

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

Contents:

- Establishment of Central Fiscal Committee
- Tracking VAT evidence
- Money laundering – suspect transactions to report
- Correction of errors in settling fiscal liabilities
- NBR interest rate for May 2008
- Starting October 2008, private persons will pay tax on-line
- Health contribution and poor families
- As of 1st July 2008, pollution tax replaces special tax on automobiles
- Insurer solvency – life insurance
- Law on commercial companies - New: cross border mergers and European companies
- Summer jobs
- June 2008 Agenda

ORDER 1318 dated 25 April 2008 regarding set up and duties of the Central Fiscal Committee (Official Gazette 352/2008)

As per this Order, the Committee issues resolutions regarding:

- Tax related matters, corroborating legal framework in the field with adjacent legislation if any, when a unitary treatment is necessary in order to avoid different interpretations in application of the law;
- Matters regarding conflicts of competence between tax authorities which are not under the subordination of a common hierarchy body.

The Committee resolutions are approved by Order of the Ministry of Economy and Finance (MEF) and are applicable starting the date the regulatory act taken to solve the case enters into force.

Resolutions regarding unitary application issued by the Committee produce no effect on fiscal administrative acts which are final and binding after usual means of appeal. Committee resolutions approved by the Ministry can, however, be challenged in court.

The Committee is under the coordination of the State Secretary in charge of fiscal policies and legislation. Its members are mainly representatives of MEF and the National Fiscal Administration Agency (ANAF).

Involvement of the Committee in the resolution of cases can be initiated by specialized inspectorates of MEF or by the Committee dedicated to fiscal procedure within ANAF.

ORDER 1372 dated 6 May 2008 to maintain evidence in the scope of VAT in conformity with article 156 of Law 571/2003 – Fiscal Code (Official Gazette 364/2008)

This Order updates the following templates for documents kept to track operations regarding VAT:

- Sales journal;
- Purchase journal;
- Ledger of non-transfer of goods;
- Ledger of movable tangible items received in the scope of expertise or to carry out work on them.

The documents disclosed in the Appendix to the Order are not standard forms imposed by MEF. The taxpayer may draft a template for the documents to determine output VAT and input VAT depending on the specificity of the business field.

The documents may be hand written or prepared using IT. They may be archived by any means and anywhere in the following conditions:

- the retention location must be in Romania except for documents prepared by IT which may be kept anywhere if during the retention period:
 - On-line access to the data is guaranteed;
 - Full content of the documents is guaranteed;
- In case of IT retention, these documents may be put at the disposal of tax authorities with any delay and as often as required.

EMERGENCY ORDINANCE 53 dated 21 April 2008 to amend and complement Law 656/2002 to prevent and fight money laundering as well to establish prevention measures to fight against financing terrorism acts (Official Gazette 333/2008)

Persons appointed by internal resolution must report to the Office, within 10 working days, any suspect transaction in petty cash in RON or foreign currency for at least the equivalent in RON of Euro 15,000 irrespective of whether the transaction was single or through several operations which seem related. Previously, the minimum amount to report was Euro 10,000.

These provisions also apply to bank transfers out of Romania and from abroad which exceed Euro 15,000.

ORDER 1311 dated 25 April 2008 to approve the Procedures for adjusting material errors in payment instruments drafted by the taxpayer while settling tax liabilities (Official Gazette 340/2008)

Adjustment of material errors on payment orders drafted by the taxpayer is made upon an application filed with the tax authorities in accordance with provisions of article 114 paragraph 6 of Government Ordinance 92/2003 – Fiscal Procedure Code with its subsequent amendments and complements.

The procedure applies when:

- The settlement of fiscal liabilities was made into another Treasury account than the one corresponding to the tax liability or an inaccurate fiscal code was used, or
- Payments were transferred into a bank account (including the sole account) other than the one where fiscal liabilities ought to be posted.

Processing the taxpayer application will be made further to a decision approved by the Head of the tax authority in charge within 45 days from the application registration date.

Upon approved, a memo will be transmitted to the Treasury and to the Public Accountancy, the inaccurate payments will be written off and will be recorded in the correct accounts.

INSTRUCTION 12 dated 2 May 2008 regarding the reference interest rate of the National Bank of Romania (NBR) for the month of May 2008 (Official Gazette 351/2008)

For the month of May 2008, the NBR reference interest rate is 9.50 % per annum.

ORDER 718 dated 25 April 2008 to approve the types of taxes, contributions and other income of the consolidated State Budget which may be paid on-line (via Internet) by the natural persons using their bank debit card (Official Gazette 347/2008)

Natural persons can settle their fiscal liabilities with their bank card on-line regarding income tax, advance payments on income tax, adjustment of income tax as well as related fiscal liabilities for the following types of revenue:

- revenue from commercial activities;
- revenue from independent occupations;
- revenue derived from intellectual property;
- rental revenue;
- gain on disposal of capital stock;;
- gain from forward foreign exchange contracts;
- agricultural revenue;
- gain on disposal of personal real estate property;
- employment revenue for the employees for whom it is man-

datory to assess, declare and pay income tax. ANAF will provide facilities which are necessary to enable natural persons to pay their fiscal liabilities via the Internet using their bank cards.

The provisions of this Order will enter into force on 1st October 2008.

ORDER 693 dated 23 April 2008 to complement Order 101/2008 issued by the ANAF President to approve the model and content of forms used to declare taxes and contributions under self assessment or withholding regimes (Official Gazette 336/2008)

A new caption is added to the list of the fiscal liabilities toward the Budget of social insurance and special funds:

- row 26 – Contribution for health social insurance due by the persons who are part of a family entitled to social welfare as per Law 416/2001 regarding minimum guaranteed income with its subsequent amendments and complements.

This liability is to be declared monthly on form 102 by the taxpayers by the 25th of the month which follows the month it refers to. This fiscal liability is added to the list of the fiscal liabilities due to the Budgets of social insurance and special funds which are settled by transfer into the sole account as per Order of ANAF President 691/2008 (Official Gazette 337/2008).

EMERGENCY ORDINANCE 50 dated 21 April 2008 to establish a pollution tax on automobiles (Official Gazette 327/2008)

This Ordinance sets pollution tax for automobiles which will replace starting 1st July 2008 the special tax on tourism cars/motor vehicles.

Payment of the tax is mandatory upon first registration of an auto vehicle in Romania as well on resuming use of a vehicle previously benefiting from a tax exemption.

The amount of tax which will be collected and managed by the Administration of the Environment Fund will be set by the tax authority depending of the following criteria:

- level of pollution;
- age of the automobile;
- cylinder capacity;
- level of emission of carbon dioxide (for automobiles which were conceived and built for transport of persons with pollution norm Euro 3 and Euro 4).

In addition to the types of vehicles already exempted, the auto vehicles which had their body or chassis replaced are tax exempt under the condition they had been previously registered in Romania.

Join the team!

APEX Team recruits senior and junior accountants.

Send your C.V. at recrutare@apex-team.ro

Your application will be treated confidentially.

Provisions of the Ordinance set tax exemption for the automobiles which:

- are granted to public administration institutions and non-government organisations;
- are confiscated or entered into private State property;
- are considered as used for sports competitions.

Auto vehicles with a diesel engine equipped with a particle filter benefit from a 25% tax reduction.

The difference between the amount paid for the 1st January 2007 to 30 June 2008 period for the special tax on tourism cars/motor vehicles and the amount resulting from the application of the new dispositions will be refunded to the taxpayer in accordance with a procedure which will be set by a Government Decision.

ORDER 4 dated 24 April 2008 to implement Norms regarding computation of solvency margin as well as minimal solvency margin and security fund in life insurance (Official Gazette 346/2008)

EMERGENCY ORDINANCE 52/2008 to amend and complement Law 31/1990 on commercial companies and to complement Law 26/1990 on the Trade Register (Official Gazette 333/2008)

Among the main amendments and complements to Law 31/1990, we mention:

Capacity to conclude deeds regarding disposals

Article 70¹ is introduced: disposals of company assets may be concluded by the representatives of a commercial company enabled by law, constitutive deed or resolution of the company bodies taken in accordance with the provisions of law and the constitutive deed without a special power of attorney or deed being necessary, even if the disposals must be concluded in deeds. Disposals are deemed valid when concluded by the legal representatives enabled by resolutions or powers of attorney granted under private signature in accordance with dispositions of the constitutive deed and other company regulations as long as the power of attorney was granted by the company bodies in the respect of the provisions of Law 31/1990.

Merger and spinoff

Procedures for mergers and spinoffs have been simplified in some circumstances:

Examination of the merger and spinoff project and a report drafted by an expert appointed by the Judge in charge are no longer necessary if all shareholders (or all other holders of stock conferring vote rights) of each of the companies involved in the merger or spinoff approve a resolution to do so.

In case of spinoffs, drafting a report by the Director presenting the spinoff project, disclosing legal and economical rationale and its remittance to the shareholders are not longer necessary in case all shareholders (or all other holders of stock conferring vote rights) approve a resolution to do so.

In addition, it is no longer necessary to provide shareholders with financial statements.

Cross border merger

A new chapter is introduced: Chapter III "Cross border merger" in title VI "Dissolution, merger and spinoff of commercial companies", which transposes Directive of European Parliament and Council 2005/56/CE dated 26 October 2005 on cross border mergers of capital companies, published in the European Union Official Gazette L 310 dated 25 November 2005.

Cross border mergers presume that, among the companies involved, at least 2 are governed by the law of 2 different member States. As per Emergency Government Ordinance (« OUG ») 52/2008, a "member State" is considered to be other EU member States as well as countries which are part of the European Economical Space.

Among the forms of commercial companies set by Romanian law, only the « SA », « SCA » and « SRL » legal Romanian persons and European companies with their registered headquarters in Romania may be involved in a cross border merger.

Procedures for cross border mergers are generally similar to mergers between commercial companies which are legal Romanian entities.

Regarding commercial companies which are legal Romanian entities and European companies with their registered headquarters in Romania which have ownership of plots of land located in Romania, OUG 52/2008 establishes that they will be enabled to be part of a cross border merger if the absorbing company or the newly set up company is a legal entity whose nationality is of another member State only after 5 years from the date Romania joined the EU. In case of agricultural land, the time frame has been extended to 7 years.

European company

A new title is introduced: Title VII¹ "European company" which represents the domestic legal framework necessary for direct application of Council Regulation (CE) 2157/2001 dated 8 October 2001 regarding the status of European companies published in EU Official Gazette L 294 dated 10 November 2001.

European companies with their registered headquarters in Romania are governed by the dispositions of Council Regulation (CE) 2157/2001, by the provisions of Title VII¹ of Law 31/1990 as well as the provisions which regard the company shares to the extent they are compatible with EU regulation.

European companies with their registered headquarters in Romania are legal entities on the date of registration with the Trade Register. European companies registered in Romania may transfer their registered headquarters in another member State based on a project approved by the Judge in charge as well as a resolution of a General Meeting approved in the conditions set in article 115 (2) of Law 31/1990.

European companies' payables to creditors which are prior to the publication date of the transfer project and not falling due at this date may question the transfer which is then suspended. Shareholders who voted against the transfer project at the General Meeting which finally adopted it may withdraw and ask the company to purchase their shares. The right to withdraw may be exercised 30 days starting from when the General Meeting resolution is dated.

Further to establishment by the Trade Register of the European company which was transferred, the Trade Register will transmit, at company expense, an announcement regarding the formation of the company at the Trade Register further to its transfer.

Complements to Law 26/1990 – Trade Register

In case of registration with the Trade Register for merger or spinoff operations as well as transfer of registered company headquarters to another "judet", the Judge in charge will state within the same decision:

- registration of the newly set legal entity;
- de-registration of the legal entity whose existence ends;
- registration of amendments in the constitutive deeds of

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%
<p>* NOTE: The basis for the employer and employee contribution to social insurance is no longer subject to a ceiling. ** NOTE: Starting 1st December 2008, employer contributions to social insurance decrease to: 18% for normal working conditions 23% for particular working conditions 28% for special working conditions</p>		
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		
Contribution to fund to guarantee payment of salary liabilities	0.25%	
Health insurance fund	5.5% (*)	6.5% (**)
<p>* NOTE: Starting 1st December 2008, employer contributions to health insurance will be 5.2%. ** NOTE: Starting 1st July 2008, employee contributions to health insurance will be 5.5%.</p>		
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 500) for every 100 employees	
Luncheon ticket	7.88 RON	
Minimum monthly gross salary	RON 500 RON 1,000 for positions requiring a University degree	
Average monthly gross salary (INSSE March 2008)	1,623 RON	
Per diem (in Romania)		
Employees in the public sector	13.00 RON	
Employees in the private sector (*2.5)	32.50 RON	

legal entities which become owners of part of the assets which belonged to the legal entity prior to spinoff operations;

- registration and de-registration of legal entities in case of transfer of registered headquarters into another "judet".

SUMMER JOBS

During their holidays, students may work temporarily. Individuals younger than 15 years old are not allowed to work. Between 15 and 16, parents' agreement is needed. It is only after 18 that students may have jobs with difficult or dangerous labour conditions or where the risks of injury are high.

A labour contract for a determined period may be concluded. The probation period is 5 working days if the duration of the labour contract is less than 3 months. Working hours for persons under 18 cannot exceed 6 hours/day and 30 hours a week, with a 30 minute daily lunch break.

Employers recruiting pupils or students during legal holidays will benefit from monthly financial support of the equivalent value of 50% of the minimum guaranteed national gross in-

come for each pupil or student recruited but not for more than 60 working days in a calendar year. To benefit from this assistance employers must sign a convention with the Unemployment Agency within 30 days starting the date a pupil or a student is employed.

Employers deduct the financial benefit from its unemployment payment contributions.

It is possible to have practice periods at the enterprise but they are unpaid.

As for work based on civil contracts, tax inspectors do not usually accept them, designating them as labour contracts triggering full tax and social contributions.

JUNE 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 the services rendered by non-residents, with tax authorities
- To organize a stock count of inventories if the enterprise does not use a perpetual inventory system
- To issue final invoices for the month of June 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 Tuesday 10 June is the last day to submit:**

- Return on collection of hotel tax

That Tuesday 10 June is the last day to pay:

- Hotel tax
- Advertising services tax

That Monday 16 June is the last day to submit:

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

That Monday 16 June is the last day to pay:

- Tax on billboards (2nd instalment)

That Friday 20 June is the last day to pay:

- Tax on Rep. Office (1st instalment – 50% of the lump tax of Euro 4,000)

That Wednesday 25 June 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 Wednesday 25 June 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
- Contributions for non employment of disabled persons
- Contributions to the Environment Fund
- Gambling tax.

That Monday 30 June is the last day to submit:

- Annual return on agricultural income (based on norms of income) for the year 2007 (form 215, code 14.13.01.13/9);
- Informative 2007 annual statement per beneficiary of income on the amount of tax withheld on income subject to withholding tax (form 205, code 14.13.01.13/l): dividends, interest, income from prizes and gambling, pensions, income from liquidation/dissolution and other income.

IMPORTANT

Once the 2007 financial statements are submitted to both the Tax authorities and the Trade Register, final operations to complete accounting and fiscal evidence for the year are:

- Complete the Register of fiscal evidence
- Maintain the Inventory Register
- Check that the minutes of the inventory committee and decisions for writing off assets are signed
- Archive the primary accounting documents (which ought to be kept for 10 to 15 years except for cases of an MEF Order setting the period for retention to 5 years);
- The retention period for financial statements has been reduced to 10 years per Law 259 dated 19 July 2007 to amend and complement Law 82/1991 (Official Gazette 506/2007).

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



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**



The above information is a short summary of recently published information and is not intended to be advice on any particular matter. APEX Team International disclaims liability to any person in respect of anything done in reliance of the contents of these publications.