

As a member of the European Union (EU) with a growing economy, Romania is an excellent location for a company to expand its operations to Europe. While the country's incorporation process is relatively straightforward, you'll still need to handle hiring employees, setting up payroll, and doling out compensation and benefits.

Globalization Partners can help. Our Employer of Record service is a unique solution that allows us to use our established PEO to run your business. We'll hire employees on your behalf, add them to our compliant payroll, and manage all risk so that you don't have to.

Payroll Taxation Laws in Romania

Employers must contribute different percentages of employees' salaries as part of Romania payroll laws. For example, employers must typically pay 15.8% of an employee's salary to the state social security fund, while 5.2% will go to Romania's public health insurance. Employers also owe 0.85% for the medical leave and compensation fund and 0.5% for the unemployment fund.

Employees must also make tax contributions to the funds listed above. They contribute between 31.3% and 41.3% of their salary to social security, 5.5% to health insurance, 0.15% to 0.85% for the medical leave and compensation fund, and 0.5% to the unemployment fund.

Romania Payroll Options

Companies have four main options for setting up their Romania payroll. Since every business is different, it's best to carefully consider each possibility to determine which is best for your company or industry. These include:

- **Internal:** Larger companies with a commitment to Romania may run their payroll out of their subsidiary by hiring additional staff members to handle HR and payroll needs. This option is the most expensive and time-consuming.
- **Remote:** If you handle payroll at your parent company, you can add your Romanian employees to this existing internal payroll. However, keep in mind employment

compliance laws will differ between the two groups.

- Romania payroll processing company: You can also outsource your payroll to a local Romania payroll processing company. You will still be held liable for any mistakes.
- Globalization Partners: The surest way to run your Romania payroll and stay compliant is through Globalization Partners. Our Romania payroll outsourcing services will get you started faster and ensure you do not have to worry about compliance.

Setting up Romania Payroll

Before you set up your Romania payroll, you will have to incorporate your subsidiary. To do this, you'll need registered capital, management, registered offices, assets, a Romania bank account, and the names of directors and shareholders. All businesses must register with the country's National Office of the Trade Register and the Labor Chamber.

Alternatively, you can choose a subsidiary alternative like Globalization Partners, which allows you to skip this lengthy process.

Entitlement and Termination Terms

Probationary periods up to 30 or 90 days are popular in Romania, so keep this in mind when drafting an employment contract. As an employer, you'll need to provide at least 20 working days of notice in case of a termination. However, these terms could differ if the employee is still in their probationary period.

Romania Payroll Processing Company

If you need a Romania payroll processing company, choose Globalization Partners. Contact us today for more information on our Romania payroll outsourcing services.