

56 Boulevard Dacia,
District 2, Bucharest
Tel: +40 (0) 31-809 2739
Fax: +40 (0) 31-805 7739
Email: office@apex-team.ro

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GOVERNMENT EMERGENCY ORDINANCE 127 dated 8 October 2008 to amend and complement Law 571/2003 – Fiscal Code (Official Gazette 705/2008)

The main amendments and complements brought by this Ordinance are:

CORPORATE TAX

- ☑ Income derived from trading securities on licensed markets monitored by the National Securities Commission (CNVM) is not taxable income during 2009. During the same period, expenses representing the cost of these securities as well as their transaction costs are disallowed expenses for the computation of taxable profit;
- ☑ Starting 1st January 2009, the limit of deductibility of the amounts paid into an **optional pension fund** on behalf of an employee increases from the equivalent in RON of Euro 200 to **Euro 400** per fiscal year per participant;
- ☑ Starting 1st January 2009, the limit of deductibility of the **voluntary health insurance** premiums increases from the equivalent in RON of Euro 200 to **Euro 250** per fiscal year per person.

INCOME TAX

- ☑ Starting 1st January 2009, amounts paid in accordance with legislation in force by the employer to an optional pension fund on behalf of its employees are not taxable income for the employee up to the limit of the equivalent in RON of Euro 400 per year, and up to the RON equivalent of Euro 250 per year for voluntary health insurance premiums;
- ☑ Capital gains obtained by natural persons from the disposal of securities other than shares of a closed company are not taxable during 2009.

REVENUE OBTAINED BY NON-RESIDENTS

- ☑ Profits obtained by foreign legal entities from trading securities of Romanian legal entities are not taxable when the transaction takes place in a licensed market monitored by CNVM;
- ☑ Capital gains obtained by non-resident natural persons from the disposal of securities other than shares of a closed company are not taxable during 2009;
- ☑ Revenue obtained by non-resident entities of collective investments which are not legal entities from the disposal of directly or indirectly held bonds and securities issued by Romanian legal entities are not taxable income in Romania starting 1st January 2009;
- ☑ Revenue obtained in Romania by non-residents from the disposal of derived financial instruments as defined by law are not taxable income in Romania starting 1st January 2009;
- ☑ Revenue obtained on foreign capital markets by non-residents from the disposal of securities issued by a Romanian legal entity or bonds issued by Romanian residents are not taxable income in Romania starting 1st January 2009.

VAT

Starting 1st November 2008, a special VAT return for VAT non payers (form 301) is to be submitted as follows:

- ☑ By the 25th of the month following the month the generating event occurred, i.e. the EU acquisition;
- ☑ Prior to the registration in Romania of a new vehicle, but no later than the 25th of the month following the month the generating event occurred, i.e. the EU acquisition.

LOCAL TAXES

Starting in 2009, tax on construction as well as tax on land is reduced by 50% if the construction and related land are held by legal entities which use them exclusively for rendering services in the tourism sector for a period of a maximum of 6 months during the calendar year.

Exchange rate for computation of excise taxes in 2009

The exchange to apply when computing excise taxes in 2009 is RON/Euro 3.7364 as published in the EU Official Gazette C250 dated 2 October 2008.

LAW 202 dated 21 October 2008 to amend point 1 of article 134 of Law 53/2003 – Labour Code (Official Gazette 728/2008)

3 additional days off are introduced by this Law, the legal days off becoming:

- 1 and 2 January;
- Easter – Sunday and Monday;
- 1 May;
- Pentecost – Sunday and Monday;**
- St. Mary's Day – 15 August;**
- 1 December (National Day);
- Christmas and 26 December;
- 2 days for each of the 3 religious celebrations declared as such by non-Christian cults for their followers.

GOVERNMENT EMERGENCY ORDINANCE 126 dated 8 October to amend and complement legal dispositions in order to cancel the link between compensation granted from the budget of unemployment insurance and the national minimum gross salary and to establish implementing measures for EU regulations (Official Gazette 697/2008)

This Ordinance amends the following laws:

- Law 76/2002 on the unemployment insurance system and enhancement of labour force occupation: the level of the **reference social indicator** is defined and set at **RON 500**. Unemployment allowances and other similar rights will be set in reference to this indicator as well as financial aid granted to stimulate hiring of the unemployed, disabled persons or students;
- Law 72/2007 to stimulate hiring pupils and students: financial aid granted to the employer which employs pupils and students during their holidays is set at 50% of the amount of the reference social indicator and no is longer pegged to the national minimum gross salary;
- Law 279/2005 on apprenticeships in the workplace: the salary paid to an apprentice under an apprenticeship contract is set as a percentage of the reference social indicator.

ORDER 754 dated 2nd October 2008 to amend and complement methodological Norms to establish supporting documents to acquire the quality of an insured person without contribution payment as well as to apply foreclosure measures to collect amounts due to the unique national Fund for health insurance, approved by Order of the National Health Insurance House President 617/2007 (Official Gazette 706/2008)

This Order introduces complements regarding acquisition of documents which certify the quality of insured person for different categories of persons (children, pupils, supported spouse, disabled person, person who is on leave to raise a child under 2, pensioners, etc.).

ORDER 2848 dated 30 September 2008 to update the list of large taxpayers administered according to provisions of OMFP 753/2006 regarding organisation of the administration of large taxpayers with its further amendments and complements (Official Gazette 698/2008)

ORDER 2847 dated 30 September 2008 to update the list of medium size taxpayers administered as per provisions of OMFP 1074/2006 regarding organisation of the administration of medium size taxpayers by the Bucharest General Inspectorate of Public Finance with its further amendments and complements (Official Gazette 648/2008)

ORDER 1338 dated 30 September 2008 to approve of the Procedures regarding guidance and assistance to be provided to the taxpayer by tax authorities (Official Gazette 706/2008)

The structures which will guide and assist the taxpayers are defined as well as their area of activity and the modalities to guide and provide assistance. In addition, the procedure to be followed by the taxpayer to obtain the requested information is defined.

DECISION 888 dated 1st October 2008 on the verification and approval procedures for IT systems for issuing invoices in electronic format as well as performance and security norms for IT systems used by entities which issue, transmit or archive invoices, receipts and fiscal vouchers in electronic format (Official Gazette 718/2008)

To be licensed to issue invoices in electronic format, any issuer must use an IT system approved by the Authority for Communications (ANC). In this sense, the ANC will be asked to approve the IT system in use. The present Order sets the necessary documents to obtain approval, audit tests to be performed on the IT system, the entities which can conduct this audit as well as other related issues regarding the performance of the approval procedures.

ORDER 592 dated 26 August to approve methodological Norms for using forms within the Romanian health insurance regime issued to implement Council Regulation CEE no. 1408/71 regarding the application of social security regimes for employees, freelance workers and their family who move within the EU as well as Regulation CEE no. 574/72 establishing implementation norms for Regulation CEE no. 1408/71 (Official Gazette 648/2008)

INSTRUCTION 30 dated 1st October 2008 regarding the reference interest rate of the National Bank of Romania (NBR) for the month of October 2008 (Official Gazette 685/2008)

For the month of October 2008, the NBR reference interest rate is 10.25 % per annum.

LAW 162 dated 1^{er} October 2008 to approve GEO 55/2008 to extend the Program to stimulate automobile upgrades in 2008 (Official Gazette 684/2008)

The Law amends the Government Emergency Ordinance as follows: the accredited producer guarantees access to the Program to individuals who submit in due time all the necessary documents for the acquisition of a new automobile. In case access to the Program is denied to a person for reasons caused by the producer, the producer must offer the possibility of purchasing a new automobile for RON 3,000 less than the standard price of such a vehicle to this person.

DECISION 1132 dated 18 September 2008 on batteries and accumulators and battery waste (Official Gazette 667/2008)

The main amendments brought by this Decision are:

- It is forbidden to introduce batteries into the market, including those incorporated in devices, which contain cadmium in a proportion of more than 0.002% of their weight.
- Producers must register with the National Agency for the Protection of the Environment to be allowed to introduce batteries into the market. After 26 September 2008, only batteries which meet the requirements of this Decision may be introduced into the market. Existing producers can register by 30 April 2009.

H.R. KEY FIGURES

2008 Contribution	Employer (%)	Employee (%)
Social security contribution (*)	19.50% for normal working conditions (**) 24.50% for particular working conditions (**) 29.50% for special working conditions (**)	9.5%
* NOTE: The basis for the employer and employee contribution to social insurance is no longer subject to a ceiling. ** NOTE: Starting 1 st December 2008, employer contributions to social insurance decrease to: 18% for normal working conditions 23% for particular working conditions 28% for special working conditions		
Medical leave contribution and health insurance allowance	0.85%	
Work accident and occupational disease fund	0.4% - 2% depending on CAEN code for main activity	
Unemployment fund	1% (**)	0.5% (*)
* NOTE: Employee unemployment contributions are calculated by applying 0.5% to total gross income ** NOTE: Starting 1 st December 2008, employer contributions to unemployment will be 0.5%		
Contribution to fund to guarantee payment of salary liabilities	0.25%	
Health insurance fund	5.5% (*)	5.5%
* NOTE: Starting 1 st December 2008, employer contributions to health insurance will be 5.2%.		
Labour office commission	0.25% or 0.75%	
Salary tax		16%
Contributions for non employment of disabled persons (for employers with more than 50 employees)	4 x 50% minimum gross salary (RON 540) for every 100 employees	
Luncheon ticket	8,31 RON starting 1 st September 2008	
Minimum monthly gross salary	RON 540 starting 1st October 2008 (RON 600 starting 1 st January 2009) RON 1,080 starting 1st October 2008 for positions requiring a University degree	
Average monthly gross salary (INSSE August 2008)	1,728 RON	
Per diem (in Romania)		
Employees in the public sector	13.00 RON	
Employees in the private sector (*2.5)	32.50 RON	

- ☑ It is forbidden for dealers to sell batteries from non-registered producers.
- ☑ Producers must keep an evidence of battery production for 5 years (previously 3 years).
- ☑ Producers must organize the collection of waste individually or by contracting with a legally established economic operator ("collective organisation") which will assume this responsibility.
- ☑ Fines have increased from RON 100-10,000, which were previously RON 2,500-30,000. In addition, market recalls can be ordered for batteries which do not comply with provisions in force.
- ☑ The producer registration procedure as well as the procedure and licensing criteria for collective organisation will be defined in a common Order issued by the Ministry of Environment and Sustainable Development and the Ministry of Economy and Finance within 60 days the present Decision enters in force.

The Decision entered in force on 26 September 2008.

DECISION 1061 dated 10 September 2008 regarding the transport of toxic and non-toxic waste on the Romanian territory (Official Gazette 672/2008)

The main amendments brought by this Decision are:

- ☑ The transport of non-toxic waste is only made when the dispatcher prepares a form in 3 copies regarding loading/unloading on-toxic waste.
- ☑ With respect to toxic waste generated in a quantity less than 1 ton per year, the dispatcher must submit one copy

- of the dispatch/transport form duly signed and stamped to the local agency for the protection of the environment.
- ☑ The form for approval of toxic waste is prepared in 6 copies (compared to 5 previously).
- ☑ The fine for breaching provisions regarding procedures for transport of toxic and non-toxic waste has increased from RON 7,500-10,000 to RON 10,000-20,000.

INFO - Certificate regarding energy consumption mandatory for real estate transactions

All construction and apartments will have an "energy certificate" by 2010 - a document in which all energy consumption in the building is disclosed. Further to an audit performed by an energy auditor, the premises will receive a rate of A to G depending on energy consumed for heating, air conditioning and lighting. If a flat is rated "A", it means consumption of energy is low but if it is rated "G", it indicates high consumption of energy and consequently significant expenses.

The purpose of this certificate is to inform the consumer, i.e. the person who purchases or rents the premises how high the energy consumption is and consequently the energy bill.

INFO - Payment of fiscal liabilities by the individuals on-line

The system which enables the individuals to pay on-line using the bank cards taxes, contributions and other liabilities to the State Budget is now operational.

On-line payments can be made using the Virtual Payment Counter (www.ghiseul.ro) portal administered by the Agency of Services for Information Society (ASSI), an institution subordinated to the Ministry of Communications and IT.

Individuals can settle fiscal liabilities for income tax, advance payments of tax, income tax adjustments and incidental fiscal liabilities on-line using their bank cards for the following types of income:

- Revenue from commercial activities;
- Revenue from professional practice;
- Revenue from intellectual property;
- Rental revenue;
- Capital gains from disposal of securities;
- Gains from sale or purchase of foreign currency forward contracts;
- Agricultural revenue;
- Capital gains from disposal of real personal estate property;
- Salary income for which employees must determine, declare and pay income tax.

Furthermore, Bucharest traffic violation fines can be paid by Romanian or foreign persons who are residents of Bucharest.

NOVEMBER 2008 – AGENDA

Everyday - do not forget:

- To complete the petty cash register (or print the electronic version)
- To complete the purchase ledger and sales ledger

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
- To organise a stock count of inventories if the enterprise does not use a perpetual inventory system
- To issue final invoices for the month of November 2008 (but be aware that the deadline of the 15th of the following month applies).

To comply with new requirements regarding VAT:

- Mention the registration code under the scope of VAT on documents for EU business partners
- Check the validity of the registration code under the scope of VAT mentioned on invoices received
- Check the 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 the ledger of goods received
- Maintain the ledger of non-transfer of goods
- Mention which exchange rate will prevail (NBR or commercial bank) in contracts with foreign partners.

During the month - do not forget:

That Monday 10 November is the last day to submit:

- Return on collection of hotel tax

That Monday 10 November is the last day to pay:

- Hotel tax
- Advertising services tax

That Monday 17 November is the last day to submit:

- INTRASTAT statement for October 2008 (submit on-line)

That Monday 17 November is the last day to pay:

- Agricultural revenue tax (50% Instalment II and final for 2008).
- Billboard tax (Instalment IV and final for 2008)

That Tuesday 27 November is the last day to submit:

- State consolidated budget liability return (form 100)*
- Social insurance and special funds liability return (form 102)*
- Excise tax return (form 103)*
- VAT return (form 300)*
- Social security statement with list of insured persons
- Social security statement regarding liabilities to the National Fund for health insurance, medical leave and compensation from health insurance
- List of insured employees and health contribution to social health insurance fund
- Unemployment fund statement with list of insured persons
- Tax return for commission due by employers to the Labour Inspectorate (ITM)
- Statement of income obtained from abroad by individuals who carry out activity in Romania and by Romanian citizens who are employees of diplomatic missions and consular posts accredited in Romania (form 224)
- Special VAT return for VAT non payers (form 301)*
- Environment Fund Statement

That Tuesday 27 November is the last day to pay:

- Excise taxes
- Tax on crude oil and natural gas from domestic production
- Withholding tax on non-resident income
- VAT
- Salary tax
- Tax on income from independent activities, withheld at source
- Tax on interest income
- Tax on investment income
- Tax on pension income
- Tax on income from prizes and gambling
- Tax on income from other sources
- Social security contribution
- Health insurance contribution
- Medical leave contribution and health insurance allowance
- Unemployment contribution
- Contribution to fund to guarantee payment of salary liabilities
- Commission to ITM for holding and updating Labour books
- Contribution to work accident and occupational disease fund
- Contribution for non employment of disabled persons
- Contribution to the Environment Fund
- Gambling tax.

All forms mentioned above as well as guidance on their preparation may be downloaded from the Ministry of Economy and Finance website: www.mfinante.ro

The tax returns noted with an asterisk (*) can be submitted by remote means of electronic transmission by taxpayers which have opted to file their returns on-line and which hold a digital certificate issued by ANAF prior to 1st May 2008, or by an accredited supplier of certificates after 1 May 2008.



56 Boulevard Dacia,
District 2, Bucharest

Tel: +40 (0) 31-809 2739

Tel: +40 (0) 74-520 2739

Fax: +40 (0) 31-805 7739

E-mail: office@apex-team.ro

Site: www.apex-team.ro

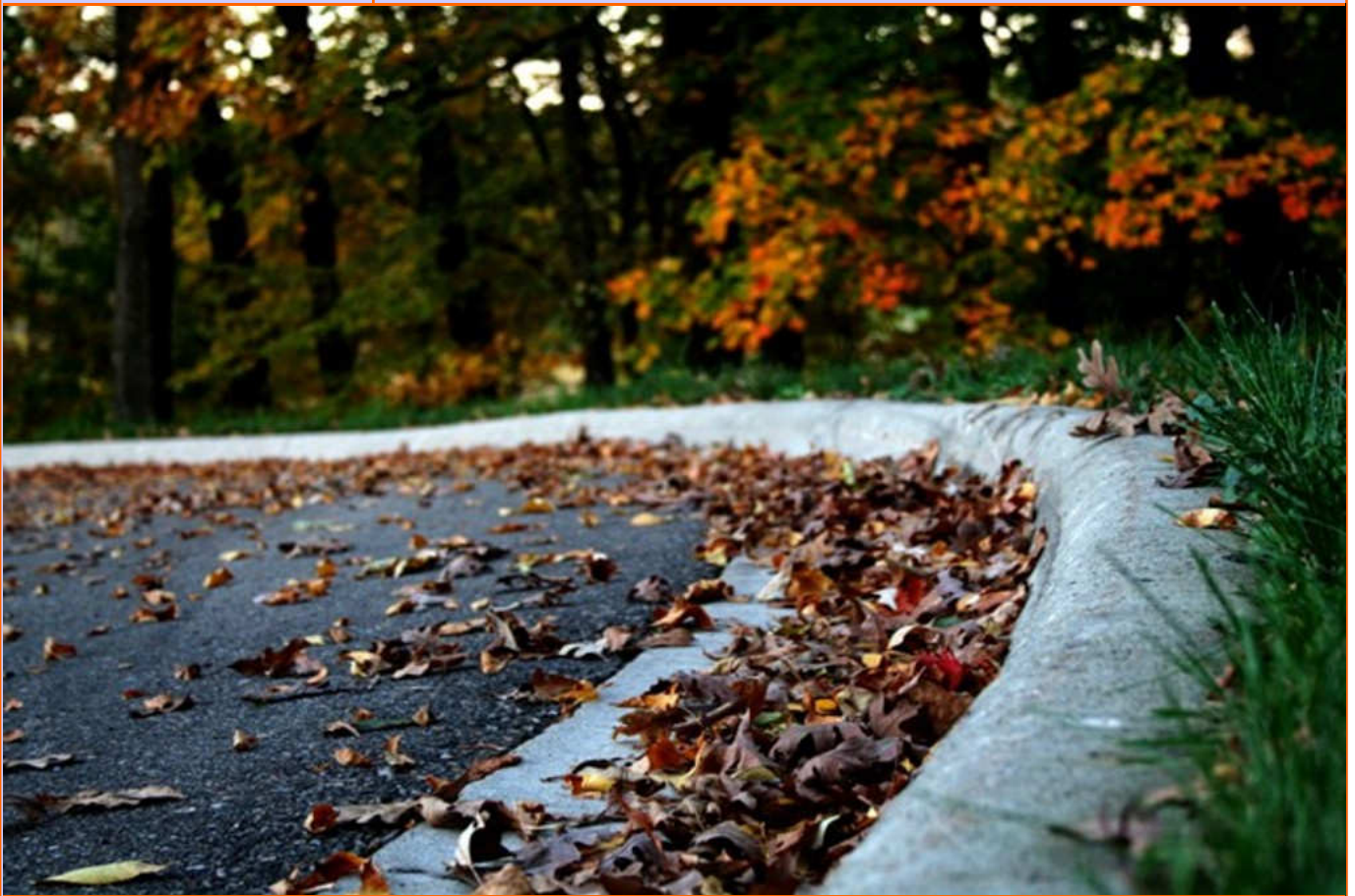
ACCOUNTING AND PAYROLL
EXPERT TEAM

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 team specialised in payroll administration on behalf of the client.

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

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



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