



TAX NEWS AND OTHER LEGISLATIVE NEWS

Dear Partners,

I present to you in this bulletin the recent news, approved by several normative acts.

SUMMARY

- The granting of technical unemployment benefits, which benefit employees and other professionals, is extended for the period between the end of the state of emergency – 15 May 2020 - and 31 May 31 2020, with the possibility of continuing after this date only in areas where will remain restrictions.
- Profit tax. Taxpayers paying profit tax, regardless of the reporting and payment system, taxpayers who pay micro-companies income, who pay the tax due by deadlines, 25 July 25 2020 inclusive, for the second quarter, and 25 October 2020 inclusive, for the third quarter, benefits from a 10% bonus calculated on the tax due.
- Deadline for submission of the single declaration was extended by 30 June 2020 inclusive (from 25 May 2020).
- Granting of bonuses in case of individual income tax and mandatory social contributions.
- Starting June 2020, employers – legal persons – must pay health insurance contribution for individuals for the during the suspension of their employment contracts, to a calculation basis represented by the minimum salary.



➤ VAT

- ✚ The tax authority will perform the risk analysis only after the registration for VAT purposes of the taxable persons: companies with the headquarters of the economic activity in Romania, established based on the Companies Law no. 31/1990.
- ✚ There are exempt from VAT supplies to legally constituted associations and foundations of medicines, protective equipment, other medical devices and equipment and sanitary materials that can be used in the prevention, limitation, treatment and control of COVID-19, made by 1 September 2020.

- Local taxes. Granting powers to local councils to reduce the building tax in the case of buildings used by taxpayers who have completely ceased their activity, because of the establishment of the state of emergency.

- Fiscal amnesty for interest, penalties and other accessories due by taxpayers who will pay the main arrears until 15 December 2020.

- Employers in the private system with more than 50 employees have the obligation to establish individualized work programs, without the employee's consent, so that between employees to ensure the existence of an hour interval at the beginning and end of the work program, within three hours.

- Deadline for submission of the statement on beneficial owner is extended by 1 November 2020. It is no longer mandatory for the declaration to be notarized if it is submitted within that period.

- To benefit from the suspension of the repayment of instalments, interest and commissions, the debtors send to the creditors a request in this respect, in letter format or by e-mail, to the contact data specified in the credit agreement or through another remote communication channel offered by the creditor, by 15 June 2020 at the latest (extended from 15 May 2020).

- It is extended until 15 June 2020 deadline in which the Ministry of Economy, Energy and Business Environment may issue emergency certificates, upon request, to economic operators whose activity is affected in the context of the SARS-CoV-2 pandemic during the state emergency.

NEWS IN DETAIL

Amendment provided by the Law no. 54/2020 for approval of the Government Emergency Ordinance no. 33/2020 on certain fiscal measures and for amending certain normative acts, published in the Official Gazette no. 396/15.05.2020.

- Taxpayers paying profit tax, regardless of the reporting and payment system, taxpayers who pay micro-companies income, who pay the tax due by deadlines, 25 July 2020 inclusive, for the second quarter, and 25 October 2020 inclusive, for the third quarter, benefits from a 10% bonus calculated on the tax due.

News introduced by the Government Emergency Ordinance no. 69/2020 for amending the Fiscal Code Law no. 227/2015, as well as for the introduction of fiscal measures, published in the Official Gazette no. 393/14.05.2020 („Ordinance 69/2020”).

Ordinance 69/2020 entered into force on 14 May 2020.

INDIVIDUAL INCOME TAX AND SOCIAL CONTRIBUTIONS

Extension of submission deadline of the single declaration

- Deadline for submission of the single declaration was extended by 30 June 2020 inclusive (from 25 May 2020).

Extension of submission deadline of the application 230

- Deadline for submission of the application 230 on the destination of the amount representing 2% or 3.5% of the annual income tax from salaries and pensions / The application on the destination of the amount representing up to 3.5% of the annual tax due was extended until 30 June 2020 inclusive (from 25 May 2020).

Granting in 2020 some bonuses in the case of individual income tax and mandatory social contributions for income earned in 2019

- Individuals who obtain income from self-employment, intellectual property rights, agriculture, rents, capital gains and other forms of income will receive bonuses of up to 10% if they pay income tax or social contributions until 30 June 2020 inclusive.

- Thus, the following bonuses are granted in the case of individual income tax, social security contribution and health insurance contribution, due for income earned in 2019, for which there is an obligation to submit the single declaration, if the declaration is submitted by 30 June 2020, including, namely:
 - ✚ For payment of individual income tax, social security contribution and health insurance contribution, representing annual fiscal obligations for 2019 year, is granted of bonus of 5% from these amounts, if all these fiscal obligations are settled, in total, by payment or offset, by 30 June 2020 inclusive.
 - ✚ For submission of the single declaration via electronic means is granted a bonus of 5% from the individual income tax, social security contribution and health insurance contribution.
 - ✚ Payment bonus is granted only if the single declaration is submitted by electronic means, in which case both bonuses apply.
 - ✚ Bonuses are computed by the taxpayers and mentioned separately in the single declaration. Payment fiscal obligations are determined by deducting the fiscal obligations due with the bonus value.

- **Bonuses also apply to the individuals who:**
 - ✚ Earn annual income for which there is an obligation to prepared and submit only the single declaration,
 - ✚ Opted in 2019 to pay social security contribution and health insurance contribution.

- **Taxpayers who have submitted the single declaration for the income realized in 2019, regardless of the method of submission, without granting bonuses, may benefit from them, by submitting a rectifying declaration until 30 June 2020 inclusive.**

- The bonuses also apply for the annual fiscal obligations due for 2019 that were paid until or after 14 May 2020, but not later than 30 June 2020 inclusive. The amounts paid on the top of the fiscal payment obligations related to 2019 are compensated with the taxes due by the taxpayers or are refunded to them.

- Bonuses are granted only if the single declaration is prepared and submitted 30 June 2020 inclusive, new deadline, form being updated in accordance with the new provisions, initial or amending, as appropriate.

Bonuses for payment of annual individual income tax and social contributions starting 2021 year

- **Starting with 2021, for individuals who obtain income from independent activities, intellectual property rights, agriculture, rents, capital gains and other forms of income, may be granted a bonus of up to 10% form the annual income tax, the social security contribution and health insurance contribution.**
The level of the bonus, the payment terms and the granting conditions are established by the annual law of the state budget.

Starting June 2020, employers must pay health insurance contribution for individual during the suspension period of their employment contracts

- **Starting June 2020, employers – legal persons – must pay health insurance contribution for individuals during the suspension period of their employment contracts**
- The monthly basis for calculating the social health insurance contribution is the minimum gross salary in the country.
- Employers calculate and pay the social health insurance contribution for these individuals, during the suspension period of employment contracts, until the 25th of the month following the month for which this is due.
- These provisions apply only in the situation when the individuals did not realize during the month income from salaries and assimilated to salaries.

Tax incentives applicable to the amounts representing bonuses

- **For bonuses granted by the employer from the salary fund, for the period of state of emergency decreed to prevent the spread of the COVID-19 epidemic, to individuals who earn income from salaries based on the individual employment contract, as a result of activities that involve direct contact with citizens and are subject to the risk of infection with SARS-CoV-2, are NOT due social security contribution, health insurance contribution and occupational insurance contribution, being subject only to income tax.**
- The individuals benefiting from the respective amounts, as well as the activities carried out by them that imply direct contact with the citizens are established by the decision of the employer where they carry out their activity.
- For the application of this fiscal regime, the employer's decision constitutes a justifying document.
- These provisions apply for the amounts granted starting with May 14, 2020, during the state of emergency declared, paid until 30 June 2020 inclusive.

VAT

VAT registration

- The tax authority will perform the risk analysis only after the registration for VAT purposes of the taxable persons: companies with the headquarters of the economic activity in Romania, established based on the Companies Law no. 31/1990.
- VAT registration applications, submitted and not solved until 14 May 2020, are solved without being the object of the analysis of the criteria for the evaluation of the fiscal risk.

LOCAL TAXES

Granting powers to local councils to reduce the building tax in the case of buildings used by taxpayers who have completely ceased their activity, because of the establishment of the state of emergency.

- It is provided that, for the year 2020, the local councils may decide, until 14 August 2020, the reduction of the annual building tax with a share of up to 50%, for non-residential buildings, owned by individuals or legal persons, used for their own economic activity or put into use by a lease, commodatum or other type of contract for carrying out economic activities to other individuals or legal persons, as the case may be, if during the period for which the state of emergency was established, as a result of the effects of the SARS-CoV-2, the owners or users of the buildings were obliged, according to the law, to completely interrupt their economic activity or hold the emergency certificate issued by the Ministry of Economy, Energy and Business Environment certifying the partial interruption of economic activity.

If these persons have paid the annual building tax due for year 2020, in full / in part, until the first payment term, they can request a refund, within the limitation period of the right to request a refund.

In the case of taxpayers who benefit from this reduction, the annual building tax is calculated by applying the reduction rate and bonus of up to 10%, established for 2020 by decision of the local council, on the annual tax due for 2020.

- In case the competent local public administration authorities adopt decisions to grant the tax reduction on non-residential buildings, to benefit from the reduction, the building owners must submit to the local tax authority until 15 September 2020 inclusive, in whose territorial area of competence the building is located, a request for granting the reduction, accompanied by an affidavit.



- **The owners of non-residential buildings, used for their own economic activity, will mention in the affidavit:**
 - ✚ Either the total interruption of one's own economic activity established according to the legal provisions,
 - ✚ or the partial interruption of economic activity.
Owners who have partially interrupted their activity attach to the application a copy of the certificate for emergency situations issued by the Ministry of Economy, Energy and Business Environment.

- **In the case of owners who own non-residential buildings put into use for carrying out economic activities to other individuals or legal entities, during the period when the state of emergency was established, the affidavit must show that they are simultaneously in the following situations:**
 - a) **Have waived at least 50% of the right to collect the value of the rent, royalty or other form of use of the building, established according to the contractual provisions, for the period for which the state of emergency was established.**

 - b) **At least 50% of the total areas owned and affected by economic activities were not used, due to the fact that the holders of the right to use the respective buildings were obliged, according to the law, to interrupt totally and / or partially their economic activity.**
To be included in this situation, the owners who own non-residential buildings shall check if at least 50% of the total area owned and put into use for carrying out economic activities to other individuals or legal persons is affected by the total and/or partial interruption of their activity on 14 May 2020.

Tax amnesty for interest, penalties, and other accessories due by debtors who will pay the main arrears until 15 December 2020

- **By approving the amnesty, the payment of the outstanding budgetary obligations is considered of 31 March 2020, as well as budgetary obligations with payment terms between 1 April 2020 and 15 December 2020.**

- **The tax facilities target all taxpayers who have outstanding debts on 31 March 2020 (individuals, legal entities, individuals who perform economic activities or liberal professions, entities without legal personality, public institutions, etc.).**

- **The Ordinance 69/2020 regulates four types of tax facilities and covers all situations that taxpayers may face:**

- 📌 Measure 1. Cancellation of interest, penalties and all ancillary items related to the main budgetary obligations, outstanding on 31 March 2020 inclusive, in the case of taxpayers who at that date have in balance both ancillary budgetary obligations and main budgetary obligations.**

To benefit from the measure of cancellation of accessories, taxpayers must pay the outstanding main budgetary obligations on 31 March 2020, pay the current obligations (those born after 31 March 2020), submit all tax returns and submit the request to cancel the accessories until 15 December 2020.

Thus, at the date of filing the application for cancellation of the accessories, the taxpayer must not have any debt, except for the accessories that are cancelled.

- 📌 Measure 2. Cancellation of interest, penalties and all accessories related to the main budgetary obligations, additionally declared by the debtor by means of a rectifying declaration, with a maturity before 31 March 2020 inclusive.**

In this case, taxpayers, who consider that there are errors in the amounts initially declared, may submit an amending declaration reporting the additional obligations and may benefit from the cancellation of the accessories related to the additionally declared obligations if they pay these obligations, as well as current obligations (those born after 31 March 2020), submit all tax returns and the application for cancellation of accessories until 15 December 2020.

This facility is also applicable in case of correction of errors in the VAT returns made according to the legal regulations in force.

- 📌 Measure 3. Cancellation of interest, penalties and all accessories related to the main budgetary obligations with maturities prior to 31 March 2020 including, if at that date the taxpayer has only accessories in the balance and the main budgetary obligations have been settled.**

To benefit from the measure of cancellation of accessories, taxpayers must pay the current obligations (those born after 31 March 2020), submit all tax returns and submit the application for cancellation of accessories by 15 December 2020.

- 📌 Measure 4. Cancellation of interest, penalties and all accessories related to the main budgetary obligations with maturities prior to 31 March 2020 inclusive, established by a tax decision issued as a result of the tax inspection or verification of the personal tax situation, which is ongoing on of 14 May 2020.**

To benefit from this measure, taxpayers must pay these obligations by the payment deadline set in the tax decision and submit the request to cancel the accessories within 90 days from the communication date of the decision, regardless of whether the tax inspection has been completed by on or after 15 December 2020.

- **These respective fiscal measures can also be applied by:**
 - ✚ The local public administration authorities, optionally, if the local council establishes, by decision, the application of these provisions, as well as the applicable procedure.
 - ✚ The other public authorities or institutions that manage budgetary obligations, for the budgetary obligations that they manage, if the conditions provided by Ordinance 69/2020 are met.

- Taxpayers can notify the tax authority of the intention to benefit from the cancellation of accessories.

- For debtors who did not notify the tax authority to benefit from the cancellation of the accessories that can be cancelled, and which were paid after 14 May 2020, they are refunded, according to the Fiscal Procedure Code.

- In the case of taxpayers for whom seizures were instituted on 14 May 2020, to grant the possibility to benefit from the cancellation of accessories, the taxpayer's possibility to make payments from the amounts unavailable as a result of the seizure is regulated.

- If it meets the conditions, a taxpayer may benefit from the cancellation of accessories in any of the tax facilities mentioned above.
Thus, a taxpayer may cumulate all the facilities if, by the date of filing the application for cancellation of the accessories, inclusive, he meets the conditions provided by the Ordinance 69/2020.

- Taxpayers, who on 14 May 2020, benefit from payment rescheduling, may benefit from tax incentives if they meet the conditions provided by the Ordinance 69/2020, on the one hand, and on the other hand, they also want to maintain payment rescheduling, or if it ends rescheduling until 15 December 2020, the text of the Ordinance distinguishing between these situations.

- **The procedure for applying the measures regarding the cancellation of the accessories will be approved by order, until 14 June 2020.**

Certain novelties introduced by the Government Emergency Ordinance no. 70/2020 regarding the regulation of some measures, starting with 15 May 2020, in the context of the epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus, for the extension of some terms, for the amendment the Fiscal Code Law no. 227/2015, as well as other normative acts, published in the Official Gazette no. 394/14.05.2020 (“Ordinance 70/2020”)

The Ordinance 70/2020 entered into force on 14 May 2020.

❖ Extension of certain social protection measures in the context of the epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus

- ✚ The granting of technical unemployment benefits, which benefit employees and other professionals, is extended for the period between the end of the state of emergency – 15 May 2020 and 31 May 2020, with the possibility of continuing after this date only in areas where restrictions will be maintained.**

The indemnities granted are not subject to forced execution by seizure during their granting, regardless of the budget from which they are supported.

- ✚ The use of e-mail as one of the means of communication for requesting and granting the rights of social assistance, state social insurance and unemployment, continues to apply until 14 June 2020.**
- ✚ The period of suspension of employment (at the initiative of the employer in case of temporary interruption or reduction of activity, without termination of employment, for economic, technological, structural or similar reasons), during the state of emergency and alert established by law, is taken into account when establishing the contribution period of at least 12 months in the last 24 months preceding the date of registration of the application for unemployment benefit.**
- ✚ The period of the state of emergency and the period of the alert state in which the individual employment contracts are suspended, for which the employers do not owe the insurance contribution for work, constitute an assimilated stage in the unemployment insurance system.**
- ✚ For the establishment and calculation of the unemployment benefit, the technical unemployment benefit is used, which is supported from the unemployment insurance budget.**

- ✚ In the period between the end of the state of emergency - 14 May 2020 - and 31 May 2020, it is suspended the obligation of the persons receiving unemployment benefits to present themselves monthly, based on the schedule or whenever they are requested, to the employment agency, to which they are registered, to receive support in order to be employed.
- ✚ The validity of collective bargaining agreements and collective agreements is maintained for a period of 90 days from the end of the state of emergency.
- ✚ Employers in the private system, with more than 50 employees, have the obligation to establish individualized work programs, without the employee's consent, so that between employees to ensure the existence of an interval of one hour at the beginning and end of the work program, within three hours.

The individualized work schedule and the manner of its distribution by days are established in the addendum to the individual employment contract.

❖ **Statement of the beneficial owner**

- ✚ Deadline for submission of the statement on beneficial owner is extended by 1 November 2020.
- ✚ Within the respective term, the declaration may take the form of a document under private signature or electronic form and may be sent to the trade register office without any other formality, by electronic means, with electronic signature or by postal and courier services. The declaration regarding the real beneficiary can also be in authentic form, certified by a lawyer or given at the trade register office.

❖ **Profit tax.** Expenses recorded from the assignment of government securities, bonds and other debt instruments that give the holder a contractual right to collect cash are deductible when calculating the taxable result.

❖ **VAT.** There are exempt from VAT supplies to legally constituted associations and foundations of medicines, protective equipment, other medical devices and equipment and sanitary materials that can be used in the prevention, limitation, treatment and control of COVID-19, made by 1 September 2020.

❖ **Tax due for the income obtained from Romania.**

For the taxable income obtained from Romania by residents and non-residents from activities carried out in the field of organizing cultural, artistic, sports, scientific, educational or entertainment events, or from the actual participation in such activities, the tax is calculated and withheld at the time of income payment and is declared and paid to the state budget until the 25th of the month following the month in which the event took place.

These provisions apply if the respective events are rescheduled by the end of 2021 due to the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus. In this situation, the attestation certificate of the tax paid in Romania is issued to the non-resident person after the payment of the tax to the state budget.

- ❖ **To benefit from the suspension of the repayment of instalments, interest and commissions, the debtors send to the creditors a request in this respect, in letter format or by e-mail, to the contact data specified in the credit agreement or through another remote communication channel offered by the creditor, by 15 June 2020 at the latest (extended from 15 May 2020).**
- ❖ **The certificate for emergency situations. It is extended until 15 June 2020 deadline in which the Ministry of Economy, Energy and Business Environment may issue emergency certificates, upon request, to economic operators whose activity is affected in the context of the SARS-CoV-2 pandemic during the state emergency.**

The certificate for emergency situations states on the basis of the affidavit that the economic operator registered a decrease of revenues or revenues of at least 25% in March, April or May 2020 compared to the average of January and February 2020 or partial or total interruption of activity, as an effect of the decisions issued by the competent public authorities during the declared state of emergency.

Sincerely yours,

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