

TAX HOT TOPICS

02 April 2018

Main amendments and completions brought to the Fiscal Code and the Fiscal Procedural Code *Emergency Ordinance no. 25/2018 published in the Official Gazette no. 291 of 30.03.2018*

- ❖ Emergency Ordinance no. 25/2018 regarding the amendment and completion of certain normative acts, as well as for the approval of certain fiscal-budgetary measures brings, among others, amendments and completions to the Fiscal Code and the Fiscal Procedural Code.
- ❖ The main amendments and completions brought to the Fiscal Code refer to the following aspects:

Title II Corporate income tax

- ❖ A new category of assets for which the maintaining condition of 5 years does not have to be fulfilled as to apply for the tax exemption on reinvested profits is introduced.
- ❖ The obligation to submit an informative statement on sponsorship/ patronage/ private scholarships beneficiaries is introduced for the year these expenses are recorded or for the period taxpayers are benefiting from a tax credit in respect of these expenses. The deadline for the submission of the statement will be the same deadline as for the submission of the annual corporate income tax return.

Title III Tax on microenterprise's income

- ❖ The option to apply, for one time only, the corporate income tax regime is introduced for micro-enterprises having subscribed a capital of at least RON 45,000 and which have at least 2 employees. The option is final and it is applicable starting the quarter in

which the above mentioned conditions are cumulatively met.

- ❖ In case the above mentioned conditions are no longer met, the legal entity switches to the micro-enterprise's income tax regime starting the fiscal year following the one in which one of the conditions is no longer fulfilled.
- ❖ Also, rules regarding the fulfilment of those two conditions, as well as with respect to the exit from the micro-enterprise's income tax regime following the application of the option are introduced.
- ❖ The possibility of decreasing the amount of the sponsorships granted by micro-enterprises is introduced, under certain conditions, within the limit of 20% of the micro-enterprise's income tax due for the quarter in which such expenses are recorded.
- ❖ Rules are also introduced to what regards the way the amounts representing sponsorships that are not deducted from the

micro-enterprise's income tax are carried forward.

- ❖ The obligation to submit an informative statement on sponsorship beneficiaries is introduced for the year these expenses are recorded and/or the above mentioned incentive is applied for. The deadline for submitting the informative statement will be, as a general rule, 25 January inclusively of the following year, but other deadlines for specific situations are also provided.

Title IV Personal income tax

- ❖ A new category of income generated by individuals is set forth, respectively income from independent activities derived from sport activities contracts; specific tax rules and transitional provisions have been also introduced.
- ❖ According to the new provisions, taxpayers earning income subject to personal income tax may redirect to non-profit organisations an amount representing 2% or 3.5% of the personal income tax due, depending on the beneficiaries of those amounts.
- ❖ A series of amendments are also brought with respect to the rules applicable for the computation of the personal income tax due by individuals deriving income from agricultural activities.

Title V Social security contributions

- ❖ Rules for the computation of the social security contribution and the health insurance contribution are aligned to the introduction of the category of income from

independent activities performed on the basis of sports activity contracts.

- ❖ Clarifications are brought with respect to individuals who estimate cumulated annual income under the threshold or who do not obtain any kind of income, but who opt for the payment of the health insurance contribution by submitting Form 604.

Title VI – Income tax on the revenues obtained by non-residents in Romania and income tax for the representatives of foreign companies established in Romania

- ❖ The obligation to submit the informative statement regarding interest payments performed to individuals resident in the European Union Member States is eliminated.
- ❖ Chapter IV "Taxation of income from savings made in Romania by individuals who are residents in Member States and the application of the exchange of information procedure related to this category of income" is repealed.

Title VII Value added tax

- ❖ According to the new provisions, transactions performed under research-development and innovation projects do not fall within the VAT scope if the results of the research are not transferred to another person.
- ❖ Clarifications are introduced with respect to the deduction right for acquisitions made within research - development and innovation projects.

Title VIII Excise duties and other special taxes

- ❖ Changes are brought to the excise duty level applicable for gas oil.
- ❖ A new condition regarding the issuing of the fiscal warehouse authorisation by the competent authority is introduced.

- ❖ In addition, we hereby present the main amendments brought by this Emergency Ordinance to the Fiscal Procedural Code:

- ❖ It is provided that VAT returns with negative amounts submitted by taxpayers who benefit of instalment payments according to Title VII *Collection of tax obligations, Chapter IV Payment facilities* are accepted for refund with subsequent VAT audit.
- ❖ Clarifications are brought with respect to the possibility of granting instalment payments in case of debtors who do not own any properties.
- ❖ Amendments are brought on the conditions applicable in case of

- ❖ The aforementioned amendments shall enter into force on the date of the publication of this Emergency Ordinance in the Official Gazette, except for the amendments brought to Title III Micro-enterprise's income tax of the Fiscal Code, which shall apply as of 1 April 2018.

Transitional provisions regarding the fiscal warehouse authorisation are also provided.

Title IX Local taxes

- ❖ Special taxes obtained from the tourist promotion of localities represent income to the local budget, while in Bucharest case such taxes represent income to the local budget of Bucharest municipality.

taxpayers who benefit of instalment payments for their outstanding tax obligations so as to include such taxpayers in a category with low tax risk.

- ❖ The deadline stipulated under Law no. 30/2018 for the completion of art. 30 of Law no. 207/2015 regarding the Fiscal Procedural Code concerning the administration of tax liabilities due by medium-sized taxpayers is extended to 1 August 2018.

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For further details you can contact any member of the Taxhouse team or you can send us an e-mail at office@taxhouse.ro.