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EMERGENCY ORDINANCE 226 dated 30 December 2008 regarding financial and budgetary measures (Official Gazette 899/2008)

This Ordinance abrogates a series of tax incentives introduced by Emergency Ordinance 192 dated 4 December 2008

- The reduction of 5% of tax liabilities settled with at least 10 days before the due date as well as the incentive to hire persons registered as unemployed;
- Restrictions are introduced regarding the timeframe for adjusting tax returns;
- Introduces fines between 4 and 5% for adjusted tax returns and when additional taxes are disclosed during a tax inspection.

The Ordinance sets the rates for **social insurance contributions starting 1st January 2009** as follows:

Health contributions

- 5.5% for the employee;
- 5.2% for the employer.

The application of health insurance contributions to pensions below the threshold for being subject to an income tax liability is postponed until 1st January 2010.

Pension contribution

- 28% for normal working conditions: 9.5% for the employee and 18.5% for the employer;
- 33% for particular working conditions: 9.5% for the employee and 23.5% for the employer;
- 38% for special working conditions: 9.5% for the employee and 28.5% for the employer.

The percentage redistributed to the mandatory private pension funds (pillar II) is increased from 2% to 2.5%.

Unemployment contributions and contribution to fund to guarantee payment of salary liabilities

- 0.5% unemployment contribution by the employer;
- 0.5% unemployment contribution by the employee;
- 1% unemployment insurance contribution by persons who conclude a contract with the unemployment insurance fund;
- 0.25% contribution to fund the guarantee payment of salary liabilities by the employer.

Contribution to work accident and occupational disease fund

The tax rate borne by the employer varies between 0.15% and 0.85%. The contribution is calculated by applying the appropriate tax rate to **full monthly gross salary**.

Pension point

The value of one pension point earned is RON 697.50.

Death indemnity

The amount of the indemnity is set:

- RON 1,702 in cases of death of an insured person or pensioner;
- RON 851 in cases of death of an insured person's family member.

Maternity indemnity

Starting 1st January 2009 the monthly indemnity is RON 600, where taxes were paid for paid leave to raise a child until he/she is 2 (3 years old if a disabled child) on income obtained during the year prior to the child's birth. An optional indemnity representing 80% of average income obtained during the previous 12 months but no more than RON 4,000 is also available.

DECISION 1618 dated 4 December 2008 to amend and complement implementation Norms of Law 571/2003 – Fiscal Code, approved by Decision 44/2004 (Official Gazette 865/2008)

The Decision amends Implementation Norms of the Fiscal Code with respect to VAT and excise taxes, the main amendments being:

VAT

- Until 1st January 2012, the possibility to constitute a fiscal group is reserved for large taxpayers.
- Rebates, reductions, discounts and other forms of price reduction are not included in the taxable base for TVA only if they are granted to the client directly by the supplier/service provider at the time of supply/provision of service and do not in fact represent remuneration for a service. For this purpose, the VAT value excluded from the delivered goods or ren-

dered services will be disclosed on the invoice issued and, on a separate line, the amount which reduces the taxable base will be disclosed. VAT will then be applied on the resulting base amount.

- In case of price reduction granted to the final consumer through vouchers issued by the manufacturer/dealer at the time of a promotion campaign, it is considered that the reductions are also granted for the benefit of the tradesman which accepts these vouchers from the final consumer, even if one of several persons intermediated by purchasing and reselling the items in the distribution circuit from the manufacturer/dealer to the tradesman.
- The vouchers must disclose the following at the minimum:
 - o Name of the manufacturer/dealer which grants the price reduction for promotional purposes;
 - o Product which is promoted;
 - o Total price reduction granted, without disclosing the associated reduction in VAT, on the face of the voucher;
 - o Expiry date of the voucher;
 - o Disclosure that the voucher may only be used in stores which received an agreement to participate in the promotion;
 - o Instructions on how to use the voucher;
 - o Name of the enterprise specialized in administering vouchers, if applicable.
- In case a taxable person receives an invoice in the name of another person or for goods/services rendered for the benefit of other persons and issues an invoice in its own name to these persons, the transaction is not considered disbursements made in the name of the client. The agent regime applies even if there is no such contract between the Parties. The person that applies the agent regime is not obliged to have in its object of activities the supply of goods or the provision of services. It is considered that it is only from a VAT point of view that the person which applies the agent regime is performing a goods delivery/service of the same nature as the person which actually performed the delivery or rendered the service.

Example: A supplier A based in Romania supplies goods to its client B based in Hungary (intra-community supply). Terms of delivery are ex-works and subsequently the transport is to be supported by the purchaser, i.e. B. However, B mandates A to hire a transport company being agreed that the price of the transport will ultimately be paid for by B. Transport company C charges the dispatching cost to A and A, by application of the agent regime, recharges the service to B. It is considered that A has received and rendered transport service.

- In cases where amounts are collected by a taxable person on behalf of another person, the agent regime applies even if there is no such contract between the Parties.

Example: company B collects the radio and TV tax from its clients, which, in turn, it transfers to the radio & TV company. This tax is mentioned on the invoice issued by company B together

with its own supplies of goods or provision of services. As the radio and TV tax represents (according to article 141 point 1 letter o of the Fiscal Code) a VAT exempt operation being performed by public radio & TV entities, company B is deemed to apply the same regime when invoicing this tax to its clients. In accordance with the agent regime, the radio and TV entities will invoice company B for the value of services that B collected on their behalf.

- Packaging which circulate to and from the suppliers of goods and its clients by means of exchange are not included in the VAT base, even if the client does not have the number of packaging units sufficient to realize the barter transaction, and pays a monetary guarantee in exchange for the packaging units received. For sales performed by enterprises which are obliged to use fiscal cash registers, monetary guarantees collected with respect to packaging are disclosed on a separate caption on the fiscal voucher, with VAT excluded. A refund of the monetary guarantee is not reflected in fiscal returns. Persons who received packaging further to payment of a monetary guarantee must periodically communicate to the packaging supplier, but no later than the deadline for performing the annual stock count, the number of packaging units written off from inventory records as they were destroyed, used, missing, etc. Within 5 working days of the communication date, the packaging supplier must prepare an invoice for the respective reduction in stock quantities and the invoice will include VAT. In case monetary guarantees were received by the owner of the packaging units from natural persons, guarantees received and not refunded will be tracked by ageing and VAT will be collected on the packaging units for which monetary guarantees have been collected for more than one calendar year ago.
- One of the conditions for the application of the VAT rate of 5% for the supply of lodgings, as per the welfare programme, is that the seller must ask the purchaser for a declaration whereby the purchaser declares under his/her own responsibility that he/she or his/her spouse, if applicable, does not own or has not owned lodging which has been purchased subject to the 5% VAT rate.
- For other categories of buildings deemed lodgings for elderly and retired persons, for children or for young disabled persons as well as categories transferred to the appropriate City Hall to be used as social dwellings, the seller may apply the 5% VAT rate only if provided with a declaration where the purchaser declares under own responsibility that the building will be used in the scope of the welfare programme defined by law.
- In case of supply of a building or a plot of land on which a building was erected and which forms a single property (with a single identification code on the "cadastre" property record), the regime applicable to the property is that portion of the property (land or building) with the larger value. When the land and building has the same value, the re-

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gime applicable to the property is determined in function of the immovable asset which has the largest area. These values result from an expert appraiser's report.

- ☑ The urbanism certificate qualifies a plot of land as having the right to construct a building on it, or with another destination.

Justification of the VAT deduction may also be made on the basis of invoices transmitted by electronic means.

Any person which inaccurately charges VAT on an invoice will pay VAT collected to the State Budget, but the beneficiary will not have the right to deduct VAT paid if the operation is exempt from the right of deduction.

EXCISES

- ☑ Licensed warehouses for storage can perform operations consisting in adding additional substances to products in the energy field which are under the suspension regime.
- ☑ Products in the energy field which are subject to restricted movement may only be purchased free of excise tax upon approval of the final user and upon payment of a guarantee.
- ☑ The final user licenses may be cancelled or revoked by the authorities in accordance with a procedure to be set by Order of the ANAF President. Cancellation may be pronounced when inaccurate or incomplete information was provided with respect to the license. Application for a license will be possible no earlier than 6 months after the date of revocation or cancellation of a license.
- ☑ Enterprises will provide the tax authorities with a statement under own responsibility for the purchase of products in the energy field which are not subject to restricted movement that they intend to use such products for purposes which are exempt from excise taxes.
- ☑ For the purchase of products in the energy field from tax warehouses located in other member States, the licensed or registered final user must also hold a license as a registered/unregistered operator.
- ☑ The maximum retail price for cigarettes may also be declared by the licensed warehouse which purchase such items within the EU or imported them in the scope of selling them on the domestic market.
- ☑ Licensed enterprises for the production of products in the energy field may receive bio-ethanol to be processed under the suspension regime and must accordingly have their license amended.
- ☑ On 31 March 2009 at the latest, licensed enterprises for production of excisable goods as per EU regulations must submit its operation manual to the relevant authority. The operation manual is also requested from the economic operator which applies for a license for the production of excisable items. This manual must include among other things a series of information related to the flow operations and performance of equipment and installations.
- ☑ On 31 March 2009 at the latest, licensed enterprises for production of excisable goods must amend their licenses by disclosing the excisable raw materials purchased under the suspension regime. Non-compliance with this deadline is sanctioned with the revocation of the license for a tax warehouse.
- ☑ Enterprises licensed for the production of alcoholic beverages and ethyl alcohol that have not obtained price referencing for manufactured products from the National Customs Authority must submit the documentation set by law by 31 January 2009. Non-compliance with this deadline is sanctioned by revocation of the license.
- ☑ Enterprises which return excisable items which were deemed for consumption to producers, in the scope of recycling, reconditioning or destruction, may obtain a refund

- of excise taxes in accordance with procedures set by law.
- ☑ Enterprises which purchase alcoholic beverages or products in the energy field under the regime of direct exemption of payment of excise taxes, based on final user licenses, risk having their license revoked and having to pay excise taxes if they do not submit the monthly statements set by law in due time.
- ☑ Excise tax exemption for products in the energy field supplied for use as fuel for aircraft engines other than private leisure aircrafts is also granted to the supplier which performs the supply through intermediation of a licensed enterprise as well as to the supplier which bills intermediary companies (which administer contracts with airline companies) for aircraft fuel.
- ☑ Use of fuel fully obtained from biomass is exempt from excise taxes. In cases where a minimum of 4% of fuel volume is obtained from biomass, excise taxes are reduced.
- ☑ Enterprises that import or make intra-community purchases of excisable products (not as per EU regulations) do not have to separately mention excise taxes on invoices they issue to the purchaser of such items.

ORDER 1746 dated 16 December 2008 to approve the model and content of form 300 "VAT return" (Official Gazette 864/2008)

Among the amendments, we mention:

- ☑ Introduction of rows for the supply and for the purchase of lodgings subject to the reduced 5% VAT rate as per the welfare programme;
- ☑ On the first row, meaning 4, 4.1, 15 and 15.1 for intra community supply of goods, intra-community acquisition of goods, and prices reductions will be disclosed if granted/received in a different quarter than the quarter when the supply/purchase took place.

ORDER 1809 dated 24 December 2008 to amend Order 101/2008 of the ANAF President to approve the model and content of forms used to declare taxes and contributions of taxpayers under the self-assessment or withholding regime (Official Gazette 894/2008)

ORDER 1607 dated 17 December 2008 to amend and complement Order 578/2006 of the Ministry of Environment and water administration to approve the methods to compute contributions and taxes due to the Environment Fund (Official Gazette 864/2008)

Among the most important clarifications, we mention the ecotax applicable starting 1st January 2009.

The obligation to calculate and pay an ecotax of RON 0.2 per piece lies with the economic operators which introduce shopping bags into the market whatever their destination or mode of marketing/distribution, as follows:

- ☑ The producer of shopping bags for bags manufactured in Romania;
- ☑ The importer for shopping bags from a country outside the European Union;
- ☑ The licensed natural or legal persons which introduce shopping bags in the domestic market of EU member States.

The following are not subject to the ecotax:

- ☑ Paper bags or bags made from textile materials;
- ☑ Bags made from materials other than those mentioned above if the economic operator proves that the material is biodegradable.

The biodegradability feature is determined on the basis of a conformity evaluation under the provisions of Law 608/2001 regarding the evaluation of conformity of products with the cate-

gories of applicable standards: international standards, Romanian standards or national standards of the EU member States which have adopted harmonized European standards.

Economic operators which introduce biodegradable packaging on the domestic market must file a declaration of conformity and maintain research results, certificates or other documents which attest to conformity of the material to standards mentioned above. Economic operators must also inform the purchaser or the final consumer on the biodegradable feature of the shopping bag with a marking or inscription on the bag.

ORDER 1801 dated 22 December 2008 to approve Decision 3/2008 of the Committee for fiscal procedures (Official Gazette 883/2008)

In case the taxpayer makes a payment in good faith which is more than the amount of the tax liability inaccurately on a tax return which is further adjusted by the taxpayer, or in cases where tax authorities determine in the conditions set by law an amount to be paid in addition to the initial tax liability, the date of settlement of the liability within the limit of the amounts paid in excess is the date of payment as defined by law if the amount paid has not been recovered by the taxpayer as of the date of adjustment or as of the date the tax authorities have determined the amount of an additional tax payment due.

ORDER 8061 dated 16 December 2008 to amend and complement Norms regarding simplified Customs procedures approved by Order 5465/2007 of ANAF Vice President (Official Gazette 888/2008)

The main amendments refer to:

- Customs agents may be authorized to use simplified Customs procedures on the premises or to submit simplified customs statements for the enterprises they represent (directly or indirectly) at the Customs point;
- Any legal entity established in the European Community may use the simplified Customs procedures mentioned above if it acts as an indirect Customs representative for a single entity or natural person;
- Some of the prevailing conditions to obtain approval to use simplified Customs procedures have been abrogated;
- Approvals for using simplified procedures which were issued prior to 1st January 2009 will be reassessed between 1st January and 14 March 2009. If it is found that legal conditions for licensing are being met, a new license will be delivered to the holder. Conversely, licenses not meeting licensing conditions will expire on 14 March 2009.

The provisions of the Order entered into force on 1st January 2009.

INSTRUCTION 1 dated 5 January 2009 regarding the reference interest rate of the National Bank of Romania (NBR) for the month of January 2009 (Official Gazette 27/2009)

For the month of January 2009, the NBR reference interest rate is 10.25 % per annum.

ORDER 23 dated 19 January 2009 to set the indexed amount which is granted under the form of nursery vouchers for the first half of 2009 (Official Gazette 39/2009)

For the first half of 2009, starting February, the monthly amount which is granted under the form of nursery voucher is RON 350.

ORDER 3483 dated 26 November 2008 to approve the Norms to determine, withhold and pay income on gains obtained by natural persons on disposal of securities (Official Gazette 24/2009)

The obligation to calculate, withhold and pay tax on capital

gains obtained from securities transactions except for interests holdings lies with the intermediary for each sale transaction at maturity in case of derivative financial instruments. The tax rate applied to the gain by the intermediary is 1%.

As for the natural person, he/she must disclose in his/her income declaration on the basis of the documentation provided by the intermediary:

- Net annual gain/net annual loss obtained from disposal of securities held in portfolio for a period of up to and including 365 days;
- Net annual gain/net annual loss obtained from disposal of securities held in portfolio for over 365 days.

ORDER 144 dated 17 December 2008 to approve Norms to determine, withhold and pay income on gains obtained by natural persons on disposal of securities (Official Gazette 24/2009)

Among the amendments and complements brought to the Norms by this Order, we mention:

- The definition of "stock option plan" is completed by the introduction of securities which are the object of transactions by an alternative system of transaction;
- The introduction of exceptions and special new circumstances for which the Norms expressly set the modes of determining the purchase price of the securities;
- New clarifications are brought regarding the procedure for securities transactions and for determining the resulting net gain in order to determine the associated tax as well as the duties of the central depository and the intermediaries.

Among other duties, the intermediary is obliged to submit a return regarding the calculation and tax withheld for each beneficiary of income for the previous year to the tax authorities by the end of February at the latest.

ORDER 1815 dated 29 December 2008 to approve the model and content of forms set at title III of Law 571/2003 – Fiscal Code (Official Gazette 2/2009)

The Order amends form 200 "Declaration of realized income" as well as form 250 "Annual fiscal decision upon income realized in Romania by natural persons." The amendments refer to the introduction of captions to declare rental income in cases where the number of rental contracts in progress exceeds 5. A landlord's income from more than 5 rental contracts qualifies as income from independent activities, which, in turn, is subject to annual taxation.

The issue of the annual fiscal decision will be on or before 15 September of the year which follows the year for which taxation is established.

These forms are used to declare and establish the annual tax afferent to income obtained after 1st January 2008.

EMERGENCY ORDINANCE 217 dated 4 December 2008 to continue the Programme to enhance replacement of old vehicles in 2009 (Official Gazette 848/2008)

The Ordinance is to continue the Programme to encourage replacement of old vehicles in 2009. For this purpose, the age of the vehicles which can benefit from this Programme is reduced from 12 to 10 years and the incentive is increased from RON 3,000 to RON 3,800. The incentive can be applied a single time and is deducted from the purchase price of a new vehicle. The Programme will be continued until 11 December 2009.

ORDER 3687 dated 17 December 2008 on the minimum level of excises on cigarettes (Official Gazette 860/2008)

From 1st January to 30 June 2009, excise taxes will be Euro 44.64 Euro per 1,000 cigarettes as a minimum, i.e. RON 166.79 per 1,000 cigarettes.

ORDER 1747 dated 16 December 2008 to amend Order 1/2008 of ANAF President to approve the model and content of forms regarding informative statements (Official Gazette 887/2008)

This Order approves the model of form 393 "Informative statement regarding income obtained from the sale of international road transport for persons with Romania as point of departure during the Year" which is to be filed by entities registered in the scope of VAT which has rendered international road transport services to persons during the previous year.

ORDER 13 dated 19 December 2008 to approve the accounting Regulations in accordance with European Directives applicable to non-banking financial institutions and to the Fund to guarantee deposits in the banking system (Official Gazette 879/2008)

ORDER 22 dated 18 December 2008 to approve the Norms regarding information requests and reports with respect to statutory audits of insurance/reinsurance company financial statements (Official Gazette 894/2008)

REMINDER – Which exchange rate to use

Scope	Exchange rate used
Ceiling for intra-community acquisitions of Euro 10,000, applicable during a calendar year	3.3817 RON/Euro (in force as of the date Romania joined the E.U.)
Taxable entity established in Romania which realizes a turnover exceeding the ceiling of Euro 35,000 Euro during 2009 must register under the scope of VAT 10 days after the end of the month when the ceiling was reached/exceeded	3.3817 RON/Euro (in force as the date Romania joined the E.U.)
Ceiling of Euro 100,000 to set the fiscal period regarding VAT or to benefit from the micro enterprise regime	3.9852 RON/Euro (in force as at 31 December of the previous year)
Ceiling of Euro 35,000 regarding distance sales	3.3817 RON/Euro (in force as the date Romania joined E.U.)
Non-profit organisations, trade unions and employer organisations are also exempted from corporate tax for revenue derived from economic activities obtained during a fiscal year up to the equivalent in RON of Euro 15,000, but no more than 10% of the total income exempt from corporate tax	3.6827 RON/Euro (average exchange rate for 2008)
<i>To determine the limit of deductibility of the following expenses :</i> <input checked="" type="checkbox"/> employer contributions to optional pension funds has a limit of Euro 400 per annum per employee <input checked="" type="checkbox"/> voluntary health insurance premiums up to a limit of Euro 400 per annum per person <input checked="" type="checkbox"/> fees and contributions to non-governmental or professional associations (in the limit of Euro 4,000 per annum)	<input checked="" type="checkbox"/> NBR exchange rate for date expense was recorded <input checked="" type="checkbox"/> NBR exchange rate for date expense was recorded <input checked="" type="checkbox"/> NBR exchange rate for payment date of fees
<i>Income tax</i> Translation of employee contributions withheld in RON into Euro for optional pension funds to check compliance with the annual ceiling of Euro 400	NBR exchange rate for last day of the month for which payroll is computed.
<i>Revenue derived from independent activities</i> To determine the limits of deductibility for contributions to optional pension funds topped at Euro 400 per annum per person as well as voluntary health insurance premiums up to a limit of Euro 400 per annum per person	3.6827 RON/Euro (average exchange rate for 2008)
Excise taxes, special tax on automobiles, tax on crude oil from domestic production	3.7364 RON/Euro (in force as at 1 st October 2008, published by the E.U. Official Gazette)

INFLATION RATE (source: www.insse.ro)

The National Institute for Statistics has published the inflation rate for 2008. The evolution for the last 8 years is presented below:

Year	2000	2001	2002	2003
Inflation rate	45.7 %	34.5 %	22.5%	15.3%
2004	2005	2006	2007	2008
11.9%	9%	6.56%	4.84%	6.3%

REMINDER – Do not forget to request tax residence certificates issued in 2009 from your foreign business partners

The tax residence certificates issued in 2008 are valid for the 60 first days of 2009.

REMINDER - IMPAIRMENT OF RECEIVABLE

As per the provisions of Accounting Regulations in accordance with E.E.C Directive IV, receivables are presented in the financial statements at their probable collection value.

Impairment of receivables recorded in client receivables or other debtors is made at the time of the annual inventory by recording impairment expenses.

What fiscal implications do bad debts and their impairment have?

As per the provisions of article 22 of the Fiscal Code, the deductibility of impairment expense is examined upon determination of the fiscal profit/loss:

- Impairment expenses are tax deductible up to 20% starting 1st January 2004, 25% starting 1st January 2005 and 30% starting 1st January 2006, of the value of the client receivables which meet all of the following conditions:
 - o were recorded after 1st January 2004;

H.R. KEY FIGURES

2009 Contribution	Employer (%)	Employee (%)
Social security contribution	18.5% for normal working conditions (*) 23.5% for particular working conditions (*) 28.5% for special working conditions (*) * New rates apply starting 1 st January 2009	9.5%
Medical leave contribution and health insurance allowance	0.85%	
Work accident and occupational disease fund	0.15% - 0.85% depending on CAEN code for main activity	
Unemployment fund	0.5%	0.5%
Contribution to fund to guarantee payment of salary liabilities	0.25%	
Health insurance fund	5.2%	5.5%
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 600) for every 100 employees	
Minimum monthly gross salary	Starting 1 st January 2009 RON 600 for unqualified positions RON 720 for positions requiring High School RON 1,200 for positions requiring a University degree	
Average monthly gross salary (INSSE November 2008)	1,844 RON	
Per diem (in Romania)		
Employees in the public sector	13.00 RON	
Employees in the private sector (*2.5)	32.50 RON	

- o have not been collected 270 days after due date;
- o are not guaranteed by a third person;
- o are owed by a person who is not a related party;
- o were included in the taxable income of the taxpayer.
- Impairment of client receivables which were recorded by the taxpayer prior to 1st January 2004 are tax deductible in the limits set above if the impaired receivable meets all of the following conditions:
 - o are not guaranteed by a third person;
 - o are owed by a person which is not a related party;
 - o were included in the taxable income of the taxpayer;
 - o The receivable is from a legal entity for which a bankruptcy procedure has been opened based on a judicial decision which proves this situation;
 - o no tax deductible impairment has been recorded for this receivable.
- Impairment expenses are fully tax deductible when all the following conditions are met:
 - o were recorded after 1st January 2007;
 - o receivable is from legal entity for which a bankruptcy procedure has been opened based on a judicial decision which proves this situation;
 - o are not guaranteed by a third person;
 - o are owed by a person which is not a related party;
 - o were included in the taxable income of the taxpayer.

As per the provisions of article 21, letter n of the Fiscal Code, the loss recognised by recording a receivable as irrecoverable is tax deductible in the following cases:

- The bankruptcy procedure of the debtor has been finalized by a judicial decision;
- The debtor is deceased and the receivable cannot be collected from his/her heirs;
- The debtor in the case of a limited liability company with a sole shareholder has been dissolved or liquidated without a successor;
- The debtor is facing major financial difficulties which jeopardize the entire patrimony.

From a VAT point of view, we mention that article 138 letter d of the Fiscal Code states that the tax base is reduced in case the value of the delivered goods or rendered services cannot be collected due to beneficiary bankruptcy. Adjustment is allowed

starting the date of pronouncement of the judicial decision for closing procedures set as per Law 85/2006 regarding the insolvency procedure, the decision being final and binding.

REMINDER – Loss of more than half of share capital

As per the provisions of Law 31/1990 regarding commercial companies, republished with its further amendments, if it is found that more than half of net assets have been lost, the share capital must be reconstituted or reduced before any appropriation.

When the Directors ("Administratori") find that further to losses enacted in the annual financial statements, the net assets, calculated as the difference between total assets and total liabilities of the company has decreased up to at least 50% of the subscribed share capital, they must convene an extraordinary general meeting to decide whether the company has to be dissolved. If the general meeting does not decide to dissolve the company, the company must, at the latest by the end of the financial year following the year when the loss has been disclosed, reduce the share capital with an amount at least equal to the losses which could not be covered by reserves; unless the company net assets had been reconstituted at that time up to an amount equal to at least half of the share capital.

FEBRUARY 2009 – AGENDA**Every day - do not forget:**

- To complete the petty cash register (or print 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 February 2009 (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 2 February is the last day to submit:

- The option to become a corporate taxpayer for the micro enterprise which wishes to renounce the micro enterprise tax regime
- "The application to opt for the determination of net income under the real regime" (*effective amounts*) accompanied by the "self-assessment of income derived from independent activities" or the self-assessment of rental income for taxpayers which wish to opt for the determination of their revenue based on effective amounts
- The declarations to local public authority used for the computation of tax on land, tax on buildings and tax on means of transport. **The obligation to declare vehicles or buildings held under a financial lease contracts falls with the user.**

That Monday 2 February is the last day for:

- Full payment of vehicle tax by user, foreign natural person or legal entity, which applies for temporary registration in Romania for means of transport in case registration is made for a period which lasts beyond 31 December of the fiscal year when the application is requested, as follows:
 - o Annual tax if the registration regards the fiscal year;
 - o The tax afferent to the period from 1st January and the first of the month following the month when the registration expires in case the registration expires before 1st January of the same year.

That Tuesday 10 February is the last day to submit:

- Return on collection of hotel tax

That Tuesday 10 February is the last day to pay:

- Hotel tax
- Advertising services tax

That Monday 16 February is the last day to submit:

- Annual corporate tax return** (form 101, code 14.13.01.04) for taxpayers which, at this date, have completed closing the books for the previous financial year, non-profit organisations as well as for taxpayers who derive most of their income from the culture of cereals, technical plants, tree culture and viticulture;
- INTRASTAT statement for January 2009.

That Monday 16 February is the last due to pay;

- Final corporate tax for 2008 for taxpayers which, at this date, have completed closing the books for the previous financial year, non-profit organisations as well as for taxpayers which derive most of their income from the culture of cereals, technical plants, tree culture and viticulture.

That Wednesday 25 January 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
- Application for use of a period other than month or quarter by taxable entities registered under the scope of VAT
- Informative statement regarding delivery of goods and provision of services realized in 2008 (form 392A)
- Informative statement regarding delivery of goods, provision of services and acquisitions realized in 2008 (form 392B)
- Informative statement regarding income obtained from the sale of tickets for international road transport of persons with Romania as point of departure in 2008 (form 393).

That Wednesday 25 February 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.

That Sunday 1st March is last day:

- of validity of the 2008 tax residence certificate based on which payments can be made in 2009 to non-residents as per the provisions of the Treaty to avoid double taxation signed between Romanian and the respective State.

That Monday 2 March is the last day to submit:

- Annual return on income tax withheld on the income from independent activities
- Annual return for taxation of the Representative Offices
- Fiscal forms (Forms F1 & F2) afferent to 2008.**

IMPORTANT

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.



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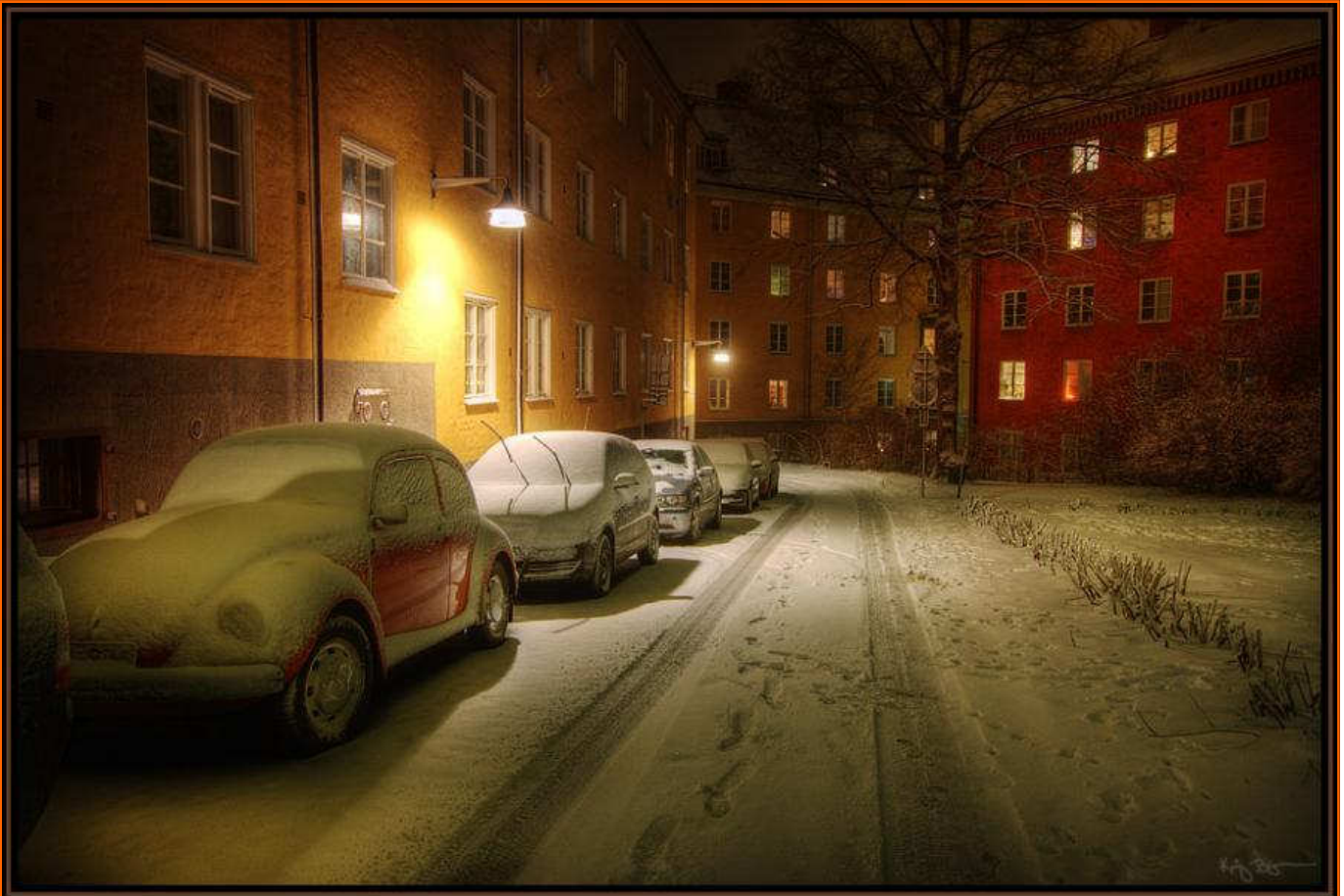
ACCOUNTING AND PAYROLL
EXPERT TEAM

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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