

KPMG

GMS Flash Alert

2026-129 | 25 May 2026

United States – New U.S.-Romania Totalization Agreement to Enter into Force on September 1, 2026

On May 19, 2026, the U.S. Government transmitted a diplomatic note to the Government of Romania to bring the long-awaited U.S.-Romania bilateral social security agreement (Totalization) agreement (the "Agreement") and related Administrative Arrangement into force. The diplomatic note affirms that all the legal requirements for approval in the United States have been met. This is the final step in the approval process, and the Agreement will therefore enter into force on September 1, 2026.

WHY THIS MATTERS

Totalization agreements are important instruments that protect cross-border workers and their employers. Not only are they vital to ensure that internationally mobile workers maintain continuity of social security affiliation and avoid costly gaps in coverage, but they also excuse workers and their employers from taxation in the host country. The authorities in the two countries issue Certificates of Coverage (COCs) under these agreements that serve as proof of affiliation with the home country's social security system and exemption from making contributions in the host country. COC compliance has increasingly become a focal point for government authorities in many jurisdictions, and lacking a COC can potentially lead to work stoppages, delays in work permits, fines, or dual taxation. Diligent COC compliance is crucial to ensuring that an organization is not at risk of facing unnecessary hardships of this nature.

More Details

Timeline and Process for Entry into Force

Negotiators from the U.S. Social Security Administration (SSA) and their counterparts at the Romanian Ministry of Labor and Social Protection and the Romanian National House of Public Pensions held several rounds of discussions in 2013 and 2014 towards concluding the U.S.-Romania Totalization Agreement. Due to administrative delays, the Agreement was not signed until March 23, 2023 (For prior coverage, see *GMS Flash Alert* 2023-068, March 30, 2023).

The Romanian Parliament ratified the Agreement on January 3, 2024,[1] and the two sides held implementation meetings in Bucharest in June 2024 to determine the joint policies, forms, and procedures to implement the

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Agreement. Former President Biden transmitted the Agreement to Congress on September 12, 2024 (For prior coverage, see GMS Flash Alert 2024-183, September 19, 2024).

Once the President transmits a totalization agreement to Congress, it must rest before both houses of Congress for 60 days during which one or both houses are in session. If neither house passes a resolution of disapproval, the agreement has passed the statutory legislative review period provided for in section 233(e)(2) of the Social Security Act.[2] Neither house passed such a resolution during this period.

The final step for entry into force of agreements is a mutual exchange of diplomatic notes, which took place on May 19, 2026. Pursuant to the text of the U.S.-Romania Totalization Agreement, it will enter into force on the first day of the fourth month after this mutual exchange of formal notifications – September 1, 2026.

What the Agreement Contains

The U.S.-Romania Totalization Agreement contains rules that are broadly similar to other U.S. totalization agreements.

- It provides for social security coverage under the laws of the country in which work is performed, subject to several exceptions. These exceptions include temporary transfers of employment or self-employment activity and special rules for various types of employment, including airline workers, seafarers, and government employees;
- Additionally, workers who have earned at least six U.S. quarters of coverage or one year of Romanian coverage, but not enough to become entitled to a benefit, may combine coverage for purposes of entitlement;
- The Agreement removes restrictions on payments of benefits to residents of the two countries[3]; and
- Under the mutual assistance provisions of the Agreement, the two countries commit to assist each other in administering the Agreement, including social security claims, appeals, and data exchanges.

Agreement Savings and Benefits

- SSA's Office of the Chief Actuary estimates[4] that after the Agreement has been in force for seven fiscal years, it will result in employers and their employees saving approximately $88 million in dual social security tax and contributions. It will also result in around 2,300 people receiving $22 million in benefit payments for which they would not otherwise be eligible absent the Agreement.

KPMG INSIGHTS

Upon entry-into-force, the U.S.-Romania Totalization Agreement will become the 31st agreement for the United States. U.S. and Romanian authorities still have to take a number of administrative steps towards implementing the finalized agreement. Policies will need to be drafted and published, and certificates of coverage will need to be brought online and operationalized within a relatively short timeframe. KPMG will continue to closely monitor these developments as they unfold.

ENDNOTES:

1 KPMG GMS Flash Alert 2024-183, September 19, 2024.

2 42 U.S.C. § 433(e)(2)

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

3 S.S.A. Program Operations Manual System, RS 02610.001, *Alien Nonpayment Provisions*, (October 5, 2023).

4 H.R. Doc. No. 118-166, at 23 (September 12, 2024).

* * * *

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Contacts

For additional information or assistance, please contact your local GMS or People Services professional or the following professional with the KPMG International member firm in the United States:



Brent Jackson
Director
WNT – GMS
Tel. +1 240 309 7227
brentjackson@kpmg.com

The above information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230 as the content of this document is issued for general informational purposes only.

The information contained in this newsletter was submitted by the KPMG International member firm in the United States.

www.kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us: **kpmg.com**

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing Audit, Tax and Advisory services. The KPMG global organization operates in 147 countries and territories and has more than 219,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

GMS Flash Alert is a publication of the KPMG LLP Washington National Tax practice.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.