

Tax & Legal Weekly Alert

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State subsidies to stimulate employment

As of December 3rd, 2016, both employees and employers benefit from new incentives for employment regulated under Government Emergency Ordinance no. 60/2016.



Government Emergency Ordinance no. 60/2016 amending and supplementing Law no. 76/2002 on the unemployment insurance system and stimulation of employment ("GEO no. 60/2016") sets out new financial benefits, for both employees and employers

Thus, GEO no. 60/2016 regulates new financial benefits for both employees and employers, as follows:

A. For employers

1. Employers who employ graduates, for an indefinite period, are granted, for a period of 12 months, a monthly compensation amounting to RON 900 per graduate employee
2. Employers who employ disabled graduates, for an indefinite period, are granted, for a period of 18 months, a monthly compensation amounting to RON 900 per graduate employee;
3. Employers who employ unemployed aged over 45, unemployed single parents, long-term unemployed or NEET young people (youngsters aged between 16 and 24 who do not have a job, are not in education and not participating in training), for an indefinite period, are granted, for a period of 18 months, a monthly compensation of RON 900 per employee;
4. Employers who employ unemployed who, within 5 years from the date of employment, meet the conditions to request partial early retirement pension or old age pension, but do not meet the conditions to request partial early retirement pension, benefit from a monthly compensation amounting to RON 900 during the employment of these persons, until the conditions in question are met.

Employers are required to maintain the employment relationships of the above-mentioned employees for a period of at least 18 months following their conclusion.

B. For employees

1. Activation incentive

- It amounts to RON 500;
- It's non-taxable;
- It is granted to unemployed registered with the employment agencies, who do not receive unemployment benefits, if they become full time employees for a period longer than 3 months after the date of registration with the employment agencies.

2. Enrollment incentive –

- It is granted for a period of 12 months to persons who:
 - o Are registered as unemployed with the employment agencies and
 - o Are employed in a place situated at a distance exceeding 15 km from the place where they are domiciled or resident;
- The amount of the incentive is calculated at 0,5 RON/ km, but cannot exceed 55 EUR. / day, proportional with the number of days in which work is performed in favor of the employer;
- It's non-taxable.

3. Settlement incentive

- It is granted to persons who:
 - o Are registered as unemployed with the employment agencies and
 - o Are employed, in accordance with the law, in a place situated at a distance exceeding 50 km from the place where they are domiciled or resident and who, consequently, change their domicile or set their residence in that respective place or in a neighboring place;
- It's non-taxable;
- The amount of the incentive is differentiated, as follows:
 - o RON 12,500 - granted to persons employed in a place situated at a distance exceeding 50 km from the place where they are domiciled or resident and who, consequently, change their

- domicile or set their residence in that respective place or in a neighboring place;
- RON 15,500 - granted to persons who meet the above-mentioned conditions and are accompanied by family members.
- If both spouses meet the conditions to benefit from the settlement incentive, one of the spouses shall be entitled to receive a settlement incentive amounting to RON 12,500 while the other spouse shall be entitled to receive a settlement incentive amounting to RON 3,500.

The enrollment and settlement incentives cannot be aggregated. Also, they are granted only to persons who are domiciled or resident or set their new domicile or residence in areas set out in the National Plan for mobility, which is approved and updated by Government decision, at the proposal of the Ministry of Labour, Family Social Protection and Elderly.

[For further questions regarding the aspects mentioned in this alert, please contact us.](#)

Andrea Grigoras
Managing Associate
+40 733 003 816
agrigoras@reff-associates.ro

Gabriela Ilie
Senior Associate
+40 744 474 622
ailie@reff-associates.ro



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