



WORK IN CONSTRUCTION - LEGISLATION

GEO no. 114/2018 regarding the measures established in the public investments and fiscal-budgetary field, the modification and completion of some normative acts and the extension of some deadlines that modify, inter alia, the Fiscal Code and the Labor Code, offering tax incentives to the employees in the field of construction, was published in the OM no. 1116 of 29.12.2018.

First change was done regarding the minimum wage applicable to employees in the construction sector. Thus, for the period 1 January 2019 - 31 December 2019, the minimum basic gross salary guaranteed in payment, at country level, in the field of construction, will be set in cash, without including bonuses and other supplements, to the amount of 3.000 lei per month, for a normal working program, in average of 167,333 hours per month, representing 17,928 lei /hour.

The change is only applicable to natural persons who earn incomes as salaries and assimilated to salaries based on individual labor contracts and for which the following conditions are met: employers carry out activities in the construction sector that cover the fields of producing building materials defined by the following NACE codes:

- 2312 - Processing and shaping of flat glass;
- 2331 - Manufacture of ceramic tiles and slabs;
- 2332 - Manufacture of bricks, tiles and other construction products of fired clay;
- 2361 - Manufacture of concrete products for construction;
- 2362 - Manufacture of plaster products for construction;
- 2363 - Manufacture of concrete;
- 2364 - Manufacture of mortar;
- 2369 - Manufacture of other articles of concrete, cement and plaster;
- 2370 - Cutting, shaping and finishing of stone;
- 2223 - Manufacture of articles of plastics for construction;
- 1623 - Manufacture of other carpentry and joinery elements for construction;
- 2512 - Manufacture of metal doors and windows;

- 2511 - Manufacture of METAL structures and parts of metal structures;
- 0811 - Extraction of ornamental and building stone, extraction of limestone, gypsum, chalk and slate;
- 0812 - Extraction of gravel and sand;
- 711 - Architectural activities, engineering and technical consulting services;

The tax treatment applicable to employees fulfilling the above conditions has changed, as follows:

o Employees will be exempted from the income tax of 10%, between 1 January 2019 and 31 December 2028 inclusive;

o For the period 1 January 2019-31 December 2028 inclusive, the share of the social security contribution (pensions) will be reduced by 3,75%, thus becoming 21,25%. The level of contribution cannot be lower than 21,25% of the minimum wage applied to the construction sector.

o The social health insurance contribution (10%) will not be due by the individuals who meet the above mentioned conditions during 1 January 2019-31 December 2028 inclusive.

o With reference to the employer's contributions, the labor insurance contribution will decrease from 2,25% applied to the calculation basis, to 0,3375% of the calculation basis, according to the provisions of the Fiscal Code.

Thus, for a gross salary of 3.000 lei, the *net salary of the employee* fulfilling the above mentioned conditions will be 2.362 lei and the total employer's cost will be 3.010 lei.

The length of service and the period of contribution to the unemployment insurance system, work accidents and occupational illnesses insurance system and for medical leave will not be affected by these changes. Periods during which construction workers will be exempted from certain social contributions will be considered as periods of contribution and they will be able to obtain benefits from the public health, pensions and unemployment insurance systems.