

Granting and tax treatment of vouchers for employees

by Antonela Papoiu, Accounting & Taxation Services

The goal of promoting employees and retaining them in the medium and long term is as known as it is important to all employers. In Romania, there is the possibility of granting additional benefits to the salary in the form of vouchers for this purpose.

Principle

The vouchers dealt with here are provided for by Law 165/2018 on value vouchers. According to this law, they are issued exclusively in electronic form and can be used only in the Romanian territory.

Value vouchers include: meal vouchers, gift vouchers, child care vouchers, culture vouchers, and vacation vouchers. The total value of vouchers that an employee can receive is set by law for each category.

The conditions and tax treatment for each category of vouchers will be listed below.

➤ **Meal vouchers**

Meal vouchers are considered an allowance for meals and are issued monthly based on the number of days worked. They can be used by employees to pay for meals or to purchase food.

The maximum value of a voucher is regularly adjusted; currently it is RON 30.

From a tax perspective, they are considered benefits in kind and are taken into account when calculating income tax. However, they are not subject to social insurance. Meal vouchers are therefore popular and quite common.

➤ **Gift vouchers**

Gift vouchers are vouchers issued occasionally, but only to employees and not to other groups of people, and are intended to cover the latter's own social costs. They are usually issued on certain festive occasions, such as Women's Day on March 8th, Easter, Children's Day, i.e. June 1st in Romania, or Christmas.

Their value to employees and the frequency of issuance are determined on the basis of agreements between the employer and the trade union or workers' representatives.

Gift vouchers are not subject to income tax or social security contributions up to a maximum amount of RON 300. If their value is higher, the part exceeding this amount is subject to tax/social insurance.

➤ **Vouchers for child care**

Employees who do not take leave to raise children up to the age of 2, or 3 in the case of disabled children, may receive monthly child care vouchers to be used solely for the purpose of paying fees for the day care center in which the child is enrolled.

The maximum amount of childcare vouchers may not exceed RON 450 per month per child.

Childcare vouchers are subject to income tax, but are not included in the basis for calculating social security contributions.

➤ **Culture vouchers**

These are vouchers that may be granted to employees on a monthly or occasional basis for the use of cultural goods and events, such as subscriptions or tickets to performances, concerts, film screenings, museums, festivals, fairs and exhibitions, theme parks (also for children), books, school textbooks, music albums and films.

For vouchers granted monthly, the maximum amount is RON 150 per month; for occasionally facilitated events, it is RON 300 per event.

Vouchers granted in this way also represent non-cash benefits for which income tax is withheld but no social security is payable.

➤ **Vacation vouchers**

Vacation vouchers are vouchers that can be used by employees to pay for recreational leave in Romania.

The vouchers cover the cost of travel services, room and board, and restoration of working capacity, but can also be used for school or recreational camps attended by children of the workers.

Their maximum amount is 6 minimum basic salaries per year.

These vouchers are also non-cash benefits that are subject to income tax, but not to social security, to the extent that they are issued in accordance with the law.

Common regulations

All types of value vouchers contain mandatory information about the validity period, the employee's first and last name and personal code. They are issued exclusively in electronic format.

If the value of the vouchers actually issued exceeds the limits set by law, the excess portion is considered income on which both income tax and social security contributions are calculated.

Contact and further information:



STALFORT Legal. Tax. Audit.
Bucharest – Bistrița – Sibiu

Office Bucharest:

T.: +40 – 21 – 301 03 53

F: +40 – 21 – 315 78 36

M: bukarest@stalfort.ro

www.stalfort.ro