

Romanian Government introduces new measures to support business

State budget reimbursements for employers

Under the new Government Emergency Ordinance 92/2020 (“GEO 92/2020”), employers benefiting from the technical unemployment aid and employers whose employee’s labour agreements have been suspended (but did not benefit from technical unemployment aid during the state of emergency or the state of alert) will receive reimbursements from the state budget of 41.5% of their employees' gross salary. This amount is limited to 41.5% of the average gross salary, applicable for year 2020 (i.e. RON 5,429). The measure will be applied for three months and is subject to the following conditions:

- employers benefiting from such reimbursement must keep their employees hired until 31 December 2020 with the exemption of seasonal workers, unless the employment agreements are terminated for reasons not imputable to the employers;
- reimbursement will be granted to employers whose employees had their labour agreements suspended for at least 15 days during the state of emergency or state of alert;
- public institutions or employers under bankruptcy, dissolution or liquidation procedures or those having activities interrupted or restricted for other reasons not related to the spread of the Coronavirus will not benefit of this measure.

In order to receive this reimbursement, employers will have to fully pay salaries to employees benefiting from the measure. Furthermore, between the 1st and 25th of the following month, employers must submit needed documents electronically to the competent local unemployment agency, including an application dated and signed by the employer’s legal representative, an affidavit from the employer and list of beneficiary employees. The reimbursement for the amounts will be made within ten days from the date when employers fulfil their salary-related declarative and payment obligations for the respective month.

Incentives for employers hiring special categories of individuals

Under certain conditions, between 1 June 2020 and 31 December 2020, companies employing for indefinite term individuals 50 years of age and over whose employment terminated during the state of emergency or state of alert will receive 50% of the employee’s salary each month, limited to RON 2,500. Conditions for the application of this measure include:

- individuals must be registered as unemployed in the records of local unemployment agencies.
- their employment must be for indefinite term.

This incentive will also be granted for companies employing individuals between 16 and 29 years of age, until 31 December 2020, who are registered as unemployed in the records of local unemployment agencies.

These incentives are granted for 12 months from the date of employing the individual. To benefit from this incentive, employers must submit their request electronically to the local unemployment agency within the area of their registered office.

Employers must retain the respective employees hired for at least one year from the fulfilment of the one-year term for which the incentive was granted.

Moreover, the incentive will not be granted to public institutions or employers under bankruptcy, dissolution or liquidation procedures or those having their activities interrupted or restricted for reasons not related to the spread

of the Coronavirus.

Refund obligations on employers

Employers who terminate employment agreements before the deadlines set by the GEO 92/2020 must refund fully to the local unemployment agencies the amounts received for each employee whose employment agreement is terminated, plus the reference interest published by the National Bank of Romania on the date of termination. The refund obligation (plus interest) applies in case the employment agreements were terminated by mutual consent of the parties, due to job position restructuring or by law (absolute nullity of the agreement or reintegration of a former employee unlawfully fired).

Extension of the technical unemployment aid application

The granting of financial aid for technical unemployment is extended past 31 May 2020 for businesses whose activities are still subject to restrictions.

For more information on how these changes might affect you, contact your regular CMS advisor or local CMS experts [Roxana Popel](#), [Raluca Ionescu](#) and [Ramona Tudor](#).