The Decision approves Implementation Norms for the new Fiscal Code, which is effective the 1st of January 2016.

The normative act has considerable depth, several amended aspects being presented below:

**CORPORATE TAX**

- Enumeration of certain types of deductible expenses as examples is reintroduced, even though we do not consider it necessary due to the fact that any expense made in the scope of economic activity (new principle for expenses deduction) is deductible. Previously, enumeration of examples led to abuses, because only the enumerated elements were considered deductible by fiscal authorities.

- Several clarifications are made for the recognition of certain adjustments / estimations for income or expenses assessed by fiscal authorities for an affiliated entity, the effect of these adjustments being transmitted to the other affiliated Romanian entity.

- Salary and related expenses are deductible expenses when calculating fiscal profit or loss, regardless of the fiscal regime applied to the same expenses at the level of individual.

- The condition related to destruction of stock or depreciable fixed assets is considered to be fulfilled in the situation where the destruction is made through own means, as well as in the case where the stock or depreciable fixed assets are delivered to specialized units.

- Provisions for receivables other than amounts due from clients, are to be registered subsequent to the 1st of January 2016.

- Additional provisions are introduced regarding depreciation of investments in fixed assets that are the object of rental, lease, or tenancy agreements.

**VAT**

- Change in conditions to set up a fiscal group.

- Introduction of a significant number of examples that should help understand application of certain provisions of the Fiscal Code.

- Regarding examples on setting a VAT chargeable event (that determine the VAT rate and regime applicable to an operation), we have noticed an important change in the case of re-invoicing of costs (meaning operations for which the structure of commission is applied, the only purpose being to recover certain costs, without margin and without representing accessory elements to another operation). Thus, in previous Norms, the chargeable event in the case of re-invoicing was the moment when the recharge invoice was issued, applying the VAT rate in force at that moment, irrespective of the moment when the recharged elements were received. The situation changes in Norms in effect starting 2016. The chargeable event remains linked to the original operation subject to re-invoicing. VAT chargeability, however, continues to occur upon issuance of recharge invoice.

- Contracts under the form of subscriptions are regulated, service considered to be rendered when the provider puts itself at the client’s service.

- Many cases from the European Court of Justice are adopted by Romanian legislation, cases that also bring clarification to certain complex test cases.
Provisions on VAT treatment for vouchers are introduced for the first time. Distinctions are made between sole purpose vouchers and multiple purpose vouchers.

ORDER 4160 dated 31 December 2015 to amend and complement certain accounting regulations (Official Gazette 21/2016)

The Order amends the main accounting regulations adopted through Order of Minister of Public Finance 1802/2014. The amended aspects are mentioned below:

Change in accounting policy to value tangible fixed assets

The situation in which an entity decides to change its accounting policy is regulated by changing the method to value tangible fixed assets, from revaluation method to cost method. Thus, the methodology to close account 105, Revaluation reserve, when changing accounting policy is presented.

Commercial discounts

Additional regulations on commercial discounts have been added, especially in the situation where commercial discounts are granted to cover the entire value of goods. It may be concluded that the regime of commercial discounts consists of:

Partial commercial discounts

a) if they are on the same invoice as goods, then they are registered at their net value;
b) if they are granted subsequent to purchase:
   o STOCK
     • If not in stock or identification is not possible, then they are registered in account 609 (P&L)
   o FIXED ASSETS
     • Fixed assets are registered in account 475 and are recognized as income throughout remaining useful life;
     • Discounts granted for fixed assets that cannot be identified are registered in account 758.

Total commercial discounts (covering total value of goods)

a) STOCK – is recognized at fair value in other operating revenue (acc. 758). Stock is discharged through cost when sold or consumed;
b) FIXED ASSETS – are recognized at fair value through account 475, and reflected in income statement in revenues at the same time with amortization.

Capitalization of interest

Interest on borrowed capital, related to assets which do not fulfil the condition having at least one year production time, represents expenses related to the current period. The same type of expense is also represented by currency exchange rate differences.

Government securities

A section referring to accounting for government securities as financial fixed assets is introduced. Situations when the purchase of securities is made at a lower or higher price than value received on due date is clarified. Thus, the difference in value is allocated to accrued expense or deferred income accounts, as the case may be, and will be charged through expense or income, respectively, throughout the period those securities are held.

Fixed assets

A change in useful life represents a change in accounting estimate. Treatment of transfers to and from the category of real estate investments has been revised. As an element of novelty, shares received from affiliated entities following an increase in share capital for these entities are registered in the other reserves account. When the shares are distributed, they will be registered as income (prior to this clarification, these shares were registered as income upon initial transfer).

Fiduciary contracts

A distinct section regulating fiduciary contracts has been introduced.

Green certificates

Several complements are brought to existent provisions.
**Bonus related to share capital**

Entities participating in reorganisation operations, and decide to maintain reserves established for fiscal purposes, may introduce the respective reserves as a bonus related to share capital (debit account 1042, Merger premium, credit account 1068, Other reserves), within the premium limits related to corresponding operations.

**Cash flow reporting**

Additional indications regarding application of indirect method are introduced.

**Statement of changes in equity**

Adjustments representing corrections to accounting errors and changes in accounting policies which are charged to retained earnings should be separately disclosed.

**Financial Statement Audit thresholds**

Audit thresholds for Financial Statements are denominated in RON, having previously been set in EUR. Thus, it is mandatory to audit annual financial statements, when at least two of the following three criteria are exceeded for two consecutive financial years:

- Total assets: RON 16,000,000 (equivalent to EUR 3,650,000);
- Net turnover: RON 32,000,000 (equivalent to EUR 7,300,000);
- Average headcount during financial year: 50.

**General chart of accounts**

The general chart of accounts has been updated with new accounts dedicated to fiduciary operations and with minor changes on other accounts.

ORDER 3769 dated 23 December 2015 to declare supply/provision of services and 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 11/2016)

The Order introduces a new template for form 394 on supply and acquisition transactions within the national territory during 2016. The new form has radically changed by becoming extremely complex and will have a negative impact on a majority of taxpayers due to the fact that it requires modification of IT systems and allocation of a significant amount of time to prepare the form for filing.

The complexity of this form comes from the fact that company transactions are reported on form 394 in extreme detail. Supply subject to reverse taxation is reported in 12 categories, according to each type of goods subject to reverse taxation (cereal and technical plants, waste, timber, mobile phones, microprocessors, consoles and games, etc.). In a similar manner, acquisitions subject to reverse taxation are differentiated according to type of goods purchased by taxpayer.

For their part, the supply and provision of services carried out within the national territory by a taxpayer is separated between taxpayers which apply the VAT cash accounting scheme and taxpayers which apply the regular VAT system. This information is now split according to the VAT rate applied: 20%, 9% or 5%.

Another new element is the fact that taxpayers should declare all invoices related to the reporting period and also the total number of invoices issued during the reporting period, including credit note invoices, cancelled invoices and auto-invoices. Fiscal bills which meet conditions of a simplified invoice issued are also in this category, meaning bills under EUR 100 (EUR 400, if fiscal authority approval is obtained) and containing VAT identification codes of beneficiaries.

**All fiscal bills issued**, as simplified invoices or as fiscal bills on which no identification code for the buyers is mentioned, both as a total quantity and total value, will be declared on form 394.

Another newly introduced element is the obligation to declare certain situations that are really not related to VAT system. Thus, taxpayers will declare purchases of goods and services from persons carrying out activities in agriculture, persons who have as a supporting document, depending on the case, a trade card, invoices or acquisition sheets.
In addition, it is now mandatory to declare acquisition from and supply to persons/taxpayers who/which are not registered under the scope of VAT, and this should be made separately according to the beneficiary’s country of residence.

If on tax returns, the taxpayer registers VAT to be reimbursed, then it should complete two tables with acquisition and supply data by main categories of transactions, in order to explain why the entity registers VAT which is subsequently reimbursed. A large part of the VAT tax return is also found in form 394.

Finally, the form also requests taxpayer authorization to allow, through ANAF, consultation of information submitted to fiscal authorities by other state bodies. The taxpayer may decide whether the information submitted to ANAF will only remain with fiscal authorities or if the information submitted to ANAF may also be used by other state institutions.

For January and February, 2016, form 394 will be submitted in its older version. By the 25th of April, 2016 - for March 2016 - the new form 394 will be submitted, and for the months of January and February, adjusted forms will be submitted to replace previously submitted forms (by the 25th of April 2016).

**ORDER 52 dated 14 January 2016 to approve calculation to determine monthly personal deductions for taxpayers obtaining income from salary for base position, starting the month of January, 2016, according to provisions of art. 77 para. (2) and of art. 66 of Law 227/2015 on the Fiscal Code (Official Gazette 52/2016)**

The Order approves the calculation to determine monthly personal deductions for taxpayers obtaining income from salary for base position, starting the month of January, 2016. Income from salary obtained starting the month of January, 2016 represents any amount received as salary starting the 1st of January 2016, except payments representing final salary payments for the month of December 2015.

Starting 2016, the value of a personal deduction increases from RON 250 to RON 300 and the value of the salary for which the personal deduction is granted in its entirety also increases.

**Personal deductions diminish as gross income increases:**

- a) for gross wages up to RON 1,500, personal deductions are between RON 300 (if the employee has no dependents) and RON 800 (for 4 or more dependents);
- b) for gross wages between RON 1,501 and RON 3,000, personal deduction or deductions for dependents are progressively reduced, according to income, to zero;
- c) for gross wages higher than RON 3,000, no deductions are granted.

Regarding application of deductions, we bring to your attention several relevant provisions from Implementation Norms of the Fiscal Code:

- for a minor dependent placed under the care of parents or a tutor, the personal deduction is granted to each parent and tutor.
- the deduction of an amount in the form of personal deduction from net monthly salary is granted for each month of the taxable period, but only for salary income earned from the workplace where the position is located, within the limits of income earned.
- dependents may be considered the spouse/husband of the taxpayer, his/her children, as well as other family members up to the second degree of kinship.
- minors are always considered to be dependents, except for minors who are employed, regardless of whether they are placed in special health/protection or similar units, if income earned by the minor is under RON 300/month.
- if the income of a person placed under care/maintenance exceeds RON 300/month, he/she cannot be considered a dependent.
- in order to set the personal deduction for an employee, he/she should submit a statement of responsibility including the following information to his/her income payer:
  - a) identification data for taxpayer obtaining income from salary (name, surname, personal numeric code);
  - b) identification data for each dependent (name, surname, personal numeric code).

The employee should present documents to his/her employer about dependents such as: marriage certificate, child birth certificate, dependent’s income certificate.
or statement of responsibility and other support.

- The documents will be presented in original and in copy, the income payer keeping the copy subsequent to checking compliance using the original.
- The employee has the obligation to inform the income payer about any changes within 15 days from the date when the event generating a change occurred, thus the employer/income payer will reconsider the level of deduction starting the month after the event occurred.
- Personal deductions are not prorated according to number of hours in case of income from a part-time labour agreement for the base position.

ORDER 43 dated 19 January 2016 to amend and complement Implementation Norms of Emergency Government Ordinance 158/2005 on medical leave and compensation from social health insurance, approved by Order of Health Minister and President of National Health Insurance House 60/32/2006 (Official Gazette 46/2016)

The Order amends and complements Implementation Norms of provisions on medical leave and compensation from social health insurance. In this regard we mention the main aspects:

- addition of certain new situations for which retroactive medical certificates may be granted;
- change in time period covered by medical certificates issued by family physician, being limited to a maximum of 10 calendar days (previously 14 days), in one or several phases;
- publication of template for certificate that the employer is obliged to issue to employees on which appears the number of medical leave days during the previous 12 months;
- change to deadline when the Health Insurance House will pay amounts due to employers – the amounts should be recovered within 30 to 60 days from submission of restitution claim;
- elimination of employer obligation to send the list of persons in temporary inability to work to applicable health insurance houses.

LAW 4 dated 12 January 2016 to approve GEO 44/2015 to grant certain fiscal facilities (Official Gazette 24/2016)

The Law approves GEO 44/2015 which introduces fiscal facilities on cancellation of delayed payment penalties and a reduction of delayed payment interest related to unpaid fiscal liabilities by 54.2% as of the 30th of September 2015.

As a reminder – to benefit from these facilities, subsequent to settlement of main liabilities by the 31st of March 2016, it is mandatory to submit the application to cancel additional liabilities by the 30th of June 2016. The scheme also includes differences in liabilities resulting from adjusted tax returns that correct the main fiscal liabilities due prior to the 30th of September 2015. Adjusted tax returns submitted between the 1st of October 2015 and the 31st of March 2016 are also taken into consideration.

Taxpayers may quit the effects of the suspension of the fiscal administrative act in order to benefit from the fiscal facility. The waiver application is submitted by the 31st of March 2016.

Taxpayers benefitting from rescheduled tax payments as at September 30, 2015 as well as those receiving rescheduled tax payment between 1st of October 2015 and 31st of March 2016, inclusive, qualify for tax relief if they comply with conditions for this facility, and may also keep the instalment payment schedule.

ORDER 90 dated 14 January 2016 to approve content of application to grant instalment payments and supporting documents, as well as Implementation Procedure to authorize instalment payments by central fiscal authority (Official Gazette 45/2016)

The Order approves Implementation Procedure on granting instalment payments by central fiscal authority, as well as content of application to grant instalment payments and
required supporting document attachments.
As a reminder, payment of fiscal liabilities in instalments is a solution for taxpayers with temporary liquidity issues. General conditions that should be fulfilled are enumerated by art. 186-209 of the new Fiscal Procedure Code.

**ORDER 3846 dated 30 December 2015 to approve procedures to apply art. 92 of the Fiscal Procedure Code, as well as to approve template and content of certain forms (Official Gazette 14/2016)**

The Order approves the procedure and necessary forms for inactive taxpayers, as follows:
- procedure for declaration of taxpayers/payers as inactive, according to art. 92 para. (1) of the Fiscal Procedure Code;
- procedure to reactivate taxpayers/payers declared as inactive;
- procedure to adjust material errors;
- procedure to erase deregistered taxpayers/payers from the record of inactive taxpayers/payers.

Procedures regulated by this order are vast and customized to each normative base of the Fiscal Procedure Code which leads to declaration the taxpayer inactivity.

**When is a taxpayer declared inactive?**

According to provisions of art. 92 of the Fiscal Procedure Code, a taxpayer/payer, a legal entity or any other entity without legal personality is declared as inactive and provisions of the Fiscal Code on the effects of inactivity start to be applied in the following situations:

- a) it did not comply with any declarative obligations set by law for a half-year period;
- b) it has been shielded from tax inspection by declaring identification data regarding their registered address which has not enabled location by tax authorities;
- c) central tax authority notices that the entity does not operate at the registered fiscal domicile;
- d) temporary inactivity recorded at the Trade Register;
- e) company operation period has expired;
- f) the company no longer has statutory bodies;
- g) the period to hold the space used as headquarters has expired.

In the case provided by letter a), the declaration as inactive cannot be made prior to 15 days from notification to taxpayers regarding the non-submission of tax returns. In the cases provided by letters f) and g), the declaration as inactive is performed after 30 days from the communication made to the taxpayer/payer regarding the respective situations.

**Consequences**

Taxpayers/payers declared as inactive have **their registration under the scope of VAT cancelled ex officio**, starting from communication date of the decision to declare inactivity.

Re-registration under the scope of VAT can only be made subsequent to re-activation of taxpayer, starting the date when the communication of the decision to register was made. During the entire period between the moment of cancellation of registration under the scope of VAT and the moment of re-registration, the taxpayer will not have a valid VAT code, and will bear all fiscal consequences resulting from this situation. Practical-ly, the cancellation of VAT code does not mean that the taxpayer ceases to pay VAT. The taxpayer will collect VAT for delivery/provision of service performed, without having the right to deduct VAT (its own or that of its clients).

Purchases of goods and services from inactive taxpayers has as an effect of not only losing the right to deduct VAT, but also the right to deduct expenses related to those purchases.

It is necessary to mention that fiscal inactivity is registered on the fiscal record of the taxpayer and of its legal representatives, according to GO 39/2015 on the fiscal record.

In conclusion, we may say that inactivation of a taxpayer is the most serious/worst fiscal situation for a taxpayer, having significant effect on its activity and also on activity of its trading partners.
ORDER 3845 dated 30 December 2015 to approve procedures to register/change fiscal domicile, as well as to approve template and content of certain forms (Official Gazette 15/2016)

The Order regulates the procedures and forms to register/change fiscal domicile both for taxpayers subject to registration at the Trade Register and for taxpayers subject to fiscal registration with fiscal authorities. The procedure also refers to individuals holding a personal numeric code.

Registration/change of fiscal domicile is made through form 050, Registration/change of taxpayer fiscal domicile.

In addition to this form, form 010 on fiscal status (vector fiscal) is also submitted by legal entities, associations and other entities without legal personality. Individuals carrying out liberal professions submit form 070.

The applications are decided on within 15 days from submission date through issuance of a decision to register/change fiscal domicile, which is communicated to taxpayer/payer.

ORDER 371 dated 20 January 2016 to amend ANAF Presidential Order 3698/2015 to approve forms for fiscal registration of taxpayers and types of fiscal obligations constituting the fiscal status – vector fiscal (Official Gazette 56/2016)

The Order amends forms 020 and 030 which were initially approved by ANAF Order 3698/2015.

Form (020) – Fiscal registration/mentions return for Romanian or foreign individuals holding a personal numeric code, other than individuals carrying out independent economic activities or liberal professions, is prepared and submitted by Romanian and foreign individuals holding a personal numeric code.

Form (030) – Fiscal registration/mentions return for individuals not holding a personal numeric code, other than individuals carrying out independent economic activities or liberal professions, is completed and submitted by individuals not holding a personal numeric code.

ORDER 3841 dated 29 December 2015 to approve template and content of form (088), Affidavit for evaluation of intention and capacity to perform economic activities that imply VAT operations (Official Gazette 8/2016)

The Order updates template and content of form (088), Affidavit for evaluation of intention and capacity to perform economic activities that imply VAT operations.

In essence, there are no significant changes compared to previous regulations, the Order making an update required by the numbering of articles in the new Fiscal Code.

The form is submitted in the following situations:

- subsequent to set-up, a taxable entity declares that it will exceed the VAT exemption threshold, or when it elects the option to be registered under the scope of VAT;
- when exceeding annual turnover of RON 220,000, the taxable entity is obliged to register under the scope of VAT according to law, along with filing a statement of mentions form;
- subsequent to setting up a taxable entity, when it did not exceed the turnover threshold and is not obliged to register under the scope of VAT, but opts for the quality of VAT payer.

The form is also submitted in other situations, when there are changes in the organizational structure of the taxable entity and upon request by the competent fiscal authority, such as:

- change in headquarters;
- change in management structure and/or shareholders structure.

ORDER 3840 dated 29 December 2015 to set criteria for condition to register under scope of VAT (Official Gazette 5/2016)

The Order sets the criteria for registration under the scope of VAT for companies which are created based on Company Law 31/1990, are subject to registration at the Trade Register and apply for registration under the scope of VAT.
Provisions of the current Order do not apply to subsidiaries located in Romania of taxable entities that have headquarters of their economic activity abroad and have the obligation to register under the scope of VAT in Romania. The Order does not have significant amendments, being republished due to the change in the Fiscal Code starting the 1st of January 2016.

The three criteria analysed by fiscal authorities to allow registration under the scope of VAT are the following:

a) analysis of the situation of the taxpayer from a formal point of view, to discover if it has the legal right to carry out economic activities, if it has authorized objects of activity and does not find itself in the situation provided by art. 15 para. (1) of Law 359/2004, a normative base that allows registration of a company through a statement given by the director according to which he/she does not carry out economic activities at the headquarters or on the premises of secondary establishments;

b) analysis of the fiscal records of shareholders/directors and even the fiscal record of the taxable entity;

c) assessment based on analysis of the taxable entity’s capacity to carry out economic activities within the scope of VAT, based on information provided in form 088.

For registration under the scope of VAT, after exceeding of the annual turnover threshold of RON 220,000, the Order does not enumerate any criteria to condition the registration. Criteria for only for two situations are enumerated:

☑ when the company wants to register under the scope of VAT upon its registration at the Trade Register;

☑ when, subsequent to registration at the Trade Register, the company does not exceed the turnover threshold which would make registration under the scope of VAT mandatory, but wants to have the quality of VAT payer.

ORDER 4147 dated 30 December 2015 to approve Implementation Norms of VAT exemption for goods in international traffic, provided by art. 295 para. (1) of Law 227/2015 on the Fiscal Code (Official Gazette 26/2016)

ORDER 4145 dated 30 December 2015 to approve Norms on VAT exemption for supply of goods and provision of services destined to carry out NSIP projects in Romania, provided by art. (9) para. (1) of Law 294/2007 regarding evolution of projects funded through NATO Security Investment Programme in Romania (Official Gazette 14/2016)

ORDER 4146 dated 30 December 2015 to approve Norms on application of VAT exemption as provided by art. 294 para. (1) letters j), k), l), m) and n) of Law 227/2003 on the Fiscal Code and art. X and XI of Agreement between Romania and the USA on the status of forces, signed on the 30th of October 2001 in Washington and ratified by Law 260/2002 (Official Gazette 33/2016)

ORDER 4144 dated 30 December 2015 to repeal certain orders comprising regulations within the field of VAT (Official Gazette 7/2016)

The Order repeals the following acts:

a) Order of Minister of Public Finance 172/2006 on qualifying products as lumber for which reverse taxation applies;

b) art. 1 and annexes no. 1, 2 and 3 of the Order of Minister of Public Finance 2224/2006 to approve certain procedures on registration and management of taxable entities registered under the scope of VAT;

c) Order of Minister of Economy and Finance 1372/2008 to maintain evidence in the scope of VAT in conformity with art. 156 of Law 571/2003 on the Fiscal Code;

d) Order of Minister of Public Finance 1519/2012 to approve Guide for application of VAT cash accounting scheme.

ORDER 3795 dated 28 December 2015 to approve Technical Norms on creation, operation and dissolution of custom points within customs offices (Official Gazette 15/2016)
ORDER 923 dated 11 July 2014 to approve General Methodological Norms referring to performance of internal audit and Specific Code of Professional Norms for persons carrying out the activity of internal audit – REPUBLISHED (Official Gazette 28/2016)

ORDER 82 dated 18 January 2016 to approve Methodological Norms on preparation and submission of Financial Statements of public institutions as at the 31st of December 2015, to amend and complement Methodological Norms to organise and perform accounting duties for public institutions, Chart of Accounts for public institutions and its implementation instructions, approved by Order of Minister of Public Finance 1917/2005, as well as to amend and complement other Methodological Norms in the field of public accountancy (Official Gazette 57/2016)

ORDER 51 dated 14 January 2016 on distribution of annual prize fund for monthly lottery of tax bills related to 2016, as well as for special occasion lottery of tax bills (Official Gazette 29/2016)

REMINDER – Loss of more than half of share capital
As per provisions of Law 31/1990 regarding commercial companies, republished with its further amendments, if it is found that more than half of net assets have been lost, the share capital must be reconstituted or reduced before any appropriation. When Directors (“Administratori”) find that further to losses enacted in the annual financial statements, net assets, calculated as the difference between total assets and total liabilities of the company have decreased up to at least 50% of subscribed share capital, they must convene an extraordinary general meeting to decide whether the company must be dissolved. If the general meeting does not result in a decision to dissolve the company, the company must, by the end of the financial year following the year when the loss has been disclosed, reduce share capital by an amount at least equal to the losses which could not be covered by reserves; unless company net assets had been reconstituted at that time up to an amount equal to at least half of share capital.

REMINDER – Valuation of monetary items in foreign currency
The January 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 = 4,5337 RON; 1 CHF = 4,0820 RON; 1 GBP = 5,9369 RON; 1 USD = 4,1525 RON.

FEBRUARY 2016 – 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 8 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 validity of registration code under the scope of VAT mentioned on invoices received
☑ Check 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 ledger of goods received
☑ Maintain ledger of non-transfer of goods
☑ Maintain non-current assets ledger
☑ Mention which exchange rate will prevail (NBR, commercial bank or Central European 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 2016 by internal resolution.

During the month - do not forget that

Within:
☑ 30 days from the incorporation date / operating authorisation issuance date / business start-up date / the first income date / first employment date, as the case may be
☑ 15 days from the date of subsequent modification of data initially declared

the following forms should be submitted:

☑ 010 - Statement of tax registration/statement of mentions (amendments)/statement of de-registration for legal entities, associations and other entities which are not legal entities – Form 010
☑ 020 - Statement of tax registration/statement of mentions (amendments) for Romanian and foreign individuals holding a personal numeric code (CNP) – Form 020. To be filled by individuals other than those who carry out economic activities independently or by freelancers.
☑ 070 - Statement of tax registration/statement of mentions/statement of de-registration for persons carrying out economic activities independently or who perform independent professions – Form 070. To be filled by individual taxpayers who carry out economic activities independently or freelancers. Taxpayers engaged exclusively in a form of association are exempted from submission of this form.

All 3 forms are used during the process of tax registration and issuance of tax registration certificate, as well as to update the information.

Monday 1 February is the last day to submit

☑ 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 2015. Default option is the quarterly regime. Option is exercised through the form 010 (for legal entities) and form 070 (for individuals).

☑ Option to change system of reporting and payment of profit tax (advanced payment system or actual system) – form 012.

☑ "Statement of estimated revenue" form 220 related to 2016 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.

☑ "Application to opt for the determination of net income under the real regime" (effective amounts) accompanied by a “self-assessment of income derived from independent activities” (form 220) or 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
- persons having the status of Individual authorized to carry-out business activities
- freelancers
- persons obtaining income from intellectual property rights, for which income tax is determined based on the data from a single entry bookkeeping system.

**Declarations to local public authorities** are used for computation of: tax on land, tax on buildings and tax on means of transport. The obligation to declare vehicles or buildings held under financial lease contracts falls to the user.

**Monday 1 February is the last day for**
- Full payment of vehicle tax by user, foreign natural person or legal entity, which applies for temporary registration in Romania for means of transport in case registration is made for a period which lasts beyond 31 December of the fiscal year when the application is requested, as follows:
  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

**Friday 5 February 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 January 2016. Starting January 2016, VAT returns shall be submitted monthly.

**Wednesday 10 February is the last day to submit**
- Return for mentions (amendments) or deregistration under the scope of VAT in case of entities registered under the scope of VAT who, during the previous year, do not exceed the exemption threshold (form 096).

**Wednesday 10 February is the last day to pay**
- Advertising service tax

**Monday 15 February is the last day to submit**
- INTRASTAT statement for January 2016 (standard or extended submitted on-line)

**Thursday 25 February 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)*
- Tax on profit return (form 101)* for:
  - Non-profit organisations;
  - taxpayers deriving most of their income from the cultivation of cereals, technical plants, tree husbandry and viticulture.
- Recapitulative statement of EU Supply/acquisitions/services (form 390)* for January 2016
- Informative Statement on domestic supply/services rendered and acquisitions regarding January 2016 (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 (excluding "ecotax")
- Application for use of half year or calendar year as fiscal period for the current year with respect to VAT (form 306)
- Return regarding the amounts resulting from VAT adjustment (form 307);
- VAT return for taxable entities whose registration code under the scope of VAT is cancelled (form 311);
- Informative statement regarding delivery of goods and provision of services realized in 2015 (form 392A). This statement is submitted by taxable entities registered under the scope of VAT where actual realized turnover at the end of calendar year does not exceed RON 220,000;
- Informative statement regarding delivery of goods, provision of services and acquisitions realized in 2015 (form 392B). This statement is submitted by taxable entities not registered under the scope of VAT where actual realized turnover, sale of tickets...
for international road transports of persons excluded, does not exceed RON 220,000 through the end of calendar year;

✓ Informative statement regarding income obtained from sale of tickets for international road transport of persons with Romania as point of departure in 2015 (form 393).

**Thursday 25 February 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 profit pertaining to Quarter IV 2015 for taxpayers who must submit annual profit tax return (form 101) on or before 25 February 2016.**
    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 January 2016
    o Tax on interest income
    o Tax on investment income
    o Tax on pension income
    o Tax on income from prizes and gambling
    o Tax on income from other sources
    o Contribution for non-employment of disabled persons for employers with headcount over 50

✓ Liabilities to the sole account – **Public Insurance Budget and special funds**
  o Social security contribution (pension)
  o Health insurance contribution
  o Medical leave contribution and health insurance allowance
  o Unemployment contribution
  o Contribution to fund to guarantee payment of salary liabilities
  o Contribution to work accident and occupational disease fund

✓ Contribution to Environment Fund ("ecotax" excluded);
✓ Quarterly contribution for medicine pertaining to Quarter IV 2015.

**Monday 29 February is last day**

✓ of validity of 2015 tax residence certificate based on which payments can be made to non-residents in 2016 as per provisions of the Treaty to avoid double taxation signed between Romanian and the respective State.

**Monday 29 February is the last day to submit:**

✓ Annual informative return on income tax withheld from income and realized gains/losses, by income beneficiary, during 2015 (new form 205) – includes information on the salary income tax previously reported through fiscal forms

✓ Annual informative return on income tax withheld and transferred between income/exempted income, by non-resident income beneficiary, during year 2015

✓ Informative statement of interest income from bank savings accounts obtained in Romania by individuals resident in other EU member States, dependent or associated territories or any other country (OMEF 564/2007) – form 400

✓ Informative statement on income (including remuneration of managers or other persons in similar positions) obtained by residents of other European Union Member States in Romania (form 402)

✓ Informative statement on life insurance products contracted by residents of other European Union Member States in Romania (form 403)

✓ Annual return for taxation of Representative Offices.

**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](http://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**

<table>
<thead>
<tr>
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<th>Employer and Beneficiary of activities considered dependent activities (% rate)</th>
<th>Employee and provider of dependent activities (% rate)</th>
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<tbody>
<tr>
<td><strong>2016 Contributions</strong></td>
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</table>
| Social security contribution (*pension*) | 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) | 10.5% (contribution base per employee capped at 5 average monthly gross salaries according to Budget for public social insurance, i.e. $5 \times 2,681 = \text{RON 13,405}$) |
| 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) | 0.15% - 0.85% depending on CAEN code for main activity | |
| Contribution to fund to guarantee payment of salary liabilities (based on gross salary) | 0.25% (only for employees under labour contract included for retired persons) | |
| Salary tax | | 16% |
| Contribution for non-employment of disabled persons (for employers with more than 50 employees) | 4 \times 50\% minimum gross salary (RON 1050) for every 100 employees | |
| Minimum monthly gross salary | RON 1050  
(RON 1250 starting 1 May 2016) | |
| Luncheon voucher - employee subject to salary starting May 2015 | RON 9.41 | |
| Per diem (in Romania)  
Employees in the public sector | RON 17.00 | |
| Employees in the private sector ($2.5$ times) | RON 42.50 | |

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 guarantee 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 is disclosed on a separate "Payment statement" and is included on form 112.
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 accounting firms, having many international companies acting in a wide range of industries as clients.

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

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- 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

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