

TAX HOT TOPICS

6 April 2020

Emergency Ordinance no. 41/2020 amending and supplementing Law no. 19/2020 regarding the approval of days off for parents taking care of their children, during the temporary closing of educational units
(Official Gazette no. 282 of 3 April 2020)

- ❖ Days-off and the related allowance are granted to one parent taking care of his/ her children, including during the school holidays, in case of temporary closing of educational units and of pre-school educational units, as a result of the state of emergency imposed per the law.

Emergency Ordinance no. 42/2020 amending and supplementing Government Emergency Ordinance no. 110/2017 regarding the Program for supporting small and medium-sized enterprises - IMM INVEST ROMANIA, as well as approving the State aid scheme for supporting the activity of small and medium-sized enterprises in the context of the economic crisis generated by the COVID-19 pandemic
(Official Gazette no. 283 / 04.04.2020)

- ❖ The state aid scheme aimed at supporting small and medium-sized enterprises (SMEs) in the context of the economic crisis generated by the COVID-19 pandemic involves the following forms of aid:

A. State aid in the form of guarantees for loans

- ❖ As regards loans/credit lines guaranteed by the state up to a percentage of maximum 80%, the maximum value of each financing granted to a beneficiary cannot exceed RON 5,000,000 for the loans/credit lines for working capital, respectively RON 10,000,000 for investment loans within one of the following conditions valid for both financing forms, representing the greater value between:
 - (i) double the amount representing salary expenses, including the mandatory social contributions due by the employer related to the income from salaries and assimilated to salaries, registered at the level of 2019. In the case of companies incorporated after 1 January 2019, the maximum amount of the loan cannot exceed the amount estimated for the first two years of activity; or
 - (ii) 25% of the beneficiary's net turnover for 2019, respectively the gross income or the annual income norm for individuals deriving income from independent activities, as the case may be, according to the Sole tax return regarding income tax and social contributions owed by individuals and submitted to the competent tax authorities for the year 2019; or

(iii) a value which results from the beneficiary's cash needs, provided that the beneficiary presents supporting documents, in which case the amount of the loan cannot exceed the cash needs since the moment of granting for the following 18 months.

- ❖ As regards loans/credit lines for financing of working capital guaranteed by the state up to a percentage of maximum 90%, the maximum value of the loan/credit line for micro-enterprises cannot exceed RON 500,000, respectively RON 1,000,000 for small enterprises, within the limit of the greater value between those mentioned at points (i) - (iii).
- ❖ The maximum cumulative value of state guaranteed financing may not exceed RON 10,000,000, within the limit of the greater value between those mentioned at points (i) - (iii).
- ❖ The maximum duration of the financing is of 72 months in the case of investment loans, without the possibility of an extension, and of 36 months in the case of loans/credit lines for working capital, with the possibility of an extension with a maximum of 36 months.

B. State aid in the form of a grant

- ❖ SMEs that have contracted loans/credit lines guaranteed by the state benefit from a grant, within the limit of the cumulative result between the values of the risk commission, the administration commission, related to the guarantee granted, and the interest related to the loans/credit lines, but not more than the RON equivalent of EUR 800,000 per company.
- ❖ For the agriculture, fish farming and aquaculture sectors, certain specific conditions apply.
- ❖ SMEs wishing to benefit from state aid must meet certain eligibility criteria.
- ❖ The period of validity of the scheme, respectively the period during which the beneficiaries are selected and letters of guarantee/financing agreements are issued is between 4 April 2020 and 31 December 2020, and the period during which the payment of the grant can be made is between 4 April 2020 and 31 March 2021, inclusive, with the possibility of extension according to art. 1 para (3³) of the Government Emergency Ordinance no. 110/2017.
- ❖ State aid granted under the state aid scheme are granted after obtaining the authorization decision of the European Commission.

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