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INFO – New APEX Team Office

Dear Partners,

APEX team has continued to develop and we are happy to announce that starting July 2015 we are working from a new office. The new APEX Team International headquarters are located on Helesteului Str. 15-17, District 1, Bucharest.

Our telephone/fax numbers and e-mail addresses remain unchanged.

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LAW 121 dated 29 May 2015 to approve OUG 79/2014 amending and complementing Accounting Law 82/1991 (Official Gazette 382/2015)

The Law approves OUG 79/2014 to amend the Accounting Law and also provides certain additional amendments, as follows:

- ☑ It is expressly mentioned that individuals required to maintain accounting records under the simple entry bookkeeping method are those carrying out the activity of generating income taxed under the “real system”.
This rule does not apply in cases where tax law stipulates otherwise. These individuals may also opt for double entry bookkeeping. In the past there was no distinction between the real basis system and the system based on income quotas. Therefore, for activities imposed through income quotas, bookkeeping it is not necessary, except for those situations where stipulated by tax law.
- ☑ Regarding the person empowered to fulfil CFO or chief accountant responsibilities, such persons should be employed/hired according to the law, having **higher education in the field of economics** and also **having the competence to conduct/manage the entity’s bookkeeping**. Previously, the requirement to be an employee of the entity was the only condition provided by law.

LAW 124 dated 29 May 2015 to approve OUG 92/2014 on regulation of certain fiscal and budgetary measures and amendment of certain normative acts (Official Gazette 407/2015)

The law amends and updates certain aspects regarding taxes applied in the field of gambling, and introduces other specific regulations. The changes are made both to the Fiscal Code, as well as to the specific legislation on gambling.

Amendments to Fiscal Code

The category of income obtained from gambling is expanded, not only including amounts gained/cashed in, but also goods and services received as a result of participation in gambling.

Tax quotas applied to income obtained from gambling are replaced with a standard list of tax quotas applied to each prize received by each participant from an organizer/income payer of gambling activities, as follows:

- gross income of up to RON 66,750, is taxed at the rate of 1%;
- gross income between RON 66,750 and RON 445,000, is taxed at RON 667.50 and 16% of the amount exceeding RON 66,750;
- gross income exceeding RON 445,000 is taxed at RON 61,187.50 and 25% of the amount exceeding RON 445,000.

The following income received in cash and/or in kind are not taxable:

- a) prizes valued at less than RON 600, inclusive, obtained by taxpayer, for each prize;
- b) the income received as a result of participating in gambling activities specific to casinos, poker clubs, slot machines and lottery tickets, below the value of the non-taxable amount of RON 66,750, won by the taxpayer for each prize received.

The non-taxable threshold is checked for payment of each prize, regardless of the nature of the gambling activity that generated such income.

If gross income obtained from each payment exceeds the non-taxable threshold, taxation is assessed separately from taxation of income derived from other gambling activities.

Slot machines and lottery tickets were eliminated from the category of income obtained from gambling activities. Only income from on-line gambling and poker tournaments remain in the category from which income tax is withheld.

In the case of gambling activities for which withheld income tax is not applied, the organizer/income payer for gambling activities has the following obligations:

- to send a written notification to each taxpayer including gross income information for each prize won during the previous financial year (by the last day of the month of February of the current year);
- submission to the competent fiscal authority of an informative statement of gross income for every prize won by each taxpayer (by the last day of the month of February of the current year for the previous year).

Amendments to legislation on gambling

The law approves OUG 92/2014, which brings specific regulations to the field of gambling and amends and complements certain aspects regarding specific terminology, procedures and operations.

Clarifications are made regarding the obligation to obtain National Office for Gambling (NOG) approval for the organisation of promotional activities by economic operators. Obtaining NOG approval is necessary in cases where the promotional activities use denominations, means or methods of attributing prizes which are specific to gambling.

It is forbidden for economic operators to promote goods and services, if the name of the activity suggests to clients the idea of participating in gambling.

LAW 120 dated 29 May 2015 to stimulate individual investors – business angels (Official Gazette 382/2015)

The law establishes the legal framework to encourage individual investors, known as business angels. Several tax benefits for individuals investing in micro-enterprises and small-sized enterprises are introduced. Conditions that need to be fulfilled in order for the benefits to be granted are also presented.

Small and micro-enterprises are those defined by Law 346/2004 to stimulate the creation and development of small and medium enterprises.



Changes to taxation on gambling



Thus, micro-enterprises are those entities having up to 9 employees and registering a yearly turnover or total assets up to EUR 2 million.

Small enterprises are those having between 10 to 49 employees and registering a yearly turnover or owning total assets up to EUR 10 million.

Individual investors (business angels) may benefit from the following tax benefits upon investing in micro-enterprises and small enterprises:

- ☑ Exemption from tax on dividends for the first three years from the purchase of shares. The exemption is granted up to the equivalent of the invested amount.
- ☑ Exemption from tax on capital gains from transfer of ownership right, if the transfer takes place at least three years after purchase of shares.

In order for the above benefits to apply, certain conditions must be fulfilled, some of which are mentioned below:

- ☑ The invested amount must be between EUR 3,000 and EUR 200,000, used strictly for the main business activity and to achieve investment plan goals.
- ☑ The cash contribution to share capital is made against new shares and share premium. The share premium cannot be used to increase share capital or be distributed to shareholders prior to three years from the investment date.
- ☑ The investor cannot hold more than 49% of share capital in the entity benefiting from the investment.
- ☑ If several individuals become individual investors (business angels), the tax benefit may be granted for a maximum of 49% of the share capital of the entity benefiting from the investment.

A series of conditions for granting benefits applicable to companies being invested in are also specified. Among others, investments made in companies operating in the following areas are ineligible for tax benefits: banking, insurance, financial intermediation, real estate transactions, gambling, shipbuilding, steel, coal and armament production and marketing, as well as advisory services in any field.

This law partially repeals provisions of the Fiscal Code, without specifically referring to art.1 para (3) of the Fiscal Code, which rules the prevalence of the Code over any conflicting provisions in tax law.

If provisions set out in this law are not fulfilled, the individual investor – business angel – is subject to tax on the previously exempted income, as well as the related interest and penalties, as per provisions of current tax law.

LAW 151 dated 18 June 2015 on insolvency procedure for individuals (Official Gazette 464/2015)

ORDER 1301 dated 8 June 2015 to amend and complement Annex no. 1 to ANAF Presidential Order 2365/2014 on Approval Procedure regarding re-calculation of advance payments of tax (Official Gazette 445/2015)

The order amends the procedure on re-calculation of advance payments of tax due by an individual during the financial year, upon termination of a lease/rental agreement.

The procedure to change the advance payments of tax due by an individual applies in the following situations:

- a) termination of lease/rental agreement;
- b) termination/suspension of independent activities during the year;
- c) termination/suspension of agricultural activities;
- d) addition of other activities which are subject to taxation based on income quotas to the business activity;
- e) when there are more than 5 rooms rented for tourism purposes.

If during the financial year, an individual obtaining income from rent must terminate/cease a lease/rental agreement at some point in time, then the taxpayers have the right to claim a re-calculation of advance payments of tax and also have the obligation to submit a statement regarding income obtained from rent. In practice, authorities require finalization of the situation of tax by submission of the annual income tax return simultaneously with termination of the contract. If the contract was concluded in foreign currency, but payment is made in RON, income obtained from rent is exchanged in RON, at NBR exchange rate published and valid on the day prior to the date when the



Incentives for business angels investors



tax decision was issued.

From the perspective of the re-calculation of advance payments of income tax, for 2015, upon termination of a lease/rental agreement, taxpayers have the option to claim the re-calculation of advance payments of tax starting the 1st of June 2015.



ORDER 1111 dated 18 May 2015 to approve Technical Norms on authorization to issue isolated warranties, to use global warranties and warranty waivers within the Community/Common transit regime (Official Gazette 401/2015)

The order approves Technical Norms on authorization to issue isolated warranties, to use global warranties and warranty waivers within the Community/Common transit regime.

This order replaces the previous Order 3001/2009.

ORDER 666 dated 9 June 2015 on application of IFRS accounting regulations by certain public entities (Official Gazette 442/2015)

ORDER 841 dated 2 April 2015 to approve template, content and technical norms to use and fill specific forms used in customs activity (Official Gazette 390/2015)

The order approves the classification list, template, content and technical norms to use and file specific forms for customs activity.

The forms provided by Decision of General Director of Customs General Directorate no. 47G dated 6 December 1986 will be used until there are no more of them in stock, but no longer than one year from the date when this Order comes into force.

LAW 166 dated 24 June 2015 to approve OG 10/2015 on organizing the lottery of tax bills (Official Gazette 460/2015)

Amendments to legislation regarding lottery of tax bills

For each lottery draw, a maximum number of 100 prizes will be awarded. In case there are more than 100 prizes claimed, then a number of 100 winning tax bills will be drawn from the total number of tax bills for which prizes were claimed.

Amendments to legislation regarding cash registers

OG 10/2015 provides amendments to OG 28/1999 on the obligation of economic operators to use electronic cash registers. These amendments were also modified by OUG 8/2015 (a detailed presentation of these amendments may be found in 4th issue of the APEX Team Newsletter of this year).

Among amendments made by OUG 8/2015, the system of penalties for various deviations from/violations of legal provisions was also mentioned. Thus, suspension of activity of an economic operator could have been avoided if, in addition to the fine, the economic operator would have paid an amount equal to ten times the fine. Nevertheless, the problem that generated multiple protests relates to the fact that the amount of this penalty was defined as non-recoverable, even if upon request of the economic operator the court of justice annulled the minutes of contravention.

Law 166/2015 eliminates the non-recoverable feature/aspect of this penalty.

ORDER 745 dated 25 June 2015 on organizing a special draw within the lottery of tax bills (Official Gazette 460/2015)

The Order set the organization of a special occasion draw within the lottery of tax bills on the 28th of June 2015. All tax bills issued between the 29th of March and the 31st of May participated in this draw.

The amount given for prizes is RON 1,000,000.

According to new regulations this amount will be divided between 100 winners (maximum number).

Following the draw, the tax bills declared as winners are those issued on the 23rd of May, in the amount of between RON 135.00 and RON 135.99.

**New changes in
lottery of tax bills**



ORDER 755 dated 26 June 2015 to amend and complement Order of the Minister of Public Finance 417/2015 on approval of Application Instructions of OG 10/2015 on organizing the lottery of tax bills, the Regulation on organizing and carrying out draws for the lottery of tax bills, the template and content of the form/application to claim prizes from the lottery of tax bills, as well as establishment of the Commission of surveillance of draws for the lottery of tax bills (Official Gazette 463/2015)

DECISION 437 dated 10 June 2015 on approval procedure and content of memorandum provided by art. 7 para. (1) of OUG 77/2014 on national procedures in the field of State aid, as well as to amend and complement Fair Competition Law 21/1996 (Official Gazette 454/2015)

ORDER 600 dated 22 May 2015 to approve Methodological Norms for application of Law 52/2011 regarding activities carried out occasionally by day labourers (Official Gazette 385/2015)

The Order approves new Methodological Norms for the application of Law 52/2011 regarding activities carried out occasionally by day labourers. The Order also repeals previous Methodological Norms, regulated by the Joint Order of the Interim Minister of Labour, Family and Social Protection and the Minister of Public Finance 1439/1930/2011.

REMINDER – Recruitment of students during legal holidays

As per Decision 726/2007 (Official Gazette 477/2007), employers recruiting students during legal holidays will benefit from monthly financial support for each student hired but not for more than 60 working days in a calendar year. This assistance represents 50% of the amount of the social reference indicator. This concept of social reference indicator was introduced by Government Emergency Ordinance 108 (Official Gazette 830/2010) amending Law 76/2002 regarding unemployment insurance and provision of employment opportunities. The social reference indicator is presently RON 500. To benefit from this assistance, employers must sign a convention with the Unemployment Agency within 30 days of the date of employing a student during holidays. Employers deduct the financial benefit from its unemployment payment contributions.

REMINDER – Valuation of monetary items in foreign currency

The June closing NBR exchange rates to use for valuation of monetary items (cash on hand, receivables, payables) denominated in foreign currency, as well as receivables and payables denominated in RON but pegged to a foreign currency for collection/disbursement are:

1 EUR = 4.4735 RON; 1 CHF = 4.3021 RON; 1 GBP = 6.2896 RON; 1 USD = 3.9969 RON.

JULY 2015 – 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 organize a stock count of inventories if the enterprise does not use a perpetual inventory system
- To issue final invoices for the month

To comply with requirements regarding VAT

- Mention the registration code under the scope of VAT on documents for EU business partners



**Tax incentives
for recruiting
students during
legal holidays**





**Do not forget
the deadlines to
pay taxes and to
submit tax returns**

- Check the validity of the registration code under the scope of VAT mentioned on invoices received
- Check the amount of VAT disclosed on invoices received
- Check references related to VAT (e.g.: “reverse charge”, “operation not subject to VAT”, etc...)
- On invoices, write VAT amount received in case of reverse charge
- Maintain the ledger of goods received
- Maintain the ledger of non-transfer of goods
- Mention which exchange rate will prevail (NBR or commercial bank) in contracts with foreign partners

During the month - do not forget that

Tuesday 7 July 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 June 2015. Starting July 2015, VAT returns shall be submitted monthly.

Friday 10 July is the last day to submit

- Return on collection of hotel tax
- 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)

Friday 10 July is the last day to pay

- Hotel tax
- Advertising service tax

Wednesday 15 July is the last day to submit

- INTRASTAT statement for June 2015 (standard or extended, submitted on-line)
- Statements of acquisitions and supplies in the field of energy in June 2015

Monday 20 July is the last day to submit

- the special VAT return for the previous quarter (VOES system) by the taxable entities not established in EU that provide electronic services to non taxable entities
- the special VAT return for the previous quarter by the taxable entities established in EU, but in other member state than the state where the consumption is made, that provide electronic services, telecommunication, radio-TV services to non taxable entities

Monday 27 July 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 in 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 June 2015
- Informative Statement on domestic supply/services rendered and acquisitions regarding June 2015 (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)
- Statement of allocation between associates of income and expenses pertaining to Quarter II 2015 (**form 104** to be submitted by associations which are not legal entities and formed between taxpayers as set at article 13 letters c) and e) of the Fiscal Code)
- Reimbursement request for excise taxes by importers for the previous quarter
- Reimbursement request of excise taxes for distance sales for the previous quarter



- Environment Fund Statement (including "ecotax")

Monday 27 July is the last day to pay

- Excise taxes
- VAT
- Liabilities to the sole bank account – **State Budget**
 - o **Tax on profit for Quarter II 2015** (advance payment system or actual system)
 - o **Tax on micro enterprise revenue for Quarter II 2015**
 - 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 dividends paid in June 2015
 - 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 head-count 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
- 50% of the tax upon rental of rooms to tourists made by owners of rooms located in their private lodgings with an accommodation capacity of between 1 and 5 rooms (first instalment)
- Contribution to Environment Fund ("ecotax" included)



27 July
deadline to pay
the profit tax for
2nd quarter

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

2015 Contributions	Employer and Beneficiary of activities considered dependent activities (% rate)	Employee and provider of dependent activities (% rate)
Social security contribution (<i>pension</i>)	15.8% for normal working conditions 20.8% for particular working conditions 25.8% 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 2,415 =RON 12,075) 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 1050) for every 100 employees	
Minimum monthly gross salary as per Government Decision 1091/2014	RON 975 (starting 1 January 2015) RON 1050 (starting 1 July 2015)	
Luncheon voucher - employee subject to salary starting May 2015	RON 9.41	
Per diem (in Romania) Employees in the public sector Employees in the private sector (x 2.5)	RON 17.00 (starting 27 January 2015) RON 42.50 (starting 27 January 2015)	

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 to work supported by the employer as well as for allowances for temporary incapacity to 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*