

→ 2020 FISCAL NEWS

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I. **Increase of the minimum gross base salary guaranteed at national level**

As from January 1, 2020, the minimum gross salary guaranteed at national level, not including bonuses and other additional payments, is established at RON 2,230 per month, for an average full-time schedule of 167.333 hours per month, i.e. RON 13.327 /hour.

By way of derogation, for employees with at least one year of experience in a field requiring higher education, the minimum gross monthly base salary guaranteed at national level, not including bonuses or other additional payments, is RON 2,350 for an average full-time schedule of 167.333 hours, i.e. RON 14.044/hour.

All rights and obligations provided for under the law shall be determined by reference to the minimum gross national salary of RON 2,230.

Note: The minimum base salary guaranteed at national level for the construction industry shall be maintained at RON 3,000/month.

The change of the minimum base salary guaranteed at national level shall impact upon:

- The determination of the basis of calculation of the insurance social security benefits, up to 12 minimum monthly gross national salaries;

- The determination of the contribution for not employing disabled persons (the minimum monthly gross base salary at national level * number of jobs which no disabled persons have been hired for);
- The increase of the income standards in the case of income from independent activities for which the taxable net income is determined based on the income standards. The income standards for each activity carried out by a taxpayer cannot be lower than the minimum gross national salary, in force upon its determination, multiplied by 12;
- The determination of the annual basis of calculation of the social security contributions (CAS), in the case of persons deriving income from independent activities/intellectual property rights, which cannot be lower than 12 minimum gross national salaries;
- The determination of the annual basis of calculation of the health insurance contributions (CASS) at the level of 12 minimum gross base salaries, in the case of persons deriving non-salary income (from independent activities, from intellectual property rights, from association with legal persons, transfer of right to use goods, from investments, from agriculture, from other sources).

(Decision no. 935/2019, published in OJ no. 1010/16.12.2019)

II. VAT – 2020 Intrastat thresholds

The thresholds under which taxpayers must submit the Intrastat declaration during next year shall be maintained at the level of the ones used in 2019, i.e.:

- RON 900,000 for intra-Community dispatches and
- RON 900,000 for intra-Community arrivals.

The economic operators which in 2019 carried out trade of goods with other Member States of the European Union with an annual value, separately for

the two flows, i.e. dispatches and arrivals, which exceeds the determined Intrastat value thresholds shall fill in and transmit to the National Statistical Institute the Intrastat statistical declarations as from January 2020.

In 2020 other economic operators which exceed the 2020 Intrastat thresholds can become providers of Intrastat data. Such economic operators shall fill in and transmit the Intrastat statistical declarations as from the month when the cumulated value of the intra-Community dispatches and/or arrivals from the beginning of 2020 exceeds the Intrastat thresholds determined, separately for the two flows, i.e. dispatches and arrivals.

(Order no. 1827/2019, published in OJ no. 940/22.11.2019)

III. Annulment of VAT split payment provisions

Emergency Ordinance no. 23/2017 on the VAT split payment system shall be repealed as from February 1, 2020. Until such date, the VAT account may be foreclosed by any creditor, irrespective of the debt nature.

Until February 10, 2020, the State Treasury units where taxpayers applying the VAT split payment mechanism have VAT accounts shall automatically transfer, without any prior formalities concerning the account holder, the available balance in the VAT accounts into the holder's current account opened at the same State Treasury unit for the operations set out in Article 6 (1) of Government Emergency Ordinance no. 146/2002 on the formation and use of resources ran through the state treasury, republished, as subsequently amended and supplemented.

As from February 1, 2020, no operations shall be performed in the VAT accounts opened with the State Treasury units by taxpayers applying the VAT split payment system, save for the automatic transfer of the available balance in the VAT accounts.

(Emergency Ordinance no. 78/2019, published in OJ no. 1031/23.12.2019)

IV. Transposition of Council Directive (EU) 2018/1910, supplemented by Council Regulation 2018/1912, into domestic law

Council Directive (EU) 2018/1910 of 4 December 2018 amending Directive 2006/112/EC as regards the harmonisation and simplification of certain rules in the value added system for the taxation of trade between Member States comes into force in 2020.

Until December 31, 2019, Romania had had to transpose the provisions of the EU Directive into domestic law and promptly communicate to the Commission the text of the legal acts adopted in this regard.

Such amendments concern:

1. Call-off stocks

Such transactions should be, under certain conditions, considered to give rise to one exempt supply in the Member State of departure and one intra-Community acquisition in the Member State of arrival.

2. Chain transactions

Where the same goods are supplied successively and those goods are dispatched or transported from one Member State to another Member State directly from the first supplier to the last customer in the chain, the dispatch or transport shall be ascribed only to the supply made to the intermediary operator.

By way of derogation, the dispatch or transport shall be ascribed only to the supply of goods by the intermediary operator where the intermediary operator has communicated to his supplier the VAT identification number issued to him by the Member State from which the goods are dispatched or transported.

Therefore, where the subject of an intra-Community transport consists of successive supplies of goods, the movement of the goods should only be ascribed to one of the supplies, being deemed an intra-Community supply, exempted from VAT. The other supplies shall be deemed to be local and shall be subject to the VAT rate in the country of delivery.

3. Exemption for the supply of goods

Stricter conditions for VAT exemption for the intra-Community supplies have been introduced. Thus, for the exemption to apply, the following conditions must be cumulatively met:

- The purchaser communicates to the supplier a valid VAT identification number that is written down on the intra-Community supply invoice;
- The supplier has submitted the 390 Recapitulative statement, which sets out the correct information concerning this supply;
- Proof of transport.

The following documents are accepted as proof of dispatch or transport:

- A signed CMR or a signed carriage letter, a bill of lading, a transport invoice
- an insurance policy for the dispatch or transport of goods or banking documents attesting payment for the dispatch or transport of goods;
- official documents issued by a public authority, such as a notary public's office, which attest the arrival of goods in the Member State of destination;
- a receipt issued by a warehouse keeper in the Member State of destination, which attests the storage of goods in such Member State.

Note: In applying Regulation 282/2011, as amended by Regulation 1912/2018), a press release issued by the Ministry of Public Finance states that: “*We underline that the justification of an intra-Community transport of goods is not sufficient in order to apply the VAT exemption for the intra-Community supplies, the fulfilment of all conditions provided for by Law no. 227/2015 on the Tax Code being required for the application of such exemption*”.

V. Management of packaging and packaging waste

Under Article 11 of Law no. 249/2015 on the management of packaging and packaging waste, as subsequently amended and supplemented, economic operators placing on the national market the packaged products set out in Article 10 (5) shall have, as from January 1, 2020, an average percentage of weight of reusable packaging from the weight of packaging used during one year when placing their products on the market, also including packaging leased from the operators referred to in Article 16 (1) d), of at least 5%, but no less than the average percentage achieved in 2018-2019 and shall increase such percentage by 5%, on a yearly basis, until 2025, inclusively.

(Law no. 249/2015, published in OJ no. 809/30.10.2015)

VI. Social security contributions

Starting with January 2020's income, in the case of natural persons who derive income from salaries below the level of the minimum gross national salary, based on an individual full-time or part-time employment agreement, the monthly basis of calculation of social security contributions (CAS, CASS) is the gross income, no longer being determined at the level of the minimum gross national salary.

(Law no. 263/2019, published in OJ no. 1054/30.12.2019)

VII. Excise

The excise duty for leaded petrol, unleaded petrol and diesel has decreased since 01.01.2020.

(Law no. 263/2019, published in OJ no. 1054/30.12.2019)

VIII. The law on the national social insurance budget has been published

For 2020, the average gross salary has been set at RON 5,429. Accordingly, the amount of the funeral grant shall be:

- RON 5,429, in the case of the insured or the retired person;
- - RON 2,715, in the case of a family member of the insured or of the retired person (who is not insured or retired at the time of death).

(Law no. 6/2020, published in OJ no. 3/06.01.2020)

IX. Foreign workers admitted in 2020 on the Romanian labour market

For 2020, a number of 30,000 foreign workers newly admitted on the Romanian labour market is established.

(Decision no. 968/2019, published in OJ no. 1031/23.12.2019)

X. Financial statements as of December 31, 2019

The entities to whom the Accounting Regulations apply regarding the individual annual financial statements and the consolidated annual financial statements, approved by Order of the Minister of Public Finance no. 1.802/2014 and the entities to whom apply the Accounting Regulations compliant with the International Financial Reporting Standards, approved by the Order of the Minister of Public Finance no. 2.844/2016, including those whose financial year is different from the calendar year, shall prepare and submit annual financial statements to the territorial units of the M.P.F.

The requirements regarding the preparation and submission of the annual financial statements, the deadline and the instructions for filing them in are regulated in detail.

The accounting regulations approved by Order 1802/2014 are supplemented with some provisions regarding the principle of prudence. Thus, the provisions regarding the recording of adjustments for impairment of receivables and the recording of provisions can also be applied on the occasion of periodic reports prepared according to the law. Such method of recognition must be applied consistently from one reporting period to another.

(Order no. 3.781/2019, published in OJ no. 5/07.01.2019)

XI. Registration in the accounts of the merger by absorption operation

Annex 1 to the Methodological Norms regarding the reflection in accounting of the main operations of merger, division, dissolution and liquidation of companies, as well as of the withdrawal or exclusion of shareholders from companies, approved by Order no. 897/2015, is supplemented by two paragraphs applicable in the case of merger by absorption, as follows:

1. When drafting the delivery-receipt protocol, the absorbing company shall ensure that the absorbed company has fulfilled its obligations under the law, regarding the preparation and submission of annual financial statements, established by the accounting law.
2. Where the absorbed company duly exists at the end of the reporting financial year, it has the obligation to prepare and submit the financial statements provided for by the law. Where the absorbed company is deregistered between the date on which the annual financial statements are to be drawn up and the deadline for submitting them, as stipulated by the accounting law, such statements shall be submitted before the absorbed company ceases to exist.”

(Order no. 3.781/2019, published in OJ no. 5/07.01.2019)

XII. Social benefits

The amount of children’s allowance is increased annually by 100% from the average annual rate of inflation, starting with January 1, 2020.

(Law no. 6/2020, published in OJ no. 3/06.01.2020)

As from September 1, 2020, the value of the pension point shall increase to RON 1,775 as compared to RON 1,265 on September 1, 2019.

(Law no. 127/2019, published in OJ no. 563/09.07.2019)

XIII. 2020 CCF contributions

The Chamber of Tax Consultants has established the fixed and variable contributions payable for 2020, as follows:

A. Fixed contributions

1. **In the case of natural persons and legal persons which are members of the Chamber of Tax Consultants at the date of entry into force of this decision:**
 - RON 410 - for natural persons, active tax consultants;
 - RON 170 - for natural persons, inactive tax consultants;
 - RON 250 - for natural persons, assistant tax consultants;
 - RON 350 - for legal persons;
2. **In the case of natural persons and legal persons which become members of the Chamber of Tax Consultants in 2020:**
 - RON 1.410 – for natural persons, active tax consultants;
 - RON 1.170 – for natural persons, inactive tax consultants;
 - RON 750 – for natural persons, assistant tax consultants;
 - RON 2.350 – for legal persons.

Fixed contributions are annual and are paid in full, without being split according to the time of year when membership was acquired or lost.

B. Variable contributions

The variable contributions due in 2020 by the active members of the Chamber of Tax Consultants who carry out tax consultancy activities are calculated by applying a percentage share to the entire amount of the income derived from their tax consultancy activity in 2019 or the value of such revenues diminished by the amounts transferred to subcontractors and to collaborating tax consultants, where appropriate (basis of calculation).

The applicable percentage shares for determining the variable contributions related to the activity carried out in 2019 and due in 2020 are as follows:

1. **for natural persons:** 0.4%;
2. **for legal persons:**
 - a) for income of up to EUR 100,000 inclusive: 0.4%;
 - b) for income ranging from EUR 100,001 to EUR 1,000,000 inclusive: 0.75%;
 - c) for income of more than EUR 1,000,000: 1%.

(CCF Decision no. 7/2019, published in OJ no. 1013/17.12.2019)

XIV. Amendments to Ordinance 114/2018

The main amendments to Ordinance 114/2018 include:

- i. The tax on financial assets has been eliminated, being explicitly stated that it is neither calculated nor due for the period 01-08.01.2020. As for the tax on assets for the year 2019, it shall be declared until August 25, 2020 inclusively. The surplus as compared to the tax on assets for the first semester of 2019 shall be paid until August 25, 2020 inclusively, and the deficit shall be refunded/set off according to the provisions of the Tax Procedure Code.

- ii. From January to December 2020 the fine point is maintained at RON 145, being not affected by the increase of the minimum gross national salary.
- iii. As a general rule, the level of the excise duty applicable from January 1 of each year is the level provided for in annex no. 1 to the Tax Code, updated with the increase of the consumer prices of the last 12 months, calculated in September of the year preceding the one of the application, by reference to the period of October 2014 - September 2015. The NIS communicates until October 15 of each year the increase of the consumer prices. The updated excise duty level shall be published on the MPF website, usually until October 20, but not later than December 31 of each year.
- iv. By way of derogation, for cigarettes, the level of excise duty applies from April 1 of each year and is the one provided for in annex no. 1 to the Tax Code.

(GEO no. 1/2020, published in OJ no. 11/09.01.2020)

XV. Draft law for amending and supplementing Law no. 31/1990 on commercial companies

The draft law that has passed the Chamber of Deputies to be promulgated, aims to simplify the process of setting up new companies. In this regard:

- a) The restrictions according to which:
 - a natural or legal person can only be sole shareholder in one company (SRL);
 - one company (SRL) cannot have as sole shareholder another company (SRL) with sole shareholder;
 have been removed.
- b) The limitation of having only one company per room has been removed;
- c) When registering the company and changing the registered office, only the document attesting the right to use the space destined for the registered office shall be submitted;
- d) The approval of the flat owners' association, respectively the neighbours' approvals, to register the registered office in an apartment are no longer necessary, where no activity is carried out at the registered office.

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