

Tax alert

July 19, 2022



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ECOVIS Romania: payroll and human resource services

Dear Client,

The Government ORDINANCE no.16/2022 amending and supplementing Law no. 227/2015 on the Fiscal Code, repealing certain normative acts and other financial-fiscal measures, was published in the Official Gazette no. 716 of 15 July 2022. With the exception of the provisions expressly specified in the text, the other provisions shall become applicable on January 1st, 2023. We are hereby communicating a summary of the legislative changes implemented by this normative act (**first part**).

Changes concerning the corporate tax

The assets used in the production and processing activity and the assets representing reengineering have been added to the exemption from the tax on reinvested profit.

Micro-enterprises with a share capital of RON 45,000 and a minimum two employees which could opt to switch to corporate tax no longer benefit from the application of this facility on reinvested profit, and only those micro-enterprises which switch to corporate tax by exceeding the turnover ceiling will benefit from this facility (Art. 52).

Changes concerning the tax on dividends for companies

The tax on dividends is established by applying an 8% tax rate on the gross dividend paid to a Romanian legal entity.

The provisions of this article are not applicable in the case of dividends paid by a Romanian legal entity to another Romanian legal entity, if, on the dividend payment date, each of these entities are cumulatively meeting the following conditions:

a. the legal entity-beneficiary of dividends:

- i) owns at least 10% of the shares of the Romanian legal entity paying the dividends, for a period of one year elapsed until said dividend payment date, included;
- ii) is established as a "joint-stock company", "partnership limited by shares", "limited liability company", "general partnership", "limited partnership" or has the form of organization of another legal entity subjected to the Romanian legislation;
- iii) pays a corporate tax or any other tax substituting the corporate tax, without the possibility of an option or exemption;

b. the legal entity paying the dividends:

- i) is established as a "joint-stock company", "partnership limited by shares", "limited liability company", "general partnership", "limited partnership" or has the form of organization of another legal entity subjected to the Romanian legislation;
- ii) pays a corporate tax or any other tax substituting the corporate tax, without the possibility of an option or exemption;

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Tax on microenterprises' income

For the purpose of this title, a micro-enterprise is a Romanian legal entity which cumulatively meets the following conditions, on December 31 of the previous fiscal year:

- c) has obtained revenues which did not exceed the equivalent in lei of 500,000 euros. The exchange rate used to determine the euro equivalent is the one valid at the end of the financial year during which the income was obtained;
- d) its share capital is owned by persons other than the state and administrative-territorial units;
- e) is not in dissolution, followed by liquidation, entered in the trade register or at the courts of law, according to the law.
- f) has obtained revenues, other than those from consultancy and/or management, exceeding 80% of total income;
- g) has at least one employee, except the situation specified in Art. 48 (3) - *(a Romanian legal entity that is newly established must pay tax on microenterprises' income starting with the first fiscal year, if its share capital is owned by persons other than the state and administrative-territorial units — at date of registration with the trade register)*
- h) has partners/shareholders holding more than 25% of the value/number of shareholding titles or voting rights in maximum three Romanian legal entities which are eligible to apply the taxation system for microenterprises' income, including the person who is checking the compliance with the conditions provided in this article.

The following Romanian legal entities are not subjected to this title:

- a. The Bank Deposit Guarantee Fund, established according to the law;
- b. Investor Compensation Fund, established according to the law;
- c. Private Pension Guarantee Fund, established according to the law;
- d. Insured Persons Guarantee Fund, established according to the law;
- e. fiscally transparent entity with legal personality.
- f. Romanian legal entity carrying out activities in the banking sector;
- g. Romanian legal entity carrying out activities in the sectors of insurance and reinsurance, capital market, including the entity carrying out brokerage activities in these sectors;
- h. Romanian legal entity carrying out activities in the gambling sector;
- i. Romanian legal entity carrying out activities of exploration, development, production of oil and natural gas reservoirs.

The tax on microenterprises' income becomes optional.

The companies carrying out activities in the catering and hospitality sectors **may opt** for the payment of tax on microenterprises' income starting on January 1st, 2023. The Romanian legal entities carrying out activities corresponding to NACE codes: 5510 — "Hotels and similar accommodation", 5520 — "Holiday and other short-stay accommodation", 5530 — "Camping grounds, recreational vehicle parks and trailer parks", 5590 — "Other accommodation services", 5610 — "Restaurants and mobile food service activities", 5621 — "Event catering activities", 5629 — "Other food service activities", 5630 — "Beverage serving activities" may opt for the payment of tax on micro-enterprises' income, without being able to exit this system during the year.

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Micro-enterprises may not opt for the payment of corporate tax during the fiscal year, this option being exercisable starting with the following fiscal year. The option is communicated to the competent tax authorities, according to the provisions of Law no. 207/2015 regarding the Fiscal Procedure Code, as subsequently amendments and completions.

Rules for micro-enterprises' income taxation system exiting during the year

1. If during a fiscal year a microenterprise obtains revenues exceeding **500,000 euros** or the percent of revenues obtained from **consultancy and/or management exceeds 20% included** of the total income, said microenterprise must pay a corporate tax starting with the quarter in which any of these limits was exceeded, without the possibility of opting to apply the provisions of this title on the following time interval.
 2. If, during a fiscal year, a microenterprise no longer fulfills the condition provided for in Art. 47 (1) letter g) (having at least one employee), said microenterprise must pay a corporate tax starting from the quarter in which this condition is no longer met.
 3. By exception from the provisions of Paragraph (2), for a microenterprise with one employee, whose employment relationship is terminated, the condition provided for in Art. 47 (1) letter g) is deemed as met if, within 30 days as of the employment relationship termination, a new employee is hired based on an individual employment contract for an indefinite period or for a period of at least 12 months.
 4. Microenterprises which, **during a quarter, begin to carry out activities** from among those specified in Art. 47 (3) letters f)-i) :
 - f) *Romanian legal entity carrying out activities in the banking sector;*
 - g) *Romanian legal entity carrying out activities in the sectors of insurance and reinsurance, capital market, including the entity carrying out brokerage activities in these sectors;*
 - h) *Romanian legal entity carrying out activities in the gambling sector;*
 - i) *Romanian legal entity carrying out activities of exploration, development, production of oil and natural gas reservoirs.*
- owes corporate tax starting with the relevant quarter.**

A newly established Romanian legal entity may opt to pay tax on microenterprises' income starting from the first fiscal year, if its share capital is owned by persons other than the state and administrative-territorial units and has partners/shareholders holding over 25% of the value/number of shareholding titles or voting rights of maximum three Romanian legal entities which are eligible to apply the system of microenterprises' income taxation, including the person which is checking the compliance with the conditions specified in this article, on the date of registration with the trade register, and at least one employee within 30 days inclusive as of the date of registration of said legal entity.

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The flat income tax for microenterprises is of 1%.

The tax facilities' sequence of deduction from the tax is established:

Microenterprises performing **sponsorships/expenditures regarding goods, financial means and services** provided to the United Nations Children's Fund - UNICEF and operate fiscal electronic cash registers may deduct these amounts from the microenterprises income tax in the following sequence: amounts related to sponsorships, UNICEF expenses, as well as carry-over amounts, as the case may be;

the purchase cost of fiscal electronic cash registers and carry-over amounts, as the case may be;

The tax discount, according to the provisions of the Government Emergency Ordinance no. 153/2020 for the establishment of fiscal measures in order to stimulate the maintenance / increase of equity, as well as for the completion of certain normative acts, is applied to the microenterprises' income tax after the deduction of the above mentioned amounts.

The informative statement regarding the beneficiaries of sponsorships, during the application of the provisions of Government Emergency Ordinance no. 153/2020, must be submitted by June 25, included, of the following year.

Value Added Tax

VAT rate is increased to 9% (from 5%) for:

- Restaurant and catering services;
- Accommodation in the hotel sector (or similar sectors), including the rental of lands developed for camping.

VAT rate is increased to 19% (from 9%) for:

Delivery of non-alcoholic beverages containing added sugar or other sweeteners or flavored, intended for human and animal consumption.

The reduced rate of 9% for the supply of chemical fertilizers and pesticides applies until December 31st, 2031, and the reduced rate of 5% for the supply of firewood applies until December 31st, 2029.

The reduced rate of 5% is applied for the delivery of houses with a net area of maximum **120 sqm**, exclusive of outbuildings, the value of which, including the land on which they are built, does not exceed the amount of **RON 600,000**, exclusive of value added tax, purchased by natural persons individually or jointly with another natural person. Any individual may purchase a single house with a reduced rate of 5%.

By way of derogation from the above provisions, in 2023, the reduced VAT rate of 5% will also apply to:

ECOVIS Romania: tax registration

1. the delivery of houses with a net area of maximum 120 sqm, exclusive of outbuildings, the value of which, including the land on which they are built, does not exceed the amount of RON 450,000, excluding value added tax, purchased by natural persons, **if until January 1st, 2023, these persons have executed legal documents** inter vivos related to the advance payment for the purchase of such houses;
2. the delivery of houses with a net area of maximum 120 sqm, exclusive of outbuildings, the value of which, including the land on which they are built, exceeds the amount of RON 600,000 but does not exceed the amount of RON 700,000, excluding value added tax, purchased by natural persons individually or jointly with another natural person(s), **if until January 1st, 2023, these persons have executed legal documents** inter vivos related to the advance payment for the purchase of such houses;

Tax on dividends for non-residents

The tax rate on income for dividends is 8%.

Some conditions for applying tax exemptions related to the dividends paid by a resident to a legal person residing in another European Union member state are also changed. Dividend payments made to pension funds are no longer exempted for withholding tax purposes.

Local taxes

Calculation of tax/duty on residential buildings

In case of residential buildings and related outbuildings, tax/duty on buildings is calculated by applying a minimum rate of 0.1% on the value of the building. The rate of tax/duty on buildings is determined by the decision of the local council. At the level of the municipality of Bucharest, this task rests with the General Council of the Municipality of Bucharest. The value of the building, expressed in RON, is determined by summing up the value of the building, outbuildings, as the case may be, and the value of the land areas covered by these constructions, included in the Market Researches related to the indicative values of real estate properties in Romania, managed by the National Union of Notaries Public from Romania.

Where the indicative values regarding real estate properties in Romania, as stated in the market researches managed by the National Union of Notaries Public in Romania, are lower than the taxable values determined according to the provisions of this article, as applicable on December 31st, 2022, the tax on buildings is calculated by applying the minimum rate of 0.1% to the taxable value determined according to the provisions of this article, as applicable on December 31st, 2022. The rate of tax/duty on buildings is determined by the decision of the local council. At the level of the municipality of Bucharest, this task rests with the General Council of the Municipality of Bucharest.

Calculation of tax/duty on non-residential buildings

In case of non-residential buildings and related outbuildings, tax/duty on buildings is calculated by applying a minimum rate of 0.5% on the value of the building. The rate of tax/duty on buildings is determined by the decision of the local council. At the level of the municipality of Bucharest, this task rests with the General Council of the Municipality of Bucharest. In case of buildings used for farming sector activities, the tax/duty on buildings is calculated by applying a rate of 0.4% on the value of the building.

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The value of the building, expressed in RON, is determined by summing up the value of the building, out-buildings, as the case may be, and the value of the land areas covered by these constructions, included in the Market Researches related to the indicative values of real estate properties in Romania, managed by the National Union of Notaries Public from Romania.

Where the value stated in the market researches managed by the National Union of Notaries Public in Romania, is lower than the last value entered in the database of the local fiscal body, on December 31st, 2022, the building tax is calculated by applying a minimum rate of 0.5% to the last value entered in the database of the local fiscal body, on December 31st, 2022. The rate of tax/duty on buildings is determined by the decision of the local council. At the level of the municipality of Bucharest, this task rests with the General Council of the Municipality of Bucharest.

The calculation of tax/duty on buildings which include residential and non-residential premises

In case of buildings which comprise both residential and non-residential premises, the tax/duty on buildings is determined according to the intended use of the areas in a percent exceeding 50% and is calculated by applying the rate corresponding to the majority intended use, to the value of the entire building.

In the case of these buildings, taxpayers must submit a declaration to the local fiscal body, in order to establish the final intended purpose of the building, the area used for non-residential purposes, accompanied by the supporting documents, except for those listed in the tax records of the administrative-territorial unit. The declaration to the local fiscal body is made within 30 days as of the date of any changes occurred in relation the non-residential areas.

Where the taxpayers are not submitting to the local fiscal body the declaration related to the area used for non-residential purposes, the tax on buildings is calculated by applying the rate corresponding to non-residential buildings to the value of the entire building listed in the records of the local fiscal body.

Specific tax

As of January 1st, 2023, Law no. 170/2016 regarding the specific tax for certain activities is repealed. Starting with this date, taxpayers subjected to the provisions of Law no. 170/2016 (*Romanian legal entities carrying out activities corresponding to NACE codes: 5510 — “Hotels and similar accommodation”, 5520 — “Holiday and other short-stay accommodation”, 5530 — “Camping grounds, recreational vehicle parks and trailer parks”, 5590 — “Other accommodation services”, 5610 — “Restaurants and mobile food service activities”, 5621 — “Event catering activities”, 5629 — “Other food service activities”, 5630 — “Beverage serving activities”* may opt for the payment of tax on micro-enterprises' income or for the payment of corporate tax, by December 31st, 2022.

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Income tax and social security contributions

Special provisions for individual part-time employment contracts - will apply starting with earnings for the month of AUGUST 2022

Starting with earnings for August 2022, **the contributions related to a part-time employment contract are equal to those of a full-time employment contract** for a basic minimum wage.

Thus, the social security insurance contribution (CAS – 25%) owed by natural persons obtaining income from wages or similar income, based on an individual full-time or part-time employment contract, may not be below the level of the CAS quota calculated on the gross minimum basic wage per country (RON 2,550 - year 2022), corresponding to the number of working days of the month in which the contract was active.

The same provision also applies to the calculation of the social security health insurance contribution (CASS – 10%).

Exceptions:

- a. pupils or students, aged up to 26, in some form of schooling;
- b. apprentices, according to the law, aged up to 18;
- c. persons with disabilities or other categories of persons for whom the law acknowledges the possibility to work less than 8 hours per day;
- d. old-age pensioners from the public pension system, with the exception of old-age pensioners who receive public civil service pensions based on special laws/statutes, as well as those who are cumulating the old-age pension in the public pension system with the pension established in one of the pension systems not integrated into the public pension system;
- e. persons who, during the same month, obtain income from wages or similar income based on two or more individual employment contracts, and the cumulative monthly calculation base related to these is at least equal to the gross minimum basic wage per country.

Important: In order to apply the exceptions, the employer will request supporting documents from the natural persons found in such situations.

If the social security insurance contribution calculated according to the old rules is below the social security insurance contribution established according to the new provisions, the difference is covered by the employer/income payer on behalf of the employee/income beneficiary.

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The tax rate on dividends obtained by natural persons is increased, from 5% to 8%.

Income in the form of dividends, including the earnings obtained as a result of holding of shares defined by the relevant legislation related to collective investment bodies, is taxed at a rate of 8% of their sum, the tax being final (as of January 1st, 2023).

Capping additional benefits received by employees - starting with income for the month of JANUARY 2023

The following cumulated monthly incomes **do not represent taxable income** for the purpose of income tax, they are not included in the basis for calculating the social security pension contribution (CAS) and the health insurance contribution (CASS), **within the limit of the monthly ceiling of no more than 33% of the basic wage corresponding to the job held:**

- a) the additional benefits received by employees based on the **mobility clause** according to the law, other than those provided for in Art. 76 (2) letter k, within the limit of 2.5 times the legal level established for the assignment/secondment allowance, by decision of the Government, for the personnel of public authorities and institutions;
- b) **the consideration of the food provided by the employer to its own employees**, natural persons who are obtaining income from wages or similar income, as provided for in the employment contract or in the internal regulations, within the maximum value of a meal voucher/person/day, as specified on the date this is granted, in accordance with the legislation in force. When establishing the non-taxable monthly ceiling, the number of days of the month in which the natural person carries out telecommuting or work at home activities or is on annual/medical/assignment leave are not taken into account. Food means food prepared in own units or purchased from specialized units. **The provisions are not applicable to employees who are receiving meal vouchers, according to the applicable legislation;**
- c) **accommodation and the consideration of the rent for accommodation/living spaces made available by employers to their own employees**, natural persons who obtain income from wages or similar income, as provided for in the employment contract or in the internal regulations, within the limit of a non-taxable ceiling of 20% of the gross minimum basic wage per country guaranteed for payment/month/person, under the following conditions:
 - 1) the employee, his/her spouse do not own a home under personal ownership or use in the location where they carry out their activity;
 - 2) the accommodation/living space is located in own units, including hotel type unit or in a building rented by the employer for this purpose from a third party;
 - 3) the rental contract between the employer and a third party is concluded in accordance with the law;
 - 4) the non-taxable ceiling is granted to one of the spouses, if both spouses work in the same locality, at the same employer or at different employers, based on an own responsibility declaration.

ECOVIS Romania: payroll and human resource services

When determining the 20% ceiling of the gross minimum basic wage per country guaranteed for payment, the lowest value of the gross minimum wage per country applicable for the month for which the benefits are granted, is taken into account. The compliance with the requirements is checked based on supporting documents and is the responsibility of the employer.

- **the consideration of tourist and/or treatment services, including transport, during the leave period, for own employees and their family members**, granted by the employer according to the employment contract, the internal regulations, or received based on special laws and/or financed from the budget, within the limit of an annual ceiling, for each employee, **representing the level of an average gross wage** used to substantiate the state social security insurance budget for the year in which these were granted;
- **the contributions to a voluntary pension fund** according to Law no. 204/2006, as subsequently amended and supplemented, and those representing contributions to optional pension schemes, classified as such by the Financial Supervisory Authority in accordance with the legislation related to voluntary pensions, administered by authorized entities established in the European Union member states or pertaining to the European Economic Area, covered by the employer for its own employees, **within the limit of 400 euros per year for each person**;
- **the voluntary health insurance premiums, as well as health care services provided based on a subscription, covered by the employer for its own employees**, so that the annual does not exceed the RON equivalent of **400 euros for each person**;
- **the amounts granted to the employees performing telecommuting activities in order to cover the utility costs at the employees' workplace**, such as electricity, heating, water and data subscription and the purchase of office furniture and equipment, within the confines set by the employer based on the employment contract or the internal regulations, **within the limit of a monthly ceiling of RON 400, corresponding to the number of days in the month in which the natural person is executing his/her telecommuting activity**. The amounts are be granted without the need to submit supporting documents;

Important: The sequence in which the above-mentioned incomes are included in the monthly ceiling of maximum 33% of the basic wage corresponding to the job held is established by the employer.

Changes concerning the personal deductions, starting on JANUARY 2023 - Additional personal deduction

As of January 1st, 2023, the **personal deduction** includes the **basic personal deduction** and the **additional personal deduction** and is granted within the limit of the monthly taxable income earned. The personal deduction is granted for each month of the taxable period, only for income from wages at the place where the basic position is occupied.

ECOVIS Romania: BI dashboards

The **basic personal deduction** is granted for natural persons earning a **gross monthly income of maximum RON 2,000 above the level of the gross minimum basic wage per country guaranteed for payment, as approved by Government decision, applicable in the month when the income is obtained (RON 4,550 for the year 2022)**. Where, during the same month, several values of the gross minimum wage per country are being used, the lowest value of the gross minimum wage per country is the one taken into account.

The **additional personal deduction** is granted as follows:

1. 15% of the gross minimum basic salary per country guaranteed for payment, to natural persons up to the age of 26, who earn income from wages whose level is of maximum RON 2,000 above the level of the gross minimum basic wage per country (RON 382.5 for 2022);
2. RON 100 per month for each child up to the age of 18, if said child is enrolled to an educational unit, granted to the parent who earns income from wages, regardless of their level.

If the child is supported by both parents, the additional personal deduction is granted to one of the parents upon submitting the document certifying the child's enrollment to an educational unit and an own responsibility declaration from the beneficiary parent.

Changes regarding the basis for calculating the social insurance contribution (CAS – 25%) due by natural persons who earn income from independent activities and income from intellectual property rights

Natural persons earning income from the above-mentioned activities, from one or more sources and/or categories of income, owe the social security insurance contribution if they estimate for the current year a net income with a cumulative value at least equal to 12 minimum gross wages per country (**RON 30,600 for 2022**).

Natural persons who are not covered by the ceiling of at least 12 salaries may opt to pay the social security insurance contribution for the current year according to the conditions established for persons who estimate earning an annual income exceeding the level of 12 minimum gross wages per country.

The annual basis used to calculate the social security insurance contribution, in the case of individuals who earn income from freelancing activities and income from intellectual property rights, is represented by the income chosen by the taxpayer, which cannot be below the:

- level of 12 gross minimum wages per country (RON 30,600 - year 2022), **in the case of earned income between 12 and 24 gross minimum wages per country;**
- level of 24 gross minimum wages per country (RON 61,200 - year 2022), **in the case of earned income above 24 gross minimum wages per country;**

ECOVIS Romania: online accounting

Changes regarding the basis for calculating the health insurance contribution due by natural persons who earn income from activities listed below:

- ◆ income from freelancing activities;
- ◆ income from intellectual property rights;
- ◆ income from a partnership with a legal entity;
- ◆ income from the assignment of the use of property;
- ◆ income from farming, forestry and fish farming activities;
- ◆ income from investments;
- ◆ income from other sources.

Natural persons earning income from one or more sources and/or categories of income, as specified above, owe the health insurance contribution if they estimate for the current year an income with a cumulative value at least equal to **6 minimum gross wages per country (RON 15,300 for 2022)**.

The annual basis used to calculate the health insurance contribution in case of natural persons who earn income from the activities listed above is represented by the:

- ◇ level of **6 gross minimum wages per country**, in the case of earned income between 6 and 12 gross minimum wages per country;
- ◇ level of **12 gross minimum wages per country**, in the case of earned income between 12 and 24 gross minimum wages per country;
- ◇ level of **24 gross minimum wages per country, in the case of earned income above 24 gross minimum wages per country;**

For the calculation of income tax, the allowances for the care of the oncological patients, together with the allowances for maternal risk, maternity, child raising and caring for the sick child, are also considered as non-taxable income (starting with the income for the month of August 2022)

The threshold for the application of the actual taxation system is reduced to EUR 25,000 (from EUR 100,000) - the provision applies starting with income obtained in 2023.

Taxpayers for whom the net income is determined based on income rules and who in the previous fiscal year have earned an annual gross income higher than the RON equivalent of 25,000 euros, starting from the next fiscal year, are required to determine the annual net income in the actual system.

ECOVIS Romania: audit

New provisions related to the calculation of turnover for the application of tax facilities in construction sector

To determine the percent of turnover actually achieved from construction activity in the total turnover, the indicator of turnover actually achieved from construction activity includes only the income obtained from the activity carried out on the territory of Romania, and the total turnover indicator includes both the income from the activity carried out on the territory of Romania, as well as abroad. The activity carried out on the territory of Romania means the activity actually carried out in Romania for the purpose of manufacturing products and providing services.

In the case of newly established employers, the turnover is calculated cumulatively as of the date of registration, including the month in which the exemption is applicable, while in case of employers existing on January 1st of each year, the turnover is calculated cumulatively for the corresponding period of the current year, including the month in which the exemption is applicable. This turnover is achieved based on a contract or order and covers the manpower, materials, machinery, transport, equipment, fittings, as well as other auxiliary activities. The turnover will include the production executed and not invoiced (applicable within 3 days of this Ordinance publication in the Official Gazette).

The application limitation for tax facilities in construction, farming and food sectors - applies, starting with the income related to the month of AUGUST 2022

The income tax exemption for the construction, farming and food production sectors no longer applies to incomes up to RON 30,000, but to those up to RON 10,000, included. The part of the gross monthly income exceeding RON 10,000 no longer benefits from fiscal facilities.

The condition regarding the minimum gross wage upon employment, for a minimum of 8 working hours/day is kept, namely RON 3,000 per month.

Natural persons are no longer exempt from income tax for the income earned as a result of carrying out the activity based on an individual employment contract with Romanian legal entities perform seasonal activities specific to the sectors of catering and hospitality.

The 40% deduction from gross rental income obtained has been eliminated for the purpose of determining the taxable base - the provision applies starting with the income from 2023.

The rental contract must be registered with the fiscal authority

Taxpayers who obtain income from the assignment of the use of assets from personal patrimony, other than the income obtained from leasing and from the rental of rooms located in personally owned homes, for touristic purposes, must register with competent fiscal body, the contract concluded between the parties, as well as the subsequent changes, within maximum 30 days as of the conclusion/execution of the change. **In the case of rental contracts in progress on January 1st, 2023**, the contract concluded between the parties and the changes made are registered with the competent fiscal body within maximum 90 days as of the date when the registration obligation was born.

ECOVIS Romania: transfer pricing file

The turnover ceiling for accepting debit/credit cards as means of payment through a POS terminal is lowered (changes established in GEO no. 193/2002)

Legal entities carrying out retail and wholesale trade activities, as well as those carrying out service provision activities, with an annual turnover of more than 10,000 euros in RON equivalent (the old ceiling was of 50,000 euros), must accept debit, credit or prepaid cards as means of payment, through a POS terminal and/or other modern acceptance solutions, including the apps which facilitate the acceptance of electronic payments. The obligation of legal entities to accept debit, credit or prepaid cards, through a POS terminal and/or other modern acceptance solutions, becomes applicable in the quarter following the one in which the receipts of the relevant year have exceeded the ceiling of 10,000 euros. The exchange rate used to determine the RON equivalent is the one published by the National Bank of Romania on the last day of the previous year.

Tax on real estate transfer

Upon the transfer of the ownership right and its dismemberments, based on legal acts inter vivos with regard to constructions of any kind and their related lands, as well as on lands of any kind without constructions, taxpayers owe a tax which is calculated at the value of the transaction, by applying the following percentages:

- a. **3%** for constructions of any kind and their related lands, as well as for the lands of any kind without constructions, owned for a period of up to **3 years, included;**
- b. **1%** for the buildings described in litter a), owned for **more than 3 years.**

The exemption threshold of RON 450,000 for the taxation of income from real estate transactions has **been repealed.**

The term payroll retention is reduced to 5 years

According to Law no. 195/2022, as of January 1st, 2023, the payrolls for which the employer submits the declaration regarding the obligations to pay social security contributions, income tax and the nominal record of insured persons, to the National Agency for Fiscal Administration, are kept for 5 years.

Increase of meal voucher to RON 30

Law no. 187/2022 indicating the increase of the meal voucher for each day worked to RON 30, was published in the Official Gazette no. 613 on June 22, 2022. The new value applies as of July 1st, 2022, but following this date, the employers can decide to grant the difference in value for June 2022 as well.

The maximum value of RON 30 will be valid both in the second semester of 2022, as well as in the first two months of the first semester of 2023.

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 & updating 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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