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ORDER 1918 dated 25 July 2011 to approve procedures and documents to be presented by employers to Labour Inspectorate to obtain a password as well as Staff Registry transmission procedures in electronic format (Official Gazette 587/2011)

The Order sets the procedure and documents that an employer must provide the Labour Inspectorate (ITM) to obtain a password as well as transmission of Staff Registry (REVISAL) in electronic format. REVISAL comprises all labour contracts in progress as at 1st August 2011 when dispositions of Government Decision 500/2011 entered in force as well as labour contracts which were suspended at this date.

REVISAL is kept chronologically considering date of hire, amendment, suspension or termination of labour contracts.

Completing the caption regarding salary must also be made for labour contracts already reported in REVISAL within 90 days starting the date Government Decision 500/2011 entered into force, i.e. prior to 31 October 2011.

Maintaining REVISAL is made by one or several persons nominated by the employer by a written decision or can be subcontracted to an ITM registered provider with whom the employer has signed a contract to maintain and transmit data over REVISAL.

To register the service provider with ITM, the employee must inform ITM, in writing, of the conclusion of a contract with the service provider that has been appointed in charge of the services of maintaining and transmitting information via REVISAL. Information is communicated to ITM within 3 days starting date of signature of the contract for provision of services in the form of a letter drafted by the employer, which includes:

- Full name of service provider;
- Provider Trade Registration certificate;
- Proof of provider registration as "operator of data with personal features" as per provisions of Law 677/2001 with its further amendments and complements;
- Start date when REVISAL maintenance and transmission services are subcontracted to this service provider.

However, on the National Authority for Monitoring Processing Data with a Personal Feature (ANSPDCP) website www.dataprotection.ro, a very clear distinction is made between the operator ("employer") and the empowered entity ("service provider") from which it results that the obligation to be registered with ANSPDCP only lays with the operator which, in addition to the obligation to maintain REVISAL, also "processes personal data for the following purposes: selection and provision of staff, real estate transactions, hotel and tourism services, monitoring/security of persons, premises and/or public/private assets (video monitoring), insurance and reinsurance services, direct marketing and others."

In case of termination of contract with the service provider, the employer must inform ITM on or before the latest termination date in so that the employer may be granted a new password.

Transmission of REVISAL to ITM can be made:

- on-line via Labour Inspection portal once application for a password made by the employer is processed, its password obtained, access to Labour Inspection portal activated, irrespective of maintenance of REVISAL made by the employer itself or subcontracted to a service provider;
- by email on the basis of electronic signature – the employer which holds an extended electronic signature on the basis of a digital certificate provided by a provider of certificate services in the conditions of Law 455/2001 regarding electronic signatures may send REVISAL data to the email address made available by the Labour Inspectorate;
- by remittance at ITM premises in the form of a CD, 3.5 inch/1.44 MB floppy or USB memory stick together with an accompanying letter signed by the employer.

We reiterate the main provisions of Government Decision 500/2011 regarding Staff Registry - REVISAL (Official Gazette 372/2011) which entered into force 1st August 2011.

All employers must maintain REVISAL.

Deadlines for registration with REVISAL are as follows:

Hiring any employee	At the latest, business day prior to inception of employee activity
Secondment period and name of "seconded's" employer	At the latest, business day prior to inception of secondment
Salary, incentives and amount	At the latest, business day prior to inception of employee activity; For labour contracts already reported on REVISAL, these items must be updated on or before 31 October 2011
Period and reasons for suspension of labour contract except when suspension is supported by medical certificate	At the latest, 20 business days starting suspension date
Any amendment to items included in REVISAL	At the latest, business day prior to expiry of 20 business days from the date of occurrence of the amendment, except for cases where such an amendment is expressly stated by law
Termination of activity	As at termination date of the labour contract



Irregularities in maintaining and forwarding REVISAL represent contraventions which are punished as follows:

- For not having forwarded the register with captions of the labour contract by the last business day prior to inception of activity is punished with a fine of RON 10,000 for each person affected, but total accumulated fine cannot exceed RON 50,000;
- For refusing to make available to ITM: the register in electronic format, for not having completed labour contract captions, or for not having forwarded the register on time, fines are between RON 5,000 and RON 8,000;
- For breaching provisions and deadlines regarding information submitted to ITM with respect to service providers is punished with a fine between RON 2,000 and RON 5,000;
- Not keeping the register in electronic format at the employer's registered headquarters or at the premises of the branch, agency, representative office or similar entities which are not legal entities but are entitled to maintain the register are punished with a fine between RON 300 and RON 1,000.

Legal interest rates for monetary remuneration is set at NBR interest rate and interest for penalties, the same, plus 4%

ORDINANCE 13 dated 24 August regarding legal interest rates for loans and penalties for past due liabilities as well as regulation of financial and fiscal measures in the banking sector (Official Gazette 607/2011)

The Ordinance introduces new regulations regarding legal interest expense for loans and past due liabilities, and also amends other legal provisions regarding the banking sector.

Legal interest expense for remuneration of debts and for penalties for outstanding debts

Parties are free to set by agreement the interest rate on loans and also the interest rate in case of late payment of owed amounts.

Interest, which represents remuneration, is interest owed by the debtor who has the obligation to pay an amount at a certain date and is calculated for the period up to due date.

Interest which represents penalties is the interest owed by the debtor for not having respected its obligation to settle its debt by the date due.

Interest not only means amounts calculated in cash, but also other provisions under any title or name that the debtor must pay for use of the principal.

If applicable, interest bearing debt as per legal or contractual provisions shall include interest and/or penalties, as appropriate, which will be paid in the absence of express stipulation by the Parties.

Legal interest rates for remuneration are set at the **reference interest rate of the National Bank of Romania (BNR)** which is the interest rate with respect to monetary policy decided by the BNR Board of Directors.

Legal interest rates for penalties are set at the **BNR reference interest rate plus 4%**.

In legal relationships which do not derive from running a profit oriented company, the legal interest rate is set as per the above-mentioned provisions but reduced by 20%. Also in the same framework, the annual interest rate cannot exceed the legal interest rate by 50% or more when such interest is legally nil and the creditor is denied the right to receive legal interest income.

The BNR reference interest rate is published in the Official Gazette and should be monitored, since interest rates regarding monetary policy may change.

In legal relationships which involve a foreign Party, when Romanian law applies and payment is stipulated **in foreign currency, legal interest rate is 6% per annum.**

Collection of interest must have been agreed in a written document. If not, only interest calculated at the legal interest rate is due.

Advance payment of interest can be made for 6 months at most. Interest thus collected is not subject to refund whatever future variations occur.

Interest is calculated upon the amount owed. Interest can be capitalized and can generate interest only if based on a special agreement concluded for this purpose, after due date but only for interest owed for at least one year. Interest for remuneration may be capitalized and produce interest. These provisions do not apply to conventions regarding current account or when stated otherwise by law.

Interest received or paid by BNR, credit institutions, non-banking credit institutions and by the Ministry of Public Finance as well as their calculation mode are ruled by specific regulations.

The present Ordinance abrogates Ordinance 9/2000 regarding legal interest on debt (Official Gazette 26/2000).



Amendments and complements to other financial and fiscal provisions in the banking sector

- ☑ Law 253/2004 on the final feature of settlement in payment and settlement systems regarding transactions with financial instruments with its further amendments and complements introduced by OG 9/2004 regarding financial guarantee contracts;
- ☑ OUG 99/2006 regarding credit institutions and adequacy of their equity;
- ☑ OG 39/1996 regarding setting up and operation of the Fund for guarantee of deposits within the banking sector;
- ☑ OG 10/2004 regarding bankruptcy of credit institutions.

ORDER 2382 dated 3 August 2011 to complement Accounting Regulations (Official gazette 563/2011)

The Order introduces amendments/complements to Order of Ministry of Public Finance 3055/2009 regarding Accounting Regulations conforming to EU Directive IV which is the main accounting framework in Romania.

The most important amendment concerns accounting regulations applicable to Economic Interest Groups ("GIEs").

In Romanian legislation, GIEs are ruled by Title V of Law 161/2003 which establishes transparency measures in business and punishes corruption (Official Gazette 279/2003).

From an accounting point of view, GIEs keep books up to the preparation of annual financial statements. Size criteria regarding applicable accounting regulations also apply to GIEs. GIEs may prepare simplified / short / comprehensive financial statements and may be audited.

For operations a GIE carries out in its own name, it records income and related expenses according to their nature. For operations a GIE carries out on behalf of GIE members, it only recognizes the commission, if any, as income, the operations being recorded in third party accounts.

Information regarding GIEs as stipulated in Law 161/2003 is mentioned below:

- ☑ The Economic Interest Group ("GIE") represents an association between 2 or several individual or legal entities with the scope of facilitating or developing economic activity of its members and enhancing their respective activities.
- ☑ The GIE is a non profit legal entity which can or cannot carry out trade.
- ☑ The number of the GIE members cannot exceed 20.
- ☑ The activity of the GIE must relate to the economic activity of its members and only have an incidental feature to it.
- ☑ The GIE cannot:
 - a) directly or indirectly carry out administration activity or monitor the activity of its members or other legal entities, especially in the field of personnel, finance and investments;
 - b) directly or indirectly hold shares or ownership interest in one of its commercial member companies. Holding shares or ownership interest in another commercial company is allowed only when necessary to meet the GIE objects of activity and if made in the name of the GIE members;
 - c) have headcount of over 500 employees;
 - d) be used by a commercial company to grant a loan, in conditions other than those expressly stated in Law 31/1990 regarding commercial companies, to a Director or Manager of commercial companies, to the spouse, or to relatives to the fourth degree of the respective Director or Manager. The same applies if the loan is granted to a civil or commercial company where one of the persons mentioned above is Director or Manager, who is either a lone shareholder or holds, together with persons previously mentioned, at least 20% of subscribed share capital;
 - e) be used by a commercial company in order to transmit items, in conditions other than those expressly stated in Law 31/1990 regarding commercial companies, from and to the Director or Manager of commercial companies or spouse or relatives to the fourth degree of the respective Director or Manager. The same applies if the operation regards a civil or commercial company where one of the persons mentioned above is Director or Manager who is either a lone shareholder or holds, together with persons previously mentioned, at least 20% of subscribed share capital, except for the case when one of the respective commercial companies is the subsidiary of the other commercial company;
 - f) be member of another GIE or of an European Economic Interest Group ("GIEE").
- ☑ The GIE cannot issue shares, bonds or other negotiable securities.

GIE members are jointly and severally liable toward third parties in the absence of adverse provisions in contracts concluded between GIEs and third parties. GIE creditors will ask the GIE to be paid first. If the GIE does not settle its liabilities within 15 days of due date, creditors can then ask the GIE members to settle the liability.

ORDER 2359 dated 26 July 2011 issued by Ministry of Public Finance to amend Implementation Norms of provisions of Government Emergency Ordinance 64/2009 regarding financial administration of structural instruments with the purpose of convergence, approved by OMFP 2548/2009 (Official Gazette 527/2011)

Until now, the European Commission granted an advance of 15% to pre-finance a project and the Romanian State financed the difference up to 30% of total eligible project costs.

As per the new regulations, pre-financing of up to 10% of eligible project costs will be granted in at least 2 instalments, except for major projects where the percentage of pre-financing can be 20% at most (vs. 40% previously).



Economic Interest Group facilitates economic activity of its members and recognizes only commissions as income, if any





Pre-financing for EU programmes reduced to 10% of eligible project costs and collected in 2 instalments, to be refunded when not used

The first pre-financing instalment will represent up to 5% of eligible project costs (vs. 15% previously) and subsequent instalments will be granted only after approval of expenses totalling a minimum of 60% (vs. 40% previously) of cumulative pre-financing instalments have been approved.

By exception, in case where projects for which contracts/decisions/financing orders submit 2 applications for refund at most, pre-financing may be granted in a single instalment.

In case of projects which fall under the incidence of public aid, pre-financing up to 35% of eligible project costs can continue to be granted, but in a single instalment.

In addition, beneficiaries are obliged to refund an instalment if they do not submit documentation for refund to authorities within 4 months of instalment receipt date. Subsequently, administration authorities must recover the entire amount of project pre-financing when beneficiaries do not submit an application for refund within 4 months starting the date pre-financing funds were received.

For projects where beneficiaries do not submit applications for refund for at least 20% (*increased to 60% as per OMFP 2370/2011 below*) of the amount of granted pre-financing within 6 months, starting receipt date of the first pre-financing instalment, administration authorities must recover unused pre-financing.

To be in a position to benefit from pre-financing, beneficiaries which are not public entities must open a bank account exclusively dedicated to receipt of these funds and to settle project expenses, including advance payments to contractors and/or funds transfers to business partners.

ORDER 2370 dated 27 July 2011 to amend Implementation Norms of provisions of Government Emergency Ordinance 64/2009 regarding financial administration of structural instruments with the purpose of convergence, approved by OMFP 2548/2009 (Official Gazette 534/2011)

The Order amends provisions introduced by OMFP 2359/2011 above by stating that in case of projects where beneficiaries do not submit applications for refund for at least 60% (initially 20%) of the amount of pre-financing within 6 months, starting receipt date of the first pre-financing instalment, administration authorities must recover pre-financing not supported by eligible expenses reported on refund applications.

DECISION 133 dated 27 July 2011 to approve Implementation Procedures for multi-annual national 2002-2012 Programme to set up and develop both technology and business incubators (Official Gazette 557/2011)

INSTRUCTION 25 dated 1st August 2011 regarding the reference interest rate of the National Bank of Romania (NBR) for the month of August 2011 (Official Gazette 544/2011)

For the month of August 2011, the NBR reference interest rate is 6.25% per annum.

ORDER 1832 dated 6 July 2011 to approve Classification of Occupations in Romania (COR) – hierarchy of positions (6 digits) – issued by the Ministry of Labour, Family and Welfare and ORDER 856 dated 11 July 2011 to approve Classification of Occupations in Romania (COR) – hierarchy of positions (6 digits) – issued by the National Institute of Statistics (Official Gazette 561/2011)

This Order issued jointly by these 2 institutions approves the new Classification of Occupations in Romania (COR) – with 6 digits. COR applies to all domains of economic and social activities and is mandatory for all central and local public administration, budgetary units, economic operators irrespective of their form of ownership, employer organisations, trade unions, professional and political organisations, foundations, associations as well as other individuals and legal entities which carry out their activity in Romania when it refers to complete official documents or every time the occupation must be specified.

To ensure transition to the new classification, both classifications are used in parallel through 31 December 2011.

DECISION 754 dated 27 July 2011 to amend Appendix 1 of Government Decision 837/1995 regarding criteria for payment of salary and other rights in foreign currency and in RON for staff sent on permanent assignment abroad as well as Appendix to Government Decision 518/1995 regarding rights and obligations of Romanian staff sent abroad to carry out assignments with a temporary feature (Official Gazette 553/2011)

For assignments in Afghanistan, amounts where salary in foreign currency represents a base for computation as well as per diem and ceilings for accommodation are amended.

Subsequently, we mention that per diem for staff of second category increases from USD 60 to USD 150 (meaning, from USD 150 to USD 375 for private sector employees).

DECISION 536 dated 28 April 2011 of the Constitutional Court to admit as unconstitutional provisions of article 44 point 3 of Government Emergency Ordinance 92/2003 – Code of Fiscal Procedure (Official Gazette 482/2011)

As per article 44 point 3 of the Code of Fiscal Procedure, "*Communication of an announcement in the form of publicity that an administrative act concerning the taxpayer has been issued may be posted on [website] billboards, simultaneously with in-person communication to the issuing fiscal body and on the ANAF website. In case of administrative acts issued by fiscal bodies set at article 35, the information is concurrently made public at their respective local public authority premises and website. In the absence*



of a website, the announcement is made on the "Judet" Council website. In all cases, the administrative act is deemed communicated 15 days after the announcement is posted."

By this decision, the Constitutional Court rules that, **for communication of an administrative act, it is mandatory to first undertake all other modalities of communication set by law, that is, mentioned in article 44 point (2) letter a) - d):**

- a) "by presence of the taxpayer at the premises of the issuing fiscal body and remitting the administrative act to the taxpayer, the taxpayer signing for its receipt. In such a case, communication date is the date when the taxpayer signed for its receipt;
- b) by transmission of the administrative act to a person duly empowered, the taxpayer representative signing for its receipt. In such a case, communication date is the date when the taxpayer representative signed for its receipt ;
- c) by registered mail with confirmation of receipt returned to taxpayer fiscal domicile as well as by other means such as fax, or e-mail, if transmission of the content of the administrative act and confirmation of its receipt are ensured;
- d) by publicity."

Thus, the Constitutional Court has assessed that, considering that the text of law does not expressly state the priority of communication methods, tax authorities tend to use communication by publicity without having previously used the other methods, a practice that the Constitutional Court assessed to contradict the Constitution. The rationale is that the time period to introduce a challenge starts at the communication date, the uncertainty of which represents a deterrent to the right to appeal in court.

REMINDER – Obligation to inform tax authorities regarding inception of a secondment at a Romanian enterprise

Form 222 "Informative statement regarding inception/termination of activity of individuals who carry out their activity in Romania and obtain income salary from abroad" was introduced by Order 2371 dated 12 December 2007 (Official Gazette 878/2007). This form must be submitted by the enterprise within 15 days starting date of secondment inception. Breaching this obligation is punished by a fine of RON 500.

DECISION 239 dated 15 June 2011 to approve the forms of annual report (Official Gazette 582/2011)

The Decision approves the annual report forms to be submitted by individuals and legal entities who are members of the Romanian Chamber of Financial Auditors.

ORDER 2389 dated 4 August 2011 to approve Implementation norms for VAT exemption set at article 143 point (1) letters j), j1), k), l) and m) of Law 571/2003 – Fiscal Code and at articles X and XI of the Agreement between Romania and The U.S.A regarding the status of American forces in Romania signed in Washington 30 October 2001 and ratified by Law 260/2002 (Official Gazette 597/2011)

INFORMATION – Simplification regarding settlement of taxes by individuals (Communiqué of the Ministry of Public Finance)

The Ministry of Public Finance (MFP) has implemented, in cooperation with banks where individuals have their bank account, a bank commission-free simplified system for settlement of taxes which they owe to the consolidated General Budget.

Individuals can access to this facility through Internet banking or in person at the bank by using an application made available by MFP which enables them to complete the payment document. This application may be downloaded from the following address:

http://static.anaf.ro/static/10/Anaf/AsitentaContribuabili_r/programeutile/programe_OPFV.htm.

This simplified system allows the taxpayer access to information regarding the different types of liabilities toward tax authorities and public institutions without needing to know the IBAN code for the respective budget income account or the fiscal registration code for the public institution.

This system enables the taxpayer to pay taxes (for instance, tax on rental revenue, consulate taxes, tax on land, on construction, on means of transport, etc.), including fines, to any city hall in any "judet."

Starting 18 August 2011, the application is operational for BCR clients, and for CEC and BANCPOST clients, September 2011.

Access to this simplified system for settlement of taxes is especially important, since 30 September 2011 is the deadline for paying local taxes on land, construction and means of transport (Instalment II and final for 2011).

IMPORTANT – PROJECT TO AMEND THE FISCAL CODE

A project to amend the Fiscal Code as at 1st January 2012 has been posted on the Ministry of Public Finance website.

This project includes significant amendments to various fiscal issues.

Among them, we mention quarterly advance payments of profit tax which, to date, only apply to banks.

Considering that it is only at the project stage, it is more reasonable to delay presentation of the project in detail until the final version is adopted for publication at the Official Gazette. The text of the project may be accessed at: http://discutii.mfinante.ro/static/10/Mfp/transparenta/OG_CF_19aug2011.pdf.

We will return to this issue in future APEX Team newsletters.



For communication of an administrative act, tax authorities must undertake all other modalities of communication prior making it made public at public authority premises and website



REMINDER – Valuation of monetary items in foreign currency

Do not forget that starting 2010, at the end of each month, monetary items (cash on hand, receivables, payables) denominated in foreign currency are valued at the NBR exchange rate in force on the last banking day of the month.

This procedure also applies to receivables and payables denominated in RON but pegged to a foreign currency for collection/disbursement.

Exchange rates to use for valuation at the end of August 2011:

1 Euro = 4.2228 RON; 1 USD = 2.9244 RON; 1 CHF = 3.6035 RON; 1 GBP = 4.7621 RON.

SEPTEMBER 2011 – 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 inception/ amendment or termination, if any

At month end - do not forget

- To complete the journal ledger
- To complete the Tax Evidence Register (to disclose computation of fiscal profit/loss from accounting profit/loss)
- To register contracts concluded during the month for services rendered by non-residents, with tax authorities as per article 8 point 7¹ 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 month of September 2011

To comply with 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 Thursday 1st September is the last day to pay:

- Tax on agricultural revenue – on a normative basis (Instalment I)

That Wednesday 7 September last day to submit

- Form 092 (*amendments*) to change VAT return periods from Quarterly to Monthly for EU acquisitions of goods in August 2011. Starting September, the VAT return will be submitted monthly. The period July-August will represent a distinct fiscal period for which a VAT return will be submitted, and is due by 26 September 2011.

That Monday 12 September is the last day to submit

- Return on collection of hotel tax

That Monday 12 September is the last day to pay

- Hotel tax
- Advertising service tax

That Thursday 15 September is the last day to submit

- INTRASTAT statement for August 2011 (standard or extended submitted on-line)
- Recapitulative statement of EU Supplies/acquisitions/services (form 390)* for August 2011;
- Return regarding the state of acquisitions and deliveries of excisable products for the month of August 2011.

That Thursday 15 September is the last day to pay:

- Income tax on income from independent activities (Instalment III)
- Income tax on rentals, except rentals of agricultural land (Instalment III)
- Tax on agricultural revenue – on an effective basis (Instalment III)
- Tax on advertising billboards (instalment III)

That Monday 26 September is the last day to submit

- State budget liability return (form 100)*;
- Return regarding social contributions, income tax and nominative list of insured persons (mandatory on-line submission of form 112*);



Amendments to Fiscal Code for 2012 are underway



- VAT return (form 300)*;
- Special VAT return for VAT non payers (form 301)*;
- 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);
- Environment Fund Statement (excluding "ecotax").

That Monday 26 September is the last day to pay

- Excise taxes
- VAT
- Liabilities to the sole account – **State Budget**
 - o Tax on crude oil and natural gas from domestic production
 - o Withholding tax on non-resident income
 - o Income tax on salary (*separate bank transfer for headquarters and each secondary establishment*)
 - o Tax on income from independent activities, withheld at source
 - o Tax on interest income
 - o Tax on investment income
 - o Tax on pension income
 - o Tax on income from prizes and gambling
 - o Tax on income from other sources
 - o Contribution for non employment of disabled persons for employers with headcount over 50
- Liabilities to the sole account – Public Insurance Budget and special funds
 - o Social security contribution (*pension*)
 - o Health insurance contribution
 - o Medical leave contribution and health insurance allowance
 - o Unemployment contribution
 - o Contribution to fund to guarantee payment of salary liabilities
 - o Contribution to work accident and occupational disease fund
- Contribution to Environment Fund ("ecotax" excluded).

That Friday 30 September is the last day to submit

- Application for VAT refund for taxable persons established in Romania as per article 147² point 2) of the Fiscal Code (form 318)
- Application for VAT refund for taxable persons who are not registered in the scope of VAT in Romania and are established outside CEE (form 313).

That Friday 30 September is the last day to pay:

- Local taxes on land, construction and means of transport (Instalment II and final for 2011).

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

Tax returns noted with an asterisk (*) can be submitted by remote means of electronic transmission by large and medium size taxpayers as well as by taxpayers which have opted to file their returns on-line and which hold a digital certificate.



Pay attention to tax return submission deadlines!!



KEY HR FIGURES

2011 Contributions	Employer and Beneficiary of activities considered dependent activities (% rate)	Employee and provider of dependent activities (% rate)
Social security contribution (<i>pension</i>)	20.8% for normal working conditions 25.8% for particular working conditions 30.8% for special working conditions (contribution base capped at an amount representing the average amount of insured persons during the month for which the contribution is determined as 5 times the average monthly gross salary) ¹	10.5% (contribution base per employee capped at 5 average monthly gross salaries according to Budget for public social insurance, i.e. 5 x 2,022 = RON10,110) ¹ (contribution base for a person under civil contract: gross income)
Health insurance fund (based on gross salary)	5.2%	5.5%
Medical leave contribution and health insurance allowance (based on gross salary)	0.85%	
Unemployment fund (based on gross salary)	0.5%	0.5%
Work accident and occupational disease fund (based on gross salary) ²	0.15% - 0.85% depending on CAEN code for main activity	
Contribution to fund to guarantee payment of salary liabilities (based on gross salary)	0.25% (only for employees under labour contract included for retired persons)	
Salary tax		16%
Contribution for non employment of disabled persons (for employers with more than 50 employees)	4 x 50% minimum gross salary (RON 670) for every 100 employees	
Minimum monthly gross salary as per Government Decision 1193/2010	RON 670	
Luncheon voucher starting from March 2011 subject to income	RON 9	
Per diem (in Romania) Employees in the public sector Employees in the private sector (x 2.5)	RON 13.00 RON 32.50	

Note 1: Contribution to pension is also due during periods when the insured person benefits from medical leave and health insurance allowance. For these periods, the contribution base is 35% of the average monthly gross salary corresponding to the number of business days of medical leave.

Note 2: Contribution for work accident and occupational disease is also due during periods when the insured person benefits from medical leave and health insurance allowance. For these periods, the contribution base is the minimum gross salary where payment is guaranteed on a national basis corresponding to the number of business days of medical leave.

Note 3: Income paid to a person who carried out an activity considered dependent activity (example: in-house "captive" PFA or who meets at least 1 out of the 4 re-qualification criteria mentioned in OUG 82/2010) is disclosed on a separate "Payment statement" and is included on form 112.

Contributions	Income payer / Beneficiary of professional activities (of author or person under civil contract) (% rate)	Provider of professional activities (author or person under civil contract) (% rate)
Contribution to social insurance (<i>if applicable</i>) (based on gross income reduced by the standard deduction as deemed expenses for intellectual property rights and based on gross income for persons under civil contract and in both cases capped at 5 average monthly gross salaries, i.e. 5 X 2,022 RON)	0%	10.5% ¹
Contribution to health insurance	0%	0% ²
Contribution to unemployment insurance (<i>if applicable</i>)	0%	0.5% ³
Income tax		16% ⁴

1 The income payer calculates, withholds, pays and declares the individual contribution for pension (CAS) if the author or person under civil contract does not prove he/she is retired or insured in another pension regime within Pillar 1.

2 The author or the person under civil contract remains responsible for submitting his/her return for health insurance as well as for payment of the health contribution as per Law 95/2006.

3 The income payer withholds, pays and declares the individual contribution for unemployment if the author or the person under civil contract does not prove he/she is insured by option with the unemployment insurance regime.

4 Regarding income tax, it remains possible for the author to have 10% of his/her income tax withheld when author's rights are paid, and to annually declare author's rights income obtained to tax authorities and to adjust the 10% income tax rate to 16%, paying the balance due.

Regarding a Director appointed in the Constitutive Deed (and not through an administration or management contract) and to whom a General Shareholder meeting resolution grants remuneration, he/she must insure himself/herself in the public pension regime via an insurance declaration unless he/she is not already an insured person. The base for his/her contribution is at his/her decision but cannot be less than 35% of average monthly gross salary as per Budget for public social insurance (i.e. RON 2,022 x 35%) but no more than 5 average monthly gross salaries. The rate of contribution is 31.3%. The insured person can be a Romanian citizen, a citizen of another State or stateless for the period he/she has, as per law, his/her domicile or residence in Romania.

As for the legal entity which grants such remuneration, it must make a contribution to health insurance at a tax rate of 5.2% and also for medical leave allowances of 0.85%. The legal entity will also declare and pay the health contribution (5.5%) and income tax which it will have to withhold from the Director's remuneration.

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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.

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