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## ORDER 3456 dated 1 November 2018 to amend and complement certain accounting regulations (Official Gazette 942/2018)

The Order amends the following current accounting regulations:

- Order of the Minister of Public Finance 1802/2014 to approve Accounting Regulations on individual annual financial statements and consolidated annual financial statements;
- Order of the Minister of Public Finance 2844/2016 to approve Accounting Regulations according to International Financial Reporting Standards;
- Order of the Minister of Public Finance 3103/2017 to approve Accounting Regulations for non-profit entities.

Regarding OMPF 1802/2014, several complements and amendments are made, among which we mention:

- Non-financial statement**
  - o is mandatory for all public entities, becomes mandatory for all entities which, on the date of the financial statements, exceed the criterion regarding average headcount of 500 employees during the financial year;
  - o is included in the Directors' Annual Report;
  - o applies to both individual annual financial statements and consolidated financial statements;
  - o contains information necessary to understand the development, performance and position of the entity and impact of its activity. Minimum information should include environmental, social and staffing aspects, as well as on observing human rights, fighting corruption and bribery;
  - o the change is applied starting the 1<sup>st</sup> of January 2019.
- Depreciation method** may be revised when a significant change is discovered regarding expected future economic benefits brought by depreciable assets. A change in depreciation method represents a change in **accounting estimate**. Until now, a change in depreciation method was only possible when an error was discovered in estimating the manner in which the respective tangible asset would generate future economic benefits. These provisions apply starting the 1<sup>st</sup> of January 2019.

Regarding OMPF 2844/2016, the main change is brought by application of IFRS 16, *Lease contracts*. Thus, starting the 1<sup>st</sup> of January 2019, new criteria will be applied in order to recognize lease contracts. Accounting differences between financing and operating leases will disappear. In essence, right-to-use assets which are the object of lease contracts are recognized.

New accounts are introduced to reflect lease contracts. Thus, accounting entries are summarized below:

- accounting entry by lessee to recognize the right-to-use assets subject to a lease contract:

$$\begin{array}{rcl}
 251 & & 167 \\
 \text{Assets related to right-to-use leased} & = & \text{Other loans and debts – analytically} \\
 \text{assets – new account} & & \text{distinct}
 \end{array}$$

- Support-assets which are the object of lease contracts are booked by the lessee in off-balance sheet accounts (account 8039, *Other off-balance sheet items/analytically distinct*);



- ☑ The lessor separately records receivables related to lease contracts (account 4642, Receivables related to lease contracts – new account).
- ☑ New accounts introduced in the Chart of Accounts are defined, including their function:
  - 1055 - Reserves from revaluing assets related to right-to-use leased assets (P);
  - 251 - Assets related to right-to-use leased assets (A);
  - 285 - Depreciation of assets related to right-to-use leased assets (P);
  - 295 - Adjustments to depreciation of assets related to right-to-use leased assets (P);
  - 4641 - Debts related to lease contracts (P) replaces balance in account 406 starting the 1st of January 2019;
  - 4642 - Receivables related to lease contracts (A);
  - 494 - Adjustments to impairment of receivables related to lease contracts (P);
  - 6555 - Expenses from revaluing assets related to right-to-use leased assets;
  - 6682 – Interest expense related to payments in advance;
  - 6685 – Interest expense related to lease contracts;
  - 685 – Depreciation expense on right-to-use leased assets;
  - 7555 - Income obtained from revaluing assets related to right-to-use leased assets.

### **EMERGENCY ORDINANCE 96 dated 9 November 2018 to prorogue certain deadlines, as well as to amend and complement certain normative acts (Official Gazette 963/2018)**

The Ordinance includes several legislative amendments, among which we mention the following:

- ☑ Change to Labour Code, meaning that the level of minimum differentiated wage depending on studies and work experience may be set through Government Decision;
- ☑ During 2019, the value of a penalty point remains RON 145 (not updated according to level of minimum wage).

### **ORDER 2936 dated 23 November 2018 to approve List of fiscal liabilities that should be paid to sole account by individuals (Official Gazette 1006/2018)**

The list of fiscal liabilities that should be transferred into sole account by individuals is approved and provided in Appendix to the current Order.

The following fiscal liabilities are deposited into the sole account: tax on income, social insurance and social health insurance contributions, all three related to the Sole Tax Return.

The Sole Tax Return for individuals was introduced in 2018 and is used to declare income obtained from independent activities, investments or rented property, among others. Also, based on this tax return, tax on income, pension and health contributions are paid.

Individuals who have submitted the Sole Tax Return this year should pay the tax related to income obtained in 2018 by March 2019.

Prepayment of these taxes by the 15<sup>th</sup> of December 2018 is partially offset by a bonus representing a 10% deduction from total value, but only if the tax return was submitted online by the end of July 2018. If submission was not online but the entire payment was made in advance by the 15<sup>th</sup> of December 2018, a bonus of 5% is granted.

### **ORDER 2937 dated 23 November 2018 to approve Methodology to distribute amounts paid by individuals into sole account and to settle fiscal liabilities (Official Gazette 1005/2018)**

The Order approves Methodology to distribute amounts paid by individuals into sole account and to settle fiscal liabilities.

Fiscal liabilities owed by individuals for income obtained by the **31<sup>st</sup> of December 2017** are paid separately, to budget accounts related to each source of income.

Fiscal liabilities to be paid by individuals for estimated income/income obtained **subsequent to the 1<sup>st</sup> of January 2018** are transferred/deposited into sole account 55.04, *Amounts representing income tax and social contributions owed by individuals, to be distributed* and are apportioned by the central fiscal authority according to the Methodology approved by the current Order.



**The new IFRS 16 provisions on leases are applicable to entities that report in accordance with IFRS**

## **ORDER 2906 dated 22 November 2018 to approve Procedure to grant bonus for advance payment of amounts representing income tax, individual contribution for social insurance and individual contribution for social health insurance, set by annual taxation decision (Official Gazette 1005/2018)**

The Order approves Procedure to grant bonuses for prepayment of amount representing income tax, individual contribution for social insurance (CAS) and individual contribution for social health insurance (CASS), set by annual taxation decisions.

The main provisions of this Order are:

- ☑ For tax returns submitted by taxpayers subsequent to the 27<sup>st</sup> of November 2018, issuance and transmission deadline for annual taxation decisions to set CAS owed by individuals for fiscal years 2016 and 2017, as well as annual tax on income obtained by individuals in 2017 is 3 business days from submission date;
- ☑ For tax returns submitted between the 30<sup>th</sup> of October and the 27<sup>th</sup> of November 2018, issuance and transmission deadline for annual taxation decisions to set CAS owed by individuals for fiscal years 2016 and 2017, as well as annual tax on income obtained by individuals in 2017 is 3 business days from the effective date of this Order (27<sup>th</sup> of November 2018);
- ☑ 10% bonus is granted to individuals to whom ANAF has issued and communicated taxation decisions subsequent to issuance of Government Emergency Order 89/2018 for the 2014-2017 period;
- ☑ Taxation periods for which the bonus is granted are: annual income tax for 2017, CAS for 2016-2017, CASS for 2014-2017;
- ☑ Value of the bonus is 10% of amounts set to be paid through annual taxation decisions. This percentage is reduced by the amount to be paid as fiscal liabilities set through subsequent annual taxation decisions;
- ☑ Bonuses are granted under the condition that differences between amounts set to be paid through taxation decision and value of the bonus is paid in full, thus:
  - by 15 December 2018 including income tax and CAS;
  - by 31 March 2019 including CASS.
- ☑ When individuals register outstanding fiscal liabilities other than those set through taxation decisions, the amount paid will settle fiscal liabilities in the sequence provided by the Fiscal Procedure Code, the amounts not settled being taken into consideration when granting the bonus;
- ☑ The bonus will be granted after settlement of fiscal liabilities by 31 July 2019, based on the report that ANAF will prepare on approving the bonus.
- ☑ ANAF will inform individuals regarding the grant of bonuses by the 31<sup>st</sup> August 2019, after registration of bonus into fiscal records.

## **ORDER 2892 dated 19 November 2018 to amend point 34 of Methodology to distribute amounts paid into sole account by taxpayers and to settle fiscal liabilities, approved by ANAF Presidential Order 1613/2018 (Official Gazette 1008/2018)**

An extension to the deadline was granted so that State Treasury units may redirect erroneous payments by economic operators to sole account 55.03 into sole accounts 20.A.47.01.00, Amounts collected for the State Budget to the sole account, to be distributed, and 55.02, Funds to the Budget of social insurance and special funds, to be distributed. Thus, the operation to redirect will be performed by the 31<sup>st</sup> of December 2018.

Starting the 1<sup>st</sup> of January 2019, any payments performed by taxpayers into sole accounts 20.A.47.01.00 and 55.02 will be returned to payers.

Order 1613/2018 - implemented starting the 1<sup>st</sup> of July 2018 - introduced sole account 55.03, which combined the previous two accounts, State Budget and State Social Insurance Budget (see July 2018 APEX Team Newsletter). Also, a new grace period was introduced - payments made to the previously accounts through the 30<sup>th</sup> of September 2018 will be automatically redirected by State Treasury units. Even though 2 months have passed, there is a new extension for automatic redirection of payments to the 31<sup>st</sup> of December 2018. We ask ourselves why such an extension was necessary given the fact that 2 months were not covered by automatic redirection of payments.



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**Do not forget the bonuses you can get for early payment of income tax, CAS and/or CASS up to December 15, 2018**

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### **ORDER 2716 dated 5 November 2018 to amend ANAF Presidential Order 3610/2016 to organise activity to administer medium-size taxpayers (Official Gazette 937/2018)**

The Order regulates the transfer of certain medium-size taxpayers to be administered by county fiscal administration or district fiscal administration, no longer being administered by the General Directorate for administration of medium-size taxpayers.

Unfortunately, by the end of November 2018, ANAF did not publish the updated lists of small, medium and large-size taxpayers.

As a reminder, assignment of taxpayers into the 3 categories are made based on certain criteria related to turnover, headcount and declared budget fiscal liabilities. Depending on the position obtained when ranking results of these indicators, the first 1,500 companies are considered large-size taxpayers. Medium-size taxpayers are the next 18,478 companies. Certain companies are implicitly administered by the ANAF Directorate for large-size taxpayers, such as the National Bank of Romania, banking, insurance and financial investment entities, Romanian Television Corporation and Romanian Radio Corporation.

### **ORDER 2942 dated 23 November 2018 to amend certain normative acts on administration and monitoring of large and medium-size taxpayers (Official Gazette 1008/2018)**

The Order amends certain procedures to administer medium-size taxpayers, taking into consideration their transfer into the competence of county fiscal administrations starting the 1<sup>st</sup> of November 2018.

For medium-size taxpayers, transfer operations for payments erroneously performed subsequent to the 1<sup>st</sup> of November 2018 are automatically made, based on information given by CNIF (National Centre for Financial Information) by the 31<sup>st</sup> of December 2018. After this date, any amounts erroneously paid by taxpayers to units of the State Treasury where they were assigned prior to the 1<sup>st</sup> of November 2018 will be returned to the payers.

For payments erroneously performed starting the 1<sup>st</sup> of November 2018, when the current order comes into force (the 28<sup>th</sup> of November), or in situations when automatic transfer of payments may not be performed, units of State Treasury will communicate information regarding the amounts erroneously transferred to the central fiscal authorities which had previously administered the taxpayers through the 1<sup>st</sup> of November 2018. Fiscal authorities previously in charge of medium-size taxpayers will supply the appropriate State Treasury unit information regarding amounts that should be transferred.

Transfer operations are carried out by the units of the State Treasury where the erroneous payments were deposited, based on payment orders for State Treasury (OPT) and payment date of correction will be the initial payment date.

### **ORDER 2761 dated 7 November 2018 to amend ANAF Presidential Order 1960/2018 to amend ANAF Presidential Order 1849/2016 to approve Procedure to register economic operators carrying out wholesale and retail trade in energy products – gasoline, diesel fuel, kerosene, liquefied petroleum gas and biofuel, as well as to approve template and content of certain forms, and to amend ANAF Presidential Order 1850/2016 to approve Procedure to register activity for wholesale distribution of and trade in alcoholic beverages and/or processed tobacco, as well as to approve template and content of certain forms (Official Gazette 943/2018)**

The Order changes the deadline through which economic operators registered to distribute and trade energy products in the wholesale regime, without storage, as well as those registered to distribute and trade alcoholic beverages and/or processed tobacco in the wholesale regime, without storage, may submit a new registration claim and related documents to the competent customs authority.

Economic operators observing the deadline above may continue to carry out their activity up until their claim is solved, but no later than 30 days from submission date.

For economic operators registered to distribute and trade energy products in the whole-sale regime, without storage, as well as those registered to distribute and trade alcoholic



**A new update of the list of small, medium and large taxpayers**



beverages and/or processed tobacco in the wholesale regime, without storage, which have submitted a claim for authorization in accordance with the current Order, will receive valid certificates when their application is solved, but no later than the 31<sup>st</sup> of December 2018.

**DECISION 874 dated 9 November 2018 to amend and complement Title VIII, Excise duties and other special taxes in Methodological Norms to apply Law 227/2015 on the Fiscal Code, approved by Government Decision 1/2016 (Official Gazette 954/2018)**

The Decision amends the Methodological Norms to apply art. 399 of the Fiscal Code – Exemption for energy products and electricity.

The amendments also grant a direct exemption from payment of excise duties for energy products used as fuel for aviation by state institutions (those implying defence, public order, national safety and security, public health), when moved to a location for direct delivery on the territory of Romania, if that place is an authorized warehouse in Romania.

Direct place of delivery is the site where aviation fuel is received, in:

- feeding devices used to fill aircrafts held by state institutions mentioned above; or
- tanks held in any form by these state institutions which subsequently load aircrafts with fuel.

**DECISION 866 dated 31 October 2018 to complement Appendix 1 to Government Decision 837/1995 on criteria for payment of salary and other rights in foreign currency and in RON for staff sent on permanent assignment abroad (Official Gazette 928/2018)**

The Decision updates reference salary for the job position of doorman, for Romanian staff sent on permanent assignment in Oman. Thus, the reference salary is USD 700.

The salaries for other staff categories are set by applying hierarchical coefficients provided in Appendix 2 of Government Decision 837/1995 on the reference salary set for the job position of doorman.

As a reminder, thresholds for salaries and for transportation/accommodation expenses only apply to staff of public institutions. For the private sector, only establishment of a daily allowance threshold is necessary.

**ORDER 2851 dated 19 November 2018 to amend Appendix 1 to ANAF Presidential Order 3626/2016 to establish list of reporting jurisdictions with which Romania will collaborate based on Multilateral Agreements concluded by the competent authorities in order to carry out an automatic exchange of information regarding financial accounts, list of non-reporting financial institutions and list of excluded accounts, provided by instruments of international law to which Romania is engaged from the perspective of automatic exchange of financial information (Official Gazette 998/2018)**

The Order publishes the list of states and jurisdictions with which Romania will automatically exchange fiscal information on financial accounts, non-reporting financial institutions and list of excluded accounts.

The list comprises 51 states or jurisdictions, some of which are known as tax havens (fiscal paradise).

Transmission of information will be automatically carried out with certain states and jurisdictions, some having started in 2017, others during the 2018-2020 period.

**ORDER 2601 dated 24 October 2018 to amend Norms to use simplified customs statements and registration in the declarant's record, approved by ANAF Presidential Order ANAF 1887/2016 (Official Gazette 937/2018)**

**INFORMATION – EXCISE DUTIES 2019**

According to information published on the Ministry of Finance's website, starting the 1<sup>st</sup> of January 2019, the level of excise duties will increase for most of excisable products. The increase is justified by the update of excise levels consistent with increases in consumer prices during the previous 12 months, calculated in month of September of the



**Amendments to  
the excise  
regulations**



year prior to current year, compared to the October 2014 – September 2015 period, to be officially communicated by the National Institute of Statistics by the 15<sup>th</sup> of October.

### INFO – Valuation of monetary items in foreign currency

The November 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 = 4.6560 RON; 1 CHF = 4.1169 RON; 1 GBP = 5.2359 RON; 1 USD = 4.1008 RON.

### MONTHLY 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

**To consult the calendar of tax liabilities, visit the following link on ANAF webpage (in Romanian):**

[https://static.anaf.ro/static/10/Anaf/AsistentaContribuabili\\_r/Calendar/Calendar\\_obligatii\\_fiscale\\_2018.htm](https://static.anaf.ro/static/10/Anaf/AsistentaContribuabili_r/Calendar/Calendar_obligatii_fiscale_2018.htm)

### KEY HR FIGURES

2018 Contributions for dependent activities	Employer and Beneficiary of activities considered dependent activities (% rate)	Employee and provider of dependent activities (% rate)
Social security contribution (pension)	Not owed for normal working conditions 4% for particular working conditions 8% for special working conditions	25%
Health insurance fund (based on gross salary)	Not owed	10%
Employment insurance contribution	2.25%	
Salary tax		10%
Contribution for non-employment of disabled persons (for employers with more than 50 employees)	4 x minimum gross salary for every 100 employees	
Minimum monthly gross salary	RON 1900	
Luncheon voucher	Up to maximum RON 15.18	
Per diem (in Romania)		
Employees in the public sector	RON 17.00 (RON 20 starting 1 Jan 2019)	
Employees in the private sector (x 2.5)	RON 42.50 (RON 50 starting 1 Jan 2019)	



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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*

