

2020

# Legislative News



*NOA Tax Advisors*

NOA Group

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## Other legislative news for December 2020

### Amendments presented in brief:

On December 24, 2020, Order no. 3192 of December 22, 2020 for the amendment of the Procedure for communication by electronic means of remote transmission between the Ministry of Public Finances / central fiscal body and individuals, legal entities and other entities without legal personality, approved by Order of the Minister of Public Finance no. 660/2017, respectively Law no. 298 of December 24, 2020 for the completion of Law no. 53/2003 - Labor Code were published in the Official Gazette no. 1291, respectively the Official Gazette no. 1293.



On December 30, 2020, Order no. 4136 of December 17, 2020 on the amendment of the Order of the President of the National Agency for Fiscal Administration no. 3725/ 2017 for the approval of the tax registration forms of the taxpayers and of the types of fiscal obligations that form the fiscal vector was published in the Official Gazette no. 1311.

Also, on December 31, 2020, Emergency Ordinance no. 220 of December 30, 2020 on the application of social protection measures after January 1, 2021 in the context of the spread of the SARS-CoV-2 coronavirus, as well as for the amendment of some normative acts, Emergency Ordinance no. 224 of 30 December 2020 on certain measures for the provision of financial support to tourism enterprises, accommodation structures, food structures and travel agencies, whose activity has been affected in the context of the COVID-19 pandemic,



and on some fiscal measures, Emergency Ordinance no. 226 of December 30, 2020 regarding some fiscal-budgetary measures and for the amendment and completion of some normative acts and the extension of some terms, respectively the Emergency Ordinance no. 227 of December 30, 2020 for the amendment and completion of the Government Emergency Ordinance no. 37/2020 on the granting of facilities for loans granted by credit institutions and non-bank financial institutions to certain categories of borrowers, Order no. 3225 of December 30, 2020 for the approval of the rules on the procedure for granting the certificate of deferral of the payment of VAT in customs and release of the security for imports of goods, were published in the Official Gazette no. 1,326, in the Official Gazette no. 1330, in the Official Gazette no. 1331, respectively in the Official Gazette no. 1332.

These acts concern the introduction of VAT exemptions, the establishment of aid schemes and tax facilities for economic operators in HoReCa and changes regarding the reduced VAT rate, the deductibility of adjustments for the depreciation of uncollected receivables, cancellation of ancillary obligations, granting financing for economic operators in HoReCa, extension of social protection measures after January 1, 2021 in the context of the spread of SARS-CoV-2 coronavirus, extension of the repayment period of principal rates, interest and fees related to loans granted by creditors, etc.

#### **Amendments explained in more detail:**

##### **Key words:**

- Employment of persons between 16 and 29 years of age and over 50 years of age
- Remuneration of daily workers
- Settlement 41.5% of salary
- Granting days off for parents

##### **Provisions of the Emergency Ordinance no. 220 of December 30, 2020:**

- ❖ Employers who hire between January 1 and September 1, 2021:
  - persons over 50 years of age whose employment has been terminated for reasons not attributable to them during the state of emergency or alert;
  - persons aged between 16 and 29 registered as unemployed;
  - Romanian citizens, of the same age categories, having terminated in 2020 their employment relationship with employers from other states, for reasons not attributable to them,may receive 50% of the employee's monthly salary, for a 12-months period, for each person employed in this category, but no more than RON 2,500.
- ❖ An extension up to June 30, 2021 is provided for the measures whereby:
  - 35% of the remuneration due for each working day of daily workers is granted for a period of 3 months, at the choice of the beneficiary of works;



- 41.5% of the salary granted to employees who conclude individual employment contracts for a determined period of up to 3 months is reimbursed, but not more than 41.5% of the average gross salary;
- paid days off are granted to parents during online classes, including the days off allowance of 75% of the gross salary, but no more than 75% of the average gross salary.

#### Key words:

- State aid scheme for financing HoReCa companies
- Grants

### Provisions of the Emergency Ordinance no. 224 of December 30, 2020:

- ❖ A state aid scheme is enacted that would allow granting financing from national public funds and/ or from external funds for tourism companies, tourist reception structures with accommodation functions, food structures and travel agencies, whose activity was affected in the context of the COVID-19 pandemic.
- ❖ The aid scheme aims to provide grants to cover 20% of the loss of turnover or account movement, suffered in 2020, compared to 2019, but not more than EUR 800,000/ company.

#### Key words:

- Holiday vouchers
- VAT exemptions
- Deadline for equipping commercial vending machines with fiscal electronic cash registers
- Full deductibility of adjustments for impairment of receivables
- 5% VAT housing rate

### Provisions of the Emergency Ordinance no. 226 of December 30, 2020:

- ❖ The holiday vouchers for 2021 are issued only on electronic support and will continue to be granted based on the Government Emergency Ordinance no. 8/2009.
- ❖ Until December 31, 2022, the supplies of medical devices for in-vitro diagnosis of COVID-19, of vaccines against COVID-19, as well as the related vaccination and testing services, other than those exempted from VAT according to art. 292 of the Fiscal Code, are exempt from VAT.
- ❖ In case of imports of waste materials, the exemption from the actual payment of VAT in customs will not be effective from January 1, 2021.
- ❖ The term until which the economic operators making supplies of goods or services through vending machines have the obligation to equip the vending machines with fiscal electronic cash registers is suspended until December 31, 2021.



- Fill-in the Single Declaration
- Cancellation of ancillary obligations
- Simplified rescheduling
- VAT refund
- HoReCa specific tax

- ❖ The failure to comply with the obligation to ensure the remote connection of electronic fiscal cash registers, in order to transmit fiscal data to ANAF, will not be sanctioned until March 31, 2021.
- ❖ The full deductibility of adjustments for impairment of receivables is postponed until January 1, 2022, so that in 2021 they can be deducted only up to 30% of their value provided the conditions provided by law are met.
- ❖ The ceiling of EUR 140,000 for the application of the 5% VAT rate for the delivery of housing to individuals is postponed until January 1, 2022. Thus, in 2021 the rate of 5% can be applied if the value of housing does not exceed the ceiling of RON 450,000.
- ❖ Clarifications are brought, for the 2020 Single Declaration filling-in, with respect to the tax regime of allowances granted for temporary reduction of working time or interruption of activity, as a result of the effects of SARS-CoV-2 coronavirus, to professionals, lawyers, persons having concluded individual employment conventions, persons having concluded sports activity contracts, as well as individuals having obtained income exclusively from copyright and related rights.
- ❖ For the purposes of requesting the cancellation of the ancillary obligations based on GEO no. 69/2020, the obligations due by the insolvent debtor qualify as main outstanding budgetary obligations, regardless of the existence of a table of receivables or a program for the payment of receivables.
- ❖ The decision to settle the situation on the additional obligations assessed further to the customs control which is drawn up at the request of the taxpayer to correct the declared customs obligations is assimilated to a rectifying return for the purpose of requesting the cancellation of ancillary obligations based on GEO no. 69/2020.
- ❖ The request for cancellation of ancillary obligations under GEO no. 69/2020 can be submitted until March 31, 2021.
- ❖ The request for the payment rescheduling under GEO no. 181/2020, for the budgetary obligations due after the date of declaring the state of emergency (simplified rescheduling procedure), can be submitted until March 31, 2021.



- ❖ The measures for restructuring the outstanding budgetary obligations based on GO no. 6/2019 may be applied for budgetary obligations outstanding up to December 31, 2020.
- ❖ The VAT requested for refund will be reimbursed with subsequent tax inspection until March 31, 2021.
- ❖ HoReCa taxpayers do not owe specific tax for a period of 90 days calculated starting with January 1, 2021.

**Key words:**

- Term for suspension of repayment of principal, interest and fees

**Provisions of the Emergency Ordinance no. 227 of December 30, 2020:**

- ❖ Suspension of repayment of principal installments, interest and fees related to loans granted by creditors until March 30, 2020, for a period of up to 9 months, may be requested until March 15, 2021.

**Key words:**

- Discounts on the corporate income tax, microenterprise tax, specific tax
- Transactions with the United Kingdom
- Certificate of deferral of VAT payment in customs
- Virtual private space
- Form 700
- Technical unemployment benefit
- Labor Code

**Other measures applicable after 1 January 2021:**

- ❖ The provisions of GEO no. 153/2020 under which taxpayers, paying corporate income tax, income tax on microenterprises or activity-specific tax, may benefit from reductions on the tax due if they improve their equity level, either by achieving a positive value or by achieving a positive and an increased value compared to the previous year, will enter into force. Tax cuts can reach up to 12% of the amount of tax due in 2021.
- ❖ The transition period for the withdrawal of the United Kingdom from the EU is coming to an end, so that tax and customs measures applicable to third countries will be equally applicable to transactions with the UK. However, in accordance with the Agreed Protocol on Ireland and Northern Ireland, EU customs rules and procedures generally continue to apply to goods entering and leaving Northern Ireland.
- ❖ The new procedure was approved for:
  - granting the certificate of deferral of VAT payment in customs, for the imports made by the taxable persons registered for VAT purposes, which cumulatively meet the conditions introduced in the Fiscal Code by Law no. 296/202, and



- Reduced working time
  - Reduction of local taxes and fees
  - Half-yearly accounting reports
  - Statement of the beneficial owner
- the release of the security for imports of goods exempt from VAT being followed by exempted intra-Community supplies.
  - ❖ Law no. 298/2020 supplements the Labor Code whereby the possibility of suspending the individual employment contract at the initiative of the employer during the temporary suspension of the activity and/or its reduction as a result of the decree of state of siege or state of emergency, is being regulated. The law also stipulates that the indemnity paid from the unemployment insurance budget can be supplemented up to a minimum of 75% of the basic salary corresponding to the relevant position, if the employer's budget allows it.
  - ❖ Employers who eliminate a position occupied by persons having their individual employment contracts suspended in the event of temporary interruption or reduction of employment, without termination of employment, for economic, technological, structural or similar reasons or as a result of the decree of the state of siege or the state of emergency, before the period mentioned by Law 298/2020, will have to return the amounts received as allowance, for the eliminated positions.
  - ❖ The technical unemployment allowance of 75% of the base salary borne by the unemployment insurance budget which is still granted for the areas where traffic restrictions have been maintained, is extended until June 30, 2021. Also until June 30, 2021 is extended the allowance received by other professionals, lawyers, athletes and persons earning income exclusively from copyright and related rights.
  - ❖ The measure to reduce the working time of employees by the decision of the employer, for which the affected employees receive an indemnity of 75% of the difference between the gross base salary and the gross base salary for the hours actually worked, which is reimbursed from the insurance unemployment budget, can be further applied during the state of alert, as well as for a period of up to 3 months from the end date of the last period in which the state of emergency/alert/siege was declared.
  - ❖ From January 1, 2021, the tax on buildings and land owned by natural and legal persons that are used for the provision of tourist services, for a maximum period of 180 consecutive or cumulated days, during a calendar year, shall be reduced by 50%.



- ❖ With regards to the tax on mixed-use buildings owned by natural persons, from January 1, 2021 the area used for non-residential purposes will be established through an affidavit while the evaluation report prepared by an authorized valuator will no longer be required.
- ❖ The deadline for submitting the declaration on the effective beneficial owners is of maximum 90 days from the end date of the state of alert.
- ❖ Persons having registered a turnover lower than the RON equivalent of EUR 1,000,000 at the end of the previous financial year will no longer be required to prepare and submit half-yearly accounting reports.
- ❖ The list of documents that can be communicated through VPS has been completed, so that the registration declarations and other declarations prepared by the taxpayer, as well as the profile files related to the connection of electronic fiscal cash registers to ANAF's computer system, may be subject to the VPS communication.
- ❖ Form 700 on the Declaration for the registration / modification in electronic environment of the modifications subsequent to the fiscal registration, through which it will be possible to declare by electronic means all the modifications subsequent to the fiscal registration, for all categories of taxpayers, was approved.





### **How we may help you:**

NOA Tax Advisors team supports companies by providing advice and guidance in various cases regarding the new legislative changes as mentioned above, as well as in all situations encountered from a tax point of view.

NOA Tax Advisors team is at your disposal for more details regarding the aspects presented in this summary of legislative news.

Best regards,

NOA Team



# NOA

TAX ADVISORS  
AUDIT & ASSURANCE



**Otilia Pețu**  
Managing Partner  
[otilia.petu@noagroup.ro](mailto:otilia.petu@noagroup.ro)



**Mircea Dumitrașcu**  
Partner  
[mircea.dumitrascu@noagroup.ro](mailto:mircea.dumitrascu@noagroup.ro)



**Lidia Terzea**  
Associate Director  
[lidia.terzea@noagroup.ro](mailto:lidia.terzea@noagroup.ro)



**Maria Pascu**  
Senior Tax Manager  
[maria.pascu@noagroup.ro](mailto:maria.pascu@noagroup.ro)

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