

COMPARATIVE ANALYSIS OF THE LOWEST SALARY FROM 2017 TO 2018, REGARDING THE CONTRIBUTION RATES TO BE PAID BY THE EMPLOYEE AND THE EMPLOYER.

Ph.D. Ioana Cristina CIRCA (BUZDUGA)
1 Decembrie 1918 University Alba Iulia, Romania
ioanacb74@yahoo.com

Abstract:

In this article the central element is the comparative analysis between the contribution rates what needs to be paid by the employer and employee for the year 2017 and the same contribution for 2018. This analysis is realized on the staff salaries paid from public funds, published in monitorul oficial nr. 492/ 2.06.2017 and on OUG nr. 90/ 06.12.2017 in relation with fiscal measures – budgetary, the changing of some piece of legislation and giving on time these terms. The role of this analysis is to compare the lowest salary in 2017 with the lowest salary in 2018, to evidence the weak and strong points. The aim/goal of the article is to underline the changes in the payings of the staff from 2017 to 2018 and it can influence the employer as well as the employee.

Key words: contribution, salary, analysis, employee, employer.

JEL classification: M41

1. INTRODUCTION

This article contains a comparative analysis of the 2017 minimum wage economy and the minimum wage in 2018.

This analysis is carried out on the salary of the staff paid out of public funds, published in Official Monitor no. 492 / 28.06.2017 and on Government Emergency Ordinance no. 90 / 06.12.2017 on the fiscal - budgetary measures, the modification of some normative acts and the programming of some deadlines. It should be recalled that as of August 2016, staff paid from public funds benefit from a basic salary / salary allowance lower than the one set at the maximum for each function within the institution or public authority. (Florin Dobre, 2016)

The comparative analysis is based on the documentation and analysis of the literature, as well as the increase of the minimum wage on the economy which is accompanied by a drastic change in the calculation and application of the social contributions. (Simona Voiculescu, 2018)

Comparative analysis is achieved with both wage increases and salary increases. This analysis takes into account the contribution rates to be paid by the employee and the employer for 2017 and the same contributions for the year 2018. Although the highest salary increase of 31.03%, the increase in the employee's flyer is only 9% net. (Claudia Strănilă, 2017)

The increase in the gross minimum wage in the next 4 years to the value of 2400 lei leads to a 40% reduction of the labor force from the total production compared to other countries where it is 50%. (Mihai Nicut, 2017)

The purpose of this article is to highlight the changes in staff salaries that may affect both the employer and the employee, the impact on economic units of wage changes, the impact on employees of salary changes.

2. PAPER BODY

Salary

According to the draft Law no. 153/2017 regarding the salaries of the staff paid from public funds "the basic salary is the sum of money to which the staff paid from the public funds is entitled

per month, corresponding to the function, the degree / professional step, the gradation, the level of the institution in which the activity is performed: , local, as set out in the Annexes to this Law. "(4)

The minimum wage is the lowest wage that employers have to pay to the employee, taking into account the working time (hours) and the working period (daily, monthly), according to the legislation in force.

3. THE SALARY FOR 2017

According to H.G. Nr. 1/2017 of 6 January 2017 the minimum gross national salary guaranteed in payment represents a "fixed amount in money not including bonuses and other bonuses, set at 1450 lei per month for a full working program of 166.00 hours, on average, per month in 2017, representing 8,735 lei / hour ".

In 2017, the minimum wage in economy is 1450 lei, of which the employee has to pay the compulsory social contributions to the state, namely: Social Insurance (CAS) with 10.5%, Health Insurance (CASS) with a percentage 5.5%, Unemployment Fund with a percentage (CFS) of 0.5%, Personal Deductions (DP), Income Tax (IV) 16%. From the gross salary, all the contributions that the employee has to pay, and the net salary in the amount of 1065 lei, are deducted.

Net wage is the amount of money the employee remains in the hand.

Also, the employer has to pay the same minimum wage after employing certain contributions, namely: Social Insurance (CAS) 15.8%, Health Insurance (CASS) 5.2%, Unemployment Fund (CFS) 0, 5%, 0,85% leave allowances (CCI), 0,25% salary claims (FGPCS), 0,15% risk fund and accidents (AMBP) 0,15%.

From the above, the employee pays the state the sum of 385 and the employer pays the state the sum of 329, which means that all the state's sums are 714 lei.

At the minimum wage in 2017 an employer pays an employee with the sum of 1065 lei, and the employer pays to the state for the employee the sum of 1779 lei.

4. THE SALARY OF THE 2018 WITH THE INCREASE OF THE SALARY

According to H.G. Nr. 846/2017 of 29 November 2017, the minimum gross national salary guaranteed in payment represents a "fixed amount of money not including bonuses and other bonuses, set at 1,900 lei per month, for a full work program of 166,666 hours, on average , per month, in 2018, representing 11.40 lei / hour ".

In 2018, the minimum wage for the economy is 1900 lei, from which the employee has to pay the compulsory social contributions to the state, namely: Social Insurance (CAS) with 25%, Health Insurance (CASS) with a percentage of 10 %, Personal Deductions (DP), Income Tax (IV) 10%. From the gross salary, all the contributions that the employee has to pay are deducted and we reach the net salary of 1162 lei.

Net wage is the amount of money the employee remains in the hand.

Also, the same minimum salary must also be paid by the employer to the state after the employee's 2.25% employment insurance contribution (CAM).

Of the above, the employee pays to the state the sum of 738 and the employer pays the state the sum of 43, which means that all the sums received by the state are 781 lei.

At the minimum wage in an economy, an employer pays an employee with the sum of 1162 lei, and the employer pays the state after the employee 1943 lei.

If in 2018 the employer does not modify the minimum wage of 1450 lei from which the employee has to pay the compulsory social contributions to the state, namely: Social Insurance (CAS) with 25%, Health Insurance (CASS) with 10%, Personal Deductions (DP), Income Tax (IV) 10%. From the gross salary, all the contributions that the employee has to pay, and the net salary in the amount of 899 lei, are deducted.

For the same salary the employer has to pay to the state after the employee the contribution Labor Insurances (CAM) 2,25%, and the Social Insurance Social Insurance (CAS) 7,72% and the Social Insurance for Health (CASS) 3,1%.

From the above mentioned, the employee pays the state the sum of 551 and the employer pays the state the sum of 190, which means that all the sums received by the state are 741 lei.

At the unchanged salary, from 2018 an employer pays an employee with the amount of 899 lei and the employer pays to the state for the employee the sum of 1640 lei.

Table no. 1

	2017		2018	2018
EMPLOYEE		EMPLOYEE		
Gross salary	1450	Gross salary	1900	1450
Social Security (CAS) 10.5%	152	Social Security (CAS) 25%	475	363
Social Health Insurance (CASS) 5.5%	80	Social Health Insurance (CASS) 10%	190	145
Unemployment Fund (CFS) 0.5%	7			
Personal deduction (DP)	300	Personal deduction (DP)	510	510
Income tax (IV) 16%	146	Income tax (IV) 10%	73	43
Net salary	1065	Net salary	1162	899
EMPLOYER		EMPLOYER		
Social Security (CAS) 15.8%	229	Labor Insurers Contribution (CAM) 2.25%	43	33 Difference of CAS 7,72% , val. 112 CASS 3,1%, val.45
Social Health Insurance (CASS) 5.2%	75			
Unemployment Fund (CFS) 0.5%	7			
Holidays and Indemnities (CCI) 0.85%	12			
Salary Claims (FGPCS) 0.25%	4			
Risk and Accident Fund (AMBP) 0.15%	2			
Complete Salary	1779	Complete Salary	1943	1640
TOTAL TAXES		TOTAL TAXES		
The employee pays to the state	385	The employee pays to the state	738	551
The employer pays the state	329	The employer pays the state	43	190
Total taxes collected by the state	714	Total taxes collected by the state	781	741
In order to pay a net salary of 1065 lei, the employer spends 1779 lei		In order to pay a net salary of 1162 lei, the employer spends 1943 lei		employee 54,82%
Employee 59.87% State 40.13%		Employee 59.8%, State 40.2%		State 45,18%

According to the Emergency Ordinance no. 90/2017, published in the Official Gazette, no. 973 of 7 December 2017, the institutions and public authorities which finance the number of public funds positions shall be set up in such a way as to ensure the full payment of salary rights, subject to expenditure approved by the budget.

5. CONCLUSIONS

- From 1 January 2018, the employer's contributions are transferred to the employee;
- The minimum wage in 2018 is 31.03% higher than the minimum wage in 2017; [6]
- As a result of the salary increases, the employee and the employer are almost equal (59.87% employed, 40.13% for the year 2017, 59.8% employed, 40.2% for 2018)

- The net salary the employee receives in his hand is higher in 2018 by 97 lei compared to 2017 ($1162 - 1065 = 97$);
- The proposed increase in salary for 2018 will have positive effects on the economy by reducing the black work and additional state revenues;
- Companies that have not increased their wages since December 1, 2018 suffer both the employer and the employee because he receives less salary money.
- Transferring contributions from the employee to the employer has an insignificant impact on the macroeconomic level
- Income tax fell from 16% to 10%
- According to the survey conducted by DCNews, of the 100% of respondents, it was found that 40.63% of people dropped their salaries, 28.85% wage increases and 30.52% said they remained as. The survey shows that after January 1, 2018, a fairly high percentage of people received low wages, which means that many of the employers in the country have not increased wages. [5]
- If the employer does not increase the minimum wage in 2017, 1450 lei, the employer has to pay CAS and CASS in addition.

BIBLIOGRAPHY

1. www.calculator-salarii.ro
2. www.avocatnet.ro - Deputy Editor-in-Chief SiminaVoiculescu, 2018;
3. www.monitoruljuridic.ro;
4. <https://legea5.ro/> framework law no. 153/2017 on the remuneration of staff paid from public funds;
5. www.dcnews.ro - Survey Payroll Law after the first flyers, 2018;
6. Claudia Strătilă, "YourBraşovul" Magazine, 2017;
7. Mihai Nicut, "Economica.net", 2017
8. Unique lecturer. Florin Dobre, PhD, "CECCAR BUSINESS MAGAZINE, CurierLegislativ, no. 18-19, 2016,