

NEWS REGARDING THE ACCOUNTING AND FISCAL ELEMENTS THAT APPLY PER DIEM GRANTED TO EMPLOYEES

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Abstract

Employees traveling for work are entitled to payment of transport and accommodation expenses, as well as a delegation allowance, according to Romanian legislation. This allowance, known as per diem, is granted per calendar day both for travel within the country and for travel abroad. Per diem is one of the contractual aspects established by the parties when the employment contract is signed. The per diem level is established according to clear elements, in an amount expressly established by law. For example, when granting per diem, the company can no longer deduct other expenses for meals or transportation.

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Introduction regarding the new financial and accounting regulations

Law 72/ 31.03.2022 and OMF 1235/ 28.03.2023 provides that the new regulations regarding daily allowances. Thus, a new ceiling is introduced for the amounts that are non-taxable and not subject to social contributions:

- ceiling of 3 basic salaries corresponding to the job held - for employees,
- 3 remuneration provided in the legal report - for the company's administrators;
- the regulation applies to both external and internal per diems.

The ceiling related to the value of 3 basic salaries corresponding to the job held is calculated by relating the 3 salaries to the number of working days in the respective month, and the result is multiplied by the number of days during the period of delegation/ secondment/ carrying out the activity in another locality, in the country or abroad.

The ceiling related to the value of 3 remunerations provided in the legal report is calculated by relating the 3 remunerations to the number of working days in the respective month, and the result is multiplied by the number of days of the travel period.

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Ceiling calculation formula:

Gross salary x 3 x no. of days for which per diem is due / no. working days of the month

The text of the law is clear and shows that it is not taxable and is not subject to social contributions either²:

"the delegation allowance, the secondment allowance, including the allowance specific to transnational secondment, the additional benefits received by employees based on the mobility clause, as well as any other amounts of the same nature, other than those granted to cover transport and accommodation expenses, received by employees according to the relevant legislation, during the activity in another locality, in the country or abroad, in the interest of the service, for the part that exceeds the non-taxable ceiling established as follows:

- (i) in the country, 2.5 times the legal level established for the allowance, by decision of the Government, for the staff of public authorities and institutions, within the limit of 3 basic salaries corresponding to the job held;
- (ii) abroad, 2.5 times the legal level established for the per diem, by decision of the Government, for Romanian staff sent abroad to fulfill temporary assignments, within the limit of 3 basic salaries corresponding to the job held.

Internal per diem

Regarding the internal per diem, some more important aspects are considered:

- internal per diem is granted on calendar days;
- for delegation with a duration of one day, as well as for the last day, in the case of delegation of several days, the allowance is granted only if the duration of the delegation is at least 12 hours;
- per diem is granted to each employee who is sent on a service mission:
 - At a distance of at least 5 km from the locality where the employee has his place of work;
 - For a maximum period of 60 calendar days per year (the 60-day period can be extended by up to 60 days, but only with the express consent of the employee:)
 - Only if the travel duration is at least 12 hours.
- if the deductible limit is exceeded (according to the calculation formula), the difference is considered salary income and is taxed in the same way as the salary;

² Law 72/31.03.2022.

- the company's employees and the company's administrator can benefit from the internal per diem.
- the only justification for the per diem settlement is the travel order/expense statement showing the travel in the interest of work and its duration; the per diem itself is not based on a document such as a voucher, receipt or invoice.

Example 1 - internal per diem

An employee with a gross salary of 5,000 lei goes on an internal delegation for which he benefits from daily allowance. The trip takes place in July 2023 and lasts 5 days.

Per diem/day = 57,5 lei

Therefore, he could benefit from the daily allowance $5 \times 57,5 = 287,5$ lei.

Now we have to check if we fit into the second ceiling, which is calculated as follows:

$(3 \times 5,000 / 22) \times 5 = 3,409.1$ lei

Due to the fact that the amount of 287,5 lei is below the ceiling of 3,409.1 lei, then the employee will be able to benefit from the 287,5 lei non-taxable.

External per diem

The external per diem is calculated differently from the internal per diem in the sense that the period for which the per diem is granted is determined according to the means of transport used, as follows:

- a) the moment of take-off of the plane, when leaving abroad, and the moment of landing of the plane, upon arrival in the country, but also at the airports that are crossing points of the state border of Romania;
- b) the moment of passing by train or car through the Romanian state border crossing points, both when going abroad and when returning to the country.

For fractions of time that do not add up to 24 hours, the per diem is granted as follows: 50% up to 12 hours and 100% for the period that exceeds 12 hours. In this situation, some clarifications are required:

- If an employee is away for more than 120 days, the per diem received during the time period exceeding 120 days is considered salary income and will be subject to payroll tax and will be included in the monthly basis for mandatory social contributions on the payroll.
- The employee can receive an advance before making the trip, following that upon returning from the trip, he must accumulate all expenses incurred, including per diem. If the amount of expenses plus

per diem is less than the advance granted, then the employee will receive the difference, and if the size ratio is the opposite, the employee will have to return the surplus.

- The preparation of the overtaking order is the responsibility of the employee. The legislation does not provide for a deadline for private entities, but as a rule they establish this through their own internal procedures.

Example 2 – external per diem

An employee with a gross salary of 10,000 lei goes on an external delegation for which he benefits from daily allowance. The trip takes place in July 2023 and lasts 15 days. Per diem/ day = 70 EURO

Thus, the employee could benefit from the per diem $5 \times 70 \text{ EURO} = 350 \text{ EURO}$; taking into account a rate of $1 \text{ EURO} = 4.95 \text{ lei}$, in lei equivalent the amount is 1,732.5 lei.

Now we have to check if we fit into the second ceiling, which is calculated as follows:

$$(3 \times 10,000 / 22) \times 5 = 6,818.2 \text{ lei}$$

Due to the fact that the amount of 1,732.5 lei is lower than the ceiling of 6,818.2 lei, then the employee will be able to fully benefit from the non-taxable 1,732.5 lei.

Accounting monograph

A commercial company granted a treasury advance in the amount of 1,000 lei, to an employee who is going to go on a delegation of 3 days, respectively 2 nights. Accommodation is 200 lei/night, VAT 9%. Per diem is 57,5 lei/day. The employee has a salary of 4000 lei.

Therefore, the employee could benefit from $3 \times 57,5 = 172,5 \text{ lei}$ per diem.

Now we have to check if we fit into the second ceiling, which is calculated as follows: $(3 \times 4,000 / 22) \times 3 = 1,636.35 \text{ lei}$

Due to the fact that the amount of 172,5 lei is lower than the ceiling of 1,636.35 lei, then the employee will be able to benefit from the 172,5 non-taxable.

1. Recording the treasury advance		
542 Cash advances	5311 Petty cash in lei	<u>1.000 lei</u>
2. Registration of accommodation expenses		
% 625 Travel 4426 Input VAT	401 Suppliers	<u>436 lei</u> 400 lei 36 lei
3. Making the accommodation payment		
401 Suppliers	542 Cash advances	<u>436 lei</u>
4. Registration of per diem expenses		
625 Travel	542 Cash advances	<u>172,5 lei</u>
5. Refund of unused advance		
5311 Petty cash in lei	542 Cash advances	<u>391,5 lei</u>

Conclusions

Regardless of the field in which an entity operates, it may occasionally record expenses related to staff travel. Travels can be internal or external. The most important thing is that the settlement of expenses follows a business purpose. The diagram below shows the main steps for recording, playing and returning from travel.

Steps for recording, scrolling and returning from travel:	1. Establishing the need for travel
	2. Establishing objectives
	3. Registration of the travel advance
	4. Making expenses during the trip
	5. Registration of expenses incurred
	6. Restitution of the remaining advance (if applicable) or coverage of the amounts advanced by the employee

Employees/administrators traveling in the interest of work have the right to the payment of transport and accommodation expenses, also having the right to a delegation allowance (per diem), according to the Labor Code. The expenses that can be settled for the travel of employees are generally: transport and accommodation; meal served; travel allowance (per diem); car expenses - if the journey is made with the employee's/company's car.

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3. Legea 72/ 31.03.2022
4. OMF 1235/ 28.03.2023
5. *** Cartea verde a contabilității, (2022) Rentrop & Straton.