

The Perspective of the Salary Changes Occurring Between 2018 and 2019 and the Impact They Have on the Entities

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Abstract

This article includes the salary changes incurred by the quota of contributions to be paid by both the entity and the staff employed on the minimum wage on the differentiated economy for the Year 2018 and year 2019.

The starting point of the salary changes with comparative analysis was differentiated remuneration, which according to the legal provisions of the Official Gazette, No. 1045 of 10 December 2018 and OUG No. 937/2018 establishes the differentiated minimum wage for those with higher education and exemption from health insurance (CASS) and income tax (IV) of staff working in construction, using strengths and weaknesses.

The purpose of the article is to highlight changes in the entities and employees' level and to compare the minimum wage per economy of 2018 with the differentiated minimum wage of 2019 under applicable laws. We also need to take into account the impact of the salary modification for both the entity and the staff employed at the workplace.

Key words: salary, entity, differentiated, employee

J.E.L. classification: M41

1. Introduction

This article includes the salary changes incurred by the quota of contributions to be paid by both the entity and the staff employed on the minimum wage on the differentiated economy for the Year 2018 and year 2019.

This study is carried out on the remuneration of paid staff from public funds, published in the Official Gazette Nr. 1045 of 10 December 2018 and OUG Nr. 937/2018 which establishes the introduction of the differentiated minimum wage for those with higher education. The OUG 114/2018 provides benefits for those working in construction, namely exemption from income tax, CASS and CAS reduction by 3.75%, i.e. at the termination of contributions to the pension pillar II.

According to the Emergency Ordinance No. 90/2017, published in the Official Gazette, Nr. 973 of 7 December 2017, institutions and public authorities financing the number of public funds posts shall be established in such a way as to ensure full payment of wage rights, with the classification of expenditure approved by the budget.

This article is based on the work of documentary and analysis of literature, as well as the investigation of changes to the minimum wage on the economy in view of the calculation and application of social contributions.

HG No. 905/2017 includes the salary changes that are operated in the Revisal programme, and which according to the law are transmitted to the entities within 20 working days of the amendment.

The increase of the minimum wage per economy is achieved at the level of small entities by the simplest way, namely the addendum to the individual employment contract, and to the large entities the simplest solution would be to develop a collective decision applied All active employees.

The Ministry of Labour and Social Justice proposes that from 1 January 2020 through a project of HG, and the provisions of art. 164 para. (1) of the Labour Code, increase the minimum wage per economy from the value of 2080, from 2019 to the value of 2262. In the year 2020.

2. Literature review

The increase of the minimum wage per economy from 1900 lei to 2080 Lei, starting on 1 January 2019 on entities leads to the increase in prices of products and services at market level, with no demand at market level, the economy of entities suffered due to stopping the disposal of goods and services, which leads to reduced profit. The impact of reducing profit on entities leads to the reduction of staff. Reducing the number of employed person leads to a decrease in the number of products and the loss of contracts at the level of entities as well as the influence of competitiveness in the labor market. Demand-Quote Relationship – Price is the main operating element of an economy.

As a result of the research on the increase of the minimum wage in the economy, information on the salary increases criteria is analyzed. The most used criterion shows us performance in the workplace and the biggest resources of dissatisfaction would be the nature of the workplace, preparation, experience. (PsycINFO Database Record © 2016 WATER)

The relationship between performance and workplace satisfaction is influenced by the level of experience assimilated with older growth. At employment, young people are less satisfied with jobs, but they have chosen me from the intrinsic of work. Older employees were much more satisfied with the extrinsic characteristics than the younger groups.

The relationship between the interaction of financial ability and general mental ability highlights the performance, personality and demographic level of an entity. Following a study on a number of people with a low level of general mental skills, it was found that they are very determined in achieving performance in workplaces and are very interested in increasing the level of qualification Personal.

The relationship between career strategies and employee staff is closely linked to the rate of salary progression and opportunities

Within the entities, the level of satisfaction of the staff employed using the information within the interior of the entities supporting certain key components of the salary model is studied. Using the Lawer Model (1971) of employee satisfaction is concentrated on relative performance and job contributions.

The purpose of the article is to highlight changes in the entities and employees ' level and to compare the minimum wage per economy of 2018 with the differentiated minimum wage of 2019 under applicable laws. We also need to take into account the impact of the salary modification for both the entity and the staff employed at the workplace.

3. Findings

“The basic salary shall mean the remuneration to which the staff paid from public funds, corresponding to the function, degree/step, of the level of the institution to which the activity is provided: Central, territorial, local, as set out in the annexes to this law, are entitled to monthly entitlement” – is the definition contained in the draft Law No. 153/2017 on staff paid from public funds.

The minimum wage per economy is the lowest amount of salary that entities must give to the employed staff, taking into account the time worked (hours) and the period (daily, monthly), according to the legislation in force.

3.1 Salary year 2018

On 29.11.2017, according to H.G. No. 846/2017, the gross minimum basic salary per country guaranteed in payment is a ' cash-in ', which does not include spores and other additions, set at 1900 Lei Monthly, for a full work programs of 166.666 hours on average per month in 2018, representing 11.40 lei/hour ".

According to the minimum wage in the economy of 2018 that is 1900 lei from which staff employed must pay their compulsory social debts to the state, namely: Social Security (CAS) = 25%, social health insurance (CASS) = 10%, personal deductions (DP), income tax (IV) = 10%. The gross salary decreases all contributions that the employee must pay and we reach the net salary in the value of 1162 lei.

The net salary is the amount of money that the employee remains in the hand.

Also in the year 2018 the salary of 1900 entities must pay and the employer to the state after the staff employed insurance contribution for work (CAM) = 2.25%.

From those mentioned above the employee must pay the state the amount of 738 and the entity must pay the state the amount of 43, where it is found that the amount of 781 lei must be paid to the state.

According to the minimum wage on economy of the same year an entity renumshates the employee with the amount of 1162 lei, and the whole entity must pay to the state after the person employed the amount of 1943 Lei.

If an entity wishes to keep the salary in the year 2018 of 1450 Lei from which the staff employed must pay social contributions to the State, namely: Social Security (CAS) = 25%, social health insurance (CASS) = 10%, personal deductions (DP), Income tax (IV) = 10%. The gross salary shall be deducted all payments to be paid to the employed person and reach the net value of 899 lei.

For the same salary the entity must pay the state after the person employed an insurance contribution for work (CAM) = 2.25%, Social Security difference (CAS) = 7.72% and health insurance (CASS) = 3.1%.

From those mentioned above the person employed must pay the state the amount of 551 and the entity pays the state the amount of 190, where it is found that the total amounts received by the State is 741 lei.

On the unchanged salary, from 2018 an entity pays the person employed the amount of 899 lei and the entire entity is obliged to pay after the person employed the amount of 1640 lei.

3.2. Salary year 2019

According to HG No. 937/2018, dated 10 December 2018, which states that ' the minimum gross basic salary per country guaranteed by payment shall be fixed in cash, without including allowances and other additions, to the sum of 2080 Lei Monthly, for a normal work programs on average of 167.333 hours per month, representing 12.43 lei/hour.

According to the HG mentioned above the minimum wage per economy of 2019 is 2080 Lei and it is mentioned that the entity must pay compulsory social contributions to the State, namely: Social Security (CAS) = 25%, social health insurance (CASS) = 10%, personal deductions (DP), income tax (IV) = 10%. The gross salary is all the debts that the hired person must pay and we find that the net salary has a value of 1263 lei.

The net salary is the remuneration with which the employed person remains in the hand.

Also to the sum of 2080 lei entities pay to the state after the person employed the insurance contribution for work (CAM) = 2.25%.

Of the above mentioned person pays the state the amount of 817 and the entities pay the state the amount of 47, where it is found that all amounts received by the State represent 864 lei.

At the minimum wage in the year an entity pays a person employed with the amount of 1263 lei, and the entire entity pays the state after the person employed the amount of 2127 lei.

3.3 Salary for year 2019 for higher education

The minimum wage on differentiated economy for higher education in the year 2019 is 2350 lei from which the entity has to pay compulsory social contributions to the State, namely: Social Security (CAS) = 25%, social health insurance (CASS) = 10%, personal deductions (DP), income tax (IV) = 10%. The gross salary shall reduce all contributions to be paid by the staff employed and reach the net salary value of 413 lei.

The net salary is the cash retainer with which the person employed in the hand remains.

Also at the same minimum wage should also pay the state entities after the staff employed an insurance contribution for work (CAM) = 2.25%.

From the above, it is found that the person employed pays the state the amount of 937 lei and the entity pays the state the amount of 53 lei, and it follows that all amounts received by the State represent 990 lei.

At the minimum wage of the year 2019 an entity shall pay after the staff employed an amount of 1413 lei, and the entire entity shall pay the state after the person employed the amount of 2403 lei.

3.4. Salary for the year 2019 for construction personnel

In the year 2019 the minimum wage on the differentiated economy for staff working in construction is 3000 lei from which the person employed must pay compulsory social contributions to the State, namely: Social Security (CAS) = 25%, deductions Personal Data (DP). The gross salary shall be deducted from all contributions to be paid to the staff of the employees we reach the net salary in the value of 2362 lei.

The net salary is the cash Rehaner with which the employee remains in the hand.

Also to the sum of 3000, i.e. the minimum salary of 2019 may have to pay the entity after the staff employed the insurance contribution for work (CAM) = 0.3375%.

It is apparent from those mentioned above that the staff employed must pay the state the amount of 638 lei and the entity must pay the state the sum of 10 lei, so all amounts received by the State represent 648 lei.

At the minimum wage in the year 2019, an entity pays 78.47% and the state proceeds 21.53%.

In July, a new payroll grid reported on the minimum wage per economy for high-education staff and staff working in construction was proposed, through a law tabled in the Senate by the Minister of Labour and parliamentarians.

This law guarantees all employees the payment of a minimum basic wage. The amount of the minimum basic salary shall be determined by applying a coefficient reported to the minimum gross basic salary per country guaranteed in payment, established by government decision, according to the Law – is shown in the proposal for a law.

Coefficients which are added to the minimum wage for each category of staff employed: unskilled worker-coefficient 1, skilled workers – coefficient 1.20; Administrative and specialized personnel in functions for which the training condition is vocational school – coefficient 1.20; Secondary education – coefficient 1.20; Post-secondary school – coefficient 1.25; Secondary education plus qualification – coefficient 1.25; School of the technicians – coefficient 1.30; Short-term higher education – coefficient 1.50; Long-term higher education – coefficient 2.20; Master – Coefficient 2.50; PhD in the field of work carried out – coefficient 2.80.

In the event that this law would have been approved, the staff with short-term higher education would have the gross salary of 3120 and the net salary with which the staff employed in the hand of 1840 and the staff with long-term higher education would have the salary Gross of 4576 and the net salary with which the employee staff remains in the hands of 2677.

If it were to be approved these wage increases would suffer the entities because payments by employee staff will be higher and will not be willing to employ staff with higher education.

Table no. 1 – Salaries 2018-2019

Employee	2018	2018	2019	2019	2019 Higher educat ion	2019 Constructi on	Iulie 2019	
							2019 Undere ngineer	2019 Higher educat ion
Gross Salary	1900	1450	1900	2080	2350	3000	3120	4576
Social Insurance (CAS) 25%	475	363	475	520	588	638	780	1144
Social health Insurance (CASS) 10%	190	145	190	208	235	0	312	458
Personal deduction (DP)	510	510	510	465	390	195	150	0
Income tax (IV) 10%	73	43	73	89	114	0	188	297
Net Salary	1162	899	1162	1263	1413	2362	1840	2677
Employer								

Insurance contribution for Work (CAM) 2.25%	43	33 CAS difference 7.72%, Val. 112 CASS 3,1%, val=45	43	47	53	Insurance contribution for Work (CAM) 0.3375% Val=10	70	103
Full Salary	1943	1640	1943	2127	2403	3010	3190	4679
TOTAL TAXES								
The employee pays the state	738	551	738	817	937	638	1280	1899
The employer pays the state	43	190	43	47	53	10	70	103
Total taxes cased by the state	781	741	781	864	990	648	1350	2002
	Emplo yee 59.8% , State 40.2%	Employee 54.82% State 45.18%	Employee 59.8%, State 40, 2%	Emplo yee 59.38 % State 40.62 %	Emplo yee 58.8% % State 41.2%	Employee 78.47% State 21.53%	Emplo yee 57.68% State 42.32%	Emplo yee 57.21 % State 42.79 %

Source: Circa (2018)

4. Conclusions

As from 1 January 2019, differentiated remuneration is introduced.

The minimum wage per economy is indexed in the year 2019 from 2018 with the amount of 180 lei for staff employed with average studies, with 450 lei for staff employed with higher education, and 1100 lei for staff employed in construction.

The positive effects of increasing the minimum wage on the economy for the year 2019 are very important for the country's economy, one of which would be the repatriation of those departing abroad. Another positive effect that the salary increase may have is the reduction of black work and the additional and differentiated proceeds to the state.

The negative effects would be that the entities would suffer as a result of the increase in salary because they should be made redundant from the staff employed, remaining in the impossibility of payment.

We can notice that differentiated remuneration is advantageous for construction personnel because they do not pay social health insurance (CASS) = 10% and no income tax.

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