

Exploring the Future of IT Careers in Romania Amid Tax Incentive Cuts: A Case Study

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Abstract

This paper aims to offer insights into the future of IT careers in Romania by analyzing the responses to a questionnaire focused on employees' perceptions regarding the removal of the income tax exemption using IBM SPSS Statistics software. The sample consisted of 177 participants, and questions were structured into thematic categories: demographics, motivation and intentions to change profession, perceptions regarding the impact on the IT sector, migration of professionals and companies, salary and employer compensation, personal initiatives and government measures. Most IT workers intend to remain in their positions despite new fiscal measures. However, many are concerned about the industry's potential effects and are considering leaving the country or starting their own business. Participants who reported lower motivation were more likely to consider changing jobs or activity domain, and those having more years in the field were less likely to consider migration.

Key words: IT sector, tax incentive, employee perception, policy impact

J.E.L. classification: H24, O15

1. Introduction

A government ordinance declaring that "the information technology sector represents a priority activity that is expected to be stimulated, including through fiscal leverage" led to the introduction of tax incentives for the IT sector in Romania in the summer of 2001, making it one of the country's oldest fiscal facilities. Back then, it was evident that the IT industry was a growing and critical resource for the nation's economy, which stood to gain from lowering the personal income tax. Many politicians and economists have supported or opposed the idea over the years. (Popescu-Predulescu, 2024, p.585). In 2013, an amendment to the 2001 law greatly expanded the pool of eligible firms and workers by adding several newly eligible sector codes for the firms and bachelor's degree specializations for the workers (Manelici & Pantea, 2021, p.2)

Discussions regarding a possible elimination of tax incentives in the IT sector began in 2023. The first measures implied the introduction of a new threshold of 10,000 RON for the income tax exemption. However, as of January 1, 2025, this tax exemption has been completely eliminated. The legislative context that formed the basis of this decision is represented by Emergency Ordinance no. 156 of December 30, 2024, grounded on responding to a critical economic and budgetary situation, aiming to ensure the sustainability of public finances, to maintain the macroeconomic stability, and to respect international commitments, including those assumed by the National Plan of Redress and Resilience (PNRR), and in relation to the European Union, through the following measures:

- reducing the budget deficit;
- control of public spending;
- avoiding financing risks;
- ensuring the financing of public investments and European projects;
- compliance with PNRR milestones;
- need for rapid legislative intervention.

This paper aims to address a current gap in the literature, as this fiscal measure has been recently implemented and its effects are only beginning to unfold.

The scope of this paper is to analyze the impact of tax exemption removal from an employee perspective, offering insights into the future of IT careers in Romania. This study is organized as follows: it begins with a review of the relevant literature, followed by a description of the research methodology. The subsequent sections present the results and discussion of the questionnaire, concluding with the final remarks and references.

2. Literature review

To analyze the impact of tax policy on the economic and financial performance of companies in the IT sector, one should consider the overall situation in the country's IT sector. In addition to considering the indicators of the IT sector, it is also worth noting the costs in the country's economy for the technological and information component (Yakubovskiy *et al*, 2022, p.111).

Over the past two decades, Romania's IT sector has experienced remarkable growth, reflected in rising employment levels and a growing contribution to the gross domestic product, developments partly driven by the introduction of favorable fiscal policies. (Popescu-Predulescu, 2024, p.593). It created numerous, high-paying, knowledge-based jobs, enhanced the international exposure and reputation of our nation, contributed positively to the country's exports, and attracted substantial foreign direct investment (Văduva *et al*, 2014, p.458).

Another study by Manelici & Pantea (2021, p.1) supports the idea that this policy has been effective in supporting the development of the IT sector – a sector seen as key to the transition to a knowledge economy.

Research conducted by Fotache *et. al* (2020, p.9) revealed that professionals in the Romanian IT industry are well-positioned in their organizations, in line with their qualifications and knowledge, where they can continuously grow, diversifying their IT skills (over the next five years, most of them believe they will continue to work in this area).

Results of the HR Barometer survey made by PwC Romania at the beginning of 2025 revealed the following:

- only 10% of employers plan to adjust gross salaries in response to the removal of tax exemptions for employees in the IT, construction, and agriculture sectors;
- 40% of companies believe that staff turnover will increase among employees affected by legislative changes;
- 20% of companies plan to mitigate the impact of tax changes through additional benefits or training and professional development programs;
- a third of employers are considering migrating to other forms of collaboration;
- two-thirds of companies believe that eliminating the tax exemption will reduce the motivation and productivity of their employees.

3. Research methodology

The study takes a qualitative approach based on data collected through a 20-question online questionnaire designed to assess employees' perceptions regarding the effects of eliminating tax incentives. The target population comprises employees active in Romania's IT sector. Participants were selected through conventional sampling and distributed online through social networks and professional platforms.

Except for the demographic questions section, the questionnaire was composed exclusively of closed questions, with dichotomous response options (Yes/No), facilitating the quantitative data analysis. Answers were collected using a Google Forms form, and participation was anonymous and voluntary. Respondents were informed about the research's purpose and the data's use.

Table 1 presents the demographic characteristics of the survey respondents to better understand the context of the findings.

Table no. 1 Sample description

Characteristic	Categories	%
Gender	Male / Female	80.8 / 19.2
Age	<25 / 25–34 / 35–44 / 45–54 / 55+	35.0 / 44.1 / 11.9 / 6.2 / 2.8
Region	Muntenia / Transylvania / Moldova / Others	56.0 / 18.1 / 17.0 / 8.5
Experience (IT)	<1 yr / 1–3 yrs / 3–5 yrs / 5–10 yrs / >10 yrs	22.1 / 27.2 / 21.0 / 12.9 / 17.0

Source: Author's contribution

The sample consisted of 177 participants currently employed in the IT sector in Romania. The majority were male (80.8%), and most respondents were aged between 25 and 34 (44.1%), followed by those under 25 (35.0%). Respondents were geographically distributed across Romania, with the highest concentration in the Muntenia region (55.9%). In terms of experience, 27.2% had 1 to 3 years of experience, while 22.3% had less than one year in the field.

Data was processed using IBM SPSS Statistics software.

4. Findings

The questionnaire results are grouped into thematic categories to better understand how IT professionals perceive the recent fiscal changes.

Table no. 2 Questionnaire results

Thematic category	Questions	Yes	No
Motivation and intentions to change profession	Do you feel less motivated to work in IT because of the new tax regulations?	36.36%	63.64%
	Will you seek to change your field of activity due to the elimination of the tax exemption?	27.27%	72.73%
	Are you planning to change your job due to tax changes?	37.66%	62.34%
	Do you think that the elimination of the tax exemption will discourage new talents from choosing IT as a field of activity?	63.64%	36.36%
Perceptions regarding the impact on the IT sector	Do you think the elimination of tax exemptions will negatively affect the performance of the IT industry in Romania?	76.62%	23.38%
	Do you think that these tax changes will lead to a decrease in the attractiveness of IT jobs?	72.73%	27.27%
	Do you think the decision to cancel tax incentives will affect the quality of work in the IT field?	74.03%	25.97%
Migration of professionals and companies	Do you think that the new tax regulations will cause a migration of IT professionals to other countries?	80.52%	19.48%
	Would you consider moving to a country with more favorable tax facilities for IT?	58.44%	41.56%
	Do you think the elimination of the tax exemption will lead to a migration of IT companies from Romania?	67.53%	32.47%
Salary and employer compensation	Have you noticed a drop in IT salaries after the tax exemption was removed?	80.52%	19.48%
	Did your employer compensate for the loss of income due to the tax changes?	22.08%	77.92%
Personal initiatives and government measures	Have you considered starting your own IT business to compensate for the loss of the tax break?	49.35%	50.65%
	Do you think the government should reintroduce the income tax exemption for the IT sector?	77.92%	22.08%

	Would you like the government to implement other tax incentives to compensate for the loss of the IT income exemption?	84.42%	15.58%
	Do you trust that the government will implement sufficient measures to support the IT sector in the future?	20.78%	79.22%

Source: Author's contribution

Results show that most IT professionals do not intend to change jobs or field of activity even with the removal of the tax benefit. About three-thirds of respondents believe the new fiscal measures will negatively impact the sector in terms of performance, attractiveness, and quality of work. The majority of employees believe this will also cause a migration of personnel and companies to different countries. At the same time, over half of them would consider moving to a country with more favorable tax facilities. Most IT professionals noticed a drop in their salary after the tax exemption was removed, and approximately the same percentage of respondents stated they did not receive any compensation from their employer. Half of those considered starting their own business to compensate for this income loss. An overwhelming majority believes that income tax exemption or other tax incentives to compensate should be introduced. However, they are not confident that the government will implement sufficient measures to support the IT sector in the future.

Table no. 3 Crosstab analysis

Grouping variable	Opinion variable	p-value
Motivation to stay in IT	Intention to change domain	0.00
	Intention to change job	0.00
Age	Trust in future government support	0.04
Region	Performance of IT industry	0.06

Source: Author's contribution

A significant relationship was found between motivation and the intention to leave the IT domain. This raises concerns about labor force exodus, not only through migration but also through career reorientation. Participants who reported lower motivation were also more likely to consider changing jobs, suggesting that removing tax exemptions directly impacts workforce stability in the IT sector.

Regarding future government support, younger respondents tend to express lower trust than older ones, potentially influencing the emerging generation's willingness to stay in Romania.

Perceptions of how the tax changes will impact the IT industry's performance varied across regions, with a trend toward statistical significance. Regional differences may be linked to differences in job markets or economic conditions across the country.

Table no. 4 Binary logistic regression

Explanatory variables	p-value
Experience (IT)	0.048
Region	0.131
Intention to change domain	0.798
Intention to change job	0.066
Constant	0.533

Source: Author's contribution

In order to examine whether experience in the IT field, region, and dissatisfaction indicators, such as intention to change jobs or domain, can predict the intention to migrate, a binary logistic regression was conducted.

As a result, IT experience was identified as a statistically significant predictor, with those having more years in the field being less likely to consider migration. An explanation for this might be that individuals with greater experience might already have stable roles or better local opportunities.

Intention to change domain is a near-significant predictor, suggesting job dissatisfaction may be linked with the idea of leaving the country. In contrast, intention to change domain was not statistically significant for this hypothesis.

5. Conclusions

The issue of removing tax incentives for the IT sector is important, given its level of development and significance for the Romanian economy. The government must ensure that the measures taken, even if necessary to cover the budgetary deficit, do not destabilize a strategic resource for the country.

The study shows that while most IT professionals do not plan to change jobs or fields, they view the removal of tax benefits as a threat to the sector's performance and attractiveness. Many respondents expressed concerns about migration, income loss, and lack of government support, highlighting a need for new tax incentives.

This study's findings can be useful for investors, government policymakers, IT employers, and individuals considering a career in the field.

Research limitations include the sample size, sampling method, and cross-sectional design, which limit the ability to observe changes or trends over time.

6. References

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