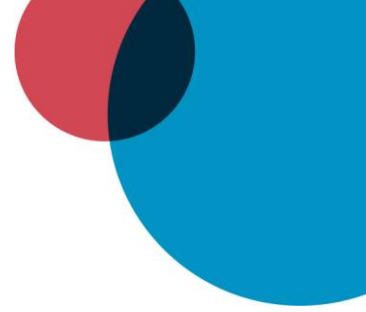




**Main amendments, completions and clarifications introduced through
*Government Emergency Ordinance no. 114 published in the Official
Gazette no. 1116/29.12.2018***



Amendments and completions brought to Law 227/2015 regarding the Fiscal Code **Amendments relevant to the constructions sector**

- During 1 January 2019 – 31 December 2028, individuals deriving salaries and assimilated to salaries income from activities carried out in the constructions field will be exempt for personal income tax purposes, under certain conditions regarding the employer's type of activity, the turnover derived by the employer, the monthly gross income from salaries and assimilated to salaries derived by the employees benefiting from the personal income tax exemption.
- As regards the mandatory social security contributions, for individuals deriving salaries and assimilated to salaries income from activities carried out in the constructions field under individual labour agreements, as well as for employers who carry out activities in the constructions sector, during 1 January 2019 – 31 December 2028 the following measures are applicable, as long as the previously mentioned conditions are cumulatively met:
 - the pension insurance contribution rate is reduced by 3.75 percentage points;
 - the income from salaries and assimilated to salaries derived under labour agreements, concluded with employers carrying out activities in the constructions field is not included in the monthly computation base of the pension insurance contribution due by the employer;
 - individuals deriving income from salaries and assimilated to salaries under individual labour agreements concluded with employers carrying out activities in the constructions field are exempt from social health insurance contribution;
 - the work insurance contribution rate is reduced to the level of the rate that is remitted to the Wage Guarantee Fund.

The VAT simplification measures period of application is extended

- The deadline for the application of VAT simplification measures (the reverse charge mechanism) is extended until 30 June 2020 for the transactions provided by Art. 331 para. (2) letters c), d), e), f), i), j) and k) of the Fiscal Code.

The excise duty on cigarettes is increased

- During 1 January 2019 – 31 March 2019, the specific excise duty for cigarettes shall amount to RON 372.73 / 1,000 cigarettes; the amount is to be approved by order of the minister of public finance by 1 March 2019.
- Starting with 1 January 2019 the total excise for cigarettes shall amount to RON 483.74 / 1.000 cigarettes.

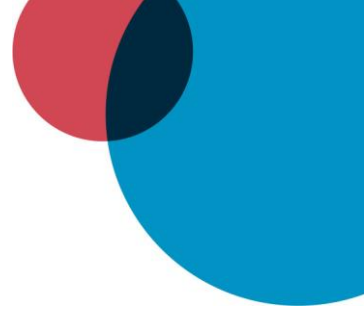
Amendments and additions brought to Law 207/2015 regarding the Fiscal Procedure Code

- A new obligation is established for reporting entities subject to the prevention of money laundering and terrorism financing legislation to make available to the tax authorities, upon request, information and documents regarding the application of precaution measures with respect to clients care, client and ultimate beneficiary owner's identification, business relationship monitoring, etc.
- Several provisions regarding the payment rescheduling procedure are introduced and amended.

The introduction and amendment of certain taxes in the gambling, energy, communications and banking sectors

1. Gambling sector

- Starting 1 January 2019, organizers of online gambling activities are liable to pay a monthly tax of 2% applied to the total monthly participation fees collected.
- The tax is computed, declared and paid to the State budget until the 25th inclusively of the month following the one in which the participation fees were collected.
- Also, several amendments and additions are brought to *Emergency Ordinance no. 77/2009 on the organisation and operation of games of chance* with respect to the payment of fees for the issuance of licences for the organization of games of chance.



2. Energy sector

- A new tax due by license holders operating in the fields of electricity, power and heat in cogeneration for the electricity component, natural gas representing 2% of the turnover derived from the activities subject to licensing granted by the Romanian Energy Regulatory Authority (ANRE) is introduced. The turnover is computed based on ANRE's regulations.

3. Communications sector

- The tax rate applied to the turnover derived by the providers of public electronic communications networks or providers of electronic communications services to the public, used for determining the monitoring tariff due to the National Authority for Management and Regulation in Communications (ANCOM), is increased from 0.4% to 3%.
- The computation method for establishing the tariffs for the issuance of radio frequency usage licences is amended.

4. Banking sector

- Where the ROBOR quarterly average exceeds the reference threshold of 2%, banking institutions are liable to pay a new tax on financial assets.
- The tax on financial assets is due on a quarterly basis, by applying a rate ranging between 0.1% and 0.5% to the banking institution's financial assets existing at the end of the reference quarter. The level of the tax rate is determined depending on the extent to which the 2% ROBOR reference threshold is exceeded.

The increase of the gross national minimum wage guaranteed for payment

- Starting 1 January 2019, the gross national minimum wage guaranteed for payment for a normal average work schedule of 167.333 hours/ month is increased to RON 2,080, with the following exceptions:
 - staff assigned to higher education positions, with at least one year of working experience in the field of higher education, for whom the minimum wage is of RON 2,350;
 - employees acting in the construction field, for whom the minimum wage is of RON 3,000.