

Helesteului Str. 15-17, District 1  
Bucharest - 011986

Phone: +40 (0)31 809 2739

+40 (0)74 520 2739

Fax: +40 (0)31 805 7739

E-mail: [office@apex-team.ro](mailto:office@apex-team.ro)

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## REMINDER – Submission deadline for annual financial statements/ accounting reports

The deadline to submit annual financial statements/accounting reports as at the 31<sup>st</sup> of December 2016 is the 30<sup>th</sup> of May 2017, except in the following cases, where the deadline is:

- the 31<sup>st</sup> of March 2017 - for legal entities in dissolution;
- the 30<sup>th</sup> of April 2017 - for public institutions, associations and other non-profit organisations.

For entities, whose fiscal year does not correspond with the calendar year, the deadline to submit annual financial statements is 150 days after the financial year-end date.

## DRAFT ORDER to approve methodological Norms to apply Law 170/2016 on tax specific to certain activities

Romanian legal entities which are corporate taxpayers, having registered as main or secondary activity the activity/activities corresponding to NACE codes for which the specific tax is applied, but which do not carry out activity in those respective domains, do not have the obligation to pay the tax specific to those activities.

The tax specific to certain activities is also applied to Romanian legal entities which change to the corporate tax regime (former micro-enterprises where share capital increased to above the RON 45,000 threshold).

Companies applying the micro-enterprise regime from the 1<sup>st</sup> of January 2017 do not apply the tax specific to certain activities. Once these methodological Norms come into force, compliance with conditions is verified at the beginning of each fiscal year, based on the situation on the 31<sup>st</sup> of December of the previous year. Notification to the local fiscal authority should take place by the 31<sup>st</sup> of March of the subsequent year.

Romanian legal entities which are payers of corporate tax and have chosen a fiscal year different from the calendar year, enter the system of tax specific to certain activities starting the 1<sup>st</sup> of January 2017.

Resort is defined as being formed of buildings which include - in the same edifice - physically or functionally connected edifices, structures of tourism accommodation with different functions, given the fact that the law does not make further distinctions of this aspect.

Taxpayers also obtaining income from activities other than those which are subject to specific tax should determine and simultaneously pay the tax specific to those activities and corporate tax for the remaining activities. Therefore, taxpayers which also obtain income from activities other than those corresponding to specific tax should organise and administer/manage accounting records to determine income and expenses related to those specific activities. To determine common expenses which are taken into consideration to calculate the fiscal result, a rational allocation method is used, as per applicable accounting regulations or by proportionally allocating the share of revenue from the activities covered to total income recognized by the taxpayer.

## **DRAFT ORDER to amend and complement OMFP 450/2016 to approve Procedure to adjust errors within annual financial statements and annual accounting reports submitted by economic operators and non-profit organisations**

According to the draft order, in case of submitting annual financial statements/annual accounting reports which do not contain any value indicator, the adjustment of financial statements is necessary.

Also, annual financial statements/annual accounting reports which contain adjusted information may be submitted no later than the deadline to submit annual financial statements/annual accounting reports related to the financial year, which are due the year following the one related to the annual financial statements/annual accounting reports for which errors were found.

The procedure will also apply to adjust errors related to previous annual reporting periods, prior to the date when the order came into force.

The adjustment procedure for errors found in annual financial statements/annual accounting reports introduced by Order 450/2016 are presented below.

### **REMINDER - Procedure to adjust errors within annual financial statements and annual accounting reports submitted by economic operators and non-profit organisations**

In order to complement the presentation of the draft order to amend procedure to adjust errors within annual financial statements/annual accounting reports, we consider it useful to review the main provisions of the procedure introduced by Order 450/ on 31 March 2016.

We recall the fact that the procedure is applied in the case of economic operators and non-profit organisations which submit another set of annual financial statements to register offices of the territorial units of the Ministry of Public Finance, meaning another set of annual accounting reports for the same reporting period as the initial submission.

#### **What errors may be adjusted?**

Submission of another set of annual financial statements/annual accounting reports for the same reporting period may only be performed to adjust errors determined by the erroneous filing of:

- a) Name of reporting entity;
- b) CAEN (NACE) activity (name of NACE class and/or NACE code);
- c) Ownership form;
- d) Headcount and/or other indicators reported on the Informative Data form.

A new set of financial statements/reports to adjust accounting errors defined by applicable accounting regulations cannot be submitted.

Situations determined by the following types of errors are also subject to adjustment:

- a) electronic transmission of annual financial statements/annual accounting reports instead of inactivity statement, as well as electronic transmission of inactivity statement instead of annual financial statements/annual accounting reports;
- b) electronic transmission of annual financial statements/annual accounting reports using a reporting format available within the assistance programme, different from the format appropriate for the type of entity, or failure to electronically transmit all documents provided by the law (Directors' Report, *affidavit*, statutory audit report, etc.).

Accounting errors are adjusted according to specific regulations provided by accounting legislation (point 55 of Order of the Minister of Public Finance 1969/2007 for non-profit organisations, point 134 of Order of the Minister of Public Finance 1286/2012 for companies applying IFRS, point 66 of Order of the Minister of Public Finance 1802/2014 for companies), without submitting another set of annual financial statements/annual accounting reports containing the adjustments.

#### **Procedure to adjust detected errors**

In the case of adjusting certain errors, subsequent to submission of annual financial statements/annual accounting reports, economic operators or non-profit organisations may submit another set of annual financial statements/annual accounting reports and



**Did you know that certain errors within the submitted financial statements may be adjusted?**



documents required by law including the adjusted information **only at register offices of the territorial units of the Ministry of Public Finance.**

Simultaneously, the Director should also submit an affidavit stating the fact that documents are re-transmitted as a result of adjustment of detected errors, as well as the fact that documents reflect reality of the reporting entity. This affidavit will be included on the .zip file attached to the .pdf form. A printed original of this affidavit is submitted to the register offices of the territorial units of the Ministry of Public Finance, with adjusted annual financial statements/accounting reports.

The deadline to submit annual financial statements/annual accounting reports comprised of adjusted information is the year following the one for which the errors were detected in annual financial statements/annual accounting reports.

### **Inactivity statements**

Provisions of this Order also apply in the case of subsequent submission of inactivity statements.

Taking into consideration the fact that, according to Accounting Law, inactivity statements are only submitted in the case where the entity has not carried out any activity from its creation. If the reporting entity submits such a statement, under conditions where, for the same entity, annual financial statements were submitted during previous years, the inactivity statement will be rejected and will generate an error message.

### **Indicators published on MPF website**

In the case of adjustment of errors, indicators published on the Ministry of Public Finance (MPF) website are based on information re-transmitted by economic operators. In these situations, the message, "published indicators are based on information re-transmitted on the ...," is mentioned on the MPF website.

### **Application**

Provisions of current Procedure is also applied in order to adjust errors provided by the Procedure and related to reports prepared for the financial year of 2014. Submission deadline for these reports was the 29<sup>th</sup> of April 2016.

Adjustment of detected errors by economic operators and non-profit organisations does not exonerate the respective entities from sanctions provided by the Accounting Law.

### **Other aspects related to submission of annual financial statements and annual accounting reports**

In case an entity submits annual financial statements/annual accounting reports/inactivity statements using the registration code of another entity, it is considered that the latter (the other entity) has accomplished its reporting obligations if it submits annual financial statements/annual accounting reports/inactivity statements within the deadline provided by Accounting Law. In this situation, the first entity will be alerted with a message regarding non-submission of required reports on or before the date due.

### **ORDER 869 dated 8 March 2017 to amend and complement ANAF Presidential Order 587/2016 to approve template and content of forms used to declare taxes and contributions under self-assessment or withholding regime (Official Gazette 175/ 2017)**

This Order updates the list of obligations which should be declared in form 100 - State budget liability return as follows:

- two new fiscal liabilities which are declared to the state budget are introduced: tax specific to certain activities and tax on income obtained from pensions;
- tax on construction is abrogated, effective the 1<sup>st</sup> of January 2017.

A warning related to the payment deadline for the month of December is also introduced on form 100. Thus, liabilities for which the due date or the declaration deadline is the 25<sup>th</sup> of December are to be paid/to be declared by the 21<sup>st</sup> of December. If the 21<sup>st</sup> of December is a non-working day, fiscal receivables are to be paid/to be declared by the last working day prior to the 21<sup>st</sup> of December.




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**Tax specific for certain activities is declared and paid in the sole account State Budget**

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**ORDER 877 dated 9 March 2017 to complement Annex no. 1 to ANAF Presidential Order 531/2016 on taxes, contributions and other amounts representing fiscal receivables which are paid by taxpayers in the sole account (Official Gazette 181/2017)**

The Order updates the List of fiscal liabilities owed to state budget, which are paid in sole account 20.A.47.01.00 "Amounts collected for the state budget to the sole account, under a distribution process," the new tax specific for certain activities also being introduced. Therefore, the specific tax is paid to the sole account, State Budget.

**ORDER 846 dated 3 March 2017 to amend and complement ANAF Presidential Order 112/2017 to establish capacity/competence to assume ownership and value goods entering private property of the State, according to law, and competent authorities to carry out the procedures to value those goods (Official Gazette 171/2017)**

**ORDER 735 dated 14 February 2017 to approve technical Norms to authorise use of Community/Common transit regime on paper for goods transported by rail and air and to authorise Community/Common transit regime based on an electronic manifest for goods transported by air (Official Gazette 156/2017)**

**ORDER 867 dated 8 March 2017 to complement technical Norms to use Export Control System, approved by ANAF Presidential Order 1194/2016 (Official Gazette 187/2017)**

**ORDER 866 dated 8 March 2017 to complement technical Norms to use Romanian System for automatic processing of customs import declarations approved by ANAF Presidential Order 1885/2016 (Official Gazette 187/2017)**

**ORDER 792 dated 21 February 2017 to approve technical Norms to authorise use of temporary storage rooms and to approve technical Norms to use and prepare statements for temporary (Official Gazette 178/2017)**

**ORDER 766 dated 16 February 2017 to approve technical Norms to grant status of sender and/or receiver agreed within Community/Common transit regime (Official Gazette 180/2017).**

**REMINDER – Valuation of monetary items in foreign currency**

The March 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 = 4.5511 RON; 1 CHF = 4.2563 RON; 1 GBP = 5.3015 RON; 1 USD = 4.2615 RON

**APRIL 2017 – 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.

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



### 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 for April 2017, visit the following link on ANAF webpage (in Romanian):**

[https://static.anaf.ro/static/10/Anaf/AsistentaContribuabili\\_r/Calendar/Calendar\\_obligatii\\_fiscale\\_2017.htm#apr](https://static.anaf.ro/static/10/Anaf/AsistentaContribuabili_r/Calendar/Calendar_obligatii_fiscale_2017.htm#apr)

### KEY HR FIGURES

2017 Contributions	Employer and Beneficiary of activities considered dependent activities (% rate)	Employee and provider of dependent activities (% rate)
Social security contribution (pension) <i>See note 1</i>	15.8% for normal working conditions 20.8% for particular working conditions 25.8% for special working conditions	10.5%
Health insurance fund (based on gross salary) <i>See note 2</i>	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) <sup>2</sup>	0.15% - 0.85% depending on CAEN code for main activity	
Contribution to fund to guarantee payment of salary liabilities (based on gross salary) <sup>3</sup>	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 for every 100 employees	
Minimum monthly gross salary	RON 1250 (until 1 February 2017) RON 1450 (starting 1 February 2017)	
Luncheon voucher	up to maximum RON 15.00	
Per diem (in Romania) Employees in the public sector Employees in the private sector (x 2.5)	RON 17.00 RON 42.50	

Note 1: Basis for calculating social insurance contribution (CAS) is no longer capped after February 1, 2017 (applicable for both employer and employee contribution)

Note 2: Basis for calculating health insurance contribution (CASS) has been capped for the period 1 to 31 January 2017. As of February 1, 2017 capping the tax base is repealed returning to the regime applicable in 2016.

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**[www.apex-team.ro](http://www.apex-team.ro)**

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- Organization of the accounting function*
- Assistance in implementation of ERP*
- Training*