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EMERGENCY ORDINANCE 43 dated 12 June 2019 to amend and complement certain normative acts to establish certain measures in the field of investments (Official Gazette 507/2019)

This Ordinance complements and clarifies applicability of fiscal facilities for workers in the construction field, introduced on the 1st of January 2019 by GEO 114/2018.

Three new areas of construction materials that may benefit from these fiscal facilities have been introduced: 2351 - Manufacture of cement; 2352 - Manufacture of lime and plaster; 2399 - Manufacture of other non-metallic mineral products.

The method to calculate turnover taken as a reference for application of fiscal facilities was also described and amended. Thus, for newly established companies registered at the Trade Register since January 2019, turnover is cumulatively calculated from the beginning of the year, including the month when the exemption applies.

For commercial companies existing on the 1st of January of each year, the basis of calculation shall be turnover for the previous fiscal year. Thus, for these companies which had turnover from eligible activities during the previous fiscal year of more than 80%, fiscal facilities will be granted throughout the current year. For companies that have not met this condition in the previous year, the principle of newly established companies will apply.

Turnover is on a contract or order basis and covers workmanship, materials, tools, transport, equipment, facilities, as well as other additional activities required for eligible activities. Turnover will also include production received but not invoiced.

Gross monthly wages from salaries and similar to salaries, provided by art. 76 para. (1) to (3), to individuals for whom the exemption applies are calculated using base gross salary for 8 hours of work/day (at least RON 3,000 per month).

The exemption shall apply to monthly gross wages of up to RON 30,000, in salaries and assimilated to salaries provided by art. 76 para. (1) to (3). The portion exceeding RON 30,000 does not benefit from fiscal facilities. Gross wages in cash, benefits in kind and various vouchers received are also within the scope of these tax facilities.

The Ordinance extends application of the monthly minimum wage in the construction field to the 2020-2028 period, initially only being set for 2019.

Failure to comply with the minimum wage level in the construction sector constitutes a contravention and is punished both by contravention and by **cancellation of fiscal facilities**. Interest and late payment penalties are charged for differences in fiscal liabilities resulting from re-calculation of social contributions and income taxes.

The provisions shall enter into force 30 days from the date when this Government Emergency Ordinance (GEO) comes into force, the 20th of July 2019.

By order of the Minister of Finance, form 112 and instructions to apply new normative amendments will be approved.

A summary of the main facilities introduced by GEO 114/2018 are provided below:

New fiscal facilities in the construction field provide:

- Exemption from income tax of gross wages between RON 3,000 and 30,000 per month.
- Reduction of the social insurance contribution (CAS) from 25% to 21.25%, by exempting these persons from payment of contribution to the private pension fund (pillar II).
- Exemption from payment of social health insurance contribution (CASS) 10% – these employees will be insured without paying the contribution.

- ☑ Exemption of employers from payment of CAS of 4% or 8% which is due in the case of contracts with unusual employment conditions, specifically referred to as special conditions of employment.
- ☑ Reduction of work insurance contribution (CAM) from 2.25% at 0.3375% - this reduction will subsequently apply, being a form of state aid, which should be approved separately.



ORDER 1369 dated 21 May 2019 to approve Procedure to grant bonuses for submission of the Sole Tax Return by electronic means related to 2018 by individuals, as well as for payment in anticipation of fiscal liabilities declared on the Sole Tax Return for 2018 (Official Gazette 479/2019)

This Procedure shall apply to individuals who:

- ☑ have digitally submitted the Sole Tax Return by the 31st of July 2018;
- ☑ have paid in anticipation, by the 15th of December 2018, an estimated annual income tax, social insurance contribution and health insurance contribution for 2018, declared on the Sole Tax Return;
- ☑ obtained, in 2018, annual income and only submitted the Sole Tax Return, under conditions provided at letter (a) of this Order.

The fiscal liabilities for which bonuses are granted shall be those declared on the Sole Tax Return, for estimated 2018 income. Actual income declared for 2018 shall also be disclosed.

The value of bonuses represents:

- ☑ Amounts resulting from applying a reduction of 5% to declared fiscal liabilities related to estimated 2018 income;
- ☑ Amounts resulting from applying a reduction of 5% to declared fiscal liabilities related to income actually earned in 2018.

Bonus amounts reduce fiscal liabilities declared on the Sole Tax Return.

The central fiscal authority will grant bonuses *ex officio*, on the 31st of July 2019, by issuing a decision. The bonuses shall be also granted for fiscal liabilities established through adjusted tax returns submitted by the 31st of July 2019.

Procedure to grant bonuses

The bonus shall be granted by default by the central fiscal authority, if payment was made by the 15th of December 2018 for at least 95% of the declared fiscal liability related to income estimated for 2018.

Cumulative conditions to be met are:

- ☑ the Sole Tax Return was electronically submitted by the 31st of July 2018;
- ☑ the difference between declared fiscal liability for 2018 income and the bonus was paid by the 31st of July 2019.

In the event of differences between estimated and actual income, and the individual paid the amounts mentioned above by the 15th of December 2018, he/she must pay the difference between amount paid versus value of the bonus and fiscal liability related to 2018, in order to benefit from the bonus.

The bonuses shall be granted cumulatively by the central fiscal authority even when at least 90% of the declared fiscal liability was paid by the 15th of December 2018 and the Sole Tax Return was digitally submitted by the 31st of July 2018, by the following categories of individuals:

- ☑ those obtaining annual income in 2018 and only submitting the Sole Tax Return;
- ☑ those falling within provisions of art. 151 para. (16) to (19) and art. 174 para. (16)-(19) of the Fiscal Code, i.e. who have estimated annual income below the threshold of 12 minimum national gross wages and obtained at least this level of income, or vice versa: the estimate was above the threshold, but income obtained was under the threshold.

The competent authority within the central fiscal authority will prepare a report proposing approval of the bonuses and to deduct the bonus.

Along with this report, the following will be issued:

- ☑ A summary of fiscal liabilities to be deducted or added;
- ☑ A decision to grant the bonuses.

Taxpayers using virtual private space (SPV) will receive the decision electronically or will be notified if they have not met conditions to receive the bonuses.

The procedure for granting bonuses to individuals that submitted Sole Tax Return and paid the tax in advance was established



If an individual has paid the amount without taking into consideration the bonuses, then they may ask for reimbursement of amounts representing the bonuses by submitting a claim with the fiscal authority.

The procedure also applies to fiscal liabilities settled through means other than voluntary payment as provided by the law.

ORDER 1437 dated 28 May 2019 to amend ANAF Presidential Order 49/2019 to approve template, content and methods to submit and manage the Sole Tax Return (Official Gazette 452/2019)

The Order amends the Sole Tax Return following legislative changes introduced by GEO 26/2019.

Thus, the ability to pay health insurance contributions (CASS) has been introduced for individuals obtaining extra income or by individuals who do not earn any income, but opt to pay CASS, becoming insured in the public health system. Individuals who have earned extra income for which they do not owe CASS, may also opt to pay CASS.

For persons who do not earn income or make extra income within the threshold of 12 minimum monthly gross wages, the right to be insured in the public health system is retained and the amount to be paid as a health contribution shall be distinguished depending on submission date of the Sole Tax Return, as follows:

- persons submitting the Sole Tax Return by the date provided by the Fiscal Code, or 15 March of the following year, the basis for calculating CASS is the value of 6 minimum gross wages.
- if the Tax Return is submitted subsequent to the deadline to submit the form, then the basis for the calculation of CASS shall be the number of months remaining in that year plus the number of months of the following year through submission of the Sole Tax Return, including month of submission.

GEO 26/2019 has also made changes to the tax regime for income obtained by day laborers. Payment of CAS for remuneration granted to day laborers and the possibility to be insured in the public health system (CASS), by submitting the Sole Tax Return was introduced. Therefore, day laborers may be insured in the health insurance system (CASS) for 12 months, by submitting the Sole Tax Return, owing 10% CASS applied to 6 minimum national gross wages.

EMERGENCY ORDINANCE 35 dated 23 May 2019 to adopt certain fiscal and budget measures concerning the grant of loans from the State Treasury and to amend and complement certain normative acts (Official Gazette 427/2019)

The Ordinance amends Procedure to submit the Sole Tax Return, due to cancellation of the obligation of individuals to submit Sole Tax Returns through electronic means, repealed by GEO 35/2019.

JOINT ORDERS 203 dated 28 February 2019, 1809 dated 28 May 2019, 2287 dated 30 May 2019 to establish criteria according to which members of a co-operative may benefit from exemptions provided by art. 76 para. (1) let. e) of Law on agricultural cooperation 566/2004 (Official Gazette 491/2019)

Through Law 21/2019 to amend and complement Law on agricultural cooperation 566/2004, a number of fiscal facilities enjoyed by agricultural cooperatives, i.e. cooperative members, were amended and regulated.

The facilities relate to exemptions from income tax, i.e. income tax for cooperative members, exemptions from agricultural rent tax as well as exemptions from tax on buildings and land.

By this joint order of the Ministry of Agriculture, Ministry of Regional Development and Ministry of Public Finance, conditions for granting exemptions from local taxes, i.e. the tax on buildings and land, were regulated.

The exemption from tax on buildings shall be granted on the condition that a minimum of 50% of prior year production is recovered through cooperatives and shall apply to the following categories of buildings:

- Warehouses, barns, silos;



Optional health insurance for those whose income is below the minimum ceiling is possible





- ☑ Barracks, sheds, chalets for agricultural use;
- ☑ Buildings for agrozootechnical activity;
- ☑ Fish farms;
- ☑ Mineral or natural fertilizer warehouses;
- ☑ Workshops and repair bays or storage halls for agricultural machinery;
- ☑ Greenhouses, solar-powered structures, seedling trays, mushroom farms;
- ☑ Pumping stations, hydrotechnical construction.

Exemption from tax on land is granted only on the condition that at least 50% of previous year production is submitted to the cooperative and applies to the following categories of land:

- ☑ Productive agricultural land;
- ☑ Vineyards, orchards, seedling beds;
- ☑ Land cultivated with ornamental plants, permanent grasslands, greenhouses or solar-powered buildings;
- ☑ Land covered with forest vegetation, land with construction and agrozootechnical plants.

In order to benefit from the exemption from tax on buildings and land, taxpayers/cooperative members, shall transmit supporting documents mentioned below to local tax authorities, proving that they traded at least 50% of agricultural production submitted through/to the agricultural cooperative:

- ☑ certificate issued by agricultural cooperative certifying membership, quantities sold by the taxpayer/cooperating member, through/to the agricultural cooperative during the calendar year preceding the one for which the exemptions are granted, as well as an inventory of goods declared by the member and subject to exemptions;
- ☑ declaration under own responsibility (*affidavit*) prepared by the taxpayer/cooperating member, showing: total quantity of agricultural products traded during the calendar year preceding the one for which the exemptions are granted, quantities submitted through/to agricultural cooperative within the same period and the list of agricultural goods which are subject to the exemptions.

Local tax authorities will request average production from agricultural land - livestock or agricultural activities - from the county agricultural directorate. This information is compared to production sold through/to the agricultural cooperative, according to certificate issued in this respect. If it is established that the condition that a minimum 50% of agricultural production traded through/to the agricultural cooperative is met, the exemption shall be granted.

The exemption from the tax on buildings and land shall be granted based on supporting documents, valid on the 31st of December of the previous financial year. The documents shall be submitted to the specialized departments of the local public authorities by the 31st of March of the current year.

ORDER 520 dated 28 May 2019 to amend Annexes to Order of the Deputy Prime Minister, Minister of Environment, 591/2017 to approve template and content of *Environmental Fund Obligations Return* and its instructions to complete and submit form (Official Gazette 478/2019)

ORDER 1443 dated 29 May 2019 on procedure of aggregation and selection of insolvency practitioners by ANAF (Official Gazette 457/2019)

INFO – Valuation of monetary items in foreign currency

The June closing NBR exchange rates to use for valuation of monetary items (cash on hand, receivables, payables) denominated in foreign currency, as well as receivables and payables denominated in RON but pegged to a foreign currency for collection/disbursement are:

1 EUR = 4.7351 RON; 1 CHF = 4.2649 RON; 1 GBP = 5.2735 RON; 1 USD = 4.1587 RON.

MONTHLY AGENDA

EVERY DAY - DO NOT FORGET

- ☑ To complete the petty cash register (or print electronic version)
- ☑ To complete the purchase ledger and sales ledger
- ☑ To update electronic employee registers with information regarding labour contract

Agricultural cooperatives and cooperative members can benefit from tax incentives



inception/amendment or termination, if any

AT MONTH END - DO NOT FORGET

- To complete the journal ledger
- To register contracts concluded during the month for services rendered by non-residents with tax authorities as per article 8 point 8 of the Fiscal Code
- To revalue monetary assets and liabilities in foreign currency (cash on hand, assets, liabilities) at the NBR exchange rate in force on the last banking day of the month
- To organise a stock count of inventories if the enterprise does not use a perpetual inventory system
- To issue final invoices for the current month.

TO COMPLY WITH REQUIREMENTS REGARDING VAT

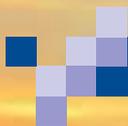
- Mention the registration code under the scope of VAT on documents for EU business partners
- Check validity of registration code under the scope of VAT mentioned on invoices received
- Check amount of VAT disclosed on invoices received
- Check references related to VAT (e.g.: "reverse charge," "operation not subject to VAT," etc...)
- On invoices, write VAT amount received in case of reverse charge
- Maintain ledger of goods received
- Maintain ledger of non-transfer of goods
- Maintain non-current assets ledger
- Mention which exchange rate will prevail (NBR, commercial bank or Central European Bank) in contracts with foreign partners

TO CONSULT THE CALENDAR OF TAX LIABILITIES, VISIT THE FOLLOWING LINK ON ANAF WEBPAGE (IN ROMANIAN):

https://static.anaf.ro/static/10/Anaf/AsistentaContribuabili_r/Calendar/Calendar_obligatii_fiscale_2019.htm

KEY HR FIGURES

2019 Contributions for dependent activities	Employer and beneficiary (for activities considered dependent) (% share)	Employee and dependent worker (% share)
Social security contribution (pension)	<ul style="list-style-type: none"> • It is not due to normal working conditions • 4% for special work conditions • 8% for special work conditions 	25% (**)
Contribution to health insurance fund (calculated on gross income)	It's not due	10% (***)
Work insurance contribution	2.25% (*)	
Income tax		10% (****)
Disability Fund (for employers with more than 50 employees)	4 x minimum wage for every 100 employees	
The amount of a taxable meal tax in the sense of income tax	max 15,18 lei	
Minimum wage (gross) from 1 January 2019	<ul style="list-style-type: none"> • 2,080 lei • 2,350 lei (for more than 1 year and functions requiring higher education) • 3,000 lei for employees on construction field 	
Diurnal (in the country) For employees of public institutions For private sector employees (* 2.5)	<ul style="list-style-type: none"> • 20 lei • 50 lei 	
<p>The below tax facilities are available for employers on the field of construction, when minimum 80% of turnover if from construction activities defined by law:</p> <p>(*)not due by employer</p> <p>(**) the social security owed by the employee is decreased to 21,25%</p> <p>(***) health insurance is not due by the employee</p> <p>(****) tax on income is not due for gross salaries between 3.000 lei and 30.000 lei.</p>		



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Our Mission:
Adding Value to Client's Business

APEX Team includes qualified professionals able to provide a full range of accounting and payroll services. Our consultants are ready to share their knowledge and experience gained whilst working in Romania as consultants for one of the Big 4 international companies, having many international companies acting in a wide range of industries as clients.

The team includes chartered accountants (Romanian Chartered Accountants Body and also ACCA) specialised in accounting for business entities, as well as a group specialised in payroll administration on behalf of the client.

APEX Team provides a full range of accounting services, payroll services, local tax compliance and tax advice, as well as services tailored to your company needs:

- Bookkeeping*
- Recurring accounting assistance*
- Payroll computation and additional HR services*
- Accounting and tax advice « on line »*
- Consulting and assistance in drafting transfer price files*
- Start up services*
- Organization of the accounting function*
- Assistance in implementation of ERP*
- Training*