No. 15/05 August 2010

Government Decision 791/2010 for approving the application Norms to art. III of OUG 58/2010 for amending the Fiscal Code, was published in Official Gazette 542/03.08.2010 (Appendix 2).

The main provisions are as follows:

It is defined the term "***professional incomes, other than wages***", which means incomes obtained by an individual from any other activities than activities defined as dependent, with certain exceptions.

Those persons who obtain exclusively professional incomes on a repetitive nature - monthly, quarterly or half-yearly - or occasionally are liable to pay the social insurance individual contributions, unemployment insurance and social health insurance.

Persons who besides salaries also obtain professional income on a repetitive nature are liable to pay individual contributions also for these professional incomes. But if, besides the salaries, persons obtain professional incomes which are not repetitive in nature, contributions are not due for these professional incomes.

Individual contributions are due in the event that incomes of a professional nature are made by persons for whom on the date of entry into force of the Norms, it is envisaged, according to the law, that insuring under the unemployment insurance system is voluntary.

Tax base of individual contributions for social insurance and unemployment insurance is as follows:
- **monthly net realized income**, but not more than the equivalent of five average gross salaries per economy, for professional income of a repetitive nature;
- **annual net realized income**, but not more than the equivalent of five average gross salaries per economy, for professional income of an occasional nature.

Contribution rates that apply to net income are:
10.5% - social insurance contribution;
5.5% - social health insurance contribution;
0.5% - unemployment insurance contribution.

For incomes of a professional nature, social health insurance contribution is paid by beneficiary of the income. Although not clearly stated, we would understand that also for the other contributions the obligation to declare and pay rests to the income beneficiary.

Individuals who derive income of a professional nature, for which individual contributions are due, have the obligation to submit monthly, until the 25th of the month for previous month the income was earned, one return for insuring the public pension system, in the unemployment insurance system, to conclude that insurance contracts in social health insurance system, respectively.

The persons have to update the insurance returns within 14 working days from the date of change in value of the professional incomes, by filing a new return, certifying the amount of professional income from each source.

In the months the persons do not derive incomes of a professional nature, people have to notify this to local authority for pensions and to local employment agency within 3 working days.

Failure to submit timely returns or delays in notification is sanctioned with fine from RON 2500 -5000 lei.

Model of insurance returns are approved within seven days after the entry into force of the norms.