



Forvis Mazars x TIAD: Pay Transparency, tax & regulatory updates for companies

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Agenda

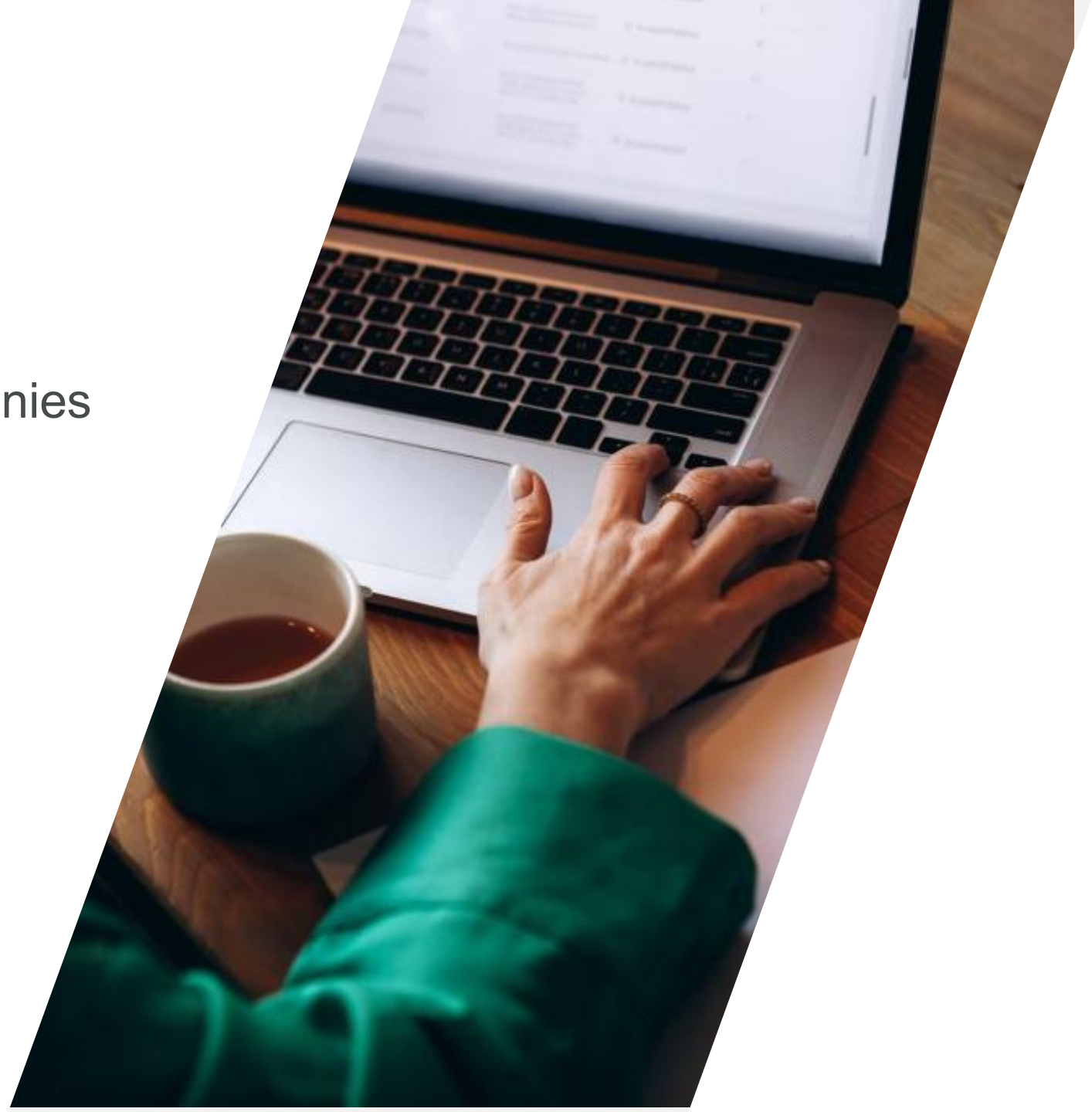
1. Tax & regulatory updates for companies
2. Legal framework for the pay transparency directive
3. Translating the directive into HR Practice
4. Q&A



01

Tax & regulatory updates for companies

- Bianca Vlad – Partner, Tax, Forvis Mazars in Romania
- Lucian Dumitru – Partner, Tax, Forvis Mazars in Romania



Company Inactivity Rules (Effective 2026)

Starting with 1st January 2026 companies are declared inactive provided that:

- Financial statements are not submitted within 5 month after the deadline
- they do not own a Romanian bank account;
 - subject to a fine ranging between 3000 and 10000 RON.



Ex Officio Dissolution & Liquidation (ANAF / ONRC)

- Taxpayers that remain inactive after one year;
- Taxpayers who declared the temporary inactivity to ONRC – after 3 years;
- Taxpayers declared inactive by ANAF 1-3 years or more than 3 years – certain conditions;
- Taxpayers declared inactive by ANAF prior entering into force of the new legislation which are not reactivating themselves within one year , irrespective whether they have or not outstanding liabilities;
- Taxpayers that are declared inactive by ANAF and have no outstanding obligations - if a liquidator is not appointed within 20 days, they are struck off ex officio by ONRC under the conditions provided for by the commercial company's law;
- Taxpayers that are declared inactive by ANAF and have outstanding obligations, after the registration of the dissolution, ONRC appoints ex officio a liquidator who will open the insolvency procedure - which will also follow the obligation to calculate, withhold and pay the income tax from the liquidation, both for residents and for non-residents.

No procedures issued yet.



Sale of shares : Enforceable Against ANAF

New conditions regarding the sale of shares owned by any shareholder:

- The share sale agreement and the updated articles of association should be notified to ANAF within 15 days of the date of the assignment: the assignor, assignee or company notifies ANAF;
- If the company has outstanding tax liabilities, guarantees must be provided to cover such debts – it is advisable to ask for a tax clearance certificate;
- The Trade Register requests the tax clearance certificate and will register the transfer only after ANAF confirms compliance; when outstanding liabilities exist, the transfer is registered only after ANAF confirms the existence of the guarantee.

Other important provisions:

- Companies that distribute dividends on a quarterly basis can no longer grant loans to shareholders/associates/affiliated prior to the regularization of dividend differences;
- The companies are no longer allowed to reimburse loans to shareholders/associates/affiliated persons – provided that the value of the net asset is reduced to less than half of the value of the share capital;
- Dividends from current profit can no longer be distributed until the accounting losses carried forward have been covered and reserves have been established (i.e. legal, statutory);
- The distribution of dividends from current profit, both quarterly and annual, is conditioned by the reintegration of net assets;
- The obligation to capitalise loans/financing received from shareholders/associates to restore net assets within 2 years of the end of the financial year following the one in which losses were recorded.

Local taxes – updates on property taxation

Property tax	Land Tax	Vehicle tax	Special Tax on High-Value Property
<ul style="list-style-type: none">• Residential buildings: Tax rate between 0.08% and 0.2%;• Taxable base is a pre-set “fiction” for owners – private individuals and market value based on a valuation report for legal entities;• Non-residential buildings: Tax rate between 0.2% and 1.3%.	<ul style="list-style-type: none">• The reference values for calculating the tax are increased, with an impact on all categories of use.	<ul style="list-style-type: none">• Increases based on engine capacity and pollution standards; local authorities may add up to 100%.;• Electric vehicle exemption removed; annual tax set at RON 40.;• The reduction of tax for hybrid vehicle is modified: max. 30% for CO₂ ≤ 50 g/km.	<ul style="list-style-type: none">• Applies to the value exceeding the threshold of:<ul style="list-style-type: none">• RON 2,500,000 for residential buildings;• RON 375,000 for vehicles.• Tax rate of 0.9% (up from 0.3%).
<p>New taxation system, under which local taxes will be assessed based on the market value of the properties will be introduced.</p>			

The new framework for tax incentives related to investments and R&D activities

Reinvested profit

- CIT exemption for profit reinvested in specific eligible assets which are used in the business activity.
- Eligible assets:
 - New technological equipment, certain production/process assets, IT equipment & software, etc.
 - Must be used for at least half of their useful life/ 5 years.
- Taxpayers are required to set up reserves representing the reinvested profit.
- These reserves cannot be distributed within a 5-year period. After this period, taxpayers can: (i) use the reserves for share capital increase or for covering accounting losses (no tax impact); (ii) distribute the reserves (50% of their value becomes taxable for CIT purposes).
- According to the previous legal provisions, the tax exemption for reinvested profits had a temporary nature. Under the new legal provisions, this incentive may become permanent, under certain conditions.

R&D incentives

1. Super-deduction of R&D expenses

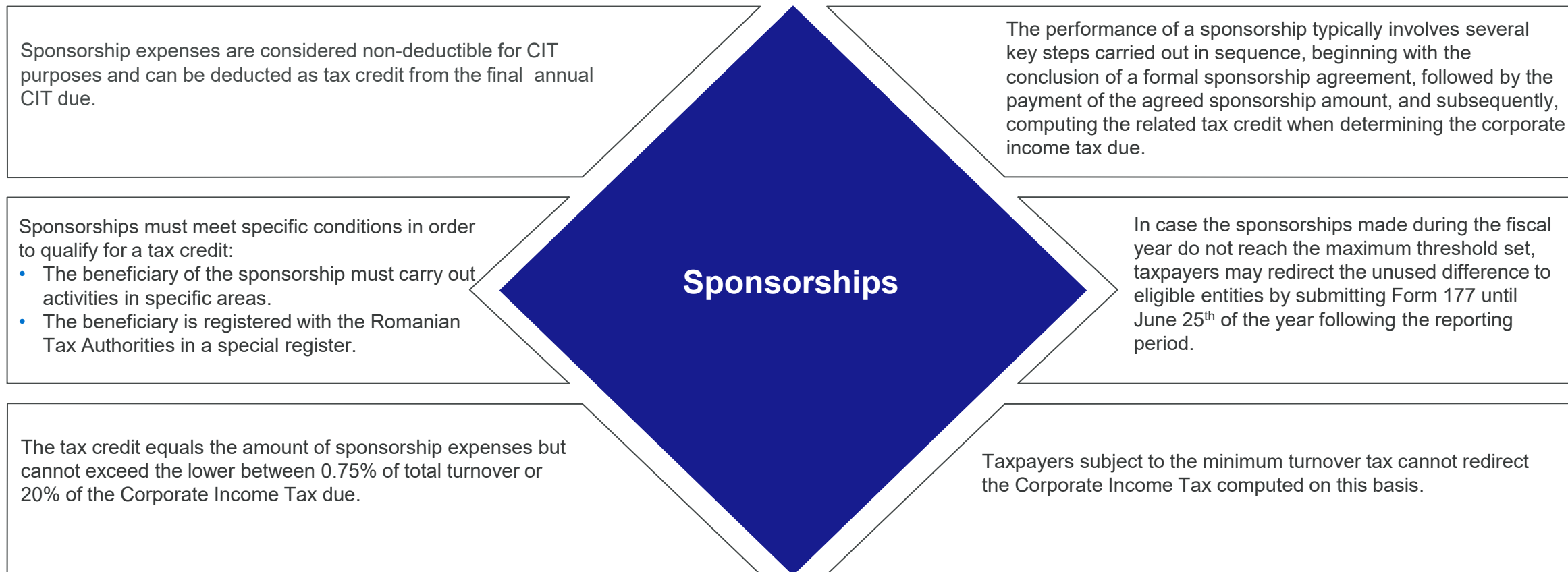
- 50% additional deduction of eligible R&D costs from the taxable profit.
- Applicable for research and/or experimental development, relevant to the taxpayer's activity.
- Accelerated depreciation for certain assets used for the R&D project.
- The incentive is granted per R&D project, and no retroactive adjustment is performed if project objectives are not met.
- In case of large-sized taxpayers, R&D projects shall be certified by a national expert in this field, while for other categories of taxpayers, the certification is optional.
- Types of eligible expenses: depreciation, rental expenses, equipment maintenance, payroll expenses, etc.

2. R&D tax credit

- Alternatively, applicability of a 10% tax credit out of the eligible R&D costs.
- R&D tax credit is deducted from CIT or from Minimum turnover tax, where the unused tax credit in one tax year can be:
 - offset against other tax liabilities (with exceptions) or
 - refunded based on request.
- The same rules in terms of eligible costs, requirements and documentation are applicable as in case of the system of super-deduction.
- For entities subject to Pillar II, the R&D tax credit is a qualified refundable tax credit, which does not negatively affect the effective tax rate indicator.



Sponsorships – applicable tax treatment and procedural aspects



Personal taxation and immigration considerations for foreign citizens working and residing in Romania

Personal taxation for tax residents of Romania

Employment income:

10% PIT, 35% Social Security Contributions (uncapped), 2.25% work insurance (employer).

Independent activities:

- **10%** applicable on the computation base of revenues from independent activities.
- Annual Health Insurance Contribution threshold increased from 60 to 72 gross minimum wages [72 * 4,050 lei = 291,600 lei; CASS to be paid is 29,160 lei ~ 6k EUR/year, instead of 24,300/year]

Capital gains taxation:

- **3%/ 6%** for capital gains from transactions via Romanian registered intermediaries;
- **16%** for other capital gains obtained in other cases than via Romanian registered intermediaries.

Taxation of Income from virtual currency transfers:

16% applied on net gain declared in the Annual Tax Return.

Income from accommodation and property rentals: 10% and lumpsum deduction of 30% of gross income

Romania and Turkey have a Double Taxation Agreement in place for corporate and personal income taxes.

Immigration & Social Security Consideration for Turkish Citizens

Long-term options for a Turkish resident to stay in Romania:

Long-term immigration for Turkish residents relies on obtaining a stable residence status that allows continued lawful stay in Romania.

Immigration requirements:

The following immigration documents must be obtained by Turkish individuals if employed by a Romanian company:

- Work permit (to be obtained by the employer).
- Long-stay visa for employment purposes.
- Unique residence permit/EU Blue Card.

Additional Immigration grounds for Turkish Residents:

In addition, Turkish residents may also immigrate for the following reasons: commercial activities, economic activities, professional activities, studies, family reunification, scientific research activities, religious activities, or other purposes.

Social Security Contribution

Romania and Turkey have a Bilateral Agreement for SSC based on which cooperation in the matter is performed.

On this basis, potential avoidance of double taxation for SSC can be performed.

Requirement: analysis on a case-by-case basis depending on the personal circumstances and type of income and SSC in question.

Foreign citizens working in Romania may be taxable here depending on employment structure.

02

Legal framework for the pay transparency directive

- Corina Iablonschi – Partner, Iablonschi & Asociatii



Introduction

What is pay transparency?

On May 10, 2023, the EU published directive 2023/970 to reinforce the application of equal pay for women and men through pay transparency and enforcement mechanisms.

Pay transparency is part of the social component of the ESG sustainability criteria.

- **Objective:** Creating a union of equality by ensuring equal pay through transparency and enforcement;
- **Scope:** Providing clear information to employees on remuneration, fostering fairness, openness and accountability;
- **Impact:** Marks a turning point in how Romanian employers set, communicate, and justify pay levels;
- **ESG Link:** Pay transparency supports the Corporate Sustainability Reporting Directive (CSRD) and ESG standards.



Implementation deadline

7 June 2026

Deadline for all EU member states to transpose the directive into national law. Romania is required as well to transpose the directive until June 7, 2026. The European communion has not accepted delay: June 2026 it is!

Early 2026

Romania's ministry of labour announced that a draft of the law will be published this spring. There is information that the National Agency for Equal Opportunities between Women and Men will also be involved in the process of transposing the directive.



From silence to transparency

The end of pay secrecy?

Current regime

- Salary is confidential under Art. 163 of the Romanian Labour Code.
- Employers must ensure salary confidentiality.
- Employees must respect confidentiality of their own pay.

New directive requirements

- The salary still remains confidential;
- The employers must offer to the employees information about the payment criteria, levels, and trends of their remuneration;
- Employees still remain obliged to respect the confidentiality of their own pay. By exception, the employees may disclose their remuneration level solely for the purpose of applying the principle of equal pay;
- Employers cannot ask candidates about salary history;
- Employees have the right to request and receive in writing, personally or through employee representatives, information on their individual remuneration levels and average remuneration levels, broken down by gender, for categories of employees performing the same work or work of equal value. Such information is statistical and anonymous.

New legal concepts

Single source determining pay

Pay comparison extends beyond a single employer to all employees paid from a common source. Based on CJEU case law (C-320/00, C-624/19). Critical for multinationals where pay is set centrally.

Intersectional discrimination

For the first time, situations combining multiple forms of inequality (gender, ethnicity, sexual orientation) are included in scope.

Equal value work assessment

Assessment must be based on skills, effort, responsibility, and working conditions. Particularly challenging in IT, consultancy, design, media, and research where roles are highly specialised.

Data protection balance

Companies must balance transparency requirements with GDPR obligations. Appropriate technical and organisational measures needed to protect sensitive data and prevent unauthorised disclosure.



Employers' obligations

- To provide the employees with information on the level of remuneration and to respond in reasonable time;
- Not to request information from candidates regarding their current remuneration level or salary history;
- To inform employees about the criteria used to determine remuneration, remuneration levels, and remuneration trends. Employers with less than 50 employees may be exempt from the obligation to make available to employees the criteria used to determine the remuneration, the remuneration levels and the remuneration trends;
- To inform all employees annually of their right to request relevant information regarding remuneration levels and to respond within a reasonable time frame;
- Not to include clauses in individual employment contracts that limit the employee's right to disclose information about their own level of remuneration;
- To establish objective, clear and gender-neutral criteria (such as skills, effort, responsibility, and working conditions or any other relevant factors) for determining the remuneration for a particular job, with a view to determining work of equal value;
- To report pay gaps between women and men;
- To respect the confidentiality of personal data.

Reporting obligations by company size

Company Size	Reporting Start	Frequency
250+ employees	7 June 2027	Annually
150–249 employees	7 June 2027	Every 3 years
100–149 employees	7 June 2031	Every 3 years
< 100 employees	Not required	Voluntary

5% Gender pay gap threshold

If the gender pay gap exceeds 5% and cannot be objectively justified, employers must initiate a joint assessment with employee representatives and develop an action plan within 6 months.



Information employers must report



Average gender pay gap expressed as a percentage



Gender pay gap for equivalent positions



Proportion of women and men receiving bonuses or other types of compensation



Average time needed for promotion, broken down by sex



Employment rates of women and men in managerial positions

Monitoring bodies (Romania)

No central body formally designated yet. Potential institutions:

- [A.N.E.S.](#) — Monitoring & coordination;
- [N.C.C.D.](#) — Out-of-court complaints.
- [Labour Inspectorate](#) — Data collection & verification
- [N.S.I.](#) — Publication of data



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Employees' rights

1

To be equally paid.

2

To be informed.

3

To discuss and disclose their own pay without any penalty.

4

to challenge the unjustified pay differences through representatives, unions, or authorities.

5

to seek compensation including moral damages, lost opportunities, and interest.

6

To be protected.



x



Employer recommendations

Measures employers should implement

1. Standardise pay scales using objective, non-discriminatory, gender-neutral criteria.
2. Ensure vacancy notices and job titles are gender-neutral and include salary ranges.
3. Identify and address existing gender pay gaps proactively.
4. Support the election of employee representatives for better collaboration.
5. Revise and update evaluation systems for gender neutrality and objectivity.
6. Implement clear procedures for handling gender discrimination complaints.
7. Conduct regular evaluations based on salary analyses.
8. Document basis for salary determinations, negotiations, and market research.

Recommended Experts: HR & pay analysis specialists | Labour law lawyers

Consequences of non compliance & enforcement mechanisms

Employers' risks & enforcement

Employers' risks

- Administrative fines. The amount of fines is left to the discretion of the Romanian state;
- Possibly, in addition, a criminal fine of the same magnitude;
- Litigation risks;
- Court proceedings expenses that will not be recovered from the employees;
- Reputational risk.

Transparency on pay will make negotiations fairer and based on objective criteria, reducing the risk of discriminatory treatment. Companies must review pay structures periodically.

What needs to be examined by the employers

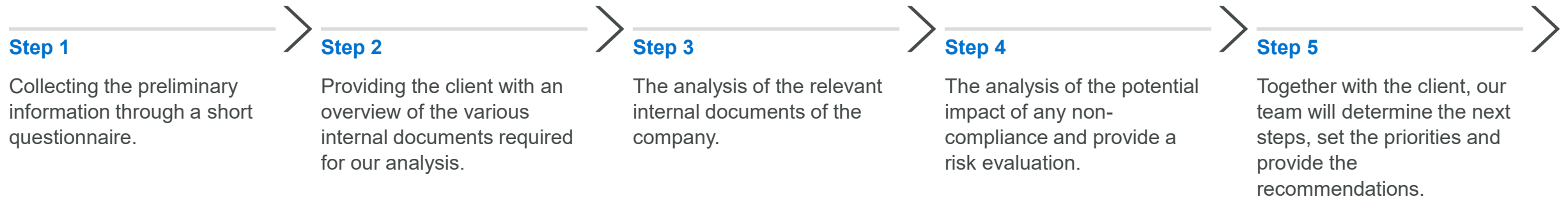
The internal documentation:

- Employment contracts & regulations;
- Working time arrangements;
- Compensation system and financial benefits;
- Internal policies and procedures.

Enforcement Mechanisms

- Burden of proof falls on the employer to show no discrimination;
- Limitation period of at least 3 years for equal pay claims;
- The employee may ask for compensation in court with retroactive effect. The compensation is not limited by setting a prior upper limit.

How we can assist you?



Your benefits

We want to support you not only in becoming more compliant, but also in strategically determining priorities based on a risks analysis that will add value to your overall long-term HR strategy.

Conclusions

- The impact of Directive (EU) 2023/970 on the Romanian labour market will be complex — economic, social, legislative, and organisational.
- Adaptation requires considerable effort and can generate major difficulties for employers, but implementation will ultimately produce beneficial effects.
- Pay transparency ensures a fair and responsible working environment and helps eliminate unjustified pay differences and unconscious biases.
- The directive supports the principles of social justice, equity, and inclusion, in line with ESG standards.
- Transposition deadline: 7 June 2026. Employers should start preparations early.



03

Translating the directive into HR Practice

- Florina Andra Ilie – Senior Manager, HR & ESG Advisory, Forvis Mazars in Romania



The foundation of compliance: building an equitable remuneration system

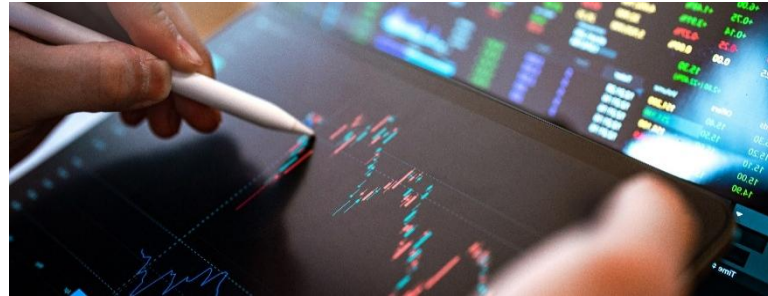
Our approach include 3 key steps

For organisations whose remuneration systems are not yet fully established, we support the development of an equitable compensation framework. The objective is to build a mature and transparent system, aligned with the requirements of the Directive, that supports talent attraction, motivation, and retention.



1. Job evaluation

We define or refine your job evaluation methodology, tailored to your organizational needs, or apply an internationally recognized framework. This ensures that every role is assessed objectively based on consistent criteria (e.g., education level, job complexity, decision-making responsibility). The outcome is a **company-wide role ranking and the foundation for clear, fair salary grids.**



2. Salary benchmarking

We benchmark your salary data against **relevant market studies and public data** to ensure your remuneration practices are competitive. We define **minimum and maximum salary ranges for each grade and job family**, enabling you to align with market trends while maintaining internal equity.



3. Base pay design & implementation

Building on the first two phases, we design a customised base pay structure grounded in clear, transparent principles. We provide a step-by-step implementation roadmap to support the rollout of your new/ reviewed remuneration system. Our approach ensures that managers apply the structure consistently and that employees understand how pay decisions are made—fostering fairness, transparency, and trust throughout the organization.

Gender pay gap reporting & analysis

Reporting indicators

1. **Average pay gap** between women and men, for both fixed and variable components.
2. **Median pay gap** between women and men, for both fixed and variable components.
3. **Distribution of women and men** receiving additional/variable bonuses.
4. **Gender distribution across each pay quartile.**
5. **Gender distribution by occupational categories**, for fixed and variable components, demonstrating the application of the “**equal pay for equal work**” principle.

Why is this calculation important?

- **Data doesn't lie** – the analysis provides a clear picture of where equity is not just a principle, but a practice.
- **What gets measured, gets improved** – monitoring the pay gap is the first step toward real progress.
- **Transparency builds trust** – pay gap analysis shows that the organization has the courage to look objectively in the mirror.
- **Equal opportunities are good for business** – equitable organizations attract and retain diverse talent.



Gender pay gap analysis in Romania

Romania has an average pay gap below 5%, yet sectoral disparities and participation differences highlight the need for meaningful adjustments.

Indicator	Value	Description
Employment rate		
Women	60.3%	The employment rate of women in Romania is 10.5 percentage points below the European Union average (70.8%) , indicating lower female participation in the labour market.
Men	78.4%	The employment rate of men is also below the EU average, but to a lesser extent – by 2.4 percentage points (80.8%) .
Unadjusted gender pay gap		
Total economy	3.7%	Romania ranks in the lower part of the EU leaderboard in terms of the gender pay gap, meaning that pay differences between women and men are among the smallest in the EU (11.1%) .
Public sector	3.8%	The difference is significantly larger in the private sector, where the gender pay gap is more than three times the average in the public sector. This suggests lower transparency and weaker regulation of remuneration practices in the private market.
Private sector	9.5%	
Gender pay gap by Economic Sectors		
Manufacturing	18.3%	The largest pay gaps are found in high-skill, high-wage industries such as manufacturing, IT&C, and financial services. An exception is the construction sector, where role distribution and the structure of employment generate a reverse gap (in favour of women).
Construction	11.0%	
IT&C	17.6%	
Financial services	30.9%	
Real estate	10.7%	

Source: Eurostat, 2024 data



HR policies and processes impacting pay equity and transparency

Recruitment and selection

- **Publish the salary level or range** in job postings, in line with transparency principles;
- **Eliminate requests for salary history** and evaluate candidates based on relevant skills and experience;
- **Standardise interviews and selection grids** to reduce unconscious bias;
- Ensure **balanced gender representation on recruitment panels** and in final shortlists.

Compensation and benefits

- **Ensure pay equity** and compliance with the principle of “**equal pay for equal work**”;
- Make job evaluation criteria transparent;
- Communicate **salary grids** clearly (minimum/maximum/median, etc.);
- Define the **method for awarding** bonuses, allowances, premiums, and benefits
- Implement employee well-being programs (wellness & work-life balance, leave policies, etc.);
- Promote work flexibility (work from home/anywhere, etc.).

Performance and evaluation

- Define **objective, measurable, and gender-neutral performance criteria, along with the principles underpinning them**;
- Ensure transparency of the evaluation process and clear communication of results;
- Implement a **calibration** mechanism to prevent unjustified differences between genders;
- Link individual performance to variable pay/other financial rewards, promotions, and access to development opportunities.

Learning and development

- Ensure equal access for women and men to training, mentoring, and leadership programs;
- Monitor participation in strategic programs to prevent gender segregation;
- Integrate **diversity, inclusion, and equity** competencies into managerial training curricula;
- Promote an organizational culture based on continuous development and merit.

Promotion and career development

- Establish **clear and transparent criteria** for advancement and internal mobility;
- Monitor gender balance in leadership positions and across hierarchical levels;
- Promote the visibility of women in strategic projects and decision-making roles;
- Align the promotion process with principles of **equity, performance, and demonstrated potential**;
- Document the internal promotion and leadership appointment procedure as a recommended minimum requirement for compliance.

Diversity, equity & inclusion (DE&I)

- Update DE&I policies to include proactive **measures on pay equity**;
- Set **measurable objectives** and clear responsibilities for management;
- Integrate DE&I principles into evaluation, recruitment, and reward processes;
- Report periodically on progress in **representation, equity, and inclusion at all levels**.



From legal requirements to organizational change

Embedding transparency through meaningful internal communication and clear governance

Building trust through transparency

Coherent communication plan

- Develop a **strategy and unified principles** for internal and external transparency.
- Define the **level of transparency** for base salary, bonuses, and benefits.
- Align with the provisions of the collective labor agreement.
- **Integrate transparency** into organizational culture and leadership practices.
- **Strengthen the employer brand** through fair and consistent communication.

Strong governance

Internal responsibility commitment

- **Leadership commitment to equal-pay practices**
- **Conduct periodic training** on gender equality and prevention of pay discrimination
- **Assign internal responsibilities** for monitoring and ensuring compliance with directive requirements
- Define or update the **diversity, equity & inclusion (DEI) policy**
- **Equal-pay Certification** as an external validation and reputational tool





Conclusions and final Q&A session

[Top 10 most frequent questions employers ask about pay transparency](#)



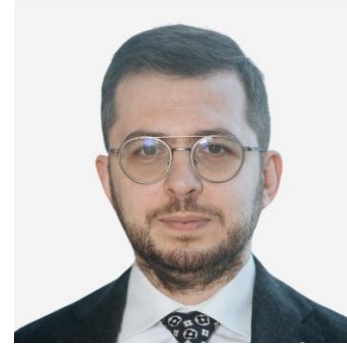
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In Romania, Forvis Mazars has 30 years of experience in audit, tax, financial advisory, accounting and payroll, and HR advisory. Our strength lies in the people we work with - the local team has 370 professionals.

*where permitted under applicable country laws.

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