

## **Update on sick leave and sickness benefit**

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Changes to social security contributions have been extensively reported in recent months. On 12 January 2018 the government published new application provisions to the Emergency Ordinance 158/2005 concerning the granting of sickness benefit (valid from January 2018). Essential provisions and changes to this are presented below.

### **Group of entitled persons**

Employees for whom the employer pays the (new) labour insurance contribution (Romanian: *contributia asiguratorie pentru munca*) in accordance with Emergency Ordinance 79/2017, including:

- natural persons who receive income in Romania from an EU, EEA or Swiss employer;
- natural persons who receive income in Romania from an employer in a country which is not subject to European social security legislation or any other bilateral social security agreement with Romania;
- Beneficiaries of unemployment benefits

There is also the possibility for natural persons, who receive incomes (eg. from self-employment, from author's rights, from agricultural activity) to insure themselves by agreeing a contract for the case of illness: the insurance must be at least for the minimum salary and cannot exceed 12 times the minimum salary; the contribution is 1% of the insured gross salary and must be paid by the 25th of the following month. Such an insurance policy may be terminated at the request of either party.

### **Benefits**

Essential benefits in case of illness include:

- sickness benefit for temporary incapacity to work due to illness or accident at work;
- sickness benefit for the prevention of illnesses and the recovery of the ability to work in case of accidents at work or occupational diseases;
- maternity leave benefits and high-risk pregnancies;
- benefits in the context of care leave to look after sick children up to the age of 7 (now up to 16 for serious illnesses)

Important changes include the option to get a medical certificate for sick leave online (if the licensing physician has an electronic signature). And from 2018 sick leave for temporary incapacity to work can be extended for 90 days after 183 days, without the invalidity pension being proposed.

### **Calculation and refund to the employer**

Health insurance must be in place at least for six consecutive months in the 12 months before the beginning of sick leave.

The amount of sickness benefit is calculated as the average of the last six months' earnings, as the basis for determining the labour insurance contribution, but not more than 12 times the national minimum salary. In the case of temporary incapacity to work, the sickness benefit (unchanged) is 75% of this basic amount, while maternity leave is 85%.

The first five sick days have to be paid by the employer. Thereafter, the sickness benefit is paid by the public health fund (*Fondul național unic de asigurări sociale de sănătate*); the corresponding amounts will then be refunded, on application, to the employer. For this purpose, employers are obliged to submit a copy of the sick leave report together with a

summary sheet of sick leave for reimbursement at the local health insurance office. Even in the event that the sickness benefit is to be borne entirely by the employer, or in cases of illness in which there is no entitlement to sickness benefit, this copy must be submitted to the health insurance fund. Within 60 days of the receipt of the reimbursement claim, the health insurance fund must either reimburse or refuse to refund.

Evidence of insured persons and the medical certificates issued for sick leave is provided in the framework of Declaration 112 submitted by the employer (notification of payroll tax and social security contributions).

## **Conclusion**

These changes are an improvement to employee protection in the event of illness. The extension of leave to care for sick children up to the age of 16 (for serious diseases) is a relief for the carers. And the additional option of voluntary self-insurance for people not previously insured is welcome.

## **Contact and further information:**



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