

# EUROMOD

## COUNTRY REPORT

ROMANIA (RO)  
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EUROMOD is the tax-benefit microsimulation model for the European Union (EU). It enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

EUROMOD covers the 27 Member States and is yearly updated to cover the most recent changes in countries' policy systems. It uses input databases which are also updated on a yearly basis, coming mainly from the European Union Statistics on Income and Living Conditions (EU-SILC). The model yearly update is supported by the following Directorate-Generals of the European Commission: DG EMPL, DG ECFIN, DG TAXUD, DG REFORM, DG JRC, DG ESTAT.

Originally maintained, developed and managed by the Institute for Social and Economic Research (ISER), since 2021 these responsibilities are taken over by the Joint Research Centre (JRC) of the European Commission, in collaboration with Eurostat and 27 national teams from the EU countries.

The EUROMOD governance structure consists of a Steering Committee, allowing partner DGs to monitor the process of the EUROMOD update, and a Scientific Advisory Board to monitor and guide the scientific development of the model.

This report documents the work done in the most recent annual update for Romania. This work was carried out by the EUROMOD core development team, based at the JRC in Seville, in collaboration with the national team.

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The results presented in this report are derived using EUROMOD version I6.0+. EUROMOD is continually being improved and the results presented here may not match those that would be obtained with earlier or later versions of EUROMOD.

For more information see <https://euromod-web.jrc.ec.europa.eu/>

The information contained in this document does not reflect the position or opinion of the European Commission.

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## 1. BASIC INFORMATION

### 1.1 Basic information about the tax-benefit system

- The tax-benefit system is largely a unified, national system.
- In Romania the fiscal year coincides with the calendar year (1<sup>st</sup> of January – 31<sup>st</sup> of December).
- The statutory retirement age is 62 years for women and 65 years for men.
- The minimum school leaving age is 16 (compulsory education in Romania is 10 years – primary, lower secondary and two years of upper secondary education); the child is dependent until the age of 18 or until the age of 26 when in education and not married.
- According to the law, a lone parent is a person who is unmarried, widower, divorced or has a spouse declared missing by court order that lives together with dependent children (own, adopted, put into foster care or in tutorship or curatorship).
- The income tax system is an individual system, with spouses being assessed independently.
- Income is taxed by income source. Some income sources are exempted from personal income tax: income from social assistance and social insurance benefits except for pensions (above a threshold) and temporary work incapacity benefit. Romania has a flat income tax of 10% for individuals and of 16% for companies. There are some exceptions regarding personal income tax. Income from gambling activities is taxed with a rate between 1% and 25% (depending on the income level). The other exception is the property transfer tax, which is between 2% and 3%. Employees in IT sector, working in certain activities and occupations are exempt. Also, workers in the construction sector, in manufacturing construction materials and architecture, engineering and consultancy activities for constructions benefit of exemption. From 2022, employees in agriculture and food industry are exempt from personal income tax. Some income categories from independent activities are taxed at the source - a share of 10% of the gross income minus the mandatory social contributions is retained at source. This is considered anticipated tax payment. At the end of the financial year the anticipated payment is compared to the real duty and compensation is made in favour of the taxpayer or the state budget.
- There are no statutory indexing regimes for taxes or benefits, except for pensions. The value of the pension point is annually indexed with a weighted average of annual inflation and the real growth rate of the average gross wage. The rest of the benefits are indexed ad-hoc through Government Decisions.
- For most means-tested benefits the monthly income of the family is assessed. In this sense the term *family* designates the husband and wife or husband, wife and their unmarried children, who share the domicile or residence in the identity cards and manage their resources together in the household. In determining the net monthly income of the family all the incomes earned by all members are taken into account, including those from the state social insurance rights, unemployment insurance, legal liabilities for dependant persons, indemnities, allowances and benefits with permanent character and other claims. In the case of certain benefits, the potential income obtained through the exploitation of certain goods that are not considered to be basic necessity goods is also considered.

### 1.2 Social Benefits

#### 1.2.1 Pensions

Romania has a three-pillar based pension system:

**1<sup>st</sup> pillar:** *public pay-as-you-go scheme*: contributions are compulsory for employees, and self-employed; the total contribution rate differs depending on working conditions.

**2<sup>nd</sup> pillar:** *mandatory private contributions*; compulsory for employed individuals under 35 years and voluntary for individuals aged between 36 and 45 years (the age limits refer to 2008, when

the 2<sup>nd</sup> pillar was introduced); contribution rate: 5% of gross wage in 2015 (carved down from the public social insurance contribution rate), but decreasing to 3.75% from 2018.

**3<sup>rd</sup> pillar:** *voluntary contributions*; the contribution rate should not exceed 15% of individual disposable income.

In the public pillar (*Law no.263/2010 on the public pension system and other social insurance rights*), the benefit is calculated based on the pension point; one pension point is equivalent to 1785 RON (2023). The entire contribution record of the insured person is taken into account.

**Old-age pension (*Pensia pentru limită de vârstă*)** is provided to individuals who have reached retirement age: 65 years for men and 63 years for women (to be reached gradually in 2030, according to Law no. 263/2010). A minimum length of the contribution career is required. The statutory retirement age and the required length of the contribution career depend on working conditions.

Working conditions, as defined by *Law 19/2000* can include: normal, unusual and special. The unusual working conditions are those that can permanently affect in certain periods the working capacity of the insured person because of the high risk of exposure to harmful conditions; the special working conditions are considered: mining; exploring, exploitation and manufacturing of nuclear raw materials for the 1<sup>st</sup> and 2<sup>nd</sup> degree exposure to radiations, civil aviation, certain artistic activities.

According to Law no. 263/2010, if the full length of the contribution career is fulfilled totally or partly in unusual working condition or in special working conditions, the statutory retirement age can be reduced for up to between 8 and 20 years depending on the length of the contributory history in unusual/special conditions and what the unusual/special conditions are.

**Early retirement pension/ early partial retirement pension (*Pensia anticipată/anticipată parțial*)** is available to individuals up to 5 years before the legal pension age.

Contribution career: full contribution career or full contribution career exceeded with no more than 8 years for early partial retirement pension/ full contribution career exceeded with at least 8 years for early retirement pension.

The pension rights are calculated as in the case of old-age pensions; for early partial retirement pension, the pension is reduced according to the reduction of the length of the contribution period.

**Survivors' pension (*Pensia de urmaș*)**. Those eligible for this pension include surviving children or the spouse of a pensioner or a person who was entitled to a pension in the public pillar.

- Children are eligible if they are younger than 16 or 26 years assuming they are still attending school.
- The spouse is eligible for survivors' pension at standard statutory retirement age if he/she has been married for at least 15 years to the deceased. If the marriage lasted less than 15 years, but more than 10 years, the pension rights are reduced by 0.5% per month and 6% per year. If the spouse has 1<sup>st</sup> or 2<sup>nd</sup> degree invalidity, he/she has the right to survivors' pension if the marriage lasted for at least one year. The length of the marriage period is not an issue if the death is a result of work accidents or professional disease, if the spouse does not earn income from professional activities or their amount is less than 35% of the average gross wage.

The amount of the benefit is differentiated according to the number of survivors: 100% of the entitlement for three or more, 75% for two and 50% for one survivor.

**Invalidity pension (*Pensia de invaliditate*)**. An employee is eligible for an invalidity pension in the case of total or at least 50% loss of his working capacity as a consequence of a work accident, professional disease or any other kind of accident and disease not related to work. According to the degree of loss in work capacity and the work place requirements, the invalidity pension can be of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> degree.

The amount of the invalidity pension is calculated by allotting a potential contribution period as the difference between the length of the statutory full contribution period and the length of effective contribution period until the moment the invalidity occurred.

The 1<sup>st</sup> degree invalidity pensioners are eligible for a monthly allowance to pay for an attendant, in the amount of 80% of the value of a pension point.

### 1.2.2 Unemployment benefit (*Indemnizația de șomaj*)

The basic legislation applicable to the unemployment benefit is *Law no. 76/2002 regarding the unemployment insurance system and employment stimulation*, amended and supplemented and Government Decision no. 174/2002 approving the Methodological Norms for the enforcement of this law.

A person is defined as unemployed if over 16 years of age, not retired, not working and available to start work.

The GEO no. 126/2008 published in the Official Monitor on the 14<sup>th</sup> of October 2008 made a first step in eliminating the connection between the unemployment benefits and the level of the minimum guaranteed wage. Thus, the income obtained from legal activities for those that apply for unemployment benefits must be lower than the value of a reference social indicator in force. This reference social indicator in force is a quantum expressed in RON used in assessing eligibility for monetary social benefits. The quantum of the reference social indicator was established at 500 RON and can be changed through government decision according to consumer price index. After 2008 the value of this indicator remained unchanged until 2022, when it was indexed with the inflation rate, thus becoming 525.5 RON and raised again in 2023 to 598 RON.

### 1.2.3 Health insurance benefits

The Basic Legislation related to the Health Insurance benefits is included in GEO no. 158/2005 regarding medical leave and health insurance allowances and *Law no. 95/2006 on health reform, Title VIII. Health insurance*.

**Leave and indemnity for temporary work incapacity caused by regular diseases or accidents not connected to work (*Concediul și indemnizația pentru incapacitate temporară de muncă cauzată de boli obișnuite sau de accidente în afara muncii*)** is offered for a maximum of 183 days in a period of one year. In case of special diseases, the indemnity is offered for a longer period, up to one year and six months in a period of two years.

The gross monthly quantum of this indemnity is 75% of the calculation base, determined as the average of monthly income for six months out of the 12 months that represent the contribution period. In case of special diseases such as AIDS, tuberculosis, cancer and so on the quantum is 100% of the calculation base. The insured persons are entitled to leave and indemnity for temporary work incapacity without a contribution period in case of medical-surgical emergencies, tuberculosis, certain contagious diseases, cancer or AIDS.

**Indemnities for the prevention of diseases and recovery of work capacity (*Concedii medicale și indemnizații pentru prevenirea îmbolnăvirilor și recuperarea capacității de muncă, exclusiv pentru situațiile rezultate ca urmare a unor accidente de muncă sau boli profesionale*)** include the indemnity for reducing the working time by a quarter of the normal duration and the quarantine indemnity.

The indemnity for reducing the working time is offered for a maximum of 90 days in a period of 12 working months and its quantum is equal to the difference between the calculation base previously mentioned and the gross income of the employee working with diminished working time, without exceeding 25% of the calculation base.

The quarantine indemnity is offered to insured people that cannot continue their activity because they suffer from contagious diseases. Its quantum is 75% of the above-mentioned calculation base.

**Medical leave and maternity allowance (*Concedii medicale și indemnizații pentru maternitate*).** Insured women are entitled to receive medical leave for pregnancy and confinement for a period of 126 days and during this period they receive maternity allowance.

Pregnancy leave is granted for a period of 63 days before giving birth, while confinement leave is granted for a period of 63 days after giving birth. The two types of leaves can compensate each other, according to the medical recommendation, but the minimum duration of confinement leave is of 42 days. Insured women that are entitled to disability benefits may receive, upon request, a medical leave for pregnancy, from the 6<sup>th</sup> month of pregnancy. The gross monthly amount of maternity allowance is 85% of the calculation base. This indemnity is financed entirely from the budget of the National Fund of Health Insurance.

**Leave and indemnity for caring for an ill child (*Concedii medicale și indemnizații pentru îngrijirea copilului bolnav*).** Insured persons can benefit of leave and indemnity for caring for children up to the age of 7 or in case of children with disabilities up to the age of 18. The maximum duration for this indemnity is 45 days per year for one child with some exceptions, in case of certain diseases, when this duration can be extended. The quantum is 85% of the calculation base.

**Leave and indemnity of maternal risk (*Concedii medicale și indemnizații de risc maternal*)**

This indemnity is offered without requirement of a minimum contribution period and its amount represents 75% of the calculation base (average monthly income for the last 10 months prior to the solicitation, based on which the social insurance contribution was paid).

### 1.2.4 Contributory parental benefits

**Indemnity for child raising (*Indemnizația pentru creșterea copilului*)** is created as a replacement income for persons on leave to care for young children. The benefit is awarded until the child reaches the age of 2 or 3 (in case of disabled children). The benefit is contributory and intended to provide an income source for parents unable to work due to child-care responsibilities.

**Incentive for child raising (*Stimulentul lunar*)** is an incentive to return to work offered to a person who normally is providing care for a young child and would have benefited from the indemnity for child raising. It can be received, optionally, by any of the child's natural parents, or by the person who was entrusted with the child in view of adoption, the person that adopted the child, the person that has the child in foster care or in emergency foster care or the person that was appointed guardian of the child. The incentive is received by the persons that were entitled to receive the indemnity for child raising and earn professional income subject to taxation. It cannot be received at the same time with the indemnity for child raising.

### 1.2.5 Non-contributory benefits

**State allowance for children (*Alocația de stat pentru copii*)** is a universal right granted monthly to families with children (up to the age of 18 or above that age when attending secondary or vocational education).

From the 1<sup>st</sup> of January 2012 the quantum of the state allowance is established based on a reference social indicator (ISR).

**State Support Allowance for families with children (*Alocația pentru susținerea familiei*)** is a means-tested benefit granted monthly to support poor families with children (up to the age of 18). The income threshold depends on the number of persons in the family. It was introduced in the Law no. 277/2010 that came into effect from the 1<sup>st</sup> of January 2011 and has substituted the Complementary family allowance (*Alocația familială complementară*) and the Support allowance for mono-parental family (*Alocația de susținere pentru familia monoparentală*).



**Allowance for family placement (*Alocația de plasament familial*)** is given to children up to the age of 18 or in case of those included in the educational system, throughout their studies, but without exceeding the age of 26. It is targeted towards children in foster care, children put under guardianship, dependent children in the process of adoption, children given to maternal assistants. Children with disabilities benefit from this allowance increased by 50%.

**Emergency benefits (*Ajutorul de urgență*)** are means-tested benefits designed to support families that face justifiable emergency situations or emergency circumstances due to natural disasters, fires, accidents, and other special situations established by law. The benefit is given both to Romanian citizens and to stateless persons and foreign citizens, with Romanian residence. The amount is established based on the assessment of the situation through social inquiry carried out by specialized personnel from the Territorial Directorates of Labour and Social Protection.

**Financial aid (*Ajutorul financiar*)** is a means-tested benefit given to families and persons that face extreme difficulties due to health problems or other justifiable causes. The benefit is given both to Romanian citizens and to stateless persons and foreign citizens, with Romanian residence. The amount is established based on the assessment of the situation through social inquiry carried out by specialized personnel from the Territorial Directorates of Labour and Social Protection.

**Home heating aid (*Ajutorul pentru încălzirea locuinței*)** is given as support to poor families who cannot afford the expenses of home heating during the cold season. The aid is given to spouses and other persons - Romanian citizens, stateless persons, and foreign citizens with residence in Romania - that share the same residence, are registered in the building book and are taken into consideration in calculating the dwelling maintenance costs, whether family relations exist. The benefit is given monthly during the cold season, between November 1<sup>st</sup> and March 31<sup>st</sup> next year. It is means-tested.

The conditions and the amounts are differentiated according to the type of heating – energy provided in the centralized system, natural gas or wood, coal and oil fuel, electricity.

In case the heating is provided via a centralized system, the quantum of the aid consists of a percentage of the amount that must be paid by the household. The percentage that will be compensated is established according to the average monthly net income per family member.

Starting from 2022, a supplement for all beneficiaries of home heating aid is given, throughout the entire year. The value of the supplement depends on heating type.

**Benefits for refugees (*Ajutorul rambursabil pentru refugiați*)** are granted to stateless persons and foreign citizens with the status of refugee. The benefit is paid monthly for 6 months and in exceptional cases the aid can be obtained for another 3 months.

**Aid for purchasing individual home heating or automated burning systems (*Ajutorul bănesc pentru achiziționarea de centrale termice individuale sau arzătoare automatizate*)** was created to support the modernisation of the heating systems used by poor families. The beneficiaries are families or single persons with low incomes that use natural gas for the heating of their homes. The beneficiaries must have the status of individual consumers, assessed by a contract with a supplier of natural gas. This benefit is means-tested as the income on family member must be less than the statutory gross minimum wage.

**Monthly allowance for the adult with severe visual disability, designated for the payment of the attendant (*Indemnizația lunară pentru adultul cu handicap vizual grav, destinată plății însoțitorului*)** is granted to Romanian citizens, stateless persons, and foreign citizens with residence in Romania, monthly, in a quantum that is equivalent to the net salary of a junior social worker with secondary education from the budgetary sector.

The beneficiaries are the adults with severe visual disabilities who have been medically certified to have severe visual impairments, irrespective of their incomes. The benefit is not means-tested.

**Monthly allowance for adults with severe and marked disabilities (*Indemnizația lunară pentru adulții cu handicap grav sau accentuat*)**. Beneficiaries are adults who have been

medically certified to have severe or marked disabilities, irrespective of their income. It is granted to Romanian citizens, stateless persons and foreign citizens with residence in Romania.

**Complementary personal budget for people with disabilities (*Bugetul personal complementar pentru persoanele cu dizabilități*).** Beneficiaries include adults or children with documented disabilities established by a medical certificate, regardless of their income. It is granted to Romanian citizens, stateless persons and foreign citizens with residence in Romania.

**Guaranteed minimum income (*Venitul minim garantat*).** Poor families are granted social assistance in an amount determined as the difference between the levels established by the law as guaranteed minimum income and the net monthly income of the family or single person.

The income of the family is taken into consideration in assessing the right to this benefit. The means are tested through social inquiry. Both income and assets may be included in the means test.

**Aid for partial covering of funeral expenses (*Ajutorul de înmormântare*)** is given to families and single persons that receive social aid according to the provisions of the law regarding the guaranteed minimum income (Law no. 416/2001). The funeral expenses of persons in this category are paid from the funds allocated for the payment of social aid.

**Monthly food allowance for children and adults infected with HIV or AIDS (*Indemnizația lunară pentru copiii și adulții infectați cu HIV sau bolnavi de SIDA*).** It is a benefit granted to children or adults of Romanian nationality or with Romanian residence, infected with HIV or AIDS, regardless of their income.

**Contribution to health insurance for the beneficiaries of the indemnity for child raising (*Contribuții pentru asigurările de sănătate aferente indemnizației pentru creșterea copilului*).** It is targeted at persons that receive the indemnity for child raising. The territorial directions of labour and social protection are required to send monthly, to the Territorial Health Insurance Houses, the individual health contributions and the names of the beneficiaries. It is not a means-tested benefit.

**The nursery voucher (*Tichet de creșă*)** is designed to help families with children to cover child care expenses. It is given to employees from state and private companies who are not eligible for child raising leave and allowance. The nursery vouchers can only be used to pay for nursery services. Nursery vouchers are given upon request to a parent or to a tutor that is looking after the child entrusted.

**Financial aid to purchase computers (*Euro 200 Program*) (*Ajutor financiar în vederea achiziționării de calculatoare*)** is a benefit targeted towards increasing the access to information and communication technologies for children from poor families. Beneficiaries are families with children (below the age of 26) studying in accredited public or private educational institutions, if the gross monthly income per family member is below a certain threshold established by law. The threshold is indexed annually, by Government decision, based on the consumer prices index.

The family receives financial assistance to purchase only one new personal computer, irrespective on the number of children in education.

The **financial support for students in the national social protection program “Money for highschool” (*Sprîjin financiar acordat elevilor din cadrul programului național de protecție socială “bani de liceu”*)** is designed to improve the access to education for children from poor families. Beneficiaries are children who are enrolled in day education, in high schools or vocational schools and are dependent on families whose gross monthly income per family member in the last three months preceding the application is below a certain threshold. As the budget for this benefit is limited, additional criteria may be taken into account for families with the same levels of income.

The financial support is received monthly during the academic year and may be terminated in case of unjustifiable absenteeism or disciplinary issues.

The beneficiaries of the national programme of social protection “money for school” cannot simultaneously receive the ‘social grants’ for students.

**Social grants (*Bursele de ajutor social*)** are given to children attending classes in pre-university and university education, depending on the financial situation of the family or in other cases established by law.

**Scholarships for tuition, scholarships for further education, adult literacy grants, according to Law 116/2002.** These can include:

- **Scholarships for tuition (*Bursa de școlarizare*)** can be received by people of school age who attend compulsory education and belong to families with two or more dependent children that are entitled to social aid under the Law no 416/2001 regarding the guaranteed minimum income.
- **Scholarships for further education (*Bursa pentru continuarea studiilor*)** are granted to compulsory education graduates who continue their studies in pre-university schools and in higher education institutions and who belong to families with two or more dependent children that are entitled to social aid under the Law no 416/2001 regarding the guaranteed minimum income.
- **Literacy grants (*Bursa de alfabetizare*)** are given to adults who participate in regional literacy programs. The beneficiaries must be older than 14 and in one of the following situations: they have never attended compulsory education courses; they haven't completed primary education or have attended primary education but have not acquired basic knowledge.

The granting of these scholarships is conditional upon class attendance and academic results. The levels of the tuition scholarships and scholarship for further education are set annually by the Government and the amounts are paid from the budget of the Ministry of Education or local budgets.

The level of the literacy scholarship is decided by different local authorities.

**Guaranteed minimum social pension/ Social allowance for pensioners (*Pensia socială minima garantată*).** This social benefit has entered into force from April 1<sup>st</sup>, 2009. Beneficiaries are public pension system retirees with residence in Romania, if the pension amount, due or in payment is less than the guaranteed minimum social pension.

The quantum is calculated as the difference between the guaranteed minimum social pension level and the pension amount due or in payment, according to the Law no. 19/2000 on the public pension system and other social insurance rights, combined with any other duties paid under special laws. Starting with 2010, the guaranteed minimum social pension level is set annually by the state budget law and can only be increased by correcting the state budget in relation to the evolution of macroeconomic indicators and financial resources.

### 1.2.6 Support schemes for compensating the increase of energy and food price

**Energy supplement (*Suplimentul pentru energie*)** was the first social protection measure adopted by the Government in order to compensate for the increase in energy prices. It has been introduced through *Law no. 226/2021 on social protection measures for vulnerable energy consumers*. The benefit is income tested, it is granted monthly and its scope is to partially cover for the energy consumption of households. Its amount is differentiated by types of energy (electricity, natural gas, solid fuels).

**Support scheme for the payment of electricity and natural gas bills (*Schema de sprijin pentru plata facturilor aferente consumului de energie electrică și gaze naturale*).** The benefit is designed as to compensate for the unit prices of electricity and natural gas (*Government Emergency Ordinance no.118/2021 on establishing compensation measures for electricity and natural gas consumption, Government Emergency Ordinance no.27/2022 on measures for final consumers on the electricity and natural gas markets*). Households pay a reference price per unit of consumption, lower than the market price. The price compensations are subject to a ceiling and are granted only to households with electricity/ natural gas consumption between a lower and upper threshold.

**Food vouchers (*Tichete sociale pentru produse alimentare și mese calde*).** In June 2022, through the governmental program *Support for Romania*, a series of measures have been adopted aiming to compensate for the high increase in energy and food prices. Vulnerable categories are entitled to receive the benefits consisting of vouchers for the purchase of food products and hot meals (only from June to December 2022, and then extended for the entire year 2023). The vouchers were received by the following categories:

- a) Pensioners and disabled persons (with severe, accentuated, or moderate disabilities), with monthly net income lower or equal to a threshold.
- b) Families with at least 2 dependent children and single-parent families, whose monthly net income per family member is less than a threshold.
- c) Families which benefit of the guaranteed minimum income
- d) Homeless persons, as they are regulated according to the legal provisions in force.

**Support for low-income pensioners (*Sprijin pentru pensionarii cu venituri reduse*).** Through the same governmental program *Support for Romania*, pensioners from the public system, the state military pension system and the beneficiaries of rights provided by special laws, with monthly income less than or equal to 2,000RON, received a lump sum benefit of 700RON, in July 2022. Also, in January, the Government adopted through an emergency ordinance a financial aid for public system pensioners with pensions less than or equal to 1,600RON. The benefit is a lump sum representing the difference between 2,200RON and their pension rights for January 2022. In 2023, the support increased its coverage, by extending eligibility to all pensioners with monthly income less than or equal to 3,000RON. The benefit amounts in 2023 are regressive with income.

**Vouchers for students (*Vouchere pentru elevi*).** The same governmental program *Support for Romania* entitles students receiving social scholarships (from low-income families) to receiving vouchers of 30 euros per month (from April 2022 until December 2022, except for the summer holiday months, in total for 7 months) for food, supplies and clothes.

**Educational vouchers (*Vouchere educaționale*)** for students from vulnerable families. They benefit of a lump sum of 500RON per year to be used for school supplies and clothes. Beneficiaries are preschool, primary, and lower secondary school children if the monthly net income per family member is below a threshold, set by educational level.

**The main changes in social benefits in 2023**, compared to previous years are:

- Increase of the social reference indicator (ISR), from 525.5 RON to 598 RON. This change is impacting the benefits which are linked (as thresholds and/ or amounts) with the reference (support allowance for families with children, guaranteed minimum income, unemployment benefit).
- The state allowance for children has increased by 5%.
- The minimum pension's threshold has increased by 12.5%. Higher supplementary amounts were given to low-income pensioners.
- Compensation measures for the increase in energy and food prices targeted to vulnerable households introduced in 2022 are in place 2023 as well, being more generous.
- Tax allowances for employees have increased considerably, two supplementary deductions being introduced for young employees and for parents.

### 1.3 Social contributions

The Romanian social contribution system consists of three types of social contributions, levied on employers and/or employees, self-employed or on voluntary insurance contracts. These were the following:

- social insurance contributions
- health insurance contributions
- work insurance contribution

From 2018, the social contributions system has undergone major reforms, as most of the burden of contributions has been transferred from employers to employees.

**Social insurance contributions (*Contribuții în cadrul bugetului asigurărilor sociale de stat*)** are paid on a mandatory basis by employers, employees and self-employed and also by the National Employment Agency on behalf of the unemployed. The categories of individuals who are mandatorily insured in the public social insurance system are: employees, self-employed and unemployed.

**Unemployment insurance contributions (*Contribuția în cadrul bugetului asigurărilor pentru șomaj*)**. In the unemployment insurance system both employees and persons who hold elective positions or other persons who earn income based on a labour agreement (no insurance is due for persons working under a civil agreement, although they may insure voluntarily) are mandatorily insured, according to the *Law no. 76/2002 on unemployment*.

The level of the unemployment contribution rate is set by the *Law on Social Insurance Budget* on an annual basis. The unemployment insurance contribution rate has different levels for employers, employees and the voluntarily insured. The base for the calculation of the unemployment insurance contribution is the total gross wages for employers, the gross wage for employees and the insured sum for voluntary insurance contracts (also self-employed), but not less than the statutory minimum wage. The contribution is collected in the unemployment insurance budget. The unemployment insurance contribution has been eliminated starting from 2018.

**Health insurance contributions (*Contribuția de asigurări sociale de sănătate*)**. All Romanian citizens who live in Romania and some foreign citizens are insured in the sense of the *Law no. 95/2006 on the reform of the health system* if they pay the health insurance contribution. The health insurance contract is individually signed either directly or through an employer, for employees. Some categories are insured without paying contributions (see section 2.5.4). Similarly, some categories benefit from contributions being paid on their behalf (see section 2.5.4 for details). The contribution is collected to the health insurance budget.

**Health insurance contributions for medical leave and indemnities (*Contribuția pentru concedii și indemnizații de asigurări sociale de sănătate*)** is paid by employers and the self-employed. The contribution base is the total gross wages for employers and the insured income for self-employed (cannot be higher than the value of 12 minimum guaranteed wages). The contribution is collected in the health insurance budget and its purpose is to cover the payment of medical leave and indemnities. This contribution is no longer in place starting from 2018.

**Work accidents and professional disease insurance contributions (*Contribuția de asigurări pentru accidente de muncă și boli profesionale*)** is paid by all employers and self-employed. The rate is differentiated according to the classification of economic activities (NACE). The contribution base is the total gross wages at employer level (the sum of all employees' gross wages) and the insured income for self-employed (cannot be lower than the national minimum gross wage). The contribution is collected in the social insurance budget. The contribution has been eliminated starting from 2018.

**Contribution for the salary payment guarantee fund (*Contribuția la fondul de garantare pentru plata creanțelor salariale*)** is paid by all employers, except for public institutions. Its purpose is to guarantee the right to salary to employees in the case the company is legally declared to be insolvent. The contributory base is the total gross wages at employer level (the sum of all

employees' gross wages). The contribution is collected in the salary payment guarantee fund. This contribution is no longer in place starting from 2018.

### 1.4 Taxes

The Romanian tax system has undergone some major changes from 2000, when a tax reform made the Romanian fiscal regime simpler and more uniform. In 2004, the new Fiscal Code entered into force and brought important exemptions and facilities, but in the following years the changes that took place in the Fiscal Code, except for the introduction of the flat income tax of 16% for individuals and companies, were mainly in favour of higher taxation. The most important direct taxes that are levied through the Romanian tax system are *income tax* and *real estate taxes*, while the indirect taxes include *value added tax (VAT)* and *excise taxes*.

#### 1.4.1 Direct taxes

**Personal Income Tax (*Impozitul pe venit*).** The personal income tax is paid by individuals at a flat rate of 10% since 2018 levied on the income tax base. The personal income tax is paid by the Romanian residents, but also by non-residents who are involved either in a dependent activity in Romania or in an independent activity through a permanent headquarters on the Romanian territory.

**Real Estate Taxes (*Impozite și taxe pe proprietate*).** Real estate taxes consist of a tax on buildings and a tax on land. These taxes are collected by municipalities.

- **Building tax** is levied on all buildings in Romania, except for state-owned buildings, buildings owned by municipalities and by public institutions, churches, historical monuments, schools, public hospitals. Other buildings that are exempted from building tax are buildings used as hothouses, hotbeds, silos, or buildings owned by foundations or associations and which are used for social or humanitarian activities.

For individuals, the building tax is calculated as 0.1% of the taxable value of the building, per year. The calculation of the taxable value considers three elements: the construction material used for the building, the *building facilities* (water installation, sewage, electrical and heating installation), and various *geographical elements* (the rank of the municipality and the location of the building within the municipality). The taxable value thus calculated is then reduced by a percent corresponding to the *age of the building*: 20% for building older than 50 years, 10% for a building which was built between 30 and 50 years ago.

If the building is used for dwelling and has more than 150m<sup>2</sup>, the taxable value is multiplied by 5% for every 50m<sup>2</sup> or fraction thereof which exceeds the above-mentioned threshold.

Individuals who own more than one building are additionally taxed. The increment is applied to the taxable value of the second (65%), third (150%) or fourth (300%) building.

The building tax is paid yearly in two stages and if paid in advance, it is reduced by 10%.

- **Land tax** is levied on all land in Romania, except for land own by churches, cemeteries, schools, universities, hospitals or other public institutions, state bodies or municipalities if not used for commercial purpose. Land roads, lands which are not suited for agricultural or forestry activities, land used for fighting against floods, used for water sources or underground exploitation purposes, land connected to hydro technical systems, navigation roads, and harbour infrastructure are also exempted from the tax.

The land tax is paid by the owner and calculated based on area, municipality rank and location within the municipality and usage of the land.

The land tax is paid yearly in two stages and if paid in advance, the tax is reduced by 10%.

- *Vehicle tax* is paid for all vehicles registered in Romania, except for cars and motorcycles owned by disabled persons and adapted to their disability, cars owned by public institutions and conveyances used for public transportation. The vehicle tax is paid by the owner and differs by vehicle type and cylinder capacity. The tax is paid yearly into the local budgets in two stages and if paid in advance, the tax is reduced by 10%.

### 1.4.2 Indirect taxes

**Value Added Tax (VAT) (*Taxa pe valoarea adăugată*)**. The VAT is levied on the supply of goods and services provided on the Romanian territory by a VAT taxpayer because of an economic activity and the imported goods from non-EU countries. VAT is also levied on the import of new vehicles and goods which are subject to excise tax from EU countries. The taxpayer is a person who carries out, independently and irrespective of location, economic activities, no matter what the purpose and result of these activities. The tax base is the price for the supply of goods and services and the custom value for imported goods.

The standard VAT rate is 19% (since 2017) and for specific product categories reduced rates are applied. For cultural services and supply of books, newspapers, magazines, etc. a 5% rate is applied. A reduced VAT rate of 9% is applied on medicines, medical prostheses, orthopaedic products, and accommodation in hotels or similar, access to cultural and historical events and institutions; food and non-alcoholic beverages; water supply; restaurant and catering service (except for alcoholic beverages).

**Excise tax (*Accize*)**. In Romania the excise taxes are applied on the following products: alcohol and alcoholic beverages, processed tobacco, fuel and energy products.

## 2. SIMULATION OF TAXES AND BENEFITS IN EUROMOD

### 2.1 Scope of simulation

Not all the taxes and benefits mentioned in the previous section are simulated in EUROMOD. Some are beyond its scope entirely and are neither included in the EUROMOD database nor in its output income variables. Others are not possible to simulate accurately with the available data. They are included in the database and may be chosen as components of output variables, but the rules governing them may not be changed by the model.

Table 2.1 presents the Romanian benefits system, underlining the manner in which various benefit instruments are treated in EUROMOD, while Table 2.2 presents the tax and contribution system in Romania explaining their simulation in EUROMOD. Note that we have used the following abbreviated notation, to mark how detailed the simulation of taxes and benefits is:

- “-”: policy did not exist in that year;
- “E”: policy is *excluded* from the model’s scope as it is neither included in the microdata nor simulated by EUROMOD;
- “I”: *included* in the micro-data but not simulated;
- “PS”: policy is partially simulated as some of its relevant rules are not simulated;
- “S”: policy is simulated although some minor or very specific rules may not be simulated.

**Table 2.1 Simulation of benefits in EUROMOD**

	Variable name(s)	Treatment in EUROMOD				Why not fully simulated?
		2020	2021	2022	2023	
Old age benefits (Old age pension, Early retirement pension)	poa	I	I	I	I	No data on contribution record
Survivors' pension	psu	I	I	I	I	No data on contribution record
Invalidity pension	pdi00	I	I	I	I	No data on contribution record
Unemployment benefit	bun_s	PS	PS	PS	PS	No data on the contribution history needed to estimate the bonus benefit, no simulation of the benefit for graduates (non-contributory)
Sickness benefit (Indemnity for temporary work incapacity caused, Indemnity for maternal risk)	bhl	I	I	I	I	No data on contribution history and sickness occurrence
Maternity benefit (Maternity allowance)	bmact_s	S	S	S	S	
Paternity leave allowance	bpact_s	S	S	S	S	
Universal child benefit	bchm_s	S	S	S	S	
Means-tested family benefits	bchmt_s	S	S	S	S	
Child raising allowance	bccnw_s	S	S	S	S	No data on contribution record for the previous year to childbirth, after 2009, the simulation of the amount is based on the imputed wage
Child raising incentive	bccrw_s	S	S	S	S	
Leave and indemnity for the caring of the ill child	-	E	E	E	E	No information in micro-data, no information on child disability or illness
Heating aid (Means-tested heating benefit)	bhoen_s	S	S	S	S	Asset test not fully implemented
Financial benefits	-	E	E	E	E	Discretionary benefit; No information in micro-data
Emergency benefits	-	E	E	E	E	Discretionary benefit; No information in micro-data
Benefits for refugees	-	E	E	E	E	No information in micro-data
Aid for purchasing automated burning	-	E	E	E	E	No information in micro-data on purchases
Disability benefit (Monthly allowance for adults with severe and marked disabilities, Complementary personal budget for adults with disabilities)	bdi	I	I	I	I	No information on the degree of disability



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	Variable name(s)	Treatment in EUROMOD				Why not fully simulated?
		2020	2021	2022	2023	
Monthly allowance for the adult with severe visual disability, designated for the payment of the attendant	-	E	E	E	E	No information on the type and degree of disability
Social assistance (Guaranteed minimum income)	bsa_s	S	S	S	S	Asset test not fully implemented; work test not implemented
Food vouchers 2022 (Tichete sociale)	bsatm_s	-	-	S	S	
Aid for partial covering of funeral expenses	-	E	E	E	E	No information in micro-data, no information on event occurrence
Monthly allowance of food for children and adults infected with HIV or AIDS	-	E	E	E	E	No information in micro-data
The nursery voucher	-	E	E	E	E	No information in micro-data
Financial aid to purchase computers (Euro 200 Program)	-	E	E	E	E	No information in micro-data
Money for High -School (Means-tested educational allowance)	bched_s	S	S	S	S	Asset test not fully implemented; sanctions due to absenteeism from school not simulated
Vouchers for students 2022	bedtm_s	-	-	S	S	
Educational vouchers 2023	bedtmot_s	-	-	-	S	
Scholarships	-	E	E	E	E	No information in micro-data
Minimum social pension	bsaoa_s	S	S	S	S	
Support for low-income pensioners 2022	bsaoatm_s	-	-	S	S	
Severance payments	yunsv	I	I	I	I	No detailed information in the dataset, no information on the occurrence of the firing event
COVID-19 wage compensation scheme paid by the state	bwkmcee_s	S	S	S	-	
COVID-19 wage compensation scheme paid by the firm	yemmc_s	S	S	S	-	
COVID-19 self-employment income compensation scheme paid by the state	bwkmcse_s	S	S	S	-	
COVID-19 compensation for parental leave paid by the state	bplmc_s	S	S	S	-	

**Notes:** “-”: policy did not exist in that year; “E”: *excluded* from the model as it is neither included in the micro-data nor simulated; “I”: *included* in the micro-data but not simulated; “PS” *partially simulated* as some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.

Some benefits use eligibility information from the data due to lack of information in the data to simulate all eligibility rules and are therefore only **partially simulated**. This is the case for the unemployment benefit (bun\_s) in Romania. The benefit is only simulated for those with receipt of the benefit in the data.

**Table 2.2. Simulation of taxes and social contributions in EUROMOD**

	Variable name(s)	Treatment in EUROMOD				Why not fully simulated?
		2020	2021	2022	2023	
Personal income tax	tin_s	S	S	S	S	
Real Estate Tax	-	E	E	E	E	No information in micro-data on real estate
Indirect taxes	-	E	E	E	E	No information on consumption in the micro-data
Employee Social Insurance Contributions	tscee_s	S	S	S	S	
Benefit Recipients Social Insurance Contributions	tscbr_s	S	S	S	S	
Self Employed Social Insurance Contributions	tscse_s	S	S	S	S	
Health insurance contribution (active population and pensioners)	tscchl_s	S	S	S	S	
Credited Health insurance contribution	tscchl_s	S	S	S	S	

**Notes:** “-” policy did not exist in that year; “E” policy is *excluded* from the model’s scope as it is neither included in the microdata nor simulated by EUROMOD; “PS” policy is *partially simulated* as some of its relevant rules are not simulated; “S” policy is *simulated* although some minor or very specific rules may not be simulated.

There are no significant structural changes regarding policy simulations during 2020-2023.

## 2.2 Order of simulation and interdependencies

The following table shows the order in which the main elements of the Romanian tax and benefit system in 2020-2023 are simulated. As the Romanian system did not face significant structural changes within this period, we use one table to display policy simulations over the four years' span. The defined order shows that Romanian policy simulations start with the minimum wage. This choice is made to check minimum wage policy implementation for observed salaries first, as employment income is used in many following policies either explicitly or implicitly.

Then we simulate the contributions prior to simulating the personal income tax, as most of them are on the list of deductibles for purposes of personal income taxation. To maintain consistency, we simulate the contributions together as a block, The Benefit Recipients Social Insurance Contributions (Credited social insurance contributions) are simulated after the Unemployment Benefit as they are also credited to unemployment benefit recipients.

After the personal income tax, we simulate the non-taxable benefits. The means-tested social benefits that are granted considering a list of preceding incomes, are simulated as the last policies in the spine.

Table 2.3 EUROMOD Spine: order of simulation

Policy	2020	2021	2022	2023	Description of the instrument and main output
SetDefault_ro	on	on	on	on	DEF: set default values for various variables
uprate_ro	on	on	on	on	DEF: Uprating factors
constDef_ro	on	on	on	on	DEF: Constants
ilsDef_ro	on	on	on	on	INC: Standardized income concepts
ilsubdef_ro	on	on	on	on	DEF: Standard UDB Income Concepts
ildef_ro	on	on	on	on	DEF: Income concepts
tundef_ro	on	on	on	on	DEF: Assessment units
yem_ro	off	off	off	off	SWITCH:Minimum Wage /yem (Salariul minim brut)
neg_ro	on	on	on	on	INC:Correction of self-employment income
random_ro	n/a	n/a	on	on	DEF: random assignment for COVID wage compensation schemes
bmact_ro	on	on	on	on	BEN: Medical leave and maternity allowance (Concedii medicale și indemnizații pentru maternitate)
bpact_ro	on	on	on	on	BEN: Paternity leave allowance
yemcomptime_ro	on	on	off	off	DEF: months and hours in wage compensation scheme (yemcomp_ro)
yemcomp_ro	on	on	off	off	BEN: Wage compensation scheme COVID-19 (Indemnizația de șomaj tehnic)
yemadj_ro	on	on	off	off	INC: Wage recalculation after wage compensation
yemmyadj_ro	on	on	off	off	DEF: yemmy recalculation after wage compensation
ysecomptime_ro	on	on	off	off	DEF: months in compensation scheme for self-employed (ysecomp_ro)
ysecomp_ro	on	on	off	off	BEN: Self-employment income compensation scheme COVID-19 (Indemnizația de sprijin COVID-19)
yseadj_ro	on	on	off	off	INC: Self-employment income recalculation after compensation

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ysemyadj_ro	on	on	off	off	DEF: ysemy recalculation after self-employment compensation
bplcomp_ro	on	on	off	off	BEN: COVID-19 Allowance for parental leave for the supervision of children in the event of temporary closure of educational establishments (Indemnizația pentru zile libere platite pentru supravegherea copiilor în situația închiderii temporare a unităților de învățământ )
tscee_ro	on	on	on	on	SIC: Employee Social Insurance Contributions (Contributii in cadrul bugetului asigurarilor sociale de stat, contributii in cadrul asigurarilor pentru somaj)/ tscee_s
tscer_ro	on	on	on	on	SIC: Employer Social Insurance Contributions (Contributii in cadrul bugetului asigurarilor sociale de stat, contributii in cadrul asigurarilor pentru somaj)/ tscer_s
bun_ro	on	on	on	on	BEN: Unemployment benefit (Ajutorul de somaj)/ bun_s
tscbr_ro	on	on	on	on	SIC: Benefit Recipients Social Insurance Contributions (Contributii in cadrul bugetului asigurarilor sociale de stat, contributii in cadrul asigurarilor pentru somaj)/ tscctpi_s
tscse_ro	on	on	on	on	SIC: Self-Employed Social Insurance Contributions (Contributii in cadrul bugetului asigurarilor sociale de stat, contributii in cadrul asigurarilor pentru somaj)/ tscse_s
tschl_ro	on	on	on	on	SIC: Health insurance contributions (active population & pensioners) (Contributia de asigurari sociale de sanatate)/ tschl_s
bchnm_ro	on	on	on	on	BEN: Universal Child Benefit (Alocatia de stat pentru copii)/ bchnm_s
bccnw_ro	on	on	on	on	BEN: Child raising allowance (Indemnizatia pentru cresterea copilului)/ bccnw_s
bccrw_ro	on	on	on	on	BEN: Child raising incentive (Stimulentul lunar)/ bccrw_s
tinta_ro	on	on	on	on	TAX: Optimization for the allocation of the tax allowance/ temp_tin_ro
tin_ro	on	on	on	on	TAX: Personal Income Tax (Impozitul pe venit)/ tintb_s
bchba_ro	n/a	n/a	n/a	n/a	BEN: Allowance for new born children and the outfit for the new born children (Alocatia pentru copiii nou-nascuti si trusoul pentru nou-nascuti)/ bchba_s
bsaoa_ro	on	on	on	on	BEN: Minimum social pension/ social allowance for pensioners (Pensia minima garantata)/ bsaoa_s
bsaoatm_ro	n/a	n/a	on	on	BEN: Support for low income pensioners 2022 (Sprijin pentru pensionarii cu venituri reduce)/ bsaoatm_s

bched_ro	on	on	on	on	BEN: Means-tested educational allowance (Money for High-School) (Sprijin financiar acordat elevilor din cadrul programului national de protectie sociala 'Bani de liceu')/ bched_s
bedtm_ro	n/a	n/a	on	on	BEN: Vouchers for students 2022 (Vouchere pentru elevi)/ bedtm_s
bsa_ro	on	on	on	on	BEN: Guaranteed min income (Venitul minim garantat)/ bsa_s
tschl_ro	on	on	on	on	SIC: Credited health insurance contributions + contributions of the inactive/tschl_s
bchmt_ro	on	on	on	on	BEN: Means-tested family benefits (Alocatia familiala complementara si Alocatia de sustinere pentru familia monoparentala)/ bchmt_s
bhoen_ro	on	on	on	on	BEN: Means-tested heating benefit (Ajutorul pentru incalzirea locuintei)/ bhoen_s
bedtmot_ro	n/a	n/a	n/a	on	BEN: Means-tested educational vouchers (Vouchere educationale)/ bedtmot_s
bsatm_ro	n/a	n/a	on	on	BEN: Food vouchers 2022 (Tichete sociale)/ bsatm_s
tco_ro	n/a	n/a	n/a	n/a	TAX: Commodities
output_std_ro	on	on	on	on	DEF: Standard output individual level
parben_output_std_ro	switch	switch	switch	switch	DEF: Parental Benefits Output individual Level
output_std_hh_ro	on	on	on	on	DEF: Standard output at household level

Source: EUROMOD I 2.0+

### 2.3 Policy switches

There are five switches used in the RO model.<sup>1</sup>

First, there is a switch controlling **benefit take-up modelling** (*BTA\_ro*), which is set by default to *on* in the baseline for all years. If the switch is set to *on* then partial take-up is applied (the default), otherwise (*off*) full take-up is assumed. Its purpose is to adjust the calculation of the minimum guaranteed income by removing eligibility from heads of households that are under 26 years of age on the assumption that the majority of these are students.

The **Tax Compliance Adjustments** (*TCA\_ro*) switch is implemented for the adjustment of tax compliance (social insurance, health insurance, income tax) in the case of self-employed in agriculture, living in rural areas with income level below the average gross wage. It is assumed that if the above conditions are satisfied, then the individual does not pay taxes. It is set to *on* by default in the baseline for all years.

Next is the **Uprating by Average Adjustment** (*UAA\_ro*) switch, which is *off* by default in the baseline for all years. When switched on, non-simulated benefits (especially pensions) are uprated by changes in the average rather than by using statutory indexation rules (the default).

The **Parental Benefits** (*PBE\_ro*) switch, is set to *off* by default in the baseline for years 2015 onwards. It controls the Medical Leave and Maternity Allowance (*bmant\_ro*), and the Paternity Leave Allowance (*bpact\_ro*) policies.

<sup>1</sup> Policy switches are denoted with 'switch' in the policy spine (for a given policy year), while their default values (*on* or *off*) are set in a separate dialogue box in the model, accessed via Country Tools > Set Switches in the EUROMOD User Interface (UI).

Finally, the **Minimum Wage Adjustments** (*MWA\_ro*) switch, replaces employment income with the minimum hourly wage whenever employment income adjusted for hours and time in employment is less than the minimum. It is set to *off* by default in the baseline for all years.

### 2.4 Social benefits

#### 2.4.1 Unemployment benefit (*Ajutorul de șomaj*) (*bun\_ro*)

- **Brief description**

Unemployment benefit (*Ajutorul de șomaj*) is a benefit for unemployed individuals which depends on previous earnings and contributions to the insurance scheme.

- **Eligibility conditions**

The unit of analysis is the individual (*tu\_individual\_ro*).

**Unemployed individuals** are eligible for receiving the unemployment benefit if they have a minimum contribution period of 12 months in the last 24 months preceding the date of benefit claiming and they have no employment/self-employment income or the income they obtain is below a threshold. This threshold was established at the level of 500 RON per month for policy years 2020 – 2021, at 525.5 RON for 2022 and 598RON for 2023.

- **Income test**

There is no income test. However, the unemployed person should have no employment/self-employment income or the income he/she obtains from such activities should be below the set threshold.

- **Benefit amount**

Between 2020 and 2023 the unemployment benefit is set related to a reference social indicator (called ISR) with a value of 500 RON, instead of the minimum guaranteed wage. The **amount** paid to the **unemployed** depends on the contributory record, as follows:

- a) 75% of statutory ISR, for people with a contribution period of at least one year
- b) The amount stipulated above plus an amount calculated by applying a differentiated rate (according to the contribution period) on the gross average monthly salary during the last 12 months of contribution period. Differentiated rates according to the eligibility period have the following values:
  - i. 3% for those with a contribution period of at least 3 years
  - ii. 5% for people with a contribution period of at least 5 years
  - iii. 7% for people with a contribution period of at least 10 years
  - iv. 10% for those with a contribution period of at least 20 years.

**The unemployment benefit** is granted to people **assimilated as unemployed** for a period of 6 months and it is a monthly fixed amount, which represents 50% of ISR, and it is awarded to those assimilated as unemployed (graduates older than 16, persons ending military service unable to find employment) once per every form of education graduated.

The payment of unemployment benefits is financed by the unemployment insurance budget.

- **Duration**

Unemployment benefits are awarded to the **unemployed**, for a period with a length depending on the contributory period, as follows:

- 6 months, for people with a contribution period of at least one year and for those assimilated as unemployed

- 9 months, for people with a contribution period of at least 5 years
- 12 months, for people with a contribution period of more than 10 years.

The people assimilated as unemployed receive it for 6 months.

**EUROMOD Notes:** No account is included of part-time employment; all employment months are considered as full-time employment. Benefits for persons assimilated to the unemployed (i.e., graduates) are not simulated. Contribution history is imputed by assuming that the unemployed person worked the same number of months during each year of the qualifying period, i.e., the number of months worked during the income reference period. Eligibility closely matches observed receipt in the micro data. To determine the amount of benefit and its duration, the contributory period considered is based on the individual's entire work history.

### 2.4.2 COVID-19 Wage Compensation Scheme (*Indemnizația de șomaj tehnic*) (yemcomp\_ro)

- **Definitions**

The wage compensation scheme covers employees whose employment contracts have been suspended at the employer's initiative as a consequence of the pandemic caused by the spread of COVID-19 (legal framework – *Government Emergency Ordinance No. 30/2020* regarding certain social protection measures for the reduction of the impact of the pandemic caused by the infection with the novel Coronavirus COVID-19, amended by *Government Emergency Ordinance No. 32/2020*, and by *Government Emergency Ordinance No. 111/2020* for 2021). The compensation is no longer in place in 2023.

- **Eligibility conditions**

The benefit is given to employees employed at a company which has been affected by the spread of COVID-19 and consequently has reduced or interrupted partially or entirely its activity. Applications for the wage compensation schemes are submitted by employers for their employees, via email, to the county level employment agencies in the territorial areas where the companies are based.

- **Income test**

The benefit is not means-tested.

- **Benefit amount**

The monthly amount of the benefit is 75% of the gross basic salary but limited to 75% of the average gross salary under the law of the public social insurance budget for 2020, which is equal to 5,429 RON (the equivalent of approx. 1,120 EUR), thus resulting in a maximum amount of 4,072 RON (the equivalent of approx. 840 EUR).

The entire amount is paid by the State. Nevertheless, employers may supplement this amount up to the limit of 75% of the gross basic salary previously earned by the employee.

The duration of the benefit has been at first for 60 days, during the emergency state decreed by the Government, but it has been extended afterwards for the industries where the restrictions are kept, including for 2022 (until 31<sup>st</sup> of March).

The benefit is subject to taxation and payment of social contributions according to the Fiscal Code, except for the work insurance contribution due by the employer.

**EUROMOD Notes:** The simulation produces two variables – the amount paid by the state and the amount paid by the firm. As the firm's contribution is on voluntary basis, it is assumed that in 50% of eligible cases, companies top-up the amount up to 75% of gross wages. Receipt of the COVID-19 wage compensation scheme is simulated to be random based on external statistics on the share of workers affected by industry. Workers are assumed to receive wage compensation for the entire duration of the policy if they are observed to be in employment for longer than 2 months. If months in work is equal or lower than the maximum duration of the policy, the worker is assumed to receive wage

compensation for the number of months he is employed with a probability equal with the number of months in employment divided 12. Workers are assumed to not work any hours while in the compensation scheme.

### 2.4.3 COVID-19 Income Compensation Scheme for self-employed (*Indemnizația de sprijin COVID-19*) (ysecomp\_ro)

- **Definitions**

The income compensation scheme covers self-employed who are in the situation of interrupting or reducing their activity as a consequence of the pandemic caused by the spread of the novel Coronavirus COVID-19, (legal framework – *Government Emergency Ordinance No. 30/2020* regarding certain social protection measures for reduction of the impact of the pandemic caused by the infection with the novel Coronavirus COVID-19, amended by *Government Emergency Ordinance No. 32/2020* and by *Government Emergency Ordinance No. 111/2020* for 2021). The compensation has been eliminated as starting from 2023.

- **Eligibility conditions**

The benefit is given to self-employed without employees who have been affected by the spread of COVID-19 and consequently have reduced or interrupted partially or entirely their activity.

- **Income test**

The benefit is not means-tested.

- **Benefit amount**

The monthly amount of the benefit is 75% of the average gross salary under the law of the public social insurance budget for 2020, which is equal to 5,429 RON (the equivalent of approx. 1,120 EUR), thus resulting a benefit amount of 4,072 RON (the equivalent of approx. 840 EUR).

The entire amount is paid by the State. The duration of the benefit has been at first for 60 days, during the emergency state decreed by the Government, but it has been extended afterwards for the industries where the restrictions are still kept, including for 2022 (until 31<sup>st</sup> of March).

The benefit is subject to taxation and payment of social contributions according to the Fiscal Code.

**EUROMOD Notes:** Receipt of the COVID-19 self-employment income compensation scheme is simulated to be random based on external statistics on the total share of self-employed affected. Self-employed are assumed to receive income compensation for the entire duration of the policy if they are observed to be in self-employment for longer than the duration of the policy. If months in self-employment are equal or lower than the maximum duration of the policy, the self-employed is assumed to receive income compensation for the number of months he is self-employed with a probability equal with the number of months in self-employment divided 12.

### 2.4.4 COVID-19 Allowance for parental leave for the supervision of children in the event of temporary closure of educational establishments (*Indemnizația pentru zile libere platite pentru supravegherea copiilor în situația închiderii temporare a unităților de învățământ*) (bplcomp\_ro)

- **Definitions**

The allowance can be received by one of the parents of a child in the event of temporary closure of educational establishments during the COVID-19 crisis (legal framework – *Law no 19/2020* on the allowance for parental leave for the supervision of children in the event of temporary closure of educational establishments, *Government Emergency*



*Ordinance No. 30/2020* regarding certain social protection measures for reduction of the impact of the pandemic caused by the infection with the novel Coronavirus COVID-19, amended by *Government Emergency Ordinance No. 32/2020* and by *Government Emergency Ordinance No. 111/2020* for 2021). The receipt of the benefit has been extended until the end of the school year (25<sup>th</sup> of June 2021).

- ***Eligibility conditions***

Both parents have to be in employment in the public or private sector (not in medical leave, childcare leave or of other kind, not in technical unemployment), the job does not allow home-based or telework, and the child should be under 12 years of age and enrolled in education.

The following exceptions are considered: (1) if the child is disabled and enrolled in education, the eligibility is extended until the age of 18; (2) if the child has a severe disability, the requirement on education enrolment is not necessary.

Some other exceptions concern the economic sector of employment: (1) parents working in defence, penitentiary system, health and social services are not eligible for this allowance, but could benefit of salary raise according to the number of working days during the emergency period; (2) for parents working in the national energy system units, social assistance units, telecommunications, units that provide public transportation and sanitation, in the supply of gas, electricity, heat and water, food trade, production and distribution of medicines and medical equipment, fuel distribution, staff of pharmaceutical units, etc. the granting of days off is done only with the consent of the employer.

- ***Income test***

The benefit is not means-tested.

- ***Benefit amount***

The daily amount of the benefit is 75% of the gross basic salary but limited to 75% of the average gross salary under the law of the public social insurance budget for 2020, which is equal to 258 RON per day (the equivalent of approx. 53 EUR), thus resulting in a maximum amount of 194 RON per day (the equivalent of approx. 40 EUR). It has been applied also in 2022, by June 30.

The benefit is paid by the State. The benefit is subject to taxation and payment of social contributions according to the Fiscal Code.

The benefit is received only during the period when the educational establishments are closed.

**EUROMOD Notes:** Receipt of the COVID-19 compensation for parental leave is simulated to be random based on external statistics on the total share of beneficiaries. They are assumed to receive income compensation for the entire duration of the policy if they are observed to be in employment for longer than the duration of the policy. If months in employment are equal or lower than the maximum duration of the policy, the employed is assumed to receive income compensation for the number of months he is employed with a probability equal with the number of months in employment divided 12.

**2.4.5 Universal child benefit (*Alocația de stat pentru copii*) (bchnm\_ro)**

• **Brief Description**

Universal child benefit is a monthly universal non-means-tested non-taxable benefit paid to families with children below an age limit.

• **Definitions**

The unit of analysis is the family (tu\_family\_ro). It is defined as consisting of the head, partner, own dependent children and loose dependent children. Are considered as dependent children individuals under the age of 18 or under the age of 26 if in education, not themselves parents and not married.

• **Eligibility conditions**

Entitled are households with children below the age of 18.

The benefit is also given to children older than 18, if the recipient is attending secondary education.

• **Income test**

The benefit is not income tested.

• **Benefit amount**

The benefit amount depends on the age and disability status of the child as follows:

Table 2.4 Universal child benefit (*Alocația de stat pentru copii*) (bchnm\_ro)

	2020	2021	2022	2023
Aged under 2 (or below 3 if disabled)	0.6 ISR	0.854 ISR	1.142 ISR	631 RON
Aged 2 and above, not disabled	0.3 ISR	0.428 ISR	0.462 ISR	256 RON
Aged 3 and above, disabled	0.6 ISR	0.854 ISR	1.142 ISR	631 RON

From the 1<sup>st</sup> of January 2012 the quantum of the state allowance is established based on a reference social indicator (ISR). The ISR level established for 2020-2021 is of 500 RON, while for 2022 it increases to 525.5 RON. Starting from 2023, the amount of the benefit is changed according to the evolution of the annual inflation rate.

**EUROMOD Notes:** No benefit is simulated for children who turn 18 during the income reference year. Increases in the amount of benefits awarded for disabled children are not simulated. The benefit is allocated to the mother if she is present in the household.

**2.4.6 Medical leave and maternity allowance (*Concedii medicale și indemnizații pentru maternitate*) (bmact\_ro)**

• **Definitions**

Insured women are entitled to receive medical leave for pregnancy and confinement for a period of 126 days and during this period they receive maternity allowance. Pregnancy leave is granted for a period of 63 days before giving birth, while confinement leave is granted for a period of 63 days after giving birth. The two types of leaves can compensate each other, according to the medical recommendation, but the minimum duration of confinement leave is of 42 days. Insured women that are entitled to disability benefits may receive, on request, a medical leave for pregnancy, starting with the 6th month of pregnancy. The gross monthly amount of maternity allowance is 85% of the calculation base. This indemnity is financed entirely from the budget of the National Fund of Health Insurance.

- ***Eligibility conditions***

1 month of insurance (payment of contributions) in the last 12 months.

- ***Duration***

63 days prior to the birth and 63 days after birth. These periods may be compensated between one another according to medical advice and the option of the beneficiary, provided the period after confinement is longer than 42 days. Maternity leave cannot be taken on a part-time basis, but can be taken for intermittent periods, respecting the maximum duration of 126 days and the mandatory period of 42 days after birth.

- ***Benefit amount***

85% of the average insured gross earnings over the last 6 months, paid during the period of maternity leave. The benefit is capped at 85% of 12 times the minimum gross wage.

- ***Taxation***

Subject to social insurance contribution.

#### **2.4.7 Paternity leave allowance (*Indemnizația pentru concediul paternal*) (bpact\_ro)**

- ***Eligibility conditions***

The father is insured under the social security system, without a minimum period of insurance.

- ***Duration***

Fathers are entitled to a paternity leave of 5 working days. Fathers who graduated a course in childcare obtain a longer paternity leave (an extra 10 days). Paternity leave cannot be taken on a part-time basis or intermittently over a period.

- ***Benefit amount***

The amount of benefit for paternity leave is equal to the gross wage of the father corresponding to the 5 or 15 days.

- ***Taxation***

Subject to social insurance contribution and personal income tax.

#### **2.4.8 Child raising allowance (*Indemnizația pentru creșterea copilului*) (bccnw\_ro)**

- ***Brief description***

Child raising allowance is a monthly universal non-means-tested non-taxable benefit paid to families with young children.

- ***Definitions***

The unit of analysis consists of the head, partner, own dependent children, and loose dependent children – (tu\_bcc\_ro). The dependent child is defined as a child aged under 2.

- ***Eligibility conditions***

The benefit is awarded to a parent of a child under the age of 2 (or under the age of 3, if disabled) as replacement income for the time when the parent is out of work to care for the child. This benefit is granted for the first three children, either natural or adopted, entrusted in the process of adoption, in foster care or emergency foster care (except when the child is entrusted to a professional maternal assistant) or in guardianship.

The recipient must have been working the 12 months preceding the birth of the child.  
The parent must be not working while in receipt of the benefit.

- **Income test**

The benefit is not income tested.

- **Benefit amount**

The child raising allowance is granted up to the age of two and its amount is 85% of the average income for the last 12 months, not less than 2.5 times the amount of the social reference indicator (ISR). Starting from 2018 an upper ceiling was introduced at 8500 RON per month.

The quantum of the allowance is increasing with 1.2 ISR for children born of a pregnancy of twins, triplets or more.

**EUROMOD Notes:** The birth order of children is established considering only siblings present in the household. The benefit awarded for children aged between 2 and 3 and disabled is not simulated due to lack of information about the children's disability status. The benefit is simulated for all 12 months of the income reference period in the case of children aged 0 and it is not simulated for children turning 2 during the income reference period.

There is no information in the micro data relating to the activity status of the mother during the 12 months preceding birth. Instead, the condition relating to the contribution history of the parent is approximated by considering the duration of the entire work history, i.e., parents (mothers) who have worked for at least 12 months during their life are considered eligible. The increase in the amount of benefit for twins, triplets, etc. is not simulated. The benefit is simulated to be 85% of the previous gross average monthly income. As this income is not observed in the data, it is imputed based on a wage equation. The benefit is allocated to the mother if she is present in the household (i.e., the mother is considered by default to be the claiming parent).

### 2.4.9 Child raising incentive (*Stimulentul lunar*) (bccrw\_ro)

- **Definitions**

The unit of analysis consists of the head, partner, own dependent children, and loose dependent children – (tu\_bcc\_ro).  
The dependent child is defined as a child under the age of 2.

- **Eligibility conditions**

The benefit is awarded to a parent entitled to receive the Child raising allowance who chooses to return to work. This benefit is granted for the first three children, either natural or adopted, entrusted in the process of adoption, in foster care or emergency foster care (except when the child is entrusted to a professional maternal assistant) or in guardianship. The incentive is granted to persons entitled to receive the Indemnity for child raising until the child reaches the age of 2, but they return to work, thus earning professional income subject to taxation. If the child is disabled, the person entitled to receive the Indemnity for child raising that returns to work before the child reaches the age of 3, will receive the incentive, in the same amount.

The recipient must have been working the 12 months preceding the birth of the child.

The recipient must be obtaining employment income to receive this benefit.

In 2021, the value of the benefit has been increased for those parents who returned to work when the child is less than 6-month-old.

- **Income test**

The benefit is not income tested.

- **Benefit amount**

650 RON per month, for policy year 2020, and starting from 2021 only if the child is over 6 months old

1500 RON per month, for policy year 2021-2023 if the child is less than 6 months old.

**EUROMOD Notes:** The birth order of children is established considering only siblings present in the household. The benefit awarded for children aged between 2 and 3 and disabled is not simulated due to lack of information about the children's disability status. The benefit is simulated for all 12 months of the income reference period in the case of children aged 0 and it is not simulated for children turning 2 during the income reference period.

There is no information in the micro data relating to the activity status of the mother during the 12 months preceding birth. Instead, the condition relating to the contribution history of the parent is approximated by considering the duration of the entire work history, i.e., parents (mothers) who have worked for at least 12 months during their life are considered eligible. The benefit is allocated to the mother if she is present in the household (i.e., the mother is considered by default to be the claiming parent).

### 2.4.10 Minimum social pension/ social allowance for pensioners (*Pensia minima garantată*) (bsaoa\_ro)

- **Brief description**

Minimum social pension (or social allowance for pensioners) is paid to public pension system retirees with residence in Romania, if the pension amount, due or in payment is less than the level of the guaranteed minimum social pension.

- **Definitions**

The unit of analysis is the individual (tu\_individual\_ro).

- **Eligibility conditions**

To receive a social allowance for pensioners, a person must be in receipt of a public pension, whatever its kind (old age, invalidity, survivor etc.).

- **Income test**

The pension amounts due or in payment in the public pension system, combined with any other duties paid under special laws (any public pensions plus private pensions) must be below the guaranteed minimum social pension threshold of 704 RON for 2020, 800 RON for 2021, 1000 RON for 2022 and 1125 RON for 2023.

- **Benefit amount**

The amount is assessed as the difference between the guaranteed minimum social pension level and the pension amount due or in payment in the public pension system, combined with any other duties paid under special laws.

**EUROMOD notes:** The minimum guaranteed pension is simulated for every month in receipt of a public pension. If two or more pensions have been received during the income reference period, the periods of receipt are assumed to be consecutive (but the sum cannot exceed 12 months).

### 2.4.11 Means-tested educational allowance (Money for High-School) (*Sprijin financiar acordat elevilor din cadrul programului național de protecție socială 'Bani de liceu'*) (bched\_ro)

- **Definitions**

The unit of analysis is the family (tu\_family\_ro). It is defined as consisting of the head, partner, own dependent children, and loose dependent children. Are considered dependent children individuals under the age of 18, or under the age of 26 if in education, not themselves parents and not married.

- **Eligibility conditions**

The benefit is given to families with children below the age of 18 who are attending upper secondary education – high school. The family income per member must be lower than a threshold.

There is also an asset test enforced through social worker inquiries. The law establishes a list of goods of necessity that are considered in assessing the right to receiving this benefit. In case the family or single person owns only goods considered of necessity they are entitled to receive this benefit. In case the family or single person own goods that are not enlisted as necessity goods, they are not considered entitled to receiving the benefit.

If the family or single person owns necessity goods in an amount that exceeds the limit established by law, the potential income obtained through their exploitation is considered in assessing the net monthly income.

The list of basic necessity goods includes immobile goods (the family house and housing annexes) and mobile goods (gas cooker, refrigerator, washing machine, home heating system, computer, TV, furniture, and so on), land (differentiated according to the number of household members and to the type of crops that can be obtained), poultry and animals (in certain numbers) and other goods (clothing, personal hygiene and so on).

The benefit may be terminated in cases of unjustifiable absenteeism from school.

- **Income test**

The family income per member must be less than 500 RON per month in 2020 - 2023. All income received by each family member during the three months prior to application is considered, except for: state allowance for children, family support allowance, scholarships and social grants, and other social aids provided for students.

- **Benefit amount**

The amount of the benefit is 250 RON per month in 2020 - 2023.

**EUROMOD notes:** Sanctions due to absenteeism from school are not simulated. The asset test is only partially simulated (i.e. only financial capital and possession of a car are taken into account).

### 2.4.12 Guaranteed min income (*Venitul minim garantat*) (bsa\_ro)

- **Definitions**

The unit of assessment is constructed for social assistance purposes; it consists of the head of the tax unit, the partner, their own dependent children and loose dependent children (tu\_bsa\_ro). To be considered a dependent child, an individual must be younger than 18 or younger than 26 and in education, not married and not a parent.

- **Eligibility conditions**

The benefit is given to the assessment unit if the monthly net income in the assessment unit is below a threshold, differentiated according to the number of persons in the assessment unit. The thresholds are listed below:

Table 2.5 Guaranteed min income thresholds (*Venitul minim garantat*) (bsa\_ro )

(per month)	2020 - 2023
single person	0.283 ISR
families with 2 persons	0.510 ISR
families with 3 persons	0.714 ISR

families with 4 persons	0.884 ISR
families with 5 persons	1.054 ISR
for each person over the number of five persons belonging to the family	0.073 ISR

There is also an asset test and a condition concerning community work for able bodied individuals of working age.

The law establishes a list of goods of necessity that are considered in assessing the right to receive this benefit. When the family or single person own(s) only goods considered of necessity they are entitled to receive the benefit. When the family or single person own(s) goods which are not listed as basic necessity goods, they are not considered entitled to receive the benefit.

If the family or single person own(s) necessity goods in an amount that exceeds the limit established by the law, the potential income obtained through their exploitation is considered in assessing the net monthly income.

The list of basic necessity goods includes immobile goods (the family house and housing annexes) and mobile goods (gas cooker, refrigerator, washing machine, home heating system, computer, TV, furniture, and so on), land (differentiated according to the number of household members and to the type of crops that can be obtained), poultry and animals (in certain numbers) and other goods (clothing, personal hygiene and so on).

Unemployed able-bodied working age adults must register as unemployed at the local Employment Office and not refuse to take up any job offers. The local authorities may require working age able bodied adults who are unemployed to do community work in return for receiving the benefit.

- ***Income test***

The benefit is means-tested. There is an income test and an asset test.

Income subject to the means-test is: all gross market income ( *ils\_origy*) less employee SIC ( *tscee\_s*), less self-employed SIC ( *tscse\_s*), less personal Income Tax (*tin\_s*), plus old age pension (*poa*), plus disability pension (*pdi*), plus survivor's pension (*psu*), plus child raising allowance (*bccnw\_s*), plus child raising incentive (*bccrw\_s*), plus half of the amount of non means-tested child benefits (*bchnm\_s*), plus unemployment benefit (*bun*), plus alimony/ maintenance payments (*yptmp*), plus temporary sickness benefit (*bhl*), plus maternity benefit (*bma*), and plus guaranteed minimum pension/social allowance for pensioners (*bsaoa\_s*).

- ***Benefit amount***

The amount is the difference between the minimum guaranteed income level and the family's income. If the difference is less than 10 RON per month, than 10 RON is received as benefit. If there is at least one working adult in the unit, the benefit is increased by 15%.

**EUROMOD notes:** The income test is simulated using annual incomes and assuming that the monthly income has been constant throughout the income reference period. Thus, fluctuations in the family's monthly income throughout the reference year are not captured. The asset test is only partially simulated. Only financial capital and possession of a car are considered. The work test is not simulated.

EUROMOD offers the possibility to calibrate the receipt of social assistance by excluding units where the head is aged under 26 (these are likely to be students or young people still financially dependent on their parents).

**2.4.13 Support allowance for families with children (*Alocația pentru susținerea familiei*) (bchmt\_ro)**

- **Definitions**

The assessment unit is constructed for purposes of means-tested child benefits. It consists of the head of the tax unit, the partner, their own dependent children and loose dependent children (tu\_bchmt\_ro). For the single parent allowance, the head is the lone parent of the dependent children.

Dependent child condition: children under 16 or children under 18, who are not themselves parents and have an income below a threshold.

A person is considered to be a lone parent if she is a parent of dependent children, is not married and is not cohabiting.

- **Eligibility conditions**

Net monthly income per family member must be below a set threshold. There is also an asset test. The law establishes a list of goods of necessity that are considered in assessing the right to receive this benefit. When the family or single person own(s) only goods considered of necessity they are entitled to receive the benefit. When the family or single person own(s) goods that which are not listed as necessity goods, they are not considered entitled to receiving the benefit.

If the family or single person own(s) necessity goods in an amount that exceeds the limit established by law, the potential income obtained through their exploitation is considered in assessing the net monthly income.

The Law no. 277/2010 establishes that children of school age must attend school for their family to be receiving this benefit and absences without leave may lead to reductions of the benefit.

- **Income test**

Eligibility is subject to passing an income test. The income threshold depends on the number of persons assessed together as a family. Income subject to the means-test consists of the income used for the means-test of the guaranteed minimum income, plus guaranteed minimum income, plus means-tested "Money for high-school".

- **Benefit amount**

The amount is differentiated according to the number of dependent children in the tax unit. The amounts are presented below:

- For the family consisting of husband, wife, and dependent children the thresholds and amounts were:

The thresholds and amounts are calculated as % of the ISR:

Benefit amount per month	2020-2023
<i>Per capita income threshold</i>	<i>up to 0.40 ISR</i>
1 child	0.164 ISR
2 children	0.320 ISR
3 children	0.492 ISR
4+ children	0.656 ISR
<i>Per capita income threshold</i>	<i>0.40 ISR to 1.06 ISR</i>
1 child	0.15 ISR
2 children	0.30 ISR
3 children	0.45 ISR
4+ children	0.60 ISR

\* ISR equal 500 RON.

- For the family consisting of lone parent living together with dependent children, the thresholds and amounts are the following:



Benefit amount per month	2020-2023
<i>Per capita income threshold</i>	<i>up to 0.40 ISR</i>
1 child	0.214 ISR
2 children	0.428 ISR
3 children	0.642 ISR
4+ children	0.856 ISR
<i>Per capita income threshold</i>	<i>0.40 ISR to 1.06 ISR</i>
1 child	0.204 ISR
2 children	0.408 ISR
3 children	0.612 ISR
4+ children	0.816 ISR

**EUROMOD notes:** The income test is conducted using the annual income and not the monthly income-i.e. it is assumed that monthly income is constant throughout the year. The asset test is only partially simulated- only possession of a car and possession of financial capital are used in the simulation. Sanctions due for unauthorized absences from school are not simulated.

#### **2.4.14 Means-tested heating benefit (*Ajutorul pentru încălzirea locuinței*) (bhoen\_ro)**

- **Definitions**

The assessment unit is the household (tu\_household\_ro).

- **Eligibility conditions**

Net monthly income per family member should be less than a threshold. The monthly income per family member threshold is differentiated according to the type of heating used by the household (see below for exact figures).

There is also an asset test. The law establishes a list of goods of necessity that are considered in assessing the right to receive this benefit. When the family or single person own(s) only goods considered of necessity they are entitled to receive this benefit. When the family or single person own(s) goods that are not enlisted as necessity goods, they are not considered entitled to receiving the heating benefit.

If the family or single person own(s) necessity goods in an amount that exceeds the limit established by the law, the potential income obtained through their exploitation is considered in assessing the net monthly income.

- **Income test**

The means-test consists of an income test and an asset test.

Income subject to the means test is: all gross market income (*ils\_origy*), less Employee SIC (*tscee\_s*), less Self-employed SIC (*tscse\_s*), less Personal Income Tax (*tin\_s*), plus Old age pension (*poa*), plus Disability pension (*pdi*), plus Survivor's pension (*psu*), plus Child raising allowance (*bccnw\_s*), plus Child raising incentive (*bccrw\_s*), plus Non means-tested child benefit (*bchmm\_s*), plus unemployment benefit (*bun*), plus alimony/maintenance payments (*yptmp*), plus temporary sickness benefit (*bhl*), plus maternity benefit (*bma*) plus the guaranteed minimum pension/social allowance for pensioners (*bsaoa\_s*), plus the guaranteed minimum income (*bsa\_s*), plus "Money for high-school" benefit (*bched\_s*).

The income thresholds depend on the type of heating used:

**I. Thermal energy provided by the centralized system, 2020-2021**

Average monthly net income per family member, and per a single person (RON)	Percentage compensation of the actual amount of heat energy bill (%)	
	Family	Single person
Up to 155	90%	100
155.1 - 210	80	90
210.1 - 260	70	80
260.1 - 310	60	70
310.1 - 355	50	60
355.1 - 425	40	50
425.1 - 480	30	40
480.1 - 540	20	30
540.1 - 615	10	20
615.1 - 786	5	15
786.1 - 1082	0	10

**Thermal energy provided by the centralized system, 2022-2023**

Average monthly net income per family member, and per a single person (RON)	Percentage compensation of the actual amount of heat energy bill (%)	
	Family	Single person
Up to 200	100	100
200.1 - 320	90	90
320.1 - 440	80	80
440.1 - 560	70	70
560.1 - 680	60	60
680.1 - 920	50	50
920.1 - 1040	40	40
1040.1 - 1160	30	30
1160.1 - 1280	20	20
1280.1 - 1386	10	n/a
1280.1 - 2053	n/a	10

Families that benefit from social aid under the Law regarding the Minimum Guaranteed Income receive a compensation of 100%.

**II. Natural gas, 2020-2023**

Average monthly net income per family member, and single person (RON)	Monthly amount (RON)
	2020-2021
Up to 155 Lei	262
155.1 – 210	190
210.1 – 260	150
260.1 – 310	120
310.1 – 355	90
355.1 – 425	70
425.1 – 480	45
480.1 – 540	35
540.1 – 615	20

<b>Average monthly net income per family member, and single person (RON)</b>	<b>Monthly amount (RON) 2022-2023</b>
Up to 200	250
200.1 - 320	225
320.1 - 440	200
440.1 - 560	175
560.1 - 680	150
680.1 - 920	125
920.1 - 1040	100
1040.1 - 1160	75
1160.1 - 1280	50
1280.1 - 1386	25
1280.1 – 2053*	25

\*For single person.

### **III. Wood, coal and oil fuel, 2020-2023**

<b>Average monthly net income per family member, and single person (RON)</b>	<b>Monthly amount (RON) 2020-2021</b>
Up to 155	54
155.1 - 210	48
210.1 - 260	44
260.1 - 310	39
310.1 - 355	34
355.1 - 425	30
425.1 - 480	26
480.1 - 540	20
540.1 - 615	16

<b>Average monthly net income per family member, and single person (RON)</b>	<b>Monthly amount (RON) 2022-2023</b>
Up to 200	320
200.1 - 320	288
320.1 - 440	256
440.1 - 560	224
560.1 - 680	192
680.1 - 920	160
920.1 - 1040	128
1040.1 - 1160	96
1160.1 - 1280	64
1280.1 - 1386	32
1280.1 – 2053*	32

\*For single person.

### **IV. Electricity, 2022-2023**

<b>Average monthly net income per family member, and single person (RON)</b>	<b>Monthly amount (RON) 2022-2023</b>
--	---------------------------------------

Up to 200	500
200.1 - 320	450
320.1 - 440	400
440.1 - 560	350
560.1 - 680	300
680.1 - 920	250
920.1 - 1040	200
1040.1 - 1160	150
1160.1 - 1280	100
1280.1 - 1386	50
1280.1 – 2053*	50

\*For single person.

- ***Benefit amount***

The benefit amount is differentiated according to the type of heating used by the household, the heating costs incurred by the household, and according to the monthly net income per household member (see above for further information). For the households using heating in centralised system, the benefit compensates a certain percentage of the heating bill. For households using natural gas, wood, coal or oil fuels, the benefit is flat rate. The benefit is given monthly during the cold season, between November 1<sup>st</sup> and March 31<sup>st</sup> next year.

**Energy supplement (*Suplimentul pentru energie*)**

The benefit is a top up of the heating benefit, being received by its beneficiaries, starting with the cold season 2021-2022, on monthly basis for the whole year (not only in cold season).

- ***Definitions***

The assessment unit is the household (tu\_household\_ro).

- ***Eligibility conditions***

Net monthly income per family member should be less than the highest eligibility threshold applied for the heating benefit.

- ***Income test***

The income thresholds are, as for the heating benefit: net monthly income of 1386 RON/per family member or 2053 RON for single persons.

- ***Benefit amount***

The amount is dependent on the type of energy, being 10 RON for thermic energy and natural gas, 20 RON for fossil fuels and 30 RON for electricity (or 70 RON if this is the only source of energy).

**EUROMOD notes:** The heating benefit is calculated as the sum payable during the year: i.e., Jan-Mar + Nov-Dec of the income reference year. The type of heating used by the family is imputed based on urbanization. Households living in urban areas are assumed to be using the centralized system whereas households living in rural areas are assumed to use fossil fuels. For households using the centralized heating system, the average monthly heating bill is imputed based on the 2007 Household Budget Survey. The heating cost for the winter months (Nov-March) is imputed to be approximately 23% of total yearly utilities cost.

The income test is carried out using annual rather than monthly income. The asset test is only partially simulated- only possession of a car and of financial capital is used in the asset test.

The energy supplement is simulated as part of the heating benefit. The supplement for electricity is not simulated as we cannot identify households which use electricity for heating.

### 2.4.15 Food vouchers (*Tichete sociale pentru produse alimentare și mese calde*) (bsatm\_ro)

- **Definitions**

The assessment unit is the individual (tu\_individual\_ro) or the household (tu\_household\_ro), depending on the category of recipients.

- **Eligibility conditions**

The vouchers can be received in 2022 and 2023 by the following categories:

- a) Pensioners and disabled persons (with severe, accentuated, or moderate disabilities), with monthly net income lower or equal to a threshold
- b) Families with at least 2 dependent children and single-parent families, whose monthly net income per family member is less than or equal to a threshold
- c) Families which benefit of the guaranteed minimum income
- d) Homeless persons, as they are regulated according to the legal provisions in force.

- **Income test**

For pensioners and disabled persons, the net monthly income (pensions plus other market income) should not exceed 1,500RON in 2022 and 1700RON in 2023, while for families with children, the net monthly income per family member should be less than or equal to 600RON in 2022 and 675RON in 2023. The net monthly income for families includes original and replacement income.

- **Benefit amount**

The vouchers are equivalent of 250RON per two months, the maximum amount receivable in 2022 being of 1,000RON, while in 2023, the overall amount increases to 1500RON in 2023.

**EUROMOD notes:** The benefit has been simulated for all categories, except for the homeless persons, which cannot be identified in survey data. The maximum amount of the benefit has been simulated for all eligible individuals or families.

### 2.4.16 Vouchers for students (*Vouchere pentru elevi*) (bedtm\_ro)

- **Definitions**

The assessment unit is the individual (tu\_individual\_ro).

- **Eligibility conditions**

The vouchers can be received by students receiving social scholarships (from low-income families).

- **Income test**

No income test applied.

- **Benefit amount**

The vouchers are equivalent to 30Euros per month (150RON). The benefit is granted for 7 months in 2022 (April-June and September-December 2022) and can be used for food, supplies and clothes.

### 2.4.17 Educational vouchers (*Vouchere educationale*) (*bedtmot\_ro*)

- **Definitions**

The assessment unit is the family (*tu\_family\_ro*).

- **Eligibility conditions**

Educational vouchers are targeted to students from vulnerable families. Beneficiaries are families with preschool, primary, and lower secondary school children.

- **Income test**

The income test concerns the net monthly income per family member and the thresholds are set to:

- twice the minimum guaranteed income level for a single person (298 RON in 2023) for families with preschool children
- half of the minim wage (gross monthly) (1275 RON in 2023) for families with primary and lower secondary school children

- **Benefit amount**

The benefit is a lump sum of 500RON per year to be used for school supplies and clothes. The benefit is received for each eligible student.

**EUROMOD notes:** The income for testing has been calculated as original and replacement income, minus simulated taxes and social contributions.

### 2.4.18 Support for low-income pensioners (*Sprijin pentru pensionarii cu venituri reduse*) (*bsaoatm\_ro*)

- **Definitions**

The assessment unit is the individual (*tu\_individual\_ro*).

- **Eligibility conditions**

The aids were granted in January and July 2022, January and October 2023 to pensioners from the public system, the state military pension system and the beneficiaries of rights provided by special laws with low incomes.

- **Income test**

In January 2022, pensioners with pensions less than or equal to 1,600RON received the benefit, while in July 2022 the aid was targeted to pensioners with a monthly income less than or equal to 2,000RON. In 2023, the maximum threshold was raised to 3000RON.

- **Benefit amount**

In January 2022, the benefit was a lump sum representing the difference between 2,200RON and their pension rights for January 2022. In July 2022, the aid was equal to 700RON for all eligible pensioners. In 2023, the amounts were differentiated by income brackets: 1000 RON for income below 1500RON, 800 RON for income between 1501 and 2000RON, and 600RON for income higher than 2000RON and lower than 3000RON.

## **2.5 Social contributions**

### **2.5.1 Employee Social and Unemployment Insurance Contributions (*Contribuții în cadrul bugetului asigurărilor sociale de stat, contribuții în cadrul asigurărilor pentru șomaj*) (tscee\_ro)**

The unit of analysis is the individual (tu\_individual\_ro).

The base for the calculation of social insurance contribution is the gross employment income - yem.

The unemployment contribution base is the gross wage for employees.

#### ***Employee Social insurance contribution***

Employee Social insurance contribution rate is 25% for 2020-2023. Employees in the construction sector with wages below 30,000 RON/month (10,000 RON/month for policy year 2023) pay a lower contribution rate – 21.25% since 2019. The same lower rate applies from 2022 to employees in the agricultural sector and food industry.

#### ***Employee Unemployment contribution***

Employee Unemployment contribution has been eliminated starting from 2018.

**EUROMOD notes:** Employee social insurance contributions (including contribution ceilings) are simulated based on the number of months in employment during the income reference period. The exemption of employee's participation in company profit from the contribution base is not simulated. The reduction in social contributions for the food industry is not simulated as it cannot be identified in the survey data.

### **2.5.2 Employer Social and Unemployment Insurance Contributions (*Contribuții în cadrul bugetului asigurărilor sociale de stat, contribuții în cadrul asigurărilor pentru șomaj*) (tscer\_ro)**

The unit of analysis is the individual (tu\_individual\_ro).

The base for the calculation of social insurance contribution (il\_tscer\_base) is the gross employment income – yem.

In 2018, the social insurance contribution of employers has been transferred to employees, while the unemployment insurance contribution has been eliminated. On the other hand, a new contribution on employers has been introduced – Work Insurance Contribution (Contributia asiguratorie pentru munca).

The rate for the Work Insurance Contribution is 2.25% for 2020-2023.

**EUROMOD notes:** Employer social insurance contributions (including contribution ceilings) are simulated based on the number of months in employment during the income reference period. Only the lowest SIC rate is simulated for all individuals (i.e. increased contribution rates for employees working in special and unusual conditions are not simulated due to absence of information about work conditions). Only the entire contribution is simulated, not its division into the first and second pillars. For purposes of the salary guarantee contribution, private sector employment is imputed based on occupation.

### **2.5.3 Self-employed Social Insurance Contributions (*Contribuții în cadrul bugetului asigurărilor sociale de stat, contribuții în cadrul asigurărilor pentru șomaj*) (tscse\_ro)**

The unit of analysis is the individual (tu\_individual\_ro).

#### ***SIC for the self-employed***

All self-employed individuals are liable to pay social insurance contribution if their annual income is above a threshold. The contribution base is the insured income declared by the self-employed, which is subject to a minimum threshold and an upper ceiling, except for income from intellectual property rights; in this case the gross income is the tax base.

If the gross annual income obtained from independent activities is below the threshold of 12 monthly minimum wages, the social insurance contribution is not due.

The self-employed contribution rate is 25%.

**EUROMOD notes:** If a person has both employment and self-employment income but the period spent in employment is less than 12 months, it is assumed that employment and self-employment income were generated in different periods. The contributory base for social insurance contributions is assumed to be the minimum insurable income-i.e., a third of the average gross wage/min wage for all self-employed paying this contribution. There is a switch *tca\_ro* implemented for the adjustment of tax compliance (social insurance, health insurance, income tax) in the case of self-employed working in agriculture, living in rural areas with an income level below the average gross wage. It is assumed that if the above conditions are satisfied, then the individual does not pay taxes.

#### **2.5.4 Health Insurance Contribution (active population and pensioners) (*Contribuția de asigurări sociale de sănătate*) (tschl\_ro)**

The health insurance contribution is simulated separately from the other social contributions (social insurance and unemployment) and it is paid by employees, self-employed, employers and pensioners.

##### ***Employee Health insurance contributions***

The unit of analysis is the individual (tu\_individual\_ro).

The health insurance contribution rate is 10% in 2020-2023, and is due on the gross wage, minus the employees' participation at company profits. Employees in the construction sector with wages below 30,000 RON/month are exempt from paying health insurance contribution, since 2019. The same facility is applied since 2022 for the agricultural sector. In August 2022, the ceiling has been changed to 10,000RON.

##### ***Self-employed Health insurance contributions***

The unit of analysis is the individual (tu\_individual\_ro).

The tax base is equal to the minimum wage, and if the monthly self-employment income is less than the minimum wage, the contribution is not mandatory.

The contribution rate is 10%.

The health insurance contribution is due on self-employment income even when the individual has employee income as well, except when the self-employment income comes from intellectual property rights. Health insurance contribution is not due on intellectual property income unless it is the sole source of income.

##### ***Pensioners Health insurance contributions***

The unit of analysis is the individual (tu\_individual\_ro).

The tax base is equal to the pension income for the amounts exceeding 4000 RON.



The contribution rate is 10%.

**EUROMOD notes:** Health insurance contributions are simulated based on annual incomes. In the case of employee contributions, the exemption of employees' participation in company profits is not simulated. In the case of self-employed, the exemption of intellectual property income is not simulated. There is a switch *tca\_ro* implemented for the adjustment for tax compliance (social insurance, health insurance, income tax) in the case of self-employed in agriculture, living in rural areas with income level below the average gross wage. It is assumed that if the above conditions are satisfied, then the individual does not pay taxes.

### 2.5.5 Credited Health Insurance Contributions (*Contributia de asigurari sociale de sanatate plătită din alte surse decât venitul persoanei asigurate*) (*tscchl\_ro*)

The unit of analysis is the individual (*tu\_individual\_ro*).

Several categories are entitled to credited health insurance contributions. The categories that are insured but their contribution is paid from other sources than personal income is those in the following situations: (a) military service; (b) temporary work incapacity leave because of work accident or professional disease; (c) childcare leave; (d) arrested persons; (e) unemployment benefit recipients; (f) victims of human trafficking (g) expelled; (h) family members of guaranteed minimum income recipients.

The contribution rates and the contribution base for the above categories are as follows: 10% from two minimum statutory gross wages for (a), (d), (f), (g); 10% from the unemployment benefit for (e); 10% of the indemnity for work incapacity (b); 10% from the social benefit received for (c), (h). These contributions are paid from the state budget ((a), (c), (d), (f), (g)), the unemployment insurance budget ((e)), the local budgets ((h)) or the employer and the Insurance Fund for work accidents and professional disease ((b)).

The categories that benefit from credited health insurance contribution and are simulated in EUROMOD are the recipients of a sickness benefit; those on childcare leave (caring for a dependent child aged under two), unemployment benefit recipients and beneficiaries of social assistance minimum guaranteed income. These contributions are paid from the state budget, unemployment budget or local budgets.

The following categories are insured without paying contribution: children up to the age of 18, people aged between 18 and 26 years if they are pupils, students or apprentices and do not earn any income; young people up to the age of 26 if they come from the child protection system and do not earn any income and are not beneficiaries of the minimum guaranteed income; a non-earning spouse or parent of an insured person; people with disabilities who do not earn income from working arrangements, pensions or other sources, except for the disability benefit; people with illness who are included in national health programs, pregnant and child bedding women if they do not earn any income; and politically persecuted persons.

Only the following categories are simulated to be entitled to health insurance contributions without payment- a) children under 18 or under 26 if in education and without earnings b) persons in receipt of a disability pension without any additional income sources, c) married partners of an insured person who have no income of their own, d) members of families receiving the minimum guaranteed income, e) parents of an insured person with no income of their own.

**EUROMOD notes:** Not all categories of beneficiaries can be simulated (see above for which categories are simulated). For parents on childcare leave, no credited contribution is simulated for children turning 2 during the income reference period; for children born in the income reference period-12 months of contribution are simulated. For social assistance recipients, the contribution is credited only for the head; the children and the spouse are normally insured without paying. It is assumed that the contribution is made from a local budget only if no other contribution is made from other sources.

### 2.5.6 Other social contributions

#### **Benefit Recipients Social Insurance Contributions** (*Contribuții în cadrul bugetului asigurărilor sociale de stat, contribuții în cadrul asigurărilor pentru șomaj*) (tscbr\_ro)

This is a credited social insurance contribution for recipients of unemployment, sickness and/or maternity benefits.

The unit of analysis is the individual (tu\_individual\_ro).

For recipients of unemployment benefits (thus  $bun > 0$ ), the contribution rate is 25%.

For recipients of sickness benefits or maternity benefits - ( $bhl + bma$ )  $> 0$ , the contribution rate is 25% of the minimum wage.

**EUROMOD notes:** The contribution is simulated only for months in receipt of sickness and maternity benefits.

## 2.6 Personal income tax

### 2.6.1 Tax unit

The tax unit is the individual - tu\_individual\_ro.

During the process of identifying and allocating the dependent persons in the household to an individual tax unit, another tax unit is used, tu\_household\_ro, which includes all household members.

### 2.6.2 Exemptions

In Romania, the following income categories are exempted from personal income tax:

- Social benefits (allowances, indemnities, social insurance benefits, scholarships), other than pensions and temporary work incapacity benefit. Are exempted from personal income tax: invalidity pensions for the 1<sup>st</sup> degree of invalidity, benefits for war invalids.
- Income paid for damages suffered, either received from insurance of any type or from other sources, including punitive damages.
- The income equivalent of coupons/vouchers which are awarded to individuals, according to the legislation in force.
- Income or goods from inheritance or donation
- Income gains from real estate property transfers in the following three situations: the property is regained under special laws; donation between relatives of the 3<sup>rd</sup> degree at most and between spouses; inheritance, if the succession is finalized in maximum 2 years from the moment of death.
- Income earned by the members of diplomatic missions in Romania, under the condition of reciprocity and income earned by members of Romanian diplomatic missions, councillor offices and cultural institutes placed abroad.
- Income earned by officials of international organizations for their activity in Romania.
- Income earned by foreign citizens for consultancy activities, under non-reimbursable financing agreements.
- The difference of subsidized interest for credits, under the legislation in force.
- Income from prizes gained by sportsmen winning prizes at European, World and Olympic championships.
- Wages of employees in the construction sector (below 30,000 RON/month) and in the IT sector, for certain occupations.

In EUROMOD simulations, the following sources of income are exemptions from personal income tax:

- Allowance for newborn children and the outfit for the newborn children

- Universal child benefit
- Child raising allowance
- Child raising incentive
- Minimum social pension/ social allowance for pensioners
- Means-tested educational allowance (Money for High-School)
- Social assistance Guaranteed minimum income
- Means-tested heating benefit

### 2.6.3 Tax allowances

There is a **Tax allowance for pensioners** is of 2000 RON per month. The tax base is the difference between the gross income less any mandatory social contributions and the tax allowance amount.

**For employees** there is the **Tax allowance for oneself and allocated dependents** – It is a personal deduction which is given to employees who have a monthly gross wage under or equal to 3600 RON (5000 RON in 2023). The amount of the deduction is a function of the number of taxpayer’s dependent persons, as seen in the table below (for a monthly gross wage not higher than 3000 RON).

Number of dependents	Personal deduction (Lei)	
	2020-2022	2023
0	510	600
1	670	750
2	830	900
3	990	1050
4 or more	1310	1350

This tax deduction is applied only on wages and only at the main job or activity.

For gross wages between 1951 (3000 RON in 2023) and 3600 RON (5000 RON in 2023), the personal deduction is decreasing with income.

The *dependent person* can be the spouse, child, or other family relative up to the 2<sup>nd</sup> degree (children, parents, brothers and sisters, grandparents, and grandchildren) of the taxpayer or his/her spouse with a gross taxable and non-taxable income (all income, whatever its source is included) which does not exceed 510 RON (600 RON in 2023).

Children under 18 years are considered dependent persons, except for children aged between 16 and 18 who are legally employed, in which case the child is treated as a taxpayer, and he could be a dependent person only if his income is below the threshold of 510 RON (600 RON in 2023).

*Deductions for private voluntary pension contributions*- contributions made to private pension plans are deductible from the tax base up to the limit of the equivalent of 400 Euros in RON. The deduction is applicable only for employees.

Other tax allowances in the Romanian system are the tax allowance for trade union fees (which are fully deductible from the tax base in the case of employees), tax allowance for savings in collective systems for dwelling expenses, and the tax allowance for rent income (40% of gross income until 2022, then eliminated). Except for the latter, these allowances are not simulated in EUROMOD due to lack of information in the input dataset.

**Employees in the construction sector** (since 2019) **and those in agriculture and food industry** (since 2022) are exempt from personal income tax for monthly wages below 30,000RON (in 2022). The threshold was reduced to 10,000RON starting from August 2022.

Since 2023, two supplementary tax deductions for employees have been introduced:

- 15% of the minimum wage for young employees up to the age of 26 years, with gross wage below 5000 RON
- 100 RON for each dependent child for all employees, regardless of the wage level.

### 2.6.4 Tax base

The calculation of the tax base for the personal income tax is differentiated by income type.

For *employment income*, the tax base is the taxable income which is calculated as gross income minus social insurance and health contributions and minus tax allowances.

For *self-employment income*, the tax base is the difference between the net gain (income minus expenses) and social insurance and health contributions (also, losses for the last five fiscal years, if any, can be deducted as well). If the self-employed has no employees, the rule is to be taxed based on net income established by income norms, issued by the Ministry of Finance on a yearly basis depending on region (county), type of economic activity and seasonality, but self-employed without employees may choose to be taxed based on their real income.

For *investment income*, the tax base is the net gain from investments.

For *pensions*, the tax base is the difference between the gross income and social contributions and the tax allowance for pensioners.

### 2.6.5 Tax schedule

The personal income tax is paid by individuals as a flat rate of 10% on the income tax base.

### 2.6.6 Tax credits

An amount of 2% or 3.5% of the personal income tax paid on employee and self-employed income can be donated to non-profit organizations or for private scholarships. The share depends on the type of the institution.

There are no tax credits simulated in EUROMOD due to the lack of necessary information.

**EUROMOD notes:** For purposes of calculating the employee allowance for oneself and dependents, family relationships are not checked. Any person residing in the same household with an employee may be considered a dependent if he/she satisfies the income threshold criterion or is aged below 16. Annual incomes are used in determining whether an adult may be considered dependent or not. Income used in the test of dependency include earnings, pension income, unemployment benefits, sickness benefit, childcare allowance /incentive, investment income, property income, private pensions, severance payments, educational allowances, the universal child benefit and income received by children under 16.

If there is more than 1 employee eligible to claim the tax allowance for dependents, the allocation of dependents in the household is optimized so that the maximum tax allowance may be claimed. The optimization is done by first allocating dependents to the employee with the lower income until income available to claim the tax allowance is exhausted, moving on to the employee with the next lowest income and so on.

None of the tax credits have been simulated.

Switch *TCA\_ro* is implemented for the adjustment of tax compliance (social insurance, health insurance, income tax) in the case of self-employed in agriculture, living in rural areas with income level below the average gross wage. It is assumed that if the above conditions are satisfied, then the individual does not pay taxes.

### **3. DATA**

#### **3.1 General description**

The Romanian database used in EUROMOD is the Romanian Survey on Income and Living Conditions, (also called Quality of Life Survey), which represents the implementation of the European Union Statistics on Income and Living Conditions (EU-SILC) survey in Romania. In 2021, the survey was carried out by the National Institute of Statistics. An integrated design with a rotational sample was applied, in which the sample is divided in four sub-samples, each of them similar in size and design and representative for the whole population. From one year to the next, three sub-samples are retained, one is dropped, and one new sub-sample is included in the survey. In this way, the cross-sectional and longitudinal statistics are produced from the same set of sample observations.

The data is collected during the 5<sup>th</sup> month of the year following the income reference year (the calendar year: January – December 2020).

The unit of assessment is the household, defined as a person living alone or a group of persons who live together in the same dwelling and share expenditures including the joint provision of the essentials of living (the household membership definition used is according to Eurostat recommendations EU-SILC 065). The response rate of households calculated as the share of complete household interviews accepted for the database out of the number of eligible households found at contact addresses is equal to 93.86%, while the overall individual response rate is 99.79%.

In 2021, the survey was based on the use of Multifunctional Sample of Territorial Areas - the master sample “new EMZOT”, a database with approximately 1.500.000 dwellings, selected according to probabilistic criteria, serving as sampling frame for all household surveys, in 2015-2024. The sampling plan is a two-stage probability sampling of housing units (dwellings). In the first stage, a stratified random sample of 792 areas (450 in urban and 342 in rural areas), called Primary Sampling Units (PSUs), was designed using the 2011 Population Census. The PSUs were sampled with a probability proportional to size (number of permanent dwellings). The stratification criteria are the area where PSU is located (rural/urban) and county (NUTS3 level). In the second stage, a fix number of dwellings are systematically selected from sampled PSUs.

The EUROMOD database is built on the UDB (User Data Base) version provided by Eurostat. We use the SILC 2021 cross-sectional release (C21\_release\_22\_09).

**Table 3.1. EUROMOD database description**

EUROMOD database	RO_2021_a1
Original name	UDB_cRO21
Provider	Eurostat
Year of collection	2021
Period of collection	5 - 25 May 2021
Income reference period	Year 2020
Sample size	7266 households, 16630 individuals (15288 aged over 16 years)
Response rate	93.86% [1]

Note: [1] household response rate is 93.86%, the overall individual response rate is 99.79%.

#### **3.2 Data adjustment**

To prepare the dataset to meet the EUROMOD requirements, some adjustments have been made. First, we check whether the relationships within a household are valid and consistent (e.g., the parents of the same children are the partners of one another) and some adjustments are made. Also, income from non-respondents is allocated by splitting the adjustment income among non-respondent individuals according to the main source of income by age. For consistency between

demographic and income variables, all children born after the income reference period have been dropped from the database. Missing values for socio-demographic and labour market variables are checked and imputed and the consistency between labour market and income information as well.

### 3.3 Imputations and assumptions

#### 3.3.1 Time period

The reference period for the socio-demographic variables is the time of data collection, May 2021, except for age, in which case two variables are included in the database, the current age (at data collection, variables rx010) and the age at the end of income reference year (variable rx020). For the labour market and economic information, the situation is similar, some of the variables are collected also for the income reference period and for the current time frame. For example, the main activity status is collected for the current period (variable rb210), but also for the income reference period (variable rb170), the information being completed with the number of months spent in work, unemployment, retirement, studying (variables pl070 – pl090) and with the main activity monthly (pl210A – pl210L).

The income reference period is the calendar year before the data collection period, Jan-Dec 2020, and no reconciliation of variables with different reference periods is done by using labour market information from the previous wave.

In EUROMOD it is assumed that the yearly income collected is received equally throughout the months of the year.

#### 3.3.2 Gross incomes

The EU-SILC for Romania included in the household and individual questionnaires a long list of income components, currently existing in Romania (49 income components in the individual questionnaire and 13 income components in the household questionnaire). The aggregated personal and household income categories which are reported in the UDB version of the EU-SILC are calculated from these elementary components, and finally they are aggregated all in the gross (hy010) and disposable income (hy020) for each household who accepted the interview. It should be mentioned that EUROMOD has not gained access to the collected national SILC income components.

No additional income information is used to clean or improve the original/ collected data. No administrative records were used and the use of the justifying documents regarding the incomes was the respondents' decision.

The majority of income components were recorded net, and the gross variables were obtained by adding to the net values, the value of income taxes retained at source and social contributions paid (in the case of wages, all sums retained at source were added). For self-employment incomes (variables py050g, py050n) the anticipated income tax and social contributions (unemployment, health and pension) were collected as well and any profit or loss.

The only income components calculated in the process of data editing were:

- the value of income tax retained at source for salaries (flat rate of 10% for income tax), the respondents being asked only if they paid or not the income tax for wages;
- the exact value of the social insurance contribution retained at source for salaries if this was declared in the form of an interval.
- the value of income tax retained at source for pensions (if the value of the pension is higher than 2000 RON per month);
- the interest received for dividends and money withdrawn from bank.

#### 3.3.3 Disaggregation of harmonized variables

An important number of income components had to be imputed from the aggregate amounts, as they were not available in the EU-SILC UDB version of the survey. These are the following:

- **Universal child benefit** – disaggregated from family and child allowances (*hy050*) based on the benefit rules (number of children and their ages).
- **Child raising benefit** – disaggregated from family and child allowances (*hy050*) based on benefit rules: the existence of a child aged less than two in the income reference year, the number of months the mother is entitled to receive the benefit during the income reference period, mother’s eligibility (based on work history).
- **Maternity benefit** – disaggregated from family and child allowances (*hy050*) based on benefit rules: the existence of a child born in income reference period, number of months the mother is eligible to receive the benefit.
- **Means-tested family benefits** – disaggregated from family and child allowances (*hy050*) based on the residual family benefits by subtracting the universal child benefit, the child raising benefit and the maternity benefit.
- **Unemployment benefit** – recomputed based on benefit rules: the benefit entitlement period in months, work history for those with an unemployment spell and the bonus percent depending on work history.
- **Severance payments** – based on the observed differences between the collected unemployment benefit (*py090*) and the recomputed unemployment benefit.
- **Financial capital asset** – based on the UDB variable on investment income and external information on the average interest rate for financial market during the year 2020.

### 3.4 Updating

The updating factors are used to update the monetary variables for the time inconsistencies between the input dataset and the policy year. Socio-demographic characteristics and labour market variables are not updated, remaining at their initial values. Updating factors are generally based on indexation rules and/or changes in the average value of an income component between the year of the data and the policy year when indexation is not available. For detailed information about the construction of each updating factor as well as the sources that have been used, see Annex 1.

## 4. VALIDATION

### 4.1 Aggregate Validation

The macro-validation is based on external statistics from official survey data (HBS, LFS) and from administrative records (budgets, number of social benefits’ recipients). Differences between input data and external statistics may result also from the different accounting, i.e., external statistics is often based on monthly average or situation at the end of the year, while EUROMOD gives annual results, which could be relevant especially for the number of recipients/ taxpayers.

#### 4.1.1 Components of disposable income

The components of disposable income, as they are defined in EU-SILC vs. EUROMOD can be found in the table below. There are a few differences between the two definitions for disposable income. *Repayments/receipts for tax adjustment* are not considered in EUROMOD simulations for the disposable income. Also, in EUROMOD we use a module for the *optimization of tax allowances* which could lower taxes and increase the disposable income.

Table 4.1 Components of disposable income

	<b>EUROMOD</b> <b>[2020-2023]</b>	<b>EU-SILC</b> <b>[2021]</b>
	ils_dispy	HY020
Employee cash or near cash income	+	+
Employer's social insurance contribution	-	-
Contributions to individual private pension plans	0	0
Cash benefits or losses from self-employment	+	+
Pension from individual private plans	+	0
<i>Unemployment benefits</i>	+	+
<i>Old-age benefits</i>	+	+
<i>Survivor' benefits</i>	+	+
Sickness benefits	+	+
Disability benefits	+	+
Education-related allowances	+	+
Income from rental of a property or land	+	+
<i>Family/children related allowances</i>	+	+
Social exclusion not elsewhere classified	+	+
Housing allowances	+	+
Regular inter-household cash transfer received	+	+
Interests, dividends, etc.	+	+
Income received by people aged under 16	+	+
Regular taxes on wealth	-	-
<i>Regular inter-household cash transfer paid</i>	-	-
<i>Tax on income and social contributions</i>	-	-
<i>Repayments/receipts for tax adjustment</i>	0	+

#### **4.1.2 Validation of market incomes**

The simulation results on the number of employees are consistent with the information provided by external statistics, while the number of self-employed is overestimated in EUROMOD as compared to LFS data, possibly since LFS data on employment status refer only the main economic status and thus do not capture self-employed who are also employees, while both employment and self-employment are recorded for all individuals in EUROMOD. Part of the differences between EUROMOD and external statistics can be explained by the different accounting for unemployed and employed, which are computed from external sources as monthly and quarterly averages over the year. Starting with 2021, from external statistics, the number of self-employed is considerably lower due to a change in the LFS survey methodology which excludes agricultural workers who use most of the agricultural products obtained for own consumption, while in EUROMOD the number of self-employed is kept constant over 2020-2023. This is the reason for the stronger overestimations concerning self-employed in recent years. (see Annex2, Table 4.3).

The total employment income is underestimated for 2020 and 2021, while it is overestimated for 2023. The underestimation can be explained by the underrepresentation of high wage earners in the survey. On the other hand, overestimation for 2023 occurs because external statistics are based on data for the first quarter (latest available), while the uprating index for wages is calculated considering the most recent monthly developments. (See Annex 3, Table 4.4).

The self-employment income in EUROMOD is slightly overestimated as consequence of the overestimation of the number of self-employed persons. (See Annex 3, Table 4.4).

The estimations for rent income are much lower in EUROMOD for 2020-2022 as compared with the external data. In 2023, external statistics are based on preliminary data (1<sup>st</sup> semester), which can explain the overestimation observed. (See Annex 3, Table 4.4).



While the simulation results regarding the old-age pension are relatively consistent with the information offered by the external statistics, there are discrepancies between the two sources of information in the case of disability (invalidity) pension and survivors' pension, more in number of recipients and less in amounts. These can be explained by the low coverage of these type of pensions in the SILC data. The discrepancies are substantial in the case of the survivors' pension (See Annex 3, Table 4.5 and Table 4.6).

### 4.1.3 Validation of taxes and social contributions

*Self-employed social insurance contributions:* No clear external information on the number of self-employed who pay social insurance contribution is available. The external data we use for macro-validation stands for the total number of self-employed. We simulate the contribution paid on the minimum contribution base. For the health insurance contribution, we simulate contributions only if self-employed earnings are above the minimum wage, which might explain the under simulation of amounts, together with the under simulation of the number of taxpayers.

Other contributions are in-line with the external information provided (See Annex 3, Table 4.7).

Total revenues from *the personal income tax* are in line with external statistics.

### 4.1.4 Validation of benefits

The number of recipients of *child raising allowance* is significantly smaller than official statistics. This is explained by the small number of children aged 0 and 1 in the dataset. We do not simulate entitlements for disabled children between 2 and 3 years which could also slightly reduce our estimates in comparison with external data. The difference between the number of beneficiaries from simulation and external statistics leads to discrepancies between the simulated amounts and the external statistics for the *child raising allowance*. Both the number of recipients of the *child raising incentive (for working mothers)* and the amounts paid are relatively consistent with external statistics. (See Annex 3, Table 4.7).

The number of recipients of the *guaranteed minimum income* is relatively overestimated. This can be explained by the fact that not all the conditions for receiving social assistance can be simulated in the model – the list of necessity goods that are eligibility conditions for receiving social assistance is not implemented in the model (except for the possession of a car and financial assets), and neither is the eligibility condition regarding community services that must be done by the recipient (or a household member). A calibration that has been implemented in the model to improve the simulation eliminates receipt for families that are headed by persons aged 18-26. After the calibration the number of recipients is still overestimated approximately twice compared to external statistics. The *guaranteed minimum income* amounts are close to external statistics. This can be explained, at least partly, by the non-take up of small benefits. (See Annex 3, Table 4.7).

The *unemployment benefit* recipients are over simulated starting from 2022. This can be explained by the decrease of unemployment benefit recipients after the peak in 2020 and 2021 due to the COVID-19 pandemic, while EUROMOD uses the same number of unemployed for all years. The over simulation of amounts is largely explained by the over simulation of unemployed in 2022 and 2023 (See Annex 3, Table 4.7).

The number of recipients and amounts for *Money for high school* is strongly overestimated. This can be explained by the non-take up phenomenon and the fact that certain conditions cannot be simulated in the model (such as educational performances, absenteeism etc.) (See Annex 3, Table 4.7).

The *support allowance* for families with children is overestimated both in number of beneficiaries and amounts. This is consequence of not simulating all the conditions for receiving support allowance, due to the lack of information in the survey concerning the list of necessity goods that are eligibility conditions (except for the possession of a car and financial assets). As being a means-tested benefit, the number of recipients could also be affected by the non-take up behaviour. (See Annex 3, Table 4.7).

The number of recipients of the *guaranteed minimum pension* (minimum social pension) is underestimated. Also, the amounts simulated for the *guaranteed minimum pension* are well below the external benchmarks. (See Annex 3, Table 4.7).

The *heating aid* amounts are over simulated, especially for 2023. This is because information on several relevant policy elements does not exist in the dataset and, as a result, is fully imputed based on averages per type of heating and area of residence. The beneficiaries go through a supplementary means-testing on goods, which is not simulated in EUROMOD. In 2023, the external statistics are partial, which could explain the strong over simulation. For the moment, the simulation will not be changed.

The simulation of temporary benefits for 2022 and 2023 as compensation measures for the increase in energy and food prices targeted to vulnerable households (*food vouchers* and *supplementary benefits for pensioners*) is in line with external statistics.

### 4.2 Income distribution

All income distribution results presented here are computed for individuals according to their household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions. The weights in the OECD equivalence are: first adult=1; additional people aged 14+ = 0.5; additional people aged under 14 = 0.3.

#### 4.2.1 Income inequality

The income distribution indicators in EUROMOD are relatively close to those generated directly using SILC data (See Annex2, Table 4.9). Mean and median incomes in EUROMOD are very close to external benchmarks, as is the Gini coefficient. The decile ratio is however lower in EUROMOD. These differences are more obvious in the detailed income distribution by decile shares, which is more divergent between the two sources at the bottom of the distribution. The difference is particularly large in the case of the first decile, while discrepancies are small in the case of the other deciles. The over-simulation of benefits may result in over simulation of income at the bottom deciles and combined with the under-simulation of tax in the 10<sup>th</sup> decile leads to the under simulation of the S80/ S20 measure.

The aggregated amount of income taxes simulated in EUROMOD is below the external figures, this is what could lead to higher disposable income in EUROMOD, thus a possible explanation for the distributional differences. However, overall differences between EUROMOD generated results and the external benchmark are small.

#### 4.2.2 Poverty rates

The calculations based on EUROMOD are generally consistent with the information from SILC regarding the poverty rates (See Annex2, Table 4.10). The alignment of poverty rates between the two sources is stronger at the higher poverty lines suggesting that there may be some overestimation of incomes at the very bottom of the distribution in EUROMOD.

Poverty rates using the customary 60% of median equivalised disposable income threshold are relatively well aligned for all age groups and both genders.

### 4.3 Validation of minimum wage

Including minimum wage in the simulations has little impact on the overall results. As expected, employment, disposable income, simulated taxes and social insurance contributions increase slightly while social assistance remains almost the same. Poverty also is slightly lower when minimum wage is simulated. However, the estimated differences are very small indicating that the number of individuals with recorded hourly wages below the minimum is very small in the dataset.

### 4.4 Summary of “health warnings”

This final section summarises the main findings in terms of particular aspects of the part of EUROMOD or its database that should be borne in mind when planning appropriate uses of the model and when interpreting results.

- The sample is relatively small and is calibrated by age group (except for the groups 0-15 years and 75+years), residence (rural/ urban) and gender. Therefore, care should be taken in analysing and interpreting the results for small groups.
- The database used in the simulations is the 2021 SILC with 2020 income data, for the subsequent years the monetary variables are uprated with income specific uprating factors. The socio-demographic characteristics and labour market variables are not updated, remaining at their initial values.
- Some of the benefit income variables in the original SILC dataset had to be disaggregated for taxation and social insurance contribution purposes; this inevitably introduces an amount of error.
- The macro-validation is based on external statistics from official survey data (HBS, LFS) and from administrative records (budgets, number of social benefits’ recipients) as well. For 2023, preliminary external estimates are available.
- Differences between input data and external statistics may result also from the different accounting, i.e., external statistics is often based on monthly average or situation at the end of the year, while EUROMOD gives annual results, which could be relevant especially for the number of recipients/taxpayers.
- While the simulation results on the number of employed are consistent with the information offered by the external statistics, it is obvious that there are quite significant differences between simulation results and the external statistics regarding the number of unemployed; in particular, the number of unemployed is overestimated in EUROMOD compared with external benchmarks.
- Some types of market incomes such as rental or investment income are not fully captured while total employment income is slightly overestimated in the dataset.
- The number of recipients of the guaranteed minimum income is severely overestimated in EUROMOD. This can be explained by the fact that not all the conditions for receiving social assistance can be simulated in the model – the list of necessity goods that are eligibility conditions for benefiting of social assistance is not implemented in the model, and neither is the eligibility condition regarding community services that must be done by the recipient (or a household member).
- The child raising allowance related to children less than 2 years is under-simulated both in numbers and amount mainly because there are not enough children aged 0 and 1 in the dataset.
- The income distribution slightly differs between the two sources, EUROMOD and SILC. The possible explanations that could be mentioned concerning the differences in the income distribution is the *optimisation of tax allowances* which is done in EUROMOD; thus, the disposable income of especially low-income households is lifted by this procedure.
- Except for the guaranteed minimum income where some adjustments are made, 100% benefit take-up is assumed.
- Adjustments for tax compliance (social insurance, health insurance, income tax) are implemented in the case of self-employed in agriculture, living in rural areas with income level below the average gross wage.

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- Sources for tax-benefit descriptions/rules: [www.mmuncii.ro](http://www.mmuncii.ro), [www.mmanpis.ro](http://www.mmanpis.ro), [www.cdep.ro](http://www.cdep.ro), [www.edu.ro](http://www.edu.ro)

ANNEX 1. UPRATING FACTORS

Factor name		2020	2021	2022	2023	Source
Harmonised CPI (2005=100)	\$f_HICP	170.5	177.5	198.86	218.15	Source: Eurostat, <a href="http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc_hicp_aind&amp;lang=en">http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc_hicp_aind&amp;lang=en</a>
Average monthly wage (gross), Lei	\$f_yem	5213	5535	6126	7181	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , (Labour Cost Survey, table FOM107C) 2014: monthly data Decembre - Ministry of Labour, <a href="http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/date-statistic">http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/date-statistic</a>
Average monthly self-employment income, Lei	\$f_yse	1917.7	2127.8	2790.8	2657.7	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , (Household Budget Survey, table BUF104I),
Average monthly property income, Lei	\$f_ypr	5.4	7.2	7.7	6.2	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , (Household Budget Survey, table BUF104I),
Average monthly old-age pension (public), Lei	\$f_poa	1749	1923	2124	2342	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , (National House of Pensions, table PNS102A), data for 2022 - June
Average monthly survivors' pension, Lei	\$f_psu	838	914	1015	1125	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , (National House of Pensions, table PNS102A), data for 2022 - June
Average monthly disability pension, Lei	\$f_pdi00	733	766	816	892	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , (National House of Pensions, table PNS102A),
Lagged average monthly wage (gross), Lei	\$f_prevyem	4853	5213	5535	6126	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , (Labour Cost Survey, table FOM107C)
Average monthly universal child benefit (bchnm), Lei	\$f_bchnm	189.4	243.9	289.9	303.8	Source: Ministry of Labour, Family, Social Protection and Elderly, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,
Average monthly means-tested family benefit (bchmt), Lei	\$f_bchmt	171.1	172.7	179.5	195.6	Source: Ministry of Labour, Family, Social Protection and Elderly, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,
Average monthly means-tested social assistance (bsa), Lei	\$f_bsa	263.5	261.1	266.7	286.6	Source: Ministry of Labour, Family, Social Protection and Elderly, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,
Average annually heating benefit (bhoen), Lei	\$f_bhoen	244.3	611.9	563.34	376.2	Source: Ministry of Labour, Family, Social Protection and Elderly, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,
Average monthly child raising allowance (bccnw), Lei	\$f_bccnw	2290.3	2498.9	2728.1	2971.5	Source: Ministry of Labour, Family, Social Protection and Elderly, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,
Average monthly disability benefit (bdi), Lei	\$f_bdi	207.4	207.1	228.9	261.6	Source: Ministry of Labour, Family, Social Protection and Elderly, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,

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Value of the basic unemployment benefit, Lei	\$f_bun_Index	375	375	394.1	448.5	Source: Ministry of Labour, Family, Social Protection and Elderly
Value of the pension point (bais for all types of public pensions indexation), Lei	\$f_pen_Index	1265	1442	1586	1785	Source: National House of Pensions, <a href="http://www.cnpas.org/portal/media-type/html/language/ro/user/anon/page/pensions.psm1?weblog_name=pensions&amp;subject_id=1141805689624">http://www.cnpas.org/portal/media-type/html/language/ro/user/anon/page/pensions.psm1?weblog_name=pensions&amp;subject_id=1141805689624</a>
Child allowance- Benefit amount, Lei	\$f_bchnm_Index	156	214	243	256	Source: Ministry of Labour, Family, Social Protection and Elderly
Allowance for newborn - Benefit amount, Lei	\$f_bchba_Index	380	380	380	380	Source: Ministry of Labour, Family, Social Protection and Elderly
Average monthly unemployment benefit (bun), Lei	\$f_bun	528	534	564	564	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , ( table SOM105A)
Household disposable income, Lei	\$f_yds	3748.4	4062.94	4664.7	5091.2	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , (Household Survey Budget Survey, table BUF104I, 106I),
Educational allowance, Lei	\$f_bed_Index	250	250	250	250	Source: Ministry of Labour, Family, Social Protection and Elderly
Private pensions	\$f_ypp	1	1	1	1	Consider nominal value unchanged
Guaranteed minimum pension	\$f_bsaoa	704	800	1000	1125	Source: Maximum level for guaranteed minimum level
Leaded average monthly wage	\$f_yemLead	5535	6126	7181	7181	Source: National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , (Labour Cost Survey, table FOM107C) 2014: monthly data Decembre - Ministry of Labour, <a href="http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/date-statistic">http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/date-statistic</a>

## ANNEX 2. POLICY EFFECTS IN 2022-2023

Table A1 and A2, and Figure A1 show the effect of 2023 policies on the mean equivalised household disposable income by income component and income decile group, as a percentage of mean equivalised household disposable income in 2022. The effect is estimated as a difference between simulated household net income under the 2023 tax-benefit policies (in real terms by deflating monetary parameters by *projected* Eurostat’s Harmonized Index of Consumer Prices, HICP, and in nominal terms with no deflation) and net incomes simulated under 2022 policies.

The disposable income of all households has increased because of policy changes between 2022 and 2023 on average by approximately 3.3% in nominal terms, but this was eroded by the high inflation, so the increase in real terms was of only 0.26% (see Table A1, Table A2 and Figure A1). The policy changes were the following: (1) increase of the social reference indicator (ISR) by 13.7% - this change is impacting the benefits which are linked (as thresholds and/ or amounts) with the reference: support allowance for families with children, guaranteed minimum income, unemployment benefit; (2) the state allowance for children was increased by 5%, being also decorrelated from the ISR; (3) the minim social pension setting a lower limit on every public pension has been raised by 12.5%; (4) the supplementary amounts given to low income pensioners introduced in 2022 were extended to 2023 as well, with broader coverage (threshold increased by 50%) and higher amounts; (5) the amounts received by vulnerable groups as food vouchers increased by 50%, also the coverage of this means tested benefit has extended by increasing the income thresholds for pensioners and disabled persons (by 13.3%) and for families with children (by 12.5%); (6) vouchers for students introduced in 2022 were replaced by educational vouchers which are income tested and less generous; (7) the indexation of all public pensions by a coefficient equal to 12.5 % and (8) tax allowances for employees have increased (the ceiling for maximum deduction increased by 39% and the maximum deduction increased by 18%), two supplementary deductions being introduced for young employees and for parents. Besides these, no other changes have been modelled.

Nominal income changes are positive for all deciles, while real income changes are also positive except for decile 10. For the first decile the income gain is of 7.6% in nominal terms and 1.8% in real terms. The disposable income changes are much lower for the following three deciles (2<sup>nd</sup> to 4<sup>th</sup>) due to real losses in means-tested and non-means-tested benefits. Lower means-tested benefits could be result of more generous tax allowances, but also of inflation for some benefits with monetary parameters kept constant (e.g., educational allowance). The real losses in non-means tested benefits are most likely because the state allowance for children, the main non-means-tested benefit, increased less than inflation. The middle deciles are the best-off due to increases in pension income and less income taxes paid following extended tax allowances. On the other hand, the richest decile loses disposable income in real terms because of higher employee SIC and direct taxes paid (due to the high CPI). Overall, the nominal effects of policy changes were partially offset by the strong increase in prices.

The total income increase is driven largely by the increase in pensions (by 2.8% in nominal terms and 0.6% in real terms). Other benefits increase less, nominally by 0.26% the means-tested benefits and by 0.25% the non-means-tested benefits, but in real terms the overall value of benefits decreases, not being able to offset inflation. There is a negative effect from social contributions as well (approx. 0.26% real raise for all households), but a positive one from the personal income tax due to higher tax allowances (overall by 0.15%).

Table A1: Policy effects for RO in 2022-2023, using the CPI indexation [1.0971641] on dataset RO\_2021\_b1, %

Decile	Original income	Public pensions	Means-tested benefits	Non-means-tested benefits	Employee SIC	Self-employed SIC	Other SIC	Direct taxes	Disposable income
1	0.00	0.19	2.25	-0.84	0.00	0.00	0.00	0.23	1.83
2	0.00	0.85	-0.71	-0.38	0.00	0.01	0.00	0.39	0.16
3	0.00	0.83	-0.51	-0.26	0.00	-0.10	0.00	0.40	0.36
4	0.00	0.79	-0.75	-0.17	0.00	-0.04	0.00	0.45	0.28
5	0.00	0.91	-0.04	-0.14	0.00	-0.04	0.00	0.31	0.99

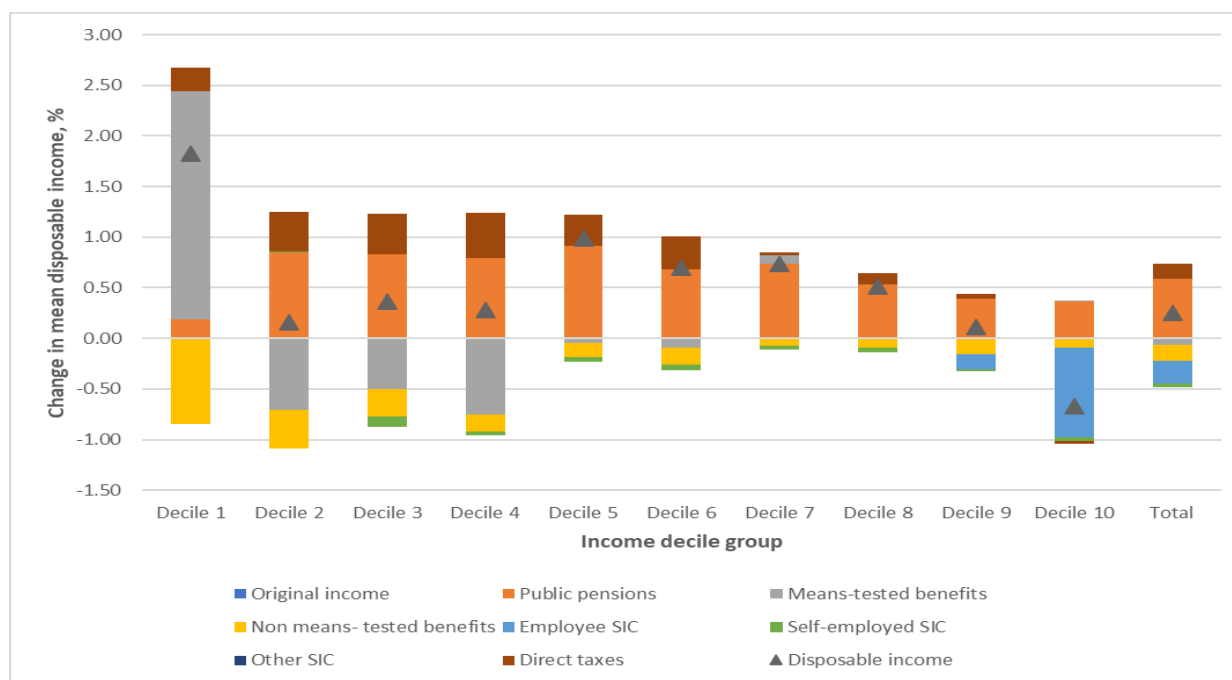
6	0.00	0.68	-0.09	-0.16	0.00	-0.06	0.00	0.33	0.70
7	0.00	0.74	0.08	-0.07	0.00	-0.04	0.00	0.03	0.74
8	0.00	0.54	0.00	-0.09	0.00	-0.05	0.00	0.11	0.51
9	0.00	0.39	0.00	-0.16	-0.15	-0.02	0.00	0.05	0.11
10	0.00	0.36	0.01	-0.09	-0.88	-0.04	0.00	-0.03	-0.67
<b>Total</b>	<b>0.00</b>	<b>0.58</b>	<b>-0.06</b>	<b>-0.16</b>	<b>-0.22</b>	<b>-0.04</b>	<b>0.00</b>	<b>0.15</b>	<b>0.26</b>

Table A2: Policy effects for RO in 2022-2023, without indexation on dataset RO\_2021\_b1, %

Decile	Original income	Public pensions	Means-tested benefits	Non-means-tested benefits	Employee SIC	Self-employed SIC	Other SIC	Direct taxes	Disposable income
1	0.00	0.93	5.48	1.07	0.00	0.00	0.00	0.16	7.64
2	0.00	4.13	0.77	0.50	0.00	0.52	0.00	0.43	6.35
3	0.00	4.05	0.51	0.42	0.00	-0.22	0.00	0.52	5.29
4	0.00	3.84	-0.19	0.28	0.00	-0.11	0.00	0.58	4.39
5	0.00	4.43	0.25	0.22	0.00	-0.02	0.00	0.40	5.28
6	0.00	3.33	0.11	0.21	0.00	-0.10	0.00	0.47	4.01
7	0.00	3.59	0.18	0.23	0.00	-0.04	0.00	0.04	4.00
8	0.00	2.60	0.06	0.21	0.00	-0.06	0.00	0.15	2.97
9	0.00	1.91	0.03	0.15	-0.01	-0.05	0.00	0.01	2.05
10	0.00	1.77	0.02	0.21	-0.75	-0.07	0.00	-0.11	1.07
<b>Total</b>	<b>0.00</b>	<b>2.84</b>	<b>0.26</b>	<b>0.25</b>	<b>-0.17</b>	<b>-0.04</b>	<b>0.00</b>	<b>0.18</b>	<b>3.32</b>

Notes: Shown as a percentage change in mean equivalised household disposable income by income component and income decile group. Income decile groups are based on equivalised household disposable income in 2022, using the modified OECD equivalence scale. Each policy system has been applied to the same input data, deflating monetary parameters of 2023 policies by Eurostat’s Harmonized Index of Consumer Prices (HICP).

Figure A1: Policy effects in 2022-2023, using the CPI-indexation [1.0971641], %





**ANNEX 3. VALIDATION TABLES**

**Table A3.1. Original income in EUROMOD - Number of recipients (thousands)**

	Simulated (Y / N)	EUROMOD				External				Ratio			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
<b>Earnings (ils_earn)</b>													
Employment income (yem)	N	6,795	6,795	6,795	6,795	6,496	6,584	6,657	6,586	1.05	1.03	1.02	1.03
Self-employment income (yse)	N	1,469	1,469	1,469	1,469	1,313	827	816	757	1.12	1.78	1.80	1.94
Covid-19 compensation paid by the firm (yemmc_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
<b>Other original income (ils_origy - ils_earn)</b>													
Investment income (yiy)	N	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Property income (ypr)	N	93	93	93	93	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Private pensions (ypp)	N	17	17	17	17	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other income (income of children<16) (yot)	N	111	111	111	111	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Private transfers (ypt)	N	215	215	215	215	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Maintainance payments (xmp)	N	54	54	54	54	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Continued...

	Source	Comments
<b>Earnings (ils_earn)</b>		
Employment income (yem)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> ( tables FOM107C, FOM107D, AMG1101)	2023 - Q1 data
Self-employment income (yse)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> ( tables BUF104I, BUF103I, AMG1101)	2023 - Q1 data
Covid-19 compensation paid by the firm (yemmc_s)	-	-
<b>Other original income (ils_origy - ils_earn)</b>		
Investment income (yiy)	-	-
Property income (ypr)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> ( tables BUF104I, BUF103I)	2023 - Q1 data
Private pensions (ypp)	-	-
Other income (income of children<16) (yot)	-	-
Private transfers (ypt)	-	-
Maintainance payments (xmp)	-	-



**Table A3.3. Taxes and SIC - Number of payers (thousands)**

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
<b>Taxes (ils_tax)</b>																					
Personal income tax (tin_s)	Y	7,376	7,579	8,156	8,363	0	0	0	0	0.00	0.00	0.00	0.00	9,023	8,636	8,940	9,320	0.82	0.88	0.91	0.90
Property taxes (tpr)	N	7,014	7,014	7,014	7,014	7,014	7,014	7,014	7,014	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
<b>Employee Social Insurance Contributions (ils_sicee)</b>																					
Employee social insurance contributions (tsceepi_s)	Y	6,795	6,795	6,795	6,795	0	0	0	0	0.00	0.00	0.00	0.00	6,496	6,584	6,645	6,586	1.05	1.03	1.02	1.03
Employee health insurance contributions (tsceehl_s)	Y	6,133	6,133	5,857	5,936	0	0	0	0	0.00	0.00	0.00	0.00	6,496	6,584	6,645	6,586	0.94	0.93	0.88	0.90
<b>Self-employed Social Insurance Contributions (ils_sicse)</b>																					
Self-employed social insurance contributions (tscsepi_s)	Y	104	113	127	104	0	0	0	0	0.00	0.00	0.00	0.00	1,313	827	775	757	0.08	0.14	0.16	0.14
Self-employed health insurance contributions (tscsehl_s)	Y	104	113	127	104	0	0	0	0	0.00	0.00	0.00	0.00	1,313	827	775	757	0.08	0.14	0.16	0.14
<b>Employer Social Insurance Contributions (ils_sicer)</b>																					
Employer work insurance contribution (tscer05_s)	Y	6,795	6,795	6,795	6,795	0	0	0	0	0.00	0.00	0.00	0.00	6,496	6,584	6,645	6,586	1.05	1.03	1.02	1.03
<b>Credited Contributions (ils_sicct)</b>																					
Credited pension insurance contributions (tscctpi_s)	Y	125	125	125	125	0	0	0	0	0.00	0.00	0.00	0.00	101	68	44	40	1.24	1.83	2.83	3.10
Credited health insurance contributions (tsccthl_s)	Y	3	3	3	3	0	0	0	0	0.00	0.00	0.00	0.00	451	409	379	375	0.01	0.01	0.01	0.01
<b>Other Contributions (ils_sicot)</b>																					

Continued...

	Source	Comments
<b>Taxes (ils_tax)</b>		
Personal income tax (tin_s)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , ( table FIN101B)	provisional data for 2022 and 2023,
Property taxes (tpr)	-	-
<b>Employee Social Insurance Contributions (ils_sicee)</b>		
Employee social insurance contributions (tsceepi_s)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , ( table FIN103B)	provisional data for 2022 and 2023, <a href="https://mfinante.gov.ro/static/10/Mfp/buget2022/legeBASS2022.pdf">https://mfinante.gov.ro/static/10/Mfp/buget2022/legeBASS2022.pdf</a>
Employee health insurance contributions (tsceehl_s)	National Health Insurance House, <a href="https://cnas.ro/fnuass/">https://cnas.ro/fnuass/</a>	provisional data for 2022 and 2023

Continued...

	Source	Comments
<b>Self-employed Social Insurance Contributions (ils_sicse)</b>		
Self-employed social insurance contributions (tscsepi_s)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , ( table FIN103B)	provisional data for 2022 and 2023, <a href="https://mfinante.gov.ro/static/10/Mfp/buget2022/legeBASS2022.pdf">https://mfinante.gov.ro/static/10/Mfp/buget2022/legeBASS2022.pdf</a>
Self-employed health insurance contributions (tscsehl_s)	National Health Insurance House, <a href="https://cnas.ro/fnuass/">https://cnas.ro/fnuass/</a>	provisional data for 2022 and 2023
<b>Employer Social Insurance Contributions (ils_sicer)</b>		
Employer work insurance contribution (tscer05_s)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , ( table FIN103B)	provisional data for 2022 and 2023, <a href="https://mfinante.gov.ro/static/10/Mfp/buget2022/legeBASS2022.pdf">https://mfinante.gov.ro/static/10/Mfp/buget2022/legeBASS2022.pdf</a>
<b>Credited Contributions (ils_sicct)</b>		
Credited pension insurance contributions (tscctpi_s)	National Agency for Employment, Unemployment Budget, <a href="http://www.anofm.ro">http://www.anofm.ro</a>	provisional for 2023
Credited health insurance contributions (tsccthl_s)	National Health Insurance House, <a href="https://cnas.ro/fnuass/">https://cnas.ro/fnuass/</a>	provisional for 2023
<b>Other Contributions (ils_sicot)</b>		

**Table A3.4. Taxes and SIC - Annual amounts (millions)**

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
<b>Taxes (ils_tax)</b>																					
Personal income tax (tin_s)	Y	22,475	24,519	27,042	31,020	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	24,258	26,166	31,372	37,118	0.93	0.94	0.86	0.84
Property taxes (tpr)	N	2,285	2,379	2,665	2,923	2,285	2,285	2,285	2,285	1.00	1.04	1.17	1.28	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
<b>Employee Social Insurance Contributions (ils_sice)</b>																					
Employee social insurance contributions (tscepi_s)	Y	91,062	96,686	106,422	124,839	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	71,388	81,929	88,785	100,887	1.28	1.18	1.20	1.24
Employee health insurance contributions (tscehl_s)	Y	33,332	35,390	37,600	45,261	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	30,268	33,154	37,300	42,051	1.10	1.07	1.01	1.08
<b>Self-employed Social Insurance Contributions (ils_sicse)</b>																					
Self-employed social insurance contributions (tscsepi_s)	Y	786	872	1,049	1,066	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	597	586	929	1,056	1.32	1.49	1.13	1.01
Self-employed health insurance contributions (tscsehl_s)	Y	314	349	420	426	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	600	756	942	969	0.52	0.46	0.45	0.44
<b>Employer Social Insurance Contributions (ils_sicer)</b>																					
Employer work insurance contribution (tscer05_s)	Y	8,318	8,832	9,775	11,459	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	6,710	6,956	767	2,211	1.24	1.27	12.74	5.18
<b>Credited Contributions (ils_sicct)</b>																					
Credited pension insurance contributions (tscctpi_s)	Y	415	428	472	551	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	126	135	79	70	3.29	3.18	5.96	7.92
Credited health insurance contributions (tsccth_l_s)	Y	1	1	1	2	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	0	0	0	0	105.98	113.84	120.87	133.78
<b>Other Contributions (ils_sicot)</b>																					



	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Contributory unemployment benefit (bun_s)	Y	72	72	72	72	85	85	85	85	0.85	0.85	0.85	0.85	101	68	46	40	0.71	1.05	1.57	1.78
Universal child benefit(simulated var) (bchnm_s)	Y	2,315	2,315	2,315	2,315	2,158	2,158	2,158	2,158	1.07	1.07	1.07	1.07	3,591	3,592	3,598	3,648	0.64	0.64	0.64	0.63
Child raising support for working mother (bccrw_s)	Y	128	128	128	128	0	0	0	0	0.00	0.00	0.00	0.00	89	83	87	86	1.44	1.54	1.48	1.48
Non-contributory disability benefits (bdi)	N	124	124	124	124	124	124	124	124	1.00	1.00	1.00	1.00	1,434	1,434	1,436	1,477	0.09	0.09	0.09	0.08
Supplementary benefits for students, temporary 2022 (bedtm_s)	Y	NaN	NaN	50	NaN	NaN	NaN	0	NaN	NaN	NaN	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Educational voucher, temporary 2023 (bedtmot_s)	Y	NaN	NaN	NaN	803	NaN	NaN	NaN	0	NaN	NaN	NaN	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
<b>Other external statistics (ils_extstat_other) (NOTE: some components are hidden!)</b>																					
Supplementary benefits for pensioners, temporary 2022 (bsaoatm_s)	Y	NaN	NaN	3,563	3,747	NaN	NaN	0	0	NaN	NaN	0.00	0.00	NaN	NaN	5,836	4,024	NaN	NaN	0.61	0.93
Supplementary benefits for students, temporary 2022 (bedtm_s)	Y	NaN	NaN	50	NaN	NaN	NaN	0	NaN	NaN	NaN	0.00	NaN	NaN	NaN	381	NaN	NaN	NaN	0.13	NaN
Food vouchers, temporary 2022 (bsatm_s)	Y	NaN	NaN	2,596	2,603	NaN	NaN	0	0	NaN	NaN	0.00	0.00	NaN	NaN	2,500	2,500	NaN	NaN	1.04	1.04

Continued...

	Source	Comments
<b>Pensions (ils_pen)</b>		
Old age pensions (poa)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> (National House of	2023 - Q3 data
Contributory invalidity pension (pdi00)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> (National House of Pensions, tables PNS101A, PNS102A),	2023 - Q3 data
Survivor pensions & benefits (psu)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> (National House of	2023 - Q3 data
<b>Means-tested benefits (ils_benmt)</b>		
Minimum guaranteed income (MGI) (bsa_s)	Ministry of Labour and Social Protection, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,	2023 - S1 data
Means-tested educational allowance ("Money for high-school") (bched_s)	Ministry of Education, <a href="https://www.edu.ro/bani-de-liceu">https://www.edu.ro/bani-de-liceu</a>	latest data for 2022-2023 academic calendar, change of the benefit starting with September 2023, the new academic calendar 2023-2024
Means-tested family benefits (bchmt_s)	Ministry of Labour and Social Protection, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,	2023 - S1 data
Means-tested heating benefit (bhoen_s)	Ministry of Labour and Social Protection, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,	2023 - S1 data
Minimum social pension (bsaoa_s)	National House of Public Pensions, <a href="https://www.cnpp.ro/indicatori-statistici-">https://www.cnpp.ro/indicatori-statistici-</a>	Oct. 2023 data
Other educational allowances (bed)	-	-



Continued...

	Source	Comments
Food vouchers, temporary 2022 (bsatm_s)	-	non official data
Supplementary benefits for pensioners, temporary 2022 (bsaoatm_s)	National House of Public Pensions, <a href="https://www.cnpp.ro/indicatori-statistici-pilon-i">https://www.cnpp.ro/indicatori-statistici-pilon-i</a>	-
<b>Non-means-tested benefits (ils_bennt)</b>		
Severance payments (yunsv)	-	-
Medical leave and maternity allowance (bmact_s)	-	-
Paternity leave allowance (bpact_s)	-	-
Covid-19 compensation paid by the state (bwkmcee_s)	National Employment Agency, <a href="https://www.anofm.ro/upload/42/ANOFM-cont_executie_la_31.12.2021_trimis_la_MFP.pdf">https://www.anofm.ro/upload/42/ANOFM-cont_executie_la_31.12.2021_trimis_la_MFP.pdf</a>	-
Covid-19 self-employment compensation paid by the state (bwkmcse_s)	National Agency for Social Payments and Inspection, <a href="https://www.mmanpis.ro/comunicat-indemnizatie-sprijin-covid-19/">https://www.mmanpis.ro/comunicat-indemnizatie-sprijin-covid-19/</a>	-
Covid-19 compensation for parental leave paid by the state (bplmc_s)	National Employment Agency, <a href="https://www.anofm.ro/upload/42/ANOFM-cont_executie_la_31.12.2021_trimis_la_MFP.pdf">https://www.anofm.ro/upload/42/ANOFM-cont_executie_la_31.12.2021_trimis_la_MFP.pdf</a>	-
Contributory maternity benefit (bma)	-	-
Child raising allowance-not in work (bccnw_s)	Ministry of Labour and Social Protection, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,	2023 - S1 data
Contributory sickness benefit (bhl)	-	-
Contributory unemployment benefit (bun_s)	National Institute of Statistics, <a href="https://statistici.insse.ro/shop/">https://statistici.insse.ro/shop/</a> , ( tables SOM101C, SOM105A)	Aug. 2023 data for taxpayers multiplied by the average amount in 2022
Universal child benefit(simulated var) (bchnm_s)	Ministry of Labour and Social Protection, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,	2023 - S1 data
Child raising support for working mother (bccrw_s)	Ministry of Labour and Social Protection, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,	2023 - S1 data
Non-contributory disability benefits (bdi)	Ministry of Labour and Social Protection, <a href="http://www.mmuncii.ro/j33/images/buletin_statistic/">http://www.mmuncii.ro/j33/images/buletin_statistic/</a> ,	2023 - S1 data
Supplementary benefits for students, temporary 2022 (bedtm_s)	-	-
Educational voucher, temporary 2023 (bedtmot_s)	<a href="https://www.edu.ro/comunicat_presa_93_2023_acordare_tichete_sprijin_educational">https://www.edu.ro/comunicat_presa_93_2023_acordare_tichete_sprijin_educational</a>	provisional data
<b>Other external statistics (ils_extstat_other) (NOTE: some components are hidden!)</b>		
Supplementary benefits for pensioners, temporary 2022 (bsaoatm_s)	National House of Public Pensions, <a href="https://www.cnpp.ro/indicatori-statistici-pilon-i">https://www.cnpp.ro/indicatori-statistici-pilon-i</a>	-
Supplementary benefits for students, temporary 2022 (bedtm_s)	-	non official data

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Continued...

	Source	Comments
Food vouchers, temporary 2022 (bsatm_s)	-	non official data

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**Table A3.6. Benefits - Annual amounts (million)**

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
<b>Pensions (ils_pen)</b>																					
Old age pensions (poa)	N	81,080	92,424	101,654	114,409	81,080	81,080	81,080	81,080	1.00	1.14	1.25	1.41	66,042	65,733	96,956	102,913	1.23	1.41	1.05	1.11
Contributory invalidity pension (pdi00)	N	3,282	3,741	4,115	4,631	3,282	3,282	3,282	3,282	1.00	1.14	1.25	1.41	3,474	3,232	4,005	4,082	0.94	1.16	1.03	1.13
Survivor pensions & benefits (psu)	N	2,431	2,771	3,048	3,431	2,431	2,431	2,431	2,431	1.00	1.14	1.25	1.41	4,232	4,022	5,907	5,738	0.57	0.69	0.52	0.60
<b>Means-tested benefits (ils_benmt)</b>																					
Minimum guaranteed income (MGI) (bsa_s)	Y	734	710	697	836	553	553	553	553	1.33	1.28	1.26	1.51	536	518	501	566	1.37	1.37	1.39	1.48
Means-tested educational allowance ("Money for high-school") (bched_s)	Y	462	437	352	331	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	71	69	62	62	6.47	6.37	5.73	5.38
Means-tested family benefits (bchmt_s)	Y	1,021	985	962	1,104	1,528	1,528	1,528	1,528	0.67	0.65	0.63	0.72	329	303	279	304	3.10	3.25	3.45	3.63
Means-tested heating benefit (bhoen_s)	Y	158	145	2,150	1,815	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	49	47	859	218	3.21	3.07	2.50	8.32
Minimum social pension (bsaoa_s)	Y	219	242	691	776	2,486	2,486	2,486	2,486	0.09	0.10	0.28	0.31	2,613	3,132	5,012	5,744	0.08	0.08	0.14	0.14
Other educational allowances (bed)	N	134	134	134	134	134	134	134	134	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Food vouchers, temporary 2022 (bsatm_s)	Y	NaN	NaN	2,596	3,904	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	2,500	3,750	NaN	NaN	1.04	1.04
Supplementary benefits for pensioners, temporary 2022 (bsaoatm_s)	Y	NaN	NaN	4,145	2,991	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	5,244	6,748	NaN	NaN	0.79	0.44
<b>Non-means-tested benefits (ils_bennt)</b>																					
Severance payments (yunsv)	N	15	16	18	21	15	15	15	15	1.00	1.06	1.18	1.38	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Medical leave and maternity allowance (bmact_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Paternity leave allowance (bpact_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Covid-19 compensation paid by the state (bwkmcee_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	4,245	707	122	NaN	0.00	0.00	0.00	NaN
Covid-19 self-employment compensation paid by the state (bwkmcse_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	1,055	773	524	NaN	0.00	0.00	0.00	NaN
Covid-19 compensation for parental leave paid by the state (bplmc_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	94	59	2	NaN	0.00	0.00	0.00	NaN
Contributory maternity benefit (bma)	N	1,124	1,207	1,282	1,418	1,124	1,124	1,124	1,124	1.00	1.07	1.14	1.26	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Child raising allowance-not in work (bccnw_s)	Y	1,007	1,069	1,183	1,387	88	88	88	88	11.51	12.22	13.52	15.85	4,954	5,283	5,682	6,083	0.20	0.20	0.21	0.23
Contributory sickness benefit (bhl)	N	13	14	15	16	13	13	13	13	1.00	1.07	1.14	1.26	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Contributory unemployment benefit (bun_s)	Y	336	350	370	414	461	461	461	461	0.73	0.76	0.80	0.90	522	548	321	284	0.64	0.64	1.15	1.46

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Universal child benefit(simulated var) (bchnm_s)	Y	7,034	10,034	11,565	12,192	7,150	7,150	7,150	7,150	0.98	1.40	1.62	1.71	8,159	10,515	12,519	13,297	0.86	0.95	0.92	0.92
Child raising support for working mother (bccrw_s)	Y	976	1,147	1,147	1,147	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	683	659	797	842	1.43	1.74	1.44	1.36
Non-contributory disability benefits (bdi)	N	1,075	1,074	1,187	1,357	1,075	1,075	1,075	1,075	1.00	1.00	1.10	1.26	3,567	3,564	3,943	4,636	0.30	0.30	0.30	0.29
Supplementary benefits for students, temporary 2022 (bedtm_s)	Y	NaN	NaN	53	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Educational voucher, temporary 2023 (bedtmot_s)	Y	NaN	NaN	NaN	402	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	205	NaN	NaN	NaN	1.96
<b>Other external statistics (ils_extstat_other) (NOTE: some components are hidden!)</b>																					
Supplementary benefits for pensioners, temporary 2022 (bsaoatm_s)	Y	NaN	NaN	4,145	2,991	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	5,244	6,748	NaN	NaN	0.79	0.44
Supplementary benefits for students, temporary 2022 (bedtm_s)	Y	NaN	NaN	53	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	400	NaN	NaN	NaN	0.13	NaN
Food vouchers, temporary 2022 (bsatm_s)	Y	NaN	NaN	2,596	3,904	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	2,500	3,750	NaN	NaN	1.04	1.04

**Table A3.7. Distribution of equivalised disposable income**

	EUROMOD				External				Ratio			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Decile 1	2.04	2.14	2.48	2.34	1.60	2.00	NaN	NaN	1.27	1.07	NaN	NaN
Decile 2	4.12	4.22	4.70	4.49	4.00	4.40	NaN	NaN	1.03	0.96	NaN	NaN
Decile 3	5.58	5.63	5.99	5.82	5.50	5.80	NaN	NaN	1.01	0.97	NaN	NaN
Decile 4	6.71	6.87	7.03	7.09	6.70	7.10	NaN	NaN	1.00	0.97	NaN	NaN
Decile 5	8.16	8.22	8.31	8.15	8.30	8.50	NaN	NaN	0.98	0.97	NaN	NaN
Decile 6	9.66	9.75	9.51	9.63	9.60	9.70	NaN	NaN	1.01	1.01	NaN	NaN
Decile 7	11.19	11.24	11.01	11.07	11.30	11.10	NaN	NaN	0.99	1.01	NaN	NaN
Decile 8	13.27	13.01	12.85	13.05	13.30	12.90	NaN	NaN	1.00	1.01	NaN	NaN
Decile 9	15.93	15.87	15.57	15.72	15.90	15.30	NaN	NaN	1.00	1.04	NaN	NaN
Decile 10	23.35	23.05	22.55	22.65	23.80	23.10	NaN	NaN	0.98	1.00	NaN	NaN
Median	23,613	25,798	29,391	33,730	23,300	27,129	NaN	NaN	1.01	0.95	NaN	NaN
Mean	25,999	28,375	32,561	37,032	26,304	30,168	NaN	NaN	0.99	0.94	NaN	NaN
Gini	33.41	32.77	31.04	31.70	34.30	32.00	NaN	NaN	0.97	1.02	NaN	NaN
S80/20	6.38	6.12	5.31	5.62	7.14	6.00	NaN	NaN	0.89	1.02	NaN	NaN

**Table A3.8. At-risk-of-poverty rates (%) by gender and age**

	EUROMOD				External				Ratio			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
<b>40% median HDI by gender</b>												
Total	11.34	10.65	8.65	9.52	12.30	10.30	NaN	NaN	0.92	1.03	NaN	NaN
Males	11.73	11.00	9.25	10.18	12.70	10.60	NaN	NaN	0.92	1.04	NaN	NaN
Females	10.97	10.33	8.08	8.90	12.00	10.00	NaN	NaN	0.91	1.03	NaN	NaN
<b>50% median HDI by gender</b>												
Total	17.76	16.76	13.22	15.01	17.80	14.80	NaN	NaN	1.00	1.13	NaN	NaN
Males	17.52	16.55	14.17	15.41	17.30	14.40	NaN	NaN	1.01	1.15	NaN	NaN
Females	17.98	16.96	12.32	14.63	18.30	15.10	NaN	NaN	0.98	1.12	NaN	NaN
<b>60% median HDI by gender</b>												
Total	23.00	22.22	19.78	21.07	22.50	21.20	NaN	NaN	1.02	1.05	NaN	NaN
Males	22.38	21.75	19.52	20.69	21.80	20.80	NaN	NaN	1.03	1.05	NaN	NaN
Females	23.59	22.67	20.04	21.43	23.30	21.70	NaN	NaN	1.01	1.04	NaN	NaN
<b>70% median HDI by gender</b>												
Total	31.15	30.86	26.96	29.35	31.40	28.00	NaN	NaN	0.99	1.10	NaN	NaN
Males	29.61	29.39	26.06	28.05	30.00	27.60	NaN	NaN	0.99	1.06	NaN	NaN
Females	32.63	32.27	27.81	30.60	32.70	28.40	NaN	NaN	1.00	1.14	NaN	NaN
<b>60% median HDI by age group</b>												
0-15 years	29.63	28.53	25.58	27.52	29.50	26.10	NaN	NaN	1.00	1.09	NaN	NaN
16-24 years	28.77	28.82	26.43	27.08	27.20	28.30	NaN	NaN	1.06	1.02	NaN	NaN
25-49 years	19.74	19.48	17.61	18.56	19.40	18.90	NaN	NaN	1.02	1.03	NaN	NaN
50-64 years	21.01	20.21	18.64	19.79	20.70	19.60	NaN	NaN	1.01	1.03	NaN	NaN
65+ years	22.32	20.50	16.58	18.34	21.90	19.50	NaN	NaN	1.02	1.05	NaN	NaN