

Tax alert

January 5th, 2022

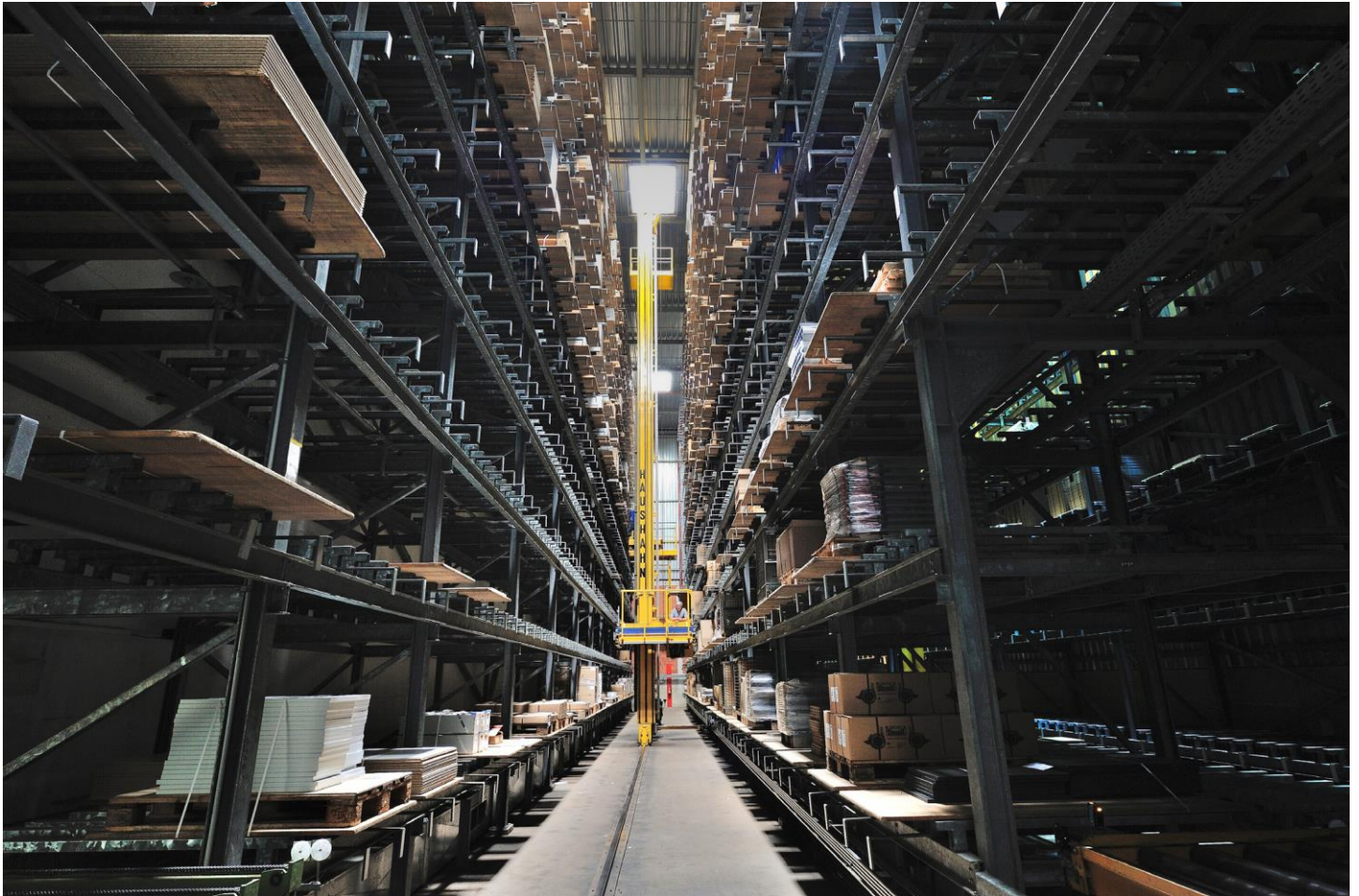


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ECOVIS Romania: payroll services and human resources

Esteemed Customers,

We hereby communicate you a summary of the legislative changes that shall enter into force on January 1st, 2022.

As of **January 1st, 2022**, the sponsorship regime shall be as follows:

- For corporate tax payers: sponsorships carried out in accordance with the law on sponsorship will remain non-deductible expenses when calculating the corporate tax, but will decrease payable corporate tax with the lowest value between 7.5 per thousand of the annual turnover, and 20% of the corporate tax due; if the amount established according to the law has not been used in full, taxpayers may order the redirection of the corporate tax, up to the amount thus calculated, for sponsorships and/or patronage actions or private scholarships award, within a maximum of 6 months from the submission date of the annual corporate tax return; the amounts from sponsorships carried out before January 2022 will continue to be carried forward until 2028.
- For micro-enterprise income tax payers: the micro-enterprise income tax deduction shall be maintained at 20% of the income tax due within the respective quarter. (Law no. 322/2021 for the completion of Law no. 227/2015 on the Fiscal Code)

[The Emergency Ordinance no. 130/2021 regarding some fiscal-budgetary measures, the extension of some terms, as well as the modification of some normative acts brings the following amendments:](#)

◇ Fiscal Code - The fiscal facility regarding the expenditure on early childhood education is postponed until at least December 31st, 2022;

◇ VAT - Reduced rate of 5% on the supply of dwellings:

1) The previous conditions regarding the application of the VAT rate of 5% to the dwellings with a maximum value of RON 450,000, without VAT, consisting of a net area of maximum 120 square meters, excluding outbuildings, shall be maintained; **more dwellings** meeting these conditions can be purchased;

2) It is added - the supply of dwellings consisting of a net area of maximum 120 square meters, excluding outbuildings, with a value, including the land on which they are built, that exceeds the amount of RON 450,000, but does not exceed the amount of RON 700,000, without value-added tax, purchased by natural persons individually or along with another natural person/other natural persons - **only one dwelling** meeting these conditions can be purchased.

The notaries shall fill in the “Register for acquisition of dwellings with a reduced VAT rate of 5%” in which all these transactions with dwellings benefiting from the reduced rate are registered, regardless of their value.

ECOVIS Romania: transfer pricing file

VAT - Reduced rate of 5% for:

- the supply of schoolbooks, books, newspapers and magazines, in hard copy and/or electronic format, except those which have, in whole or in part, video or audio music content and those intended exclusively or mainly to advertising. Until this amendment, the reduced rate could not be applied to materials in electronic format.
- the supply of thermal energy in the cold season (between November 1st of this year and March 31st of the following year), intended for the population, public and private hospitals, public and private educational institutions, non-governmental organizations, places of worship, public and private, accredited providers of social services.

Law no. 241/2005 on preventing and combating tax evasion:

As of March 1st, 2022, the act of withholding and non-payment, within 60 days from the due date provided by law, of the taxes and/or contributions provided in the Annex to the GEO (income tax, social security and health insurance contribution, environment fund contribution) constitutes an offense. Such offenses shall be punishable by imprisonment from 1 year to 5 years or a fine, depending on the amount of the damage and whether or not it is recovered.

According to Law no. 315/2021, the declaration on the ultimate beneficial owner shall be submitted:

1. upon registration and whenever a change occurs;
2. within 15 days from the approval of the annual financial statements - legal entities that have registered/incorporated entities within their shareholding structure and/or their fiscal headquarters is located in non-cooperating jurisdictions from a fiscal point of view and/or in jurisdictions with weak measures to combat money laundering and terrorist financing and/or in jurisdictions under the supervision of relevant international bodies, for the risk of money laundering/terrorist financing.

The obligation to submit the declaration on the ultimate beneficial owner of the legal person is also fulfilled by including, upon registration, within the Articles of Incorporation, the identification data of the beneficial owners and the ways in which the control over the legal person is exercised.

The deadline for submitting the declaration on the ultimate beneficial owner is 90 days from the end of the state of alert.

Virtual Private Space (SPV) – its use becomes mandatory for all taxpayers

As of March 1st, 2022, the enrolment in the Virtual Private Space (SPV), the electronic communication system developed by the Ministry of Finance - ANAF, becomes mandatory for all legal entities, associations and other entities without legal personality, as well as for all natural persons carrying out a liberal profession or exercising independently an economic activity.

SAF-T (Standard Audit File for Tax) reporting

Commencing with January 1st, the large taxpayers will begin the SAF-T (Standard Audit File for Tax) reporting, respectively the submission of the Declaration no. 406.

Reporting deadlines are different:

- as of January 1st, the large taxpayers who were part of this category in 2021;
- as of July 1st, the large taxpayers classified from January 1st, 2022, who were not part of this category in 2021.

Everyone shall benefit from a 6-month grace period for the SAF-T submission.

ECOVIS Romania: online accounting services

Tax deductions for well-capitalized companies - Emergency Ordinance no. 153/2020 applicable for the period 2021-2025 allows the deduction of taxes by stimulating the capitalization of companies.

These include the corporate tax, the micro-enterprise income tax as well as the specific tax. The companies that maintain their **equity situation positive** and at a level of at least half of the share capital shall benefit from such deductions and shall be able to receive a 2% tax deduction on a yearly basis. In addition, the companies shall be able to benefit from a higher tax rebate if they increase their equity situation compared to the previous year. The deduction may reach a maximum of 15% if all the conditions mentioned in the ordinance are met.

Submission of declarations - The deadlines for submitting declarations and paying the tax are extended until June 25th, 2022 for the following taxpayers:

- corporate tax payers for the 2021 corporate tax declaration;
- micro-enterprise income tax payers for the declaration related to the IVth quarter of 2021;
- payers of specific tax for the declaration related to the IInd quarter of 2021.

VAT refund

Commencing with February 1st, 2022, the VAT refund with subsequent control shall be permanent.

PAYROLL AND HUMAN RESOURCES – MODIFICATIONS APPLICABLE AS OF JANUARY 1st, 2022

Gross national minimum wage - Decision 1071/2021

1. Commencing with **January 1st, 2022**, the gross national minimum wage guaranteed for payment is established in cash, without any bonuses and other additions, in the amount of **RON 2,550 per month**.

Emergency Ordinance no. 130/December 17th, 2021 and Emergency Ordinance no. 142/December 28th, 2021

As of **January 1st, 2022**, the gross national minimum wage guaranteed for payment (RON 2,550) can be applied for a maximum period of 24 months, from the moment of signing the individual employment contract.

After the end of the respective period, a basic wage higher than the gross national minimum wage guaranteed for payment shall be paid. Consequently, according to the current provisions, employers will be obliged to set the increase of the basic salary to a level above the gross national minimum wage starting with January 1st, 2024.

2. The gross minimum wage for higher education is eliminated.

3. The gross national minimum wage for employees within the constructions industry remains in the year 2022 at the same value of RON 3,000.

4. The average gross wage for the year 2022 is RON 6,095.

Effects:

The death grant provided by the House of Pensions is established as follows:

- RON 6,095 granted to the family members of the deceased insured person/retiree;
- RON 3,048 granted to the insured person/retiree for the death of a family member.

It is increased the limit for the value of travel-related and/or treatment services, including transportation, during annual leave, settled by employers for their own employees and family members to RON 6,095 in 2022.

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5. Gifts in cash and/or in kind, including gift vouchers, provided by employers

Gifts in cash and/or in kind, including gift vouchers, provided for employees, as well as those offered to their minor children, as stipulated in the employment contract or within the Internal Regulations, **are non-taxable**, insofar as their value for each person, on each of the following occasions, does not exceed **RON 300**. The provision refers to:

- * gifts offered to employees, as well as those offered to their minor children, on the occasion of Easter, Christmas and similar holidays of other religious faiths;
- * gifts offered to female employees on the occasion of March 8th;
- * gifts offered to employees for the benefit of their minor children on the occasion of June 1st.

6. Gift vouchers

Commencing with December 18th, 2021, gift vouchers are granted **only** to own employees as social expenses, the provision of gift vouchers to other categories of beneficiaries (e.g. for marketing campaigns, market research, promotion on existing or new markets, for protocol, for advertisement and publicity expenses) being forbidden.

The provision of gift vouchers to other categories of beneficiaries than their own employees for social expenses constitutes a contravention and is sanctioned with **RON 35,700**, representing **14 penalty marks**.

1 penalty mark = RON 2,550 (gross national minimum wage).

7. Provision of securities (food vouchers, gift vouchers)

One of the amendments to [Law no. 165/2018 regarding the granting of securities](#) refers to the manner of providing securities (including food vouchers); they may be issued **exclusively in electronic format**, their issuance on paper being no longer possible.

8. Reduction in the isolation period for patients with confirmed SARS-CoV-2 infection being asymptomatic or presenting mild forms - [Order of the Ministry of Health no. 3.009/2021](#), published on January 3rd, 2022 in the Official Gazette

The order provides for the reduction of the period in which **asymptomatic patients or patients with mild forms** are declared cured, based on remote monitoring by the family physician and in the absence of specific symptoms, from **14 calendar days to 10 calendar days**.

For patients declared cured of COVID-19 and for whom at least 10 days have passed since the date of the first positive test, on re-entry into the community (workplace, educational unit, etc.), no epidemiologic notice or negative SARS-CoV-2 test is necessary.

This information is a selection of elements of legislative novelty, for informational purposes only. It is not considered professional advice and as a result we do not assume any responsibility in this regard. For further questions regarding the issues stated, please do not hesitate to contact us.

ECOVIS Romania: One Stop Shop

Accounting Services

- Financial Accounting;
- Preparation and submission of tax returns for Romanian and foreign legal and natural persons;
- Harmonization of the national financial accounting with the accounting standards of the parent company;
- Preparation and certification of annual financial statements;

Audit

- Financial audit in accordance with International Standard on Auditing (ISA);
- Revision of financial statements prepared in accordance with national regulations, for International Financial Reporting Standards (IAS/IFRS) or Client-Specific Standards (GAAP);
- Financial audit imposed by the group's policy;
- Internal audit;
- Audit tasks such as: agreed-upon procedures (ISA 4,400), reviews (ISA 2,400), *due diligence*;

Payroll Services and Human Resources

- Payroll services;
- Management, audit and registration of personnel files according to the legal requirements and regulations of the company;
- Preparation of job descriptions and Internal Regulations specific to the Client's activity;
- Interface with banking applications and performance of salary payment operations;
- Assessments and selection of personnel for accounting services / accounting department;

Tax Advice Services

- Tax advice
- Assistance in preparing the transfer pricing file;
- Advice services for mergers and acquisitions, company restructuring;
- Assistance in the implementation of IT solutions regarding: financial and management accounting, employee records, payroll, management reports, etc.;
- Fiscal registration of various entities and registration as a VAT payer;
- Notifications regarding significant changes in legislation.

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