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## CHANGES REGARDING SOME INDEMNITIES GRANTED IN THE CONTEXT OF THE COVID-19 PANDEMIC

The Government Emergency Ordinance no. 48/2020 regarding some financial-fiscal measures **has brought amendments to the regulations on the indemnities granted under the Government Emergency Ordinance no. 30/2020** for amending and completing of some legal acts, as well as for establishing some measures in the sector of social protection in the context of the epidemiologic situation determined by the spread of the coronavirus SARS-CoV-2 **and under the Law no. 19/2020** regarding the granting of free days to parents in the situation of the temporary closing of educational establishments.

**The Government Emergency Ordinance no. 48/2020 regarding some financial-fiscal measures entered into force on the 16<sup>th</sup> of April 2020.**

Additional information regarding the indemnities granted to persons who are under technical unemployment, as well as to other beneficiaries indicated by the Government Emergency Ordinance no. 30/2020 for amending and completing of some legal acts, as well as for establishing some measures in the sector of social protection in the context of the epidemiologic situation determined by the spread of the coronavirus SARS-CoV-2 can be found by consulting our previous material, which is available [here](#).

The informative note that analyzes the matter regarding the days off granted to parents under the Law no. 19/2020 regarding the granting of free days to parents in the situation of the temporary closing of educational establishments, namely the procedure, the conditions for granting and the associated indemnity, can be found [here](#).

### 1. Relevant legislation

- *Government Emergency Ordinance no. 48/2020 regarding some financial-fiscal measures (hereinafter referred to as GEO 48/2020);*
- *Government Emergency Ordinance no. 30/2020 for amending and completing of some legal acts, as well as establishing some measures in the sector of social protection in*



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*the context of the epidemiologic situation determined by the spread of the coronavirus SARS-CoV-2 (hereinafter referred to as GEO 30/2020);*

- *Law no. 19/2020 regarding the granting of free days to parents in the situation of the temporary closing of educational establishments (hereinafter referred to as Law 19/2020);*
- *The Fiscal Code (Law no. 227/2015);*
- *Law no. 170/2016 regarding the specific tax for certain activities (hereinafter referred to as Law 170/2016);*
- *Law no. 1/2005 regarding the organization and functioning of a Co-operative (hereinafter referred to as Law 1/2005).*

## **2. Exemption from the granting of some tax facilities for certain categories of indemnities**

The GEO 48/2020 stipulates that, for the indemnities provided by art. XI para. (1) and art. XV of GEO 30/2020 and art. 3 of the Law 19/2020, granted from the unemployment insurance budget or the state budget, the fiscal facilities provided by art. 60, 138<sup>1</sup> and 154 para. (1) pt. r) of the Fiscal Code are not applicable.

This amendment shall be applicable only to the indemnities granted starting from April 2020.

## **3. Types of indemnities exempted from the applicability of tax facilities**

Specifically, the amendment regarding the exemption from the applicability of tax facilities is applicable to the following type of indemnities:

- the technical unemployment indemnity, granted to employees whose individual labor contracts were temporarily suspended, at the employer's initiative, as a result of the effects of COVID-19;
- the indemnity granted to other professionals (namely to all those who carry out organized activities consisting in the production, administration or selling of goods or in the supply of services, whether or not for profit), as they are regulated by law, as well as to persons who have concluded individual labor conventions under the Law 1/2005, who interrupt the activity as a result of the effects of COVID-19;



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- the indemnity granted to athletes, coaches, doctors, nurses, masseurs, physiotherapists and researchers, participants in sport activity, whose sport activity contracts are temporarily suspended at the initiative of the sport structure, as a result of the effects of COVID-19;
- the indemnity granted to individuals who obtain income exclusively from the copyrights and other related rights, who interrupted their activity as a result of the effects of COVID-19;
- the indemnity granted to parents for the days off granted for the supervision of their children, under the conditions of the Law 19/2020.

#### 4. Fiscal facilities that are not applicable for these indemnities

Thus, in accordance with art. II of GEO 48/2020, regarding the indemnities above-mentioned at point 3, the **following tax facilities shall not be applicable**:

##### 4.1 Tax facilities applicable for the income tax

The following income tax facilities will not be applicable:

- Exemptions granted to individuals with severe disabilities who earn an income from independent activities, individually and/or in a form of association, intellectual property rights, salaries and assimilated to salaries, pensions, agricultural activities, forestry and fisheries activities, excluding non-taxable ones, individually and/or in a form of association without legal personality;
- Exemptions granted to natural persons who earn an income from salaries and assimilated to salaries as a result of the activity of creating computer programs (IT field);
- Exemptions granted to natural persons who earn an income from salaries and assimilated to salaries, as a result of carrying out research, development and innovation activities, under the conditions prescribed by the Fiscal Code;
- Exemptions granted to natural persons who earn an income from salaries and assimilated to salaries, as a result of carrying out activities on the basis of an individual labor contract concluded over a period of 12 months, with Romanian legal entities who, during a year, carry out seasonal activities out of those provided in art. 1 of the Law 170/2016, respectively activities corresponding to the following CAEN codes:



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- 5510 – „Hotels and other similar accommodation facilities”;
- 5520 – „Accommodation facilities for holidays and short stays”;
- 5530 – „Parks for caravans, campsites and camps”;
- 5590 – „Other accommodation services”;
- 5610 – „Restaurants”;
- 5621 – „Event catering”;
- 5629 – „Other food services not classified elsewhere”;
- 5630 – „Bars and other beverage services”;

- Exemptions granted to natural persons, for the income earned from salaries and assimilated to salaries, as a result of carrying out activities in the construction sector, namely construction activity, areas of production of construction materials and activities of architecture, engineering and technical consulting services, under the conditions prescribed by the Fiscal Code.

The abovementioned exemptions are governed by the art. 60 of the Fiscal Code.

#### **4.2 Tax facilities applicable to the social security contribution**

The reduction of the social security contribution rate by 3.75 percentage points for the natural persons who earn an income from salaries or assimilated to salaries, as a result of the activities conducted in the construction sector, namely construction activity, areas of production of construction materials and activities of architecture, engineering and technical consultancy services, under the conditions prescribed by the Fiscal Code, shall not be granted. Moreover, the exemption from the payment of the contribution to the privately managed pension fund for these persons, within the limits of this quota, will not be granted.

This reduction is governed by the art. 138<sup>1</sup> of the Fiscal Code.

#### **4.3 Tax facilities applicable to the health insurance contribution**

The exemption from the payment of the health insurance contribution shall not be granted to natural persons who earn an income from salaries or assimilated to salaries, as a result of the activities in the construction sector, namely construction activity, areas of production of construction materials and activities of architecture, engineering and technical consultancy services, under the conditions prescribed by the Fiscal Code.



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This exemption is governed by the art. 154 para. (1), letter r) of the Fiscal Code.

*\* This material contains the data and information updated until the 17<sup>th</sup> of April 2020. Given the exceptional situation, new measures and procedures are constantly being adopted, the process being very dynamic.*

*This informative note presents the general legal framework in the matter, without claims of exhaustiveness on the subject. The ideas presented are strictly informative and do not eliminate the need to analyze the legal provisions set out, nor the need for legal advice offered by a lawyer, being no substitute for them in a specific case.*

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