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EMERGENCY ORDINANCE 111 dated 18 December 2013 to regulate certain fiscal measures and to amend certain normative acts (Official Gazette 809/2013)

The Ordinance amends the Fiscal Code starting the 1st of January 2014.

- VAT Cash Accounting Scheme becomes optional and the maximum deferral period of 90 days for VAT collection is eliminated.
- Increase of excise taxes for fuel introduced by GEO 102/2013 is suspended until 1st of April 2014. Suspension is due to its negative impact which would generate a significant increase in fuel prices. The 2014 reference exchange rate for excise taxes is established according to the new rule introduced by GEO 102/2013, being calculated based on the exchange rate valid for the first day of October 2012 (published in the Official Journal of European Union) multiplied by the consumer price index (inflation index) for the month of September 2013 (104.77%). Consequently, the 2014 reference exchange rate for excise duties and tax on oil from internal production is 1 EUR = 4.7380 RON (4.5223 RON/EUR x 104.77%).
- Law 148/2012 regarding the registration of commercial operations through electronic means, previously suspended until the 1st of January 2014, is abolished. This law contained provisions on invoicing which contravened the VAT Community acquis. Therefore, the main legislative act which regulates invoicing is the Fiscal Code.

VAT Cash Accounting Scheme

Its application becomes optional starting the 1st of January 2014. The scheme may continue to be applied by taxable entities whose turnover for the previous calendar year does not exceed the threshold of RON 2,250,000.

Turnover for the calculation of the threshold is determined as the total value of delivery of goods and services performed which are taxable and/or exempted and the total value of operations resulting from business activities with location of delivery/performance is considered to be outside Romania, in accordance with art. 132 and 133 of Fiscal Code, performed during the calendar year.

The Ordinance sets certain transition rules of the VAT Cash Accounting Scheme from mandatory to optional application.

The taxable entities which apply the VAT Cash Accounting Scheme on the 1st of January 2014, will proceed as follows:

- a) To continue to apply the system without any notification, if they are eligible for application of the scheme. In this situation, it is considered that they have opted for continuation of the application of the VAT Cash Accounting Scheme.
- b) To request removal from the Register of taxable entities which apply the VAT Cash Accounting Scheme at any time in 2014, by submitting a notification, even though they are eligible for application of the scheme, the year 2014 not being considered as the first year during which they opted for the VAT Cash Accounting Scheme. This provision is not applicable to taxable entities which register under the scope of VAT according to art. 153 of the Fiscal Code, during 2014, and then opt for the application of VAT Cash Accounting Scheme. Those taxable entities must apply the scheme through the end of 2014, except those which exceed the threshold of RON 2,250,000. Removal from the Register of taxable entities which apply the VAT Cash Accounting Scheme is made starting with the first day of the subsequent fiscal period which follows the one when the notification was submitted. Taxable entities must apply the scheme until removal from the Register.
- c) To submit a notification by 25 January 2014 to the competent fiscal authorities in cases where they exceeded the threshold of RON 2,250,000 during the prior fiscal period of 2013, in order to be removed from the Register.

VAT chargeability occurs on the date of full or partial collection of the value of goods delivered or services rendered, according to provisions of art. 134^{^2} para. (7) of the Fiscal Code, for taxpayers which continue to apply the VAT Cash Accounting Scheme, as well as those leaving the scheme, whose chargeable events from operations occurred prior to 31 December 2013, and for invoices issued before this date where the 90th calendar day after the invoice date or deadline required by law to issue the invoice is after December 31, 2013.

The taxable entity which opts for application of the VAT Cash Accounting Scheme is required to apply the scheme at least until the end of the calendar year during which it elects to follow the scheme, except for the situation in which turnover exceeds the threshold of RON 2,250,000. In this case, the scheme is applied through the end of the fiscal period that follows the one when the threshold was exceeded.

The following taxable entities are not eligible for the application of the VAT Cash Accounting Scheme:

- Taxable entities which are part of a fiscal group according to provisions of art. 127 para. (8) of the



- Fiscal Code;
- Taxable entities which are not established in Romania according to art. 125¹ para. (2) letter a) of the Fiscal Code;
 - Taxable entities which exceeded the threshold of RON 2,250,000 during the previous year;
 - Taxable entities which register under the scope of VAT during the year according to art. 153 of the Fiscal Code and which exceeded the threshold of RON 2,250,000 during the previous year or the current year, the threshold being calculated as operations performed throughout the period when the respective taxable entity had a valid VAT code according to art. 153 of the Fiscal Code.

Taxable entities which opt for the application of the VAT Cash Accounting Scheme may apply the system exclusively to operations where the place of delivery/provision of services is considered to be in Romania but they do not apply the scheme for the following operations which fall under general chargeability rules:

- Delivery of goods/provision of services for which the beneficiary is obliged to pay the tax according to art. 150 para. (2) – (6), art. 152³ para. (10) or art. 160 of the Fiscal Code;
- Delivery of goods/provision of services which are exempt from VAT;
- Operations which are subject to special regimes provided by art. 152¹ – 152³ of the Fiscal Code;
- Delivery of goods/provision of services for which the beneficiary is an affiliated entity to the supplier/provider according to art. 7 para. (1) point 21 of the Fiscal Code.

The taxable entity which opts for application of the VAT Cash Accounting Scheme must submit a notification to competent fiscal authorities, by the 25th of January (inclusive), stating that the turnover from previous year does not exceed the threshold of RON 2,250,000 and also that the entity decided to apply the VAT Cash Accounting Scheme. The taxpayer is deemed to have tacitly opted to continue to apply the VAT Cash Accounting Scheme if it applied the VAT Cash Accounting System in the previous year, and its turnover has exceeded the threshold of RON 2,250,000, not being required to submit the notification.

ORDER 3806 dated 17 December 2013 to amend annexes no. 1-3 of Order of ANAF President no. 3596/2011 on declaration of supply/provision of services and on acquisitions made within the national territory by taxpayers registered under the scope of VAT and to approve template and content of informative declaration regarding domestic supply/provision of services and domestic acquisitions made by taxpayers registered under the scope of VAT (Official Gazette 833/2013)

The Order amends form 394 - "Informative Statement on domestic supply/services rendered and acquisitions" as well as filing instructions.

First of all, the order takes into account amendments brought to the Fiscal Code in 2013, stating that fiscal bills which fulfill the requirements of a simplified invoice in accordance with provisions of art. 155 para. (11), (12) and (20) of the Fiscal Code, are no longer temporarily reported on the form 394. The postponement is applicable through 31 December 2014.

The Order also amends the structure of form 394. In addition to already known information, the obligation to report the number of the invoices issued/received is introduced. This report will be made both in total level and at individual partner level. Both received/issued invoices for and deliveries/purchases of cereal shall be reported separately.

The new provisions will be applied starting with the invoices issued/received during the last fiscal reporting period of 2013, December or quarter IV, by 25 January 2014. A rapid adaptation of IT systems which generate the data for form 394 is required.

ORDER 1898 dated 22 November 2013 to amend and complement Accounting Regulations according to European Directives, approved by Order of the Minister of Public Finance 3055/2009 (Official Gazette 727/2013)

The Order amends and complements the main normative framework that regulates the accounting system in Romania, respectively the Order of the Minister of Public Finance 3055/2009, the amendments to be applied starting the 1st of January 2014.

A presentation of these amendments is summarized below.

Permanent establishments

The treatment for preparing annual financial statements and accounting reports is taken from fiscal legislation. Thus, if a non-resident entity performs its activity in Romania through several permanent establishments, then the financial statements/accounting reports are prepared by the permanent establishment assigned to execute fiscal obligations, which will reflect the activity of all permanent establishments.

Income/expense recognition

Income is recognized in the profit and loss account when a reliable evaluation can be made regarding the increase in future economic benefits related to an increase in value of an asset, or to a decrease in value of a debt/liability. The recognition of income is made simultaneously with the recognition of the increased value of assets or the decreased value of debts.

Expenses are recognized in the profit and loss account when a credible evaluation can be made regarding the decrease in future economic benefits related to the decrease in the value of an asset or increase in value of a debt/liability. Recognition of expense is made simultaneously with the recognition of the decreased value of assets or the increased value of debts.

Commercial discounts

Treatment regarding commercial discounts which were received/granted following invoicing, through accounts 609/709, is also applicable to services. Commercial discounts which represent events subsequent to the balance sheet date will be registered on the balance sheet date in account 408 – "Suppliers – invoices to be received", and in account 418 – "Accounts Receivable – invoices to be issued". This transaction is recorded in the financial statement at financial year-end if the respective amounts are known by the date when the balance sheet is finalized.

New information should be provided in the Form 394

Tangible fixed assets

Elements of tangible fixed assets purchased for security reasons or related to the environment meet the conditions to be recognized as assets, due to the fact that they offer the entity the possibility to obtain future economic benefits from such assets, benefits that would not be obtained if the respective elements did not exist.

In order to recognize tangible fixed assets, the professional argument is used to apply recognition criteria for circumstances which are specific to the entity. Major spare parts and security equipment are considered tangible fixed assets and not stock when an entity foresees that it will use them throughout a period greater than a year.

Subsequent expenses in relation to a tangible fixed asset are considered expenses for the period when they were incurred, or increase the value of the respective fixed asset, if future economic benefits related to these expenditures are evident.

Expenditures in relation to use of tangible fixed assets according to a lease contract, commercial lease, administration or under other similar contracts, are recorded as tangible fixed assets or as expenses in the entity's accounting/bookkeeping records in the period incurred, depending on whether or not future economic benefits will be realized, in the same manner as expenditures in relation to owned tangible fixed assets.

Daily maintenance costs of an element of tangible fixed assets (costs of labor and consumables) are not capitalized. These costs are recognized in the profit and loss account as they incurred.

Major repair expenditures, other than daily maintenance performed according to technical operating conditions for those assets, which result in the improvement of technical parameters or are essential, at regular intervals, for ensuring continuity of asset operation within normal parameters are included in the value of the asset (e.g. capitalized).

Regarding depreciation, a review of useful life can be justified if there is a significant change in the conditions of use, such as the number of shifts for which the asset is used, and also for investments or repairs, other than those determined by daily maintenance or obsolescence of tangible assets. Also, if the tangible assets are taken out of service, their use being interrupted for a long period of time, this may justify a revision in the useful life.

If a fully depreciated tangible fixed asset continues to be used, the entity may conduct a re-evaluation. When the re-evaluation of tangible fixed assets occurs, a new value and a new useful economic life are set, corresponding to the estimated period to the asset will continue to be used.

In the case of land and buildings which were revalued and subject of a partial disposal, at their removal date, the re-evaluation related to the partial disposal is considered realized revaluation reserve.

Transferred receivables/obtained by transfer

Ownership of receivables upon transfer are recorded in accounting records at acquisition cost (account 461 "Sundry debtors" = 462 "Sundry creditors"). The nominal value of the receivables obtained by transfer is recorded off balance sheet (account 809 "Receivables taken by transfer").

When the purchase of a portfolio of receivables takes place, the acquisition cost is allocated to each receivable.

If the assignee recovers an amount higher than the acquisition cost of the receivable from the transferred debtor, the difference between the amount received and the cost of acquisition is recorded as income (account 758 "Other operating revenues" / detailed account) on the collection date.

If the assignee discontinues the receivable from the transferred debtor, an expense (account 654 "Bad debts written off") or income (account 758 "Other operating revenues" / detailed account) will be recognized in accounting records, at the transfer date, depending on the price of the transferred receivable.

Entities which assume the right to collect receivables must present information related to receivables taken by transfer in the explanatory notes of annual financial statements.

Transitional provisions for receivables taken by transfer, existing in account 461 balance on the 1st of January 2014, which must be presented as an acquisition cost (instead of at nominal value), are also introduced.

Profit tax

Profit tax as well as other taxes for which fiscal legislation requires advance payment must distinctively be recorded in accounting records, using expense and liability accounts, and separately emphasizing payment of their value.

Customer Loyalty Programmes

Certain entities may apply customer loyalty programmes, which involve granting gift points to their clients. These gift points may be used to purchase goods or services free of charge or at a lower price, as part of a sale of goods or provision of service transaction, accepting the possibility to fulfil supplementary conditions. The entity must record the value of the gift points granted as an identifiable component of the transaction (account 472 "Deferred income" / detailed account). The corresponding amount of the gift points are recognized as income when the entity delivers the prizes, or upon expiry of the period during which the customers can use the gift points. If it is estimated that the expenses necessary to fulfil the obligation to provide the prizes exceeds the counter value received or receivable for them, on the date when the customer exchanges gift points for such prizes, the entity registers a provision for the related difference in its accounting records.

Chart of accounts

A new account is added in the Chart of accounts– account 809 "Receivables taken by transfer".

Transfer of risks and rewards

Certain specifications are made regarding analysis of the transfer date for risks and rewards for a sale of goods transaction. Situations are emphasized when the transfer of risks and rewards related to the ownership right occurs at a date different from the transfer of title, or from the date of goods are transferred to the buyer. If an entity retains an insignificant risk related to the right of ownership, then the transaction



**Amendments
to accounting
regulations
in effect
1st January 2014**



represents a sale and the associated income is recognized.

ORDER 3763 dated 10 December 2013 to amend ANAF Presidential Order 892/2012 to approve model and content of form 208 – “Informative statement regarding income tax derived from disposal of private real estate” and form 209 – “Informative statement regarding income derived from disposal of private real estate” (Official Gazette 799/2013)

The Order amends Order 892/2012 regarding the model, filing and submission of form 208 - “Informative statement regarding income tax derived from disposal of private real estate”.

Form 208 is filed and submitted by public notaries which have the obligation to calculate, collect and transfer income tax derived from disposal of private real estate. The form includes information regarding disposal of the right of ownership and of dismemberment of this right on all types of buildings and related land, and also on all sorts of land without buildings, subject to income tax, according to the law.

The submission date is biannually, until the 25th (inclusively) of the month following the half year period when authentication of the documents regarding the disposal of private real estate is performed.

The form is submitted to the fiscal authority where the public notary is registered as a taxpayer.

The new model of form 208 will be used in order to declare information regarding disposal of private real estate starting with the first half of 2014.

ORDER 3760 dated 6 December 2013 to amend annex no. 3 of ANAF Presidential Order 3504/2013 to approve the model and features of logos used by ANAF (Official Gazette 798/2013)

ORDER 3751 dated 5 December 2013 regarding the competence to perform risk analysis activities and selection of individuals subject to fiscal verification prior to documentation (Official Gazette 765/2013)

ORDER 3721 dated 2 December 2013 to approve model and content of forms and documents used during of audits performed by the General Directorate to Fight against Fiscal Fraud (Official Gazette 752/2013)

ORDER 3713 dated 2 December 2013 to approve the model and content of form (089) – “Statement on own responsibility for fulfilment of conditions provided in art. 160 para. (2) Letter e) section 2 of the Fiscal Code” (Official Gazette 753/2013)

The Order approves the model and content of form (089) - “Statement on own responsibility for fulfilment of conditions provided in art. 160 para. (2) Letter e) section 2 of the Fiscal Code”, code: 14.13.01.02/89.

Form (089) is filed by taxable entities registered under the scope of VAT, according to art. 153 of the Fiscal Code, which are established in Romania, according to art. 1251 para. (2) of the Fiscal Code, and which hold a valid electric energy supply license, issued by the Romanian Energy Regulatory Authority. The main activity of these taxable entities related to electric energy purchased is to resell or use the purchased electric energy for own consumption during the period between January-November of the calendar year is less than 1%.

Form (089) is submitted annually with the competent fiscal authority, by the 10th of December of each year and is valid for all electric energy purchases performed throughout the subsequent year.

We emphasize that, in accordance with art. 160 para. (2) Letter e) of the Fiscal Code, the reverse charge is applied for electric energy deliveries to a taxable trading entity established in Romania according to art. 1251 para. (2) of the Fiscal Code.

The statement is valid for all electric energy purchases during the calendar year which follows the year when the form was submitted.

DECISION 1116 dated 2013 to amend and complement Government Decision 1352/2010 to approve the structure of Classification of Occupational Positions in Romania - level base group, in accordance to International standard occupation ISCO 08 classifications (Official Gazette 836/2013)

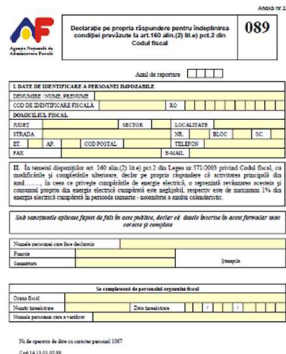
The Decision adds five new levels to the structure of Classification of Occupational Positions in Romania, as follows:

- 2429 – Administration professionals who were not included in previous base groups
- 3414 – Teaching staff for primary school
- 3415 – Teaching Staff for pre-school
- 3416 – Trainers
- 3419 – Members of school staff who were not included in previous base groups

DECISION 1070 dated 11 December 2013 to amend and complement Government Decision 1235/2010 to approve the set-up of National Electronic System for online payment of taxes using a bank card (Official Gazette 831/2013)

EMERGENCY ORDINANCE 109 dated 11 December 2013 to complement Government Emergency Ordinance (OUG) 194/2002 regarding regime of foreign individuals in Romania (Official Gazette 796/2013)

The Ordinance complements OUG 194/2002 regarding the regime of foreign individuals in Romania, establishing facilities for foreigners holding travel documents issued by Schengen states, when they enter the Romanian territory.



Amendment of form 208 that is submitted by public notaries

Thus, foreigners holding visas, valid for two or multiple entries, or holding a long-term visa or a residence permit, issued by Schengen states, may enter the Romanian territory for an uninterrupted stay or for multiple stays which must not last more than 90 days during a 180-day period prior to each day of stay on Romanian territory. This is possible without short-term visas, if the documents they present are valid, and the number of entrances and the duration of the stay are not exceeded.

The duration of stay on the Romanian territory cannot exceed the right to stay set by visas, long-term visas or residence permits.

The provisions come into force on the 1st of February 2014.

DECISION 992 dated 11 December 2013 to set the number of new work permits that may be issued to foreigners in 2014 (Official Gazette 791/2013)

The Decision sets a total number of 5,500 work permits that can be issued in 2014 to foreigners who aim to be employed in Romania or be seconded in Romania by their employer which is a foreign legal entity. The work permits for 2014 are classified as follows (according to type and number):

- work permit for permanent workers – 3,000;
- work permit for secondees – 900;
- work permit for highly qualified workers – 800;
- work permit for seasonal workers – 100;
- nominative work permits – 100;
- work permits for trainees – 200;
- work permits for athletes – 300;
- work permits for trans-borders residents working in Romania – 100.

DECISION 965 dated 11 December 2013 to declare the 27th and 31st of December 2013 and 3rd of January 2014 as holidays (Official Gazette 775/2013)

For public service employees, the 27th and 31st of December 2013 and the 3rd of January 2014 are declared holidays. For those days, certain measures are set in order to recover them throughout December 2013 and January 2014.

The provisions do not apply in the following cases:

- to work locations where the operation cannot be interrupted due to the nature of the production process or specifics of the activity;
- to magistrates or other categories of personnel at courthouses involved in settlement of trials with hearings sets on the 27th and 31st of December 2013 and on the 3rd of January 2014, and also the participants in these hearings;
- to ANAF personnel who have attributions in administrating income due to the consolidated State Budget.

DECISION 936 dated 27 November 2013 to approve Methodological Norms to apply Government Emergency Decision 92/2013 on the Credit Guarantee Programme for Small and Medium Enterprises (Official Gazette 755/2013)

ORDER 1042 dated 13 December 2013 regarding INTRASTAT thresholds to provide data for INTRASTAT statistics on the commerce of goods within the European Union in 2014 (Official Gazette 809/2013)

The thresholds for 2014 are unchanged from 2013, as follows:

- RON 900,000 for supply of goods within the European Union;
- RON 500,000 for purchases of goods within the European Union.

Economic operators which, during 2013, carried out trade of goods with EU Member States with a total value of each separate flow (supplies and purchases) greater than the thresholds listed above must prepare and submit an INTRASTAT return to the National Institute for Statistics starting January 2014.

Economic operators which, during 2014, supply or purchase goods within the EU having an accumulated value from the beginning of the year which exceeds the respective 2014 thresholds must also provide INTRASTAT data. These operators must prepare and submit statistical returns starting the month following the one when the threshold regarding EU supplies or purchases was exceeded (for each separate flow).

LAW 329 dated 5 December 2013 regarding ratification of Treaty to avoid double taxation and fiscal evasion on income tax, signed between Romania and the Republic of India, in New Delhi on the 8th of March 2013 (Official Gazette 769/2013)

The Law ratifies provisions of the new Treaty signed between Romania and India in order to avoid double taxation.

The Treaty sets a 10% tax rate for dividends, interest and royalties.

ORDER 2030 dated 18 December 2013 to amend and complement Order of the Ministry of Public Finance 1393/2006 to approve Procedure to set, ex officio, the income tax for individuals and the model and content of the "Decision upon ex officio taxation" form (Official Gazette 842/2013)

INFO – Tax on Representative Offices (Rep. Office)

Any foreign legal entity, which has a Rep. Office authorized to operate in Romania, has the obligation to pay an annual tax in accordance with provisions of art. 122 of Fiscal Code.



**Intrastat
thresholds for 2014
are unchanged**



The tax on Rep. Offices for a fiscal year is equal to the equivalent in lei of EUR 4,000, determined for a full fiscal year, based on the exchange rate of the foreign exchange market, communicated by the National Bank of Romania and valid on the date when payment of the tax to the State Budget is made. The foreign legal entity has the obligation to pay the tax on Rep. Offices to the State budget, in two equal instalments, by 25 June and 21 December, inclusive.

In the case of a foreign legal entity which, during a fiscal year, terminates or establishes a Rep. Office in Romania, the tax due is calculated pro-rata on the basis of the number of months in operation in the respective fiscal year.

The foreign legal entity which owes the tax on Rep. Offices has the obligation to submit an annual statement to the competent fiscal authority by 28 or 29 February of the taxation year.

Foreign legal entities, through their Rep. Offices established in Romania, are not allowed to carry out trade operations; as such, Rep. Offices are not legal entities. Rep. Offices are required to keep accounting records according to Romanian legislation.

Source: DGFP Vâlcea



INFO – Fiscal regime for gift vouchers offered by employers to employees

According to provisions of Law no. 193/2006 on granting gift and nursery vouchers, as subsequently amended and complemented, gift vouchers are procured by employers from voucher issuing units and may be used for marketing campaigns, market research, promotion on existing or new markets, protocol, advertising and promotion expenses, as well as for social expenses.

Gift vouchers

According to provisions of item 70 letter i) for application of art. 55 para. (3) of the Fiscal Code, gift vouchers offered in accordance with the law, irrespective of whether they are granted for the purposes and amounts provided for under art. 55 para. (4) letter a) of the Fiscal Code (gifts offered by employers for the benefit of underage children of employees, for Easter, 1 June, Christmas and similar holidays of other religions, as well as gifts offered to female employees for 8 March, within the limit of RON 150), are considered benefits received by the individual.

According to art. 55 of the Fiscal Code, "salary income comprises all income in cash and/or in kind obtained by a natural person who carries out activity under an individual labour agreement or under a special status provided by law, irrespective of the period they regard, the name of the income or the form of granting thereof".

When determining personal income taxes, these benefits are included in gross monthly salary and taxed at 16%.

Gift vouchers are not included in the monthly base amount for calculation of compulsory social contributions in accordance with art. 2965 letter o) of the Fiscal Code.

Gifts of money and in kind

Gifts offered by employers for the benefit of underage children of employees, for Easter, 1 June, Christmas and similar holidays of other religions, as well as gifts offered to female employees for 8 March, to the extent the value of the gift offered to each person, on each of the above occasions, does not exceed RON 150, are not included as salary and are not taxable for income tax purposes. The threshold established for gifts offered by employers (in money or in kind) to underage children of employees on the above mentioned occasions is applied to each underage child of each employee. These gifts in money and in kind are not included in the monthly base amount for calculation of the compulsory social contributions according to art. 2965 letter o) of Fiscal Code.

Gifts of money or in kind given on the above-mentioned occasions which exceed RON 150, as well as gifts offered on other occasions are subject to income tax and compulsory social contributions.

Important! For the employer, in respect of the profit tax, these gift expenses in money or in kind are deductible when calculating profit tax, as social expenses, within the limit of 2% of salary expense, according to Law no. 53/2003 – the Labour Code.

Gift vouchers given to individuals other than employees and assimilated employees are subject to the personal income tax rate of 16%, according to art. 78 of the Fiscal Code.

Source: DGFP Vâlcea

INFO - Quarterly advance profit tax payments

Starting 1 January 2013 it is enforced the possibility to opt for application of advance profit tax payments system.

The first year of application of this system is already passed. Those who opted a year ago to apply the system are required to maintain it in 2014 (the system is mandatory on 2 consecutive fiscal years). But for those who have not chosen the system a year ago it is time to make a new opportunity analysis to apply for this system.

The main advantage of this regime is to cancel mandatory computation of profit tax at each quarter end, which means applying regulations for computing fiscal profit starting from accounting profit every quarter. As per the regime on paying profit tax through quarterly advance payments, a preliminary amount continues to be paid quarterly but this amount is based on prior year fiscal profit adjusted for inflation. Annual adjustment occurs upon preparation of the annual profit tax return and is the only time during the respective year that computation of fiscal profit starts from accounting profit, the outcome being profit tax to be paid after deduction of quarterly advance payments.

The profit tax payment regime of quarterly advance payments will consist of:

- an option to enter or exit the quarterly advance payment regime at inception of the fiscal year, by 31 January;
- the option is made for at least 2 consecutive fiscal years;
- taxpayers under the regime of profit tax payment through quarterly advance payments which post a fiscal loss for the first year of the mandatory 2 year period, pay quarterly advance payments on profit

Pay attention to the fiscal effects on granting gift vouchers!



tax by applying the tax rate to the applicable current year quarterly accounting profit;

- ☑ taxpayers under the regime of profit tax payment through quarterly advance payments which benefited from profit tax exemption the previous year as per law and no longer benefit from these fiscal facilities for the year when quarterly payments must be determined and disbursed, will determine quarterly advance payments based on profit tax disclosed on the previous year profit tax return even if they were actually then exempted from its payment.

Exceptions – Taxpayers not be entitled to opt for payment of profit tax by quarterly advance payments

The categories of taxpayers which will **not be allowed to opt** for payment of profit tax by quarterly advance payments starting 2013 and for which a special regime for declaration and payment is established are the following:

- a) non-profit organisations which must declare and pay profit tax on economic activity annually, by 25 February of the year which follows the year for which profit tax is computed;
- b) taxpayers which obtain most of their income from growing cereal, "technical" plants, tree culture and viticulture which must declare and pay profit tax annually, by 25 February of the subsequent year;
- c) the following taxpayers must declare and pay quarterly profit tax because they are not allowed to exercise the option for quarterly advance payments:
 - foreign legal entities and non-resident individuals who carry out their activities through an association which is not a legal entity;
 - foreign legal entities which obtained revenue from or in relation to real estate property located in Romania or from disposal of an ownership interest they held in a Romanian legal entity;
 - resident individuals associated with Romanian legal entities for revenue obtained both in Romanian and abroad from associations which are not legal entities.

Furthermore, the option will be denied to the categories of taxpayers which were, during the previous year, under one of the circumstances mentioned below, and must compute and pay profit tax each quarter:

- ☑ taxpayers which posted a fiscal year loss at the end of the previous fiscal year;
- ☑ taxpayers which were subject to tax on the micro enterprise revenue and become subject to profit tax;
- ☑ taxpayers which are in temporary inactivity or which declare under own responsibility that no activity is carried out at registered headquarters or secondary establishments, as per legal provisions, with the Trade Register or with the Registry maintained by competent judicial authorities, if applicable
- ☑ newly set up taxpayers, but in this respect, taxpayers which register further to reorganisation as per law are not considered new taxpayers.

We want to emphasize the need to perform a careful analysis of the forecasted evolution of the company in the next years, especially for financial results. The opportunity of the decision to opt or not for the new system should be based on this analysis.

As we have already mentioned above, the option is mandatory for at least 2 consecutive fiscal years. This system will not produce positive results for the companies registering decrease in turnover or in profitability and in general in cases of decline in the financial results of the company. The system is opportune especially for the companies registering growth in activity and results, due to advance payments of profit tax (at previous year levels) and deferral of payment of actual profit tax.

IMPORTANT – Finalization of 2013 profit tax

Please be reminded that as of 2012, profit tax related to the 4th quarter is no longer declared as anticipated at the same level as the 3rd quarter. Therefore, Form 100 related to December 2013 which should be submitted by 25 January, 2014 should not contain the item "profit tax".

The profit tax reporting and the payment term for 2013 is 25 March 2014, except for not-for-profit organizations and taxpayers which generate the majority of income from harvesting grain and technical plants, fruit and vineyards, as they have the obligation to report and pay their annual profit tax by 25 February 2014.

REMINDER – Impairment of receivables

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

Impairment of receivables recorded in accounts receivables or other debtors is recorded at the time of the annual inventory by recording an impairment expense.

What fiscal implications does impairment of receivables have?

As per 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:
 - were recorded after 1st January 2004;
 - have not been collected 270 days after due date;
 - are not guaranteed by a third person;
 - are owed by a person who is not a related party;
 - were included in the taxable income of the taxpayer.
- ☑ Impairment expenses are fully tax deductible when all the following conditions are met:
 - were recorded after 1st January 2007;
 - receivable is from a legal entity for which a bankruptcy procedure has been opened based on a



**Advanced profit
tax payments
important decision
to opt in or not**



- 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 provisions of article 21, letter n) of the Fiscal Code, the loss recognized 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 entity.

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 bankruptcy of the beneficiary. Adjustment is allowed starting the announcement date of the judicial decision for wind-down procedures set per Law 85/2006 regarding insolvency procedures, the decision being final and binding.

REMINDER – Tax regime of the micro enterprise

A micro enterprise is a Romanian legal entity which meets as at 31 December of previous year all of the following conditions:

- obtains revenue from sources other than those mentioned below;
- has annual revenue which does not exceed the amount in RON of Euro 65,000;
- has its share capital held by persons other than the State or local authorities;
- it is not under liquidation, registered at the Trade Registry or at the Court, according to the law.

In 2013 micro enterprise system became mandatory for those who fall under the above conditions. The condition on the number of employees was repealed.

The enterprise cannot apply for the micro enterprise taxation regime when:

- it carries out its activities in the banking field;
- it carries out its activities in insurance and reinsurance, in the capital market, with the exception of legal entities which independently carry out the role of intermediary in these domains;
- it carries out its activities in the field of gambling, consultancy or management.

Starting 2014, a micro enterprise may have income obtained from consultancy and management that must not exceed 20% of the total value of income.

Who applies micro enterprise tax regime in 2014?

Companies that apply the profit tax regime which falls on 31 December 2013 under the conditions mentioned above are required to apply for the micro enterprise tax regime in 2014.

Micro enterprises that continue to meet the conditions above will maintain the micro enterprise tax regime in 2014.

Newly set-up companies will apply the micro enterprise tax regime since incorporation if the condition on holding capital is met upon registration in the Trade Registry. If the company intends to carry out any of the exempted activities, it may not apply micro enterprise tax regime.

A newly established company which at the date of registration in the Trade Registry has subscribed share capital representing at least the equivalent in RON of EUR 25,000 may opt to apply the corporate tax regime.

When the micro enterprise tax regime ceases?

- Micro enterprises that start carry out non-allowed activities should apply the profit tax regime starting the quarter when such activities are performed.
- If, during a fiscal year, the micro enterprise obtains revenue of more than Euro 65,000, it will pay profit tax, taking into account revenue and expenses which occurred from inception of the fiscal year. Computation and payment of profit tax is made quarterly when the threshold of Euro 65,000 is exceeded. Tax on profit which is owed represents the difference between: profit tax calculated from the start of the year to the end of the reporting period and micro enterprise revenue tax due during the respective year. For taxpayers who changed the regime to micro enterprise starting 1 February 2013, the threshold of EUR 65,000 and the profit tax due are calculated starting 1 February 2013.
- Starting the next fiscal year than the one when any of the remaining conditions are not met.

Change in tax regime during the year or starting a new fiscal year is made by updating the fiscal status (fiscal vector) by the form 010. If the tax regime is changed from 1 January 2014, the form 010 must be submitted by 31 January 2014.

Tax rate and tax base

The tax rate applied to micro-enterprise revenue is 3%.

Tax on micro enterprise revenue applies to all revenue irrespective of its source, except for the following:

- changes in inventories (revenue);
- changes in work in progress regarding services (revenue);
- own production of tangible and intangible non-current assets;
- operating subsidies;
- reversing provisions or adjustments for depreciation, impairments and decline in fair value;
- restitution or cancellation of interest and/or penalties for late payment which were disallowed upon determination of taxable profit;
- compensation from insurance/reinsurance companies further to damage to items with the nature of inventories or own tangible assets.



New conditions and rules for micro enterprises in 2014



Starting 2014, new rules are applicable regarding the inclusion in the tax base of the commercial discounts and foreign exchange gains. Thus:

- The value of commercial discounts granted after billing is deducted from the taxable base. The value of commercial discounts received after billing is added to the taxable base.
- Gains resulting from foreign exchange differences recorded in the first three quarters of the year are not taken into consideration. During the fourth quarter, the favourable net difference between gains and losses resulting from foreign exchange differences, accumulated from the beginning of the year, is added to the taxable base.

The fiscal year for a micro enterprise is the calendar year. In case of a micro enterprise which is set up during the year or ceased to exist, fiscal year is the calendar year during which the legal entity existed. Reference exchange rate to calculate the threshold is the closing exchange rate from the prior financial year.

In case a micro enterprise purchases an authorized tax cash register, its purchase cost represents a reduction in the taxable base in the quarter when the cash register is commissioned as per law in conformity with the supporting document.

Computation and payment

Computation and payment of the tax on micro enterprise revenue is made quarterly by the 25th of the month which follows the quarter for which tax is computed.

If there is no legal regime for an association between a micro enterprise and an individual, resident or non resident, the micro enterprise must calculate, withhold, declare and pay to the State Budget the tax determined by applying 3% to the micro enterprise portion of association revenue by the 25th of the month which follows the quarter for which tax is computed.

The micro enterprise must keep evidence of tax depreciation expenses for its intangible and tangible assets as per article 24 of the Fiscal Code.



REMINDER – Quarterly settlement of social contributions and withheld income tax/ Quarterly submission of form(s) 112

We emphasize that starting Quarter IV 2011, quarterly submission of the return regarding social contributions, income tax and the nominative list of insured persons (form 112) was introduced for certain categories of taxpayers as well as quarterly payment of employer contributions and withheld employee contributions and income tax.

Quarterly submission consists of filing all three 112 forms which were prepared for each month of the quarter, by the 25th of the month after quarter end. The advantage for entities which benefit from this regime is in terms of cash flow.

We highlight that the general rule is to make computations on a monthly basis, withhold income tax at the date when payment of income occurs and transfer it to the State Budget by the 25th of the following month. The same rule applies to insured persons' contributions.

Unless the option to remain under the monthly submission and payment regime is exercised, the quarterly regime applies starting October 2011 to the following categories of taxpayers:

- legal entities subject to profit tax which recorded total revenue of up to Euro 100,000 and had average headcount of up to 3 employees (3 excluded) during the previous year;
- legal entities subject to tax on micro enterprise revenue which had, during the previous year, average headcount of up to 3 employees (3 excluded);
- associations, foundations or other non-profit organisations which are legal entities - except public institutions - which had average headcount of up to 3 employees (3 excluded) during the previous year;
- licensed individuals (PFAs) and individual entrepreneurs as well as individuals who carry out a profession, and associations which are not legal entities formed between individuals which have staff employed on the basis of a labour contract as per law.

Average number of employees and total revenue are determined as per provisions of article 296¹⁹ points (1³) and (1⁴) of the Fiscal Code, i.e. the arithmetic average number of employees as per forms 112 submitted each month during the previous year.

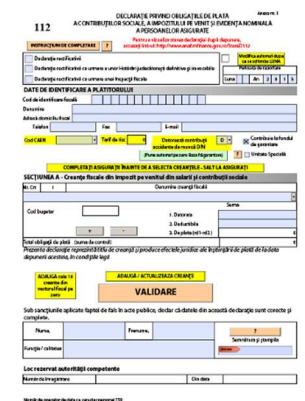
The option to continue to apply the monthly regime after 1st January 2014 ought to be submitted with tax authorities in paper format prior to 31 January 2014.

As for newly set-up taxpayers (but not PFAs, individual entrepreneurs and individuals who carry out a profession as well as associations which are not legal entities formed between individuals), they can apply for the quarterly submission and payment regime if, upon tax registration, they declare that their estimated headcount will be less than 3 employees and their estimated turnover will not exceed Euro 100,000.

We remind that when an employee is on medical leave or when a person is no longer an insured person during a quarter, the payer of salary income or of income assimilated to salary must submit form 112 by the 25th of the month following the month the person ceased to be insured. Under these circumstances, the form(s) pertaining to the period which remains within the quarter is/are submitted by the 25th of the month after quarter end. In cases where the employee's medical leave or termination of the quality of insured person occurs during the second month of the quarter, both the return regarding the first month of the quarter and the return regarding the second month of the quarter will be submitted in the third month and only submission of the return pertaining to the third month remains.

We also remind that the deadline for payment of social contributions and withheld income tax remains quarterly even if, as per the above mentioned provisions, the taxpayer must submit form 112 by anticipation for the first or the second month of the quarter in case of medical leave or of termination of the quality of insured person. To compute the average number of employees, only persons under labour contract must be taken into account, irrespective of whether full time or not.

Form 112 monthly or quarterly submission?



The form to exercise the option was approved by Order 3154/2011 (Official Gazette 677/2011) and may be downloaded from the ANAF website at

http://static.anaf.ro/static/10/Anaf/formulare/Decl_opt_OPANAF_3154_2011.pdf

REMINDER – Attributing numbers to accounting documents

Do not disregard provisions of Order 2226/2006 (Official Gazette 1056/2006):

- An internal procedure for tracking invoice numbers must be established;
- Persons responsible for organizing and maintaining bookkeeping must designate one or several persons who will have among their attributions allocation and management of invoice numbers issued by the enterprise, by written internal resolution,
- The invoice has a number in one or several series. The numbering scheme set by the enterprise must be sequential and measured in order to cover the volume of invoices to be issued by the enterprise;
- Every year, the number of the first invoice of the year will be established.

It is no longer mandatory to sign and stamp invoices, but such procedures contribute to internal control and represent a means to fight fraud.

We also highlight provisions of Order 3512/2008 regarding accounting documents and registers (Official Gazette 870/2008) which were presented in detail in APEX Team Newsletter no. 12 - 2008, which makes an internal numbering scheme for financial and accounting documents mandatory.

The internal numbering scheme for financial and accounting documents will thus be ensured:

- Persons responsible for organizing and maintaining bookkeeping must designate, by a written internal resolution one, or several persons who will have among their attributions allocation and management of numbers of the documents issued by the enterprise;
- Each form will have a number or series, which must be sequential. For the allocation of a number, the organization of the entity in warehouses, secondary establishments, branches, etc. will be taken into account;
- An internal procedure for tracking/allocating numbers or series, if applicable, must be established. Every year, the number of the first document of the year will be established.

The annual internal decision must set the numbers allocated to invoices, cash receipts, delivery notes as well as to other financial and accounting forms used by the entity (business claims, disbursement notes, collection notes, reception notes - "NIR," stock cards, etc.).

REMINDER – Do not forget to request tax residence certificates issued in 2014 from your foreign business partners

The tax residence certificates issued in 2013 are valid for the first 60 days of 2014.

Main EXCHANGE RATES FOR FOREIGN CURRENCY at the close of the 2013 financial year

The 2013 closing exchange rates communicated by NBR to value the monetary items (cash on hand, receivables, payables) denominated in foreign currency or pegged to a foreign currency are:

1 EUR = 4.4847 RON ; 1 CHF = 3.6546 RON; 1 GBP = 5.3812 RON; 1 USD = 3.2551 RON.

JANUARY 2014 – 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 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 current month.

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

DO NOT FORGET to establish the numbers which will be used during this financial year for invoices, petty cash receipts, delivery notes and other accounting documents at the very beginning of 2014 by an internal resolution.



Do not forget to ask your foreign partners the residency certificates for 2014



During the month - do not forget

That Thursday 9 January is the last day to submit

- Form 092 (*amendments*) to change VAT return periods from Quarterly to Monthly in case an EU acquisition of goods occurred in December 2013. Starting January 2014, VAT returns shall be submitted monthly.

That Friday 10 January is the last day to submit

- Return on collection of hotel tax
- Return for fiscal registration/for mentions (*amendments*) for legal entities, associations and other entities which are not legal entities (form 010) for legal entities which must register under the scope of VAT as their turnover exceeded the legal threshold for exemption (RON 220,000, representing Euro 65,000 at the NBR exchange rate in force at the date when Romania joined UE, i.e. 1 Euro = 3.3817 RON) – as per article 152 (6) of the Fiscal Code**
- Return for fiscal registration/for mentions (*amendments*) for individuals who carry out independent economic activities or carry out a profession (form 070). These persons must register under the scope of VAT as their turnover exceeded the legal threshold for exemption (RON 220,000, representing Euro 65,000 at the NBR exchange rate in force at the date when Romania joined UE, i.e. 1 Euro = 3.3817 RON) – as per article 152 (6) of the Fiscal Code
- Return for fiscal registration/for mentions (*amendments*) for Romanian individuals (form 020) for individuals other than Romanian individuals who carry out independent economic activities or carry out a profession and must register for the scope of VAT as their turnover exceeded the legal threshold for exemption (RON 220,000, representing Euro 65,000 at the NBR exchange rate in force at the date when Romania joined UE, i.e. 1 Euro = 3.3817 RON) – as per article 152 (6) of the Fiscal Code
- Return for mentions (*amendments*) or deregistration under the scope of VAT in case of entities registered under the scope of VAT as per article 153 of the Fiscal Code which, during the previous year, do not exceed the exemption threshold set at article 152 of the Fiscal Code (form 096).

That Friday 10 January is the last day to pay

- Hotel tax
- Advertising service tax

That Wednesday 15 January is the last day to submit

- INTRASTAT statement for December 2013 (standard or extended submitted on-line)
- a statement of production capacity by beer producers with licensed fiscal warehouse under own responsibility
- "Statement of estimated revenue" form 220 related to 2013 with respect to Qualified rental revenue from independent activities (over 5 rental contracts).

That Monday 20 January is the last day to submit

- Special VAT return (VOES System) for Quarter IV 2013 for non-established taxable entities that rendered electronic services to non-taxable entities

That Monday 27 January is the last day to submit

- State budget liability return (form 100)*
- Return regarding social contributions, income tax and nominative list of insured persons (form 112)*
- VAT return (form 300)*
- Special VAT return for VAT non payers (form 301)*
- Statement regarding amounts deriving from VAT adjustments (form 307)
- VAT return regarding VAT due by taxable entities which registration code under the scope of VAT was cancelled as per article 153 point (9) letters a)-e) of the Fiscal Code (form 311)
- Recapitulative statement of EU Supply/acquisitions/services (form 390)* for December 2013
- Informative Statement on domestic supply/services rendered and acquisitions regarding December 2013 (form 394)*
- Statement of salary 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 (including "ecotax")
- Draft Prorata VAT for the 2014 fiscal year and computation method
- Return regarding turnover realized in 2013 (or computed prorata temporis, if necessary, for newly set up taxpayers) for taxable entities registered under the scope of VAT with a quarterly report period and which have not made EU acquisitions of goods in 2013 (form 094).** Taxable persons as per article 153 of the Fiscal Code which submitted VAT returns in 2013 on a quarterly basis and have exceeded the threshold of Euro 100,000 of turnover must also submit form 010 to enact the change of VAT reporting period from quarterly into monthly. Conversely, if the VAT reporting period was monthly in 2013 and 2013 turnover was less than Euro 100,000, form 010 must be submitted to enact the change in VAT reporting period from monthly to quarterly
- Statement regarding the determination of the tax representing quarterly advance payment on gains obtained from disposal of securities other than shares and securities in case of closed companies, during Quarter IV 2013 (form 225)
- Statement of allocation between associates of income and expenses pertaining to Quarter IV 2013 (form 104 to submit by associations which are not legal entities which are formed between taxpayers as set at article 13 letters c) and e) of the Fiscal Code)
- The notification for the application/exit of/from VAT Cash Accounting Scheme (form 097)



January is the month with the greatest number of tax returns, options and notifications





**Do not forget
the deadline for
submission of tax
returns and
payment of fiscal
liabilities**



- Informative statement regarding income tax derived from transfer of private real estate properties (form 208), related to the previous semester.

That Monday 27 January 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 Tax on the micro enterprise revenue related to Quarter IV 2013
 - 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 dividends paid in December 2013 or on dividends allocated and not paid during 2013**
 - 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" included).

That Tuesday 31 January is the last day to submit

- Form 010 to update the fiscal status (fiscal vector) by entities that change their tax regime from profit tax to microenterprise tax or the reverse case.**
- Option for monthly submission of form 112 regarding social contributions and employees' withheld income tax for entities which meet the criteria for quarterly submission of form 112 and subsequent quarterly payment as of 31 December 2013. Default option is the quarterly regime. Option is exercised through the form 010 (for legal entities) and form 070 (for individuals).**
- Option to change the system of reporting and payment of profit tax (advanced payment system or actual system) – form 012.**
- "Statement of estimated revenue" form 220 related to 2013 with respect to:
 - o Revenue from independent activities: commercial activities, independent professions carried out individually or under a form of association
 - o Rental revenue
 - o Agricultural revenue for which net revenue is determined on a real basis obtained from single entry bookkeeping data.
- "The application to opt for the determination of net income under the real regime" (effective amounts) accompanied by an "self-assessment of income derived from independent activities" (form 220) or the self-assessment of rental income for taxpayers which wish to opt for the determination of their revenue based on effective amounts
- "Statement regarding insured income in the public pension scheme" – form 600, by the following categories of taxpayers:
 - o entrepreneurs holding individual enterprises;
 - o members of family enterprises;
 - o persons having the status of Individual authorized to carry-out business activities;
 - o freelancers;
- persons obtaining income from intellectual property rights, for which the income tax is determined based on the data from single-entry bookkeeping system.
- The declarations to local public authorities which are 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 Tuesday 31 January 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:
 - a) Annual tax if the registration is for the fiscal year
 - b) The tax afferent to the period from 1st December and 1st January in cases where registration expires during this period

IMPORTANT

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 (*) may 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.

KEY HR FIGURES

2014 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 2,298 = RON 11,490) 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) ³	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 850) for every 100 employees	
Minimum monthly gross salary as per Government Decision 871/2013	RON 850	
Luncheon voucher - employee subject to salary starting May 2013	RON 9.35	
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 allowances. 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 allowances. 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: The contribution to fund to guaranteed payment of salary liabilities is also to be calculated for health insurance allowances but only in respect of the first 5 days of temporary incapacity of work supported by the employer as well as for allowances for temporary incapacity of work further to a work accident or occupational disease but only in respect of the first 3 days of temporary incapacity of work supported by the employer.

Be Aware! 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.

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***Our Mission:
Adding Value to Client's Business***

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

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

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

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

