON	2024 RON
Days in Romania during year	365	365	365
Earned income subject to income tax			
Salary	415,000	415,000	450,000
Bonus	83,000	83,000	90,000
Cost-of-living allowance	41,500	41,500	45,000
Net housing allowance*	49,800	49,800	54,000
Company car**	24,900	24,900	27,000
Moving expense reimbursement***	83,000	0	90,000
Home leave	0	20,750	0
Education allowance	12,450	12,450	13,500
Total earned income	709,650	709,650	769,500
Other income****	24,900	24,900	27,000
Total income	734,550	734,550	796,500
Deductions	0	0	0
Total taxable income	626,650	626,650	679,500

* accommodation costs granted by an employer to an employee during business trips or assignments are not deemed as taxable income at the level of the employee, provided supporting documents are available (i.e. rental agreement, etc.). For the purpose of the calculation, we have considered that the monthly rent indicated in the rental agreement is USD 12,000. Therefore, there are arguments to consider the entire housing allowance non-taxable benefit at the level of the individual.

** the use of company cars by its employees for personal purposes is not considered a benefit at the level of the employee if the costs with the car usage are deductible only for 50% for corporate tax purposes. Thus, we have assumed that the company car is not a taxable benefit at the employee's level.

*** reimbursement of relocation expenses by the employer to an employee due to business reasons, and granted in accordance with the law, should not be treated as taxable income at the level of the individual, provided supporting documents are available. For the purpose of the calculation we have considered that supporting documents are available covering the entire moving expense reimbursement, thus this amount has not been considered taxable benefit at the level of the individual.

**** Romanian tax residents are liable to Romanian income tax on their worldwide income, unless a tax residence certificate from a country with which Romania has concluded a treaty for the avoidance of double taxation cannot be obtained. Personal income received from abroad, other than salary income, is generally declared separately, through an annual tax return.

Calculation of tax liability

	2022 RON	2023 RON	2024 RON
Taxable income as above	626,650	626,650	679,500
Romanian tax thereon	62,665	62,665	67,950
Less:			
Domestic tax rebates (dependent spouse rebate)	0	0	0
Foreign tax credits	0	0	0
Total Romanian tax*	62,665	62,665	67,950

*no social security contributions were calculated on the assumption a CoC may be available.

Footnotes

²Sample calculation generated by KPMG in Romania, the Romanian member firm affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity, based on the Romanian Tax Code, Law no. 227/2015 in force beginning 1 January 2016.

03

**Special considerations
for short term
assignments**

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

Short-term assignees will only be liable to Romanian tax on Romanian-sourced income, if they do not meet the Romanian tax residence test or if they can provide a tax residence certificate issued by a country/jurisdiction with which Romania has concluded a tax treaty.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

No.

3.3 Taxable income

What income will be taxed during short-term assignments?

Romanian-sourced income only, if the Romanian tax residence conditions are not met or if a tax residence certificate can be provided.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in Romania?

In order to avail beneficial provisions of the respective tax treaty (if applicable), the individuals on short-term assignments should be in possession of tax residence certificates issued by the tax authorities in their home countries/territories.

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social³ insurance taxes in Romania? If so, what are the rates for employers and employees?

Employer and employee

Type of insurance	Paid by employer	Paid by employee	Total
Social security*	Normal working conditions – N/A	25%	25%
Social security*	Hard working conditions - 4%	25%	29%
Social security*	Special working conditions – 8%	25%	33%
Health insurance	N/A	10%	10%
Work insurance contribution *	2.25%		2.25%

*As of 1 January 2018, the work insurance contribution is due by the employer (2.25 percent). The contribution is intended to finance the social security benefits as follows: unemployment indemnities (17 percent), medical leave indemnities (22 percent), indemnities granted to employees as a result of a work accident or professional disease (2 percent) and supply for the guarantee fund for employment debts (12 percent). The 47 percent difference represents income at the state budget which is directed in a separate account.

As of 2016, where the employer is resident of a country/jurisdiction which is not covered by the EC Regulation 883/04 or with which Romania has no bilateral agreement on social security coordination, it is the individual's responsibility to declare and pay the full social security contributions.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in Romania?

If the inheritance procedure is finalized within 2 years from the death of the predecessor, no tax is due. Otherwise, a 1 percent tax is due on the value of the inheritance. No tax on gifts or wealth exists as such.

4.3 Real estate tax

Are there real estate taxes in Romania?

Yes. Owners of land, buildings, and automobiles are liable to local taxes.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in Romania?

³ Romanian Social Security Laws, no. 76/2002, no.158/2005, no. 95/2006 as further amended.

Romanian VAT is currently 19 percent.

4.5 Unemployment tax

Are there unemployment taxes in Romania?

See social security section.

4.6 Other taxes

Are there additional taxes in Romania that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

No.

4.7 Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

Currently, there is no requirement to declare offshore assets. Where the offshore asset generates income, this income would have to be declared in Romania in the case of Romanian tax residents and taxed accordingly.

05

Immigration

5 Immigration

Following is an overview of the concept of Romania's immigration system for skilled labor.

(E.g., which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process)

In principle, all the non/EU/EEA/Swiss nationals (hereinafter the foreigners) need a work permit to carry out activities in Romania irrespective of the duration of activity. A skilled worker can follow the appropriate immigration procedure, based on assignment or local employment. For the immigration process in Romania (either assignment procedures (standard procedure of assignment or Intra-Corporate Transferee (ICT) worker or local hire (standard or highly-skilled worker), the foreigners need to prove that they have a minimum qualification requirements in order to occupy a position within the company in Romania, as per legal provisions (e.g. post-high school diploma, college diploma, bachelor's degree diploma, master's degree diploma, as the case might be). The certificates/diplomas of courses or qualifications others than those mentioned above may sustain the immigration process, as supplementary documents to prove certain qualifications/skills, however they do not suffice at the application files, in the absence of study diplomas. Besides the diploma, an ICT worker should also prove an experience of work of at least 3 years in the area of specialization and other specific requirements to prove the eligibility to apply for a specific work permit.

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter Romania as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

Generally, Romanian visas are not required for nationals of EU/EEA countries, Switzerland, Canada, Japan and the USA.

Also, Romanian short-stay entry visas are not required for certain categories – by accessing the link https://www.mae.ro/sites/default/files/file/anul_2018/2018.11.28_anexa_2_en.pdf you can find out which are the countries/territories whose nationals do not need a short-term entry visa (for business purposes) to enter the Romanian territory and generally stay here for up to 90 days within 180 days.

Holders of valid Schengen visas for short or long term stays are granted visa free entry to Romania (i.e. no Romanian short-term entry visa is required), under certain conditions.

In general, the foreigners will be only allowed to conduct limited (“hands off”) activities in Romania, like participating in meetings, attending hands off trainings, negotiating and signing contracts, sightseeing, commercial purposes, learning or testing the operation of instruments purchased or sold in commercial contracts and of industrial cooperation with Romanian companies etc. It is important to note that the activities as described, need to be passive rather than active in nature, sporadic, short-term and occasional, otherwise, the Romanian authorities may classify the structure to “performing work” where a proper work permit is mandatory. Basically, no productive work should be performed by the employees on the Romanian territory under a business traveller status (without a work permit). All other activities typically require a specific work permit, irrespective of the intended duration of stay in Romania.

Describe (a) the regulatory framework for business traveller being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

The business visa (type C/A) is issued for up to 90 days within 180 days. In some specific situations, when the foreigner travel frequently to Romania, the visa might be granted for a longer validity (more than 6 months), however the stay should not exceed 90 days within 180 days.

According to the legislation, the business visa is issued for the foreigners who intend to travel to Romania for economic or commercial activities, for contracts or negotiations, for setting up, putting into function or checking how are used or how are working the goods purchased or sold based on commercial and industrial cooperation contracts, for training the personal in this respect, but also for the foreigner who should become an associate for shareholder of a Romanian company. Consequently, if this visa free nationals will come to perform other activities, they may be subject to obtain a work permit, a long-term visa and then residence permit.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

The process of obtaining a Romanian business visa (type C/A) includes the on-line application to get an appointment, personal submission of documents to the Romanian Embassy/Consulate abroad (i.e., in the country of origin / residence of the applicant) and then collecting the passport with the visa. The presence of foreigner is mandatory at the moment of application. The visa is typically issued within 10-20 days from application, depending on the consulate workload. Main documents required for the business visa:

- visa application form – to be printed out before finalizing the on-line application
<http://evisa.mae.ro/home>
- passport, valid at least 3 more months over the visa validity period(i.e., generally valid for up to 1 year)
- invitation from the Romanian company
- bank statement no elder than 48h proving that the foreigner has enough means of support for the entire duration of stay in Romania, which should be at least 50 Euros (EUR)/day but not less than EUR 500,
- proof of accommodation for the duration of stay in Romania (e.g., hotel booking) flight ticket booking
- medical insurance with Romanian /worldwide coverage, and covering the visa validity period and preferably an insured amount of at least EUR 30,000-EUR 50,000, depending on specific circumstances
- 2 passport size photos
- visa fee payable directly at the consulate.

Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?

The visa waiver program may be applicable to those non-EU/EEA/Swiss nationals who carry out temporary activities (of public interest) required by public institutions (ministries, central or local public administrations).

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to Romania? In this context outline whether a local employment contract is required for the specific permit type.

Generally, work permits are compulsory for foreign individuals working in Romania. Consequently, non-EU/EEA/Swiss individuals who work in Romania either as *assignees* of a non-EU/EEA/Swiss employer or as *local employees* of a Romanian employer must obtain the relevant type of work permit.

The main categories of work permits for performing work-related activities in Romania are specific work permits for assignment (i.e. assigned worker under standard procedure and ICT assignment) and for local employment (i.e. local hire under standard procedure and highly-skilled worker/specialist).

A work permit for non-EU/EEA/Swiss individuals who are assigned to work in Romania under standard procedure is generally issued for a 1-year period within a 5-year interval. If the individual wishes to continue to work in Romania after the initial 1-year period of assignment, he or she must obtain another type of work permit (for local employment) and conclude a local employment contract with a Romanian employer. The duration of the assignment can be up to 3 years, for foreigners who occupy a management or specialist position, and up to 1 year for foreigners who come as trainee workers and who are transferred within the same company (i.e., so-called "ICT workers"). Certain conditions must be met by this category of assignee, such as that a foreigner who occupies a management or specialist position must have at least 6 consecutive months' experience in the same company or group of companies, whereas trainees must have at least 3 consecutive months' experience within the same company or group of companies. Highly skilled employees (i.e. specialists in certain areas) will obtain a specific type of work permit for local hires.

To summarize; Under the standard assignment procedure, the residence permit(s) can be valid for up to 1 year within 5-year period. In case the foreigner should stay a longer period, the Romanian company has to obtain a work permit for local employment. In such cases, the foreigner can continue working, without being necessary to leave the country/jurisdiction, if the company start the process of employment before that the residence permit as assignee expires.

The ICT worker can be assigned, if they take up a management or qualified position, up to 3 years. The trainee can be assigned following this procedure up to 1 year. In case the foreigner should stay a longer period, at the end of this 1 year or these 3 years, by case, they will have to leave the country/jurisdiction and to come back once the new work permit and visa are obtained.

In both situations, the residence permit as assignee worker or ICT worker can be extended if its validity is less than 1 year, respective 3 years, however the cumulated periods of validity of the cards should not exceed 1 or 3 years, by case. This situation occurs when the foreigner should have assigned for a shorter period.

Nationals of EU/EEA member states and Switzerland do not require Romanian work permits.

In addition, non-EU/EEA/Swiss individuals who are employed by EU/EEA/Swiss-based companies, who are assigned to work in Romania and have a valid residence permit in the relevant EU/EEA country or Switzerland, are not required to obtain Romanian work permits, but only visa and/ or residence permits from the local Immigration Office.

In case of local employment, the foreigner may conclude a local employment contract for a definite or indefinite term, however, the corresponding residence permit may be renewed every 1 year / every 2 years, as the case might be.

Provide a general process overview to obtain a work and residence permit for long-term assignments (including processing times and maximum validation of the permit).

Both processes of assignment, for assignee worker and ICT worker, include similar steps, however, the supporting documentary requirements vary.

Step I – Obtaining the diploma recognition certificate from the Romanian Ministry of Education Estimated time – 30 days from the moment of application.

Step II – Obtaining the work permit as assignee worker or ICT worker Estimated time – 60 days from the moment of application.

Step III – Obtaining the (D/DT) assignment visa Estimated time – up to 20 days from the moment of application. The visa request has to be required in 180 days from the date of issuance of the work permit. The visa is valid up to 90 days within 180 days.

Step IV – Notification of assignment to the labor authorities. The notification is registered in maximum 5 days from the starting date of assignment

Step V – Obtaining the residence permit

Estimated time – 60 days from the moment of application. The residence permit as assignee worker is typically valid for up to 1 year. The residence permit for ICT worker is valid up to 1 year for trainees, and up to 3 years for management staff and qualified workers /specialists.

In case there are foreigners who are seconded from an EU/EEA member states or Switzerland, having a temporary residence permit issued by that state, the procedure of assignment (only assignee worker is applicable) is:

Step I – Obtaining the (D/DT) assignment visa

Estimated time – up to 30 days from the moment of application. The visa is valid up to 90 days within 180 days.

Step II – Notification of assignment to the labor authorities. The notification is registered with at least 1 day before the starting date of assignment.

Step III – Obtaining the residence permit

Estimated time – 60 days from the moment of application. The residence permit as assignee worker is valid up to 1 year, with the possibility to be extended every year provided that the residence permit issued by the EU assigning country is valid.

If the foreigner holds a long term/permanent residence permit issued by an EU member state, the process will be:

Step I – Notification of assignment to the labor authorities. The notification is registered with at least 1 day before the starting date of assignment.

Step II – Obtaining the residence permit

Estimated time – 60 days from the moment of application. The residence permit as assignee worker is valid up to 1 year, with the possibility to be extended every year.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

The minimum gross salary for 2024 is RON 3,300/month. Highly skilled local hires require a minimum salary of at least RON 15,134 13,600/month. For construction sector, the minimum gross salary required is of at least RON 4,582/month. The allowances or other benefits are not taken into consideration.

Is there a fast-track process which could expedite the visa/ work permit?

The work permit/visa might be issued earlier than the legal term, only in rare situations, based on strong arguments and supporting documentation. However, this is not a guarantee and it depends upon discretion of the immigration authorities. Depending on particularities, a tailored analysis of each case should be done.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

The foreigner (either an assignee or a local hire employee) is allowed to work once the work visa (type D) is issued.

Can a short-term permit/ business visa be transferred to a long-term permit in Romania?

No

Is it possible to renew work and residence permits?

The work permit is renewed automatically when the residence permit is extended. However, the residence permit cannot be extended over the limit of 1 year for assignee worker and trainee, or 3 years, for management staff or qualified workers.

Is there a quota or system or a labor market test in place?

Foreigners (i.e., nationals of countries other than EEA countries or Switzerland) are only admitted to carry out work in Romania in limited numbers (quotas). The specific quotas are announced yearly by the Romanian Government.

In 2024 the authorities can issue 100,000 work permits for new comers. In case this limit of work permits is reached before the end of the year the Government may supplement the quota, as the case might be.

The tight quotas in combination with high demand have led to very restrictive admission practices. Consequently, only detailed and properly documented work permit applications based on solid reasoning have a chance of success.

5.3 General Immigration Related Questions

Would it be possible to bring family members to Romania?

The non-EU/EEA/Swiss nationals (sponsors) can bring their family members (also third-country/jurisdiction nationals) in Romania following family reunification procedure only after the principal has obtained the residence permit, with a validity of at least 1 year (i.e., 365 days).

Until the immigration process for family reunification is initiated, the family dependents may travel to Romania only based on short-term visa regime, based on a Romanian short-term visa (for tourist/visit purposes) or based on valid multiple-entry Schengen visas.

Is it possible to obtain a permanent residence permit?

The procedure of obtaining the permanent residence permit can be initiated only after the foreigner has a legal and continuous residence in Romania of at least 5 years. As an exception, the investors can apply for the permanent residence permit directly if they invested in Romania at least EUR1,000,000 or created at least 100 full-time jobs.

What if circumstances change after the Work and Residence application process (e.g., change of employment or personal situation, including job title, job role or salary)?

Generally, a work permit is a document granting an employer/beneficiary of services the right to employ/receive as an assignee a foreign individual to take up a specific position within the company. Based on a work permit and specific long-term visa for local employment/assignment, a national of a non-EU/EEA member state or Switzerland is entitled to work in Romania for a specific position, for one employer only.

In case the foreigner should change the assignment/ employment structure, the employer or the position, a new work permit must be obtained. Any change in work or personal situation must be notified to the

immigration authorities both by the employer and by the foreigner, within legal deadlines and appropriate immigration documents (i.e., work permit/residence permit) might be obtained.

How long can a permit holder leave Romania without their permit becoming invalid?

The holder of a residence permit obtained as permanent worker or highly skilled worker can stay in Romania until expiry date of the card.

Must immigration permissions be cancelled by the end of the assignment/employment?

In case the assignment or employment ends before the termination date mentioned in the contract both the company and the foreigner must notify the Romanian Immigration Office in 10/30 days from the last working date.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

Failure to comply with immigration requirements as set under the immigration legislation would lead to contraventions, fines, penalties and even ban to enter the country. For example:

Individual can get a fine for non-compliance as follows:

- Between RON100 and RON500 if they do not notify within 30 days the change of passport, address, marital status, a new baby born, any change occurred in their contract.
- Between RON100 and RON500 for application for the residence permit with less than 30 days before the expiry date of the visa/current residence permit.
- Between RON400 and RON700 for illegal staying between 1 and 30 days.
- Between RON600 and RON800 for exceeding the limit of stay with 31 – 60 days, plus a ban of entering Romania between 6 month and 1 year.
- Between RON800 and RON1,200 for exceeding the limit of stay with more than 60 days, plus a ban of entering Romania between 6 month and 1 year.

The company can get a fine for non-compliance as follows:

- Between RON700 and RON1,000 for lack of the work permit(s) from the records (original documents).
- Between RON1,500 and RON3,000 if the company did not inform the Immigration Office within 10 days the fact that they hired a non-EU/EEA/Swiss national who is exempted from the obligation of obtaining a work permit.
- Between RON5,000 and RON10,000 if the company refuses to cooperate with Romanian Immigration Office representatives in the case of an audit.
- Between RON1,500 and RON3,000 if the company does not provide documents and information required by the Romanian Immigration Office until the deadline, in case of an audit.
- Between RON10,000 and RON20,000 for each foreigner who carry out activities without having a work permit and/or employment contract.
- Between RON10,000 and RON20,000 for each foreigner who is in illegal staying, with or without an employment contract.

Beside the fine which can be ranged between RON10,000 and RON20,000, the company may also be punished as follows:

- partial or total loss of the right to obtain any social benefits, grants, including EU funds managed by the Romanian authorities, for a period of up to 5 years

- banning the company to participate to public bidding, for a period of up to 5 years
- money recovery, partial or total, coming from social benefits, grants or EU funds, for a period of up to 12 months prior the finding date of contravention
- temporary or permanent closure of the working point where the contravention committed or temporary or permanent withdrawal of the authorization of function, by case.

5.4 Other Important Items

List any other important items to note, or common obstacles faced, in Romania when it comes to the immigration processes.

The company who wants to receive assigned foreign employees or to hire a foreigner who needs a work permit does not need to have debts to the public budget. Also, the company may be eligible to obtain the work permit if in the last 6 months it has not sanctioned by the labor authorities for receiving at work of foreigners who did not have a work permit or employment contract or if the company did not inform the labor authorities when an employment contract was concluded or amended.

As mentioned above, there is quota of work permits which can be issued during a year, so if this limit is reached, the company/employer may not be able to obtain the work permit.

For the immigration process the following documents are generally required:

From the individual:

- valid passport
- diploma over-legalized or apostilled, by case
- criminal record confirming that they do not have any criminal history, valid, over-legalized or apostilled, by case
- employment contract with the Home Company (for assignment procedure) assignment contract (for assignment procedure)
- proof of accommodation (hotel reservation, rental agreement) medical insurance
- bank statement showing that they have at least EUR 2,500, no older than 48h
- medical certificate issued by a Romanian hospital/clinic confirming that they are in a good health condition, required for residence permit application.

From family members:

- valid passport(s)
- marriage and child(ren)'s birth certificates over-legalized or apostilled, by case
- spouse's criminal record confirming that they do not have any criminal history, valid, over-legalized or apostilled, by case
- bank statement showing that the spouse has at least EUR2,500/person, no older than 48h
- letter from the embassy of the country/jurisdiction of origin if there is a difference of name in the documents.

From the company:

- fiscal certificate issued by the Romanian tax authorities confirming that the company has no debts to pay to the public budget, valid
- certificate from the Romanian Trade Registry, valid
- incorporation certificate/registration certificate of the Home Company (for assignment procedure)

- certificate from the Trade Registry from abroad to confirm that the Home Company and Romanian Company are part of the same group of companies (required only for ICT worker)
- criminal record issued by the Romanian authorities confirming that the company does not have any criminal history, valid

All the documents which are issued in other languages must be translated into Romanian language. By case, the Romanian authorities may require additional documents.

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