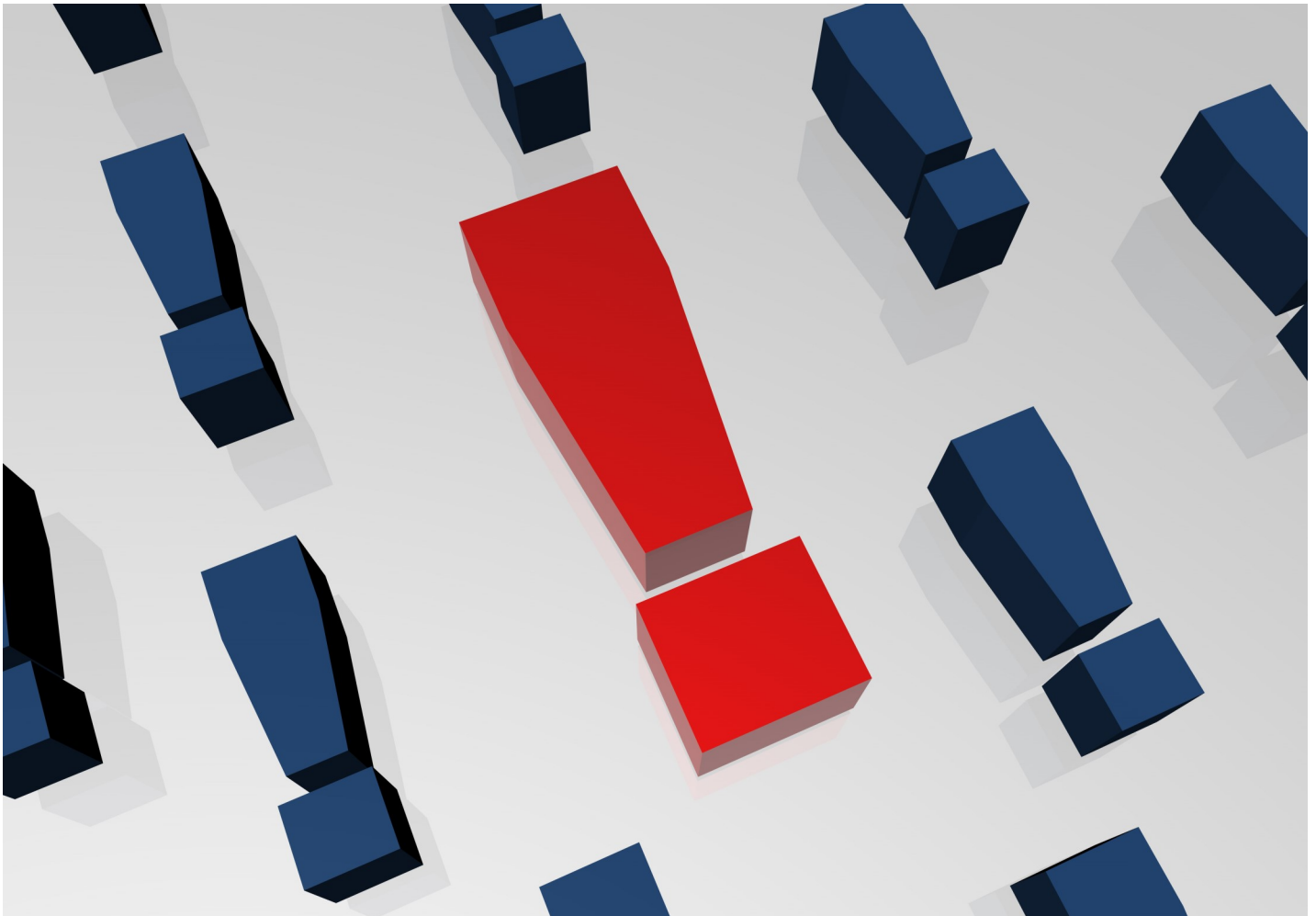


Legal Info No.1 / 2020

January 9th, 2020



Summary:

- A. The modification of the procedure for justifying the VAT exemption for the intra-community delivery of goods;
- B. The registry of goods stockpiled at client's disposal;
- C. Split VAT;
- D. The coming into act of the Law no. 129/2019:
 - ◆ It is introduced the mandatory registration of the real beneficiary in the Registry of Real Beneficiaries held by the National Trade Register
 - ◆ In a term of 18 months, the non-inscribed stock will be converted to inscribed stock by the issuing entities

ECOVIS Romania: Outsourced Accounting

Esteemed Client,

We would like to inform you regarding the new legal changes applicable with the year **2020**.

A. The modification of the procedure for justifying the VAT exemption for the intra-community deliveries of goods

Starting with January 1st, 2020 the Regulation (EU) 2018/1912 is applicable. It modifies the EU Regulation 282/2011 for the applying of the Directive no. 112/2006 regarding the common VAT system. Even if this EU regulation was not yet transposed into the national law (Tax Code), its requirements are applicable to all intra-community transactions of goods starting with January 1st, 2020.

The consequence of this European regulation is that, starting with January 1st, 2020, it will be used **a new procedure for justifying the VAT exemption** for the intra-community deliveries of goods. Besides the obligation for both partners to be registered as VAT payers in EU member states (condition mandatory previously as well), the new procedure requires that **the seller** (the person conducting the intra-community delivery of goods) must have for each transaction, together with a correctly drawn-up invoice, a set of minimum 3 additional documents, under the condition that two of these are issued by different entities, independent one of other and to the buyer and the seller.

The Regulation mentions the justifying documents as it follows:

1. A **Declaration of the beneficiary** regarding the receiving of the goods, which has to be transmitted to the seller until the 10th day of the month following the delivery at the latest. The declaration must include at least the following elements:

- The date of the issuance of the Declaration;
- The name and address of the buyer (beneficiary);
- The member state representing the destination of the goods;
- The quantity and the nature of the goods;
- The arrival day and place of goods delivery;
- The identity of the person accepting the goods;
- If the intra-community delivery of goods consists of transportation vehicles, the declaration must mention the ID number of the vehicle delivered.

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2. The document proving the transportation of the goods, such as:

- A signed CMR;
- A signed consignment-note, a bill of lading;
- An invoice for the aerial transportation or an invoice for the transportation of the goods.

3. Another justifying document which, pursuant to the stipulations of the EU Regulation, could be:

- The insurance policy for the transportation of goods;
- The bank documents proving the payment of the transportation;
- The documents issued by a public authority, such as a notary public, proving the arrival of goods in the destination member state;
- A receipt issued by a warehouse in the destination member state, ascertaining the arrival of the goods in that particular member state.

Considering the significant implications for the intra-community transactions, respectively the possibility of applying **VAT at the seller** to the transaction value if it is not documented in compliance with the requirements of the Regulation, if your company conducts intra-community transactions with goods starting with 2020, we recommend you to proceed to the documentation of the deliveries of goods made pursuant to the stipulations of the Regulation.

If the national law (Tax Code) will transpose in detail the stipulations of the Regulation, including the required documentation for the justification of the VAT exemption for the intra-community deliveries of goods, we will keep you updated with additions and details.

Please feel free to contact us for any clarifications needed!

B. The registry of goods stockpiled at client's disposal

From January 1st, 2020 the registry held by each taxable person transferring goods under the system of the stockpile at client's disposal mentions the following information:

- a) The member state representing the origin of the expedition or the transportation of the goods and the date of the expedition or the transportation of goods;
- b) The VAT identification number for the taxable person receiving the goods, issued by the member state where the goods are expedited or transported;

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c) The member state where the goods are expedited or transported, the VAT identification number for the warehouse, the address of the warehouse where the goods are deposited and the date of arrival of the goods in the warehouse;

d) The value, description and the quantity of the goods arriving to the warehouse;

e) The VAT identification number of the taxable person replacing the person mentioned at lett. (b) of this rubric under the conditions mentioned at art. 17a par. (6) of the Directive 2006/112/CE;

f) The taxable amount, the description and the quantity of the goods delivered and the date of the delivery of the goods mentioned at art. 17a par. (3) letter (a) of the Directive 2006/112/CE and the VAT identification number of the buyer;

g) The taxable amount, the description and the occurrence date of any of the situations and the corresponding basis pursuant to art. 17a par. (7) of the Directive 2006/112/CE;

h) The value, description, and the quantity of the returned goods and the return date of the goods mentioned at art. 17a par. (5) of the Directive 2006/112/CE.

C. Split VAT

Starting with February 1st, 2020 the split-VAT system is cancelled (OUG 78/December 18th, 2019), and no more operations will be made through the VAT accounts opened at the State Treasury by the persons applying the mechanism of the split VAT payment, with the exception of the operation of transferring the current amounts to current account opened at Treasury or, if they did not open an account with the State Treasury, to another account opened at a credit institution.

D. The coming into act of the Law 129/2019

The provisions of the Law no. 129/2019 regarding the prevention and control of the money laundering and the terrorism financing, as well as for the modification and the addition of other legal regulations (valid since July 21st, 2019) introduce new notions, such as the real beneficiary who, in the understanding of the above-mentioned law, is any physical person owning or ultimately controlling the client and/or the natural person on whose behalf it is made a transaction, an operation or an activity.

ECOVIS Romania: Audit & Due Diligence

Pursuant to the dispositions of art. 19 par. (1), (2) and (5) of the above mentioned law new attributions are introduced for the **National Trade Register, which will organize a central registry which keeps the record of the real beneficiary of the legal persons bearing the obligation of registering with the Trade Register, with the exception of autonomous régies, national companies and of the companies owed 100% or in majority by the government.** To that end, the above-mentioned legal persons will file at the setting-up, each year or at each occurrence of a change a declaration regarding the real beneficiary of the legal person, with a view for the registration with the Register of the Real Beneficiaries.

The breach of observance by the legal representative of the legal person of the obligation of submitting the identification data for the real beneficiary represents a contravention and it is sanctioned with a fine in amount between 5.000 lei – 10.000 lei. The protocol of determining the contravention is communicated to the Trade Register, and it has to mention that the non-submitting of the declaration generates the cancellation of company's registration, under the art. 237 of the Law of companies no. 31/1990, republished, with the subsequent modifications and additions.

In a term of 12 months since the coming into act of the Law no. 129/2019, the companies registered up to that date, with the exception of the national companies and of the companies owed 100% or in majority by the government, **submit the above-mentioned declaration, through the disposition of the legal representative, for the registration with the Register of the Real Beneficiaries, held by the National Trade Register. The lack of observance by the administrator representing the company of this obligation represents a contravention and it is sanctioned with a fine between 5.000 lei – 10.000 lei.**

ATTENTION – the deadline is July 21st 2020!

At the same time, the Law no. 129/2019 changes and adds some regulatory documents, among these being the Law of the Companies no. 31/1990, republished, with the subsequent changes and additions, regarding the mandatory conversion of the non-inscribed stock to inscribed stock by the entities issuing them. Starting with the application date of this law the legal stipulations regarding the non-inscribed stock are cancelled, and the shared capital of the joint-stock companies is represented only by inscribed stock. At the same time, it is forbidden to issue new non-inscribed stock and conducting operations with current non-inscribed stock, and in 18 months after the coming into act of the law, the non-inscribed stock issued before the coming into act of the law will be converted to inscribed stock.

The lack of observance, until the deadline of the 18 months term, of the obligation of conversion, by the joint-stock companies and general partnership companies, gives the right to any interested person, as well as the Trade Register, to require to the court of law or, according to each situation, to the special court of law, the cancellation of that company. Simultaneously, if in a 18 months term after the coming into act of this law, the non-inscribed stock are not converted in inscribed stock, they are cancelled by law, with the consequence of the corresponding adjustment of the shared capital, which will be registered by the Trade Register.

ECOVIS Romania: Online Accounting

The content of the regulatory document, published in the Official Gazette of Romania no. 589/18.07.2019, Part I) introduces the national framework for the prevention and control of the money laundering and of terrorism financing, transposing in the national law the EU Directive 2015/849 of the EU Parliament and of the Council regarding the prevention of the utilization of the financial system to the purpose of money laundering or terrorism financing, which modifies the EU Regulation no. 648/2012 of the EU Parliament and of the Council and cancels the Directive 2005/60/CE of the EU Parliament and of the Council and the Directive 2006/70/CE of the Commission, published in the EU Official Journal at 05.06.2015.

ECOVIS Romania: One Stop Shop

Accounting

- Financial Accounting;
- Preparing & registering tax statements for legal and natural persons, both Romanian and foreign;
- Harmonizing the national financial accounting with the accounting norms of the parent-company;
- Preparing and certifying the annual financial situations;

Audit

- Financial audit according to ISA;
- Restatement of financial statements prepared according to national regulations, to International Financial Reporting Standards (IAS/IFRS) or Reporting Standards specific to the Client (GAAP);
- Financial audit required by the group's policy;
- Internal audit;
- Audit missions such as: agreed procedures (ISA 4.400), revisions (ISA 2.400), due diligence;

Payroll & HR

- Payroll services;
- Managing, auditing and registering the personnel files according to legal bindings and to the company's regulations;
- Preparing the job descriptions and of the Internal Order Regulation specific to Client's activity;
- Interface with banking applications and performing of salary payment transactions;
- Staff appraisal and selection for accounting/HR departments;

Consulting

- Tax consulting
- Assistance for drafting the **transfer pricing file**;
- Consulting for M&A, company restructuring;
- Assistance in implementing IT solutions regarding: financial and management accounting, employees' records, payroll, management reports, etc.;
- Tax registration of various entities and VAT payer registration;
- Tailored information regarding significant law.

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