

Tax Flash



In this issue:

- **Minimum gross salary**
 - **Monthly personal deduction**
 - **Fiscal records**
 - **Procedure regarding the deductions from the global income**
-

MINIMUM GROSS SALARY

Government Decision 2.346/2004 for establishing the minimum gross salary

(Official Gazette 1 / 3 January 2005)

The minimum gross salary is established at the level of ROL 3,100,000 per month for a complete working schedule of 171,333 hours per month in year 2005, representing ROL 18,093.4 per hour.

Establishing a base salary inferior to the minimum gross salary is considered contravention and is sanctioned with a fine ranging from ROL 10,000,000 to ROL 20,000,000.

MONTHLY PERSONAL DEDUCTION

Order 19/2005 approving the monthly personal deductions for taxpayers realising salary-type incomes starting January 2005, according to the provisions of article 56, Paragraph (2) of Law 571/2003 regarding the Fiscal Code

(Official Gazette 39 / 12 January 2005)

For gross monthly incomes up to ROL 10,000,000, the personal deduction ranges between ROL 2,500,000 and ROL 6,500,000 depending on the number of persons placed under the respective taxpayer's care.

For gross monthly incomes between ROL 10,000,000 and ROL 30,000,000, the personal deductions are computed progressively depending on the gross income and the number of persons placed under the taxpayer's care.

For gross monthly incomes exceeding ROL 30,000,000, no personal deductions are allowed.

The computation of the progressive deductions is detailed in the appendix to the discussed Order.

This update is correct to the best of our knowledge and belief at the time of issue. It is, however, written as a general guide so it is recommended that specific professional advice is sought before any action is taken.

**For additional information,
please contact:
Venkatesh Srinivasan,
Partner
Ernst & Young SRL
75 Dr. N. Staicovici Street
Sector 5, Bucharest
Tel: (40-21) 402 4000
Fax: (40-21) 410 7052**

FISCAL RECORDS

Order 1.988/2004 amending Order 161/2004 regarding the fiscal records

(Official Gazette 49 / 14 January 2005)

The Order presents the norms for filling in form 210 "Fiscal record 1" (Rom. "Fisa fiscala 1") and the template of the new form (please refer to the Appendix to the Order).

PROCEDURE REGARDING THE DEDUCTIONS FROM THE GLOBAL INCOME

Order 1.941/2004 regarding the procedure for personal deductions from the global income according to art. 86, paragraph (1), letter d)-f) of Law 571/2003 regarding the Fiscal Code and the procedure for the allocation of an amount up to 1% from the annual income tax according to art. 90 of Law 571/2003 regarding the Fiscal Code

(Official Gazette 54 / 17 January 2005)

The Order provides for the conditions under which the personal deductions provided under article 86, par. 1, point d)-f) from the Fiscal Code are allowed.

According to the Fiscal Code, the following deductions can be performed in arriving at the taxable annual global income:

- a) insurance premiums for dwellings, within the limit of the ROL equivalent of EUR 200 per year;
- b) contributions to optional occupational pension schemes, within the limit of the ROL equivalent of EUR 200 per year;
- c) private health insurance premiums, with the exception of those entered into for cosmetic purposes, within the limit of the ROL equivalent of EUR 200 per year.

In order to benefit from the above mentioned deductions, certain backup documentation must be available, such as: the insurance contract, the proof of payment of the insurance policy, as well as other justifying documentation, as applicable.

The deductions are granted by the fiscal authority, based on the justifying documentation submitted by the taxpayer together with the annual income tax statement.

The Order also details the procedure regarding the allocation of a deductible amount up to 1% of the annual income tax for sponsorship purposes. In this respect, the taxpayer should fill in the special line in the annual global income tax statement.