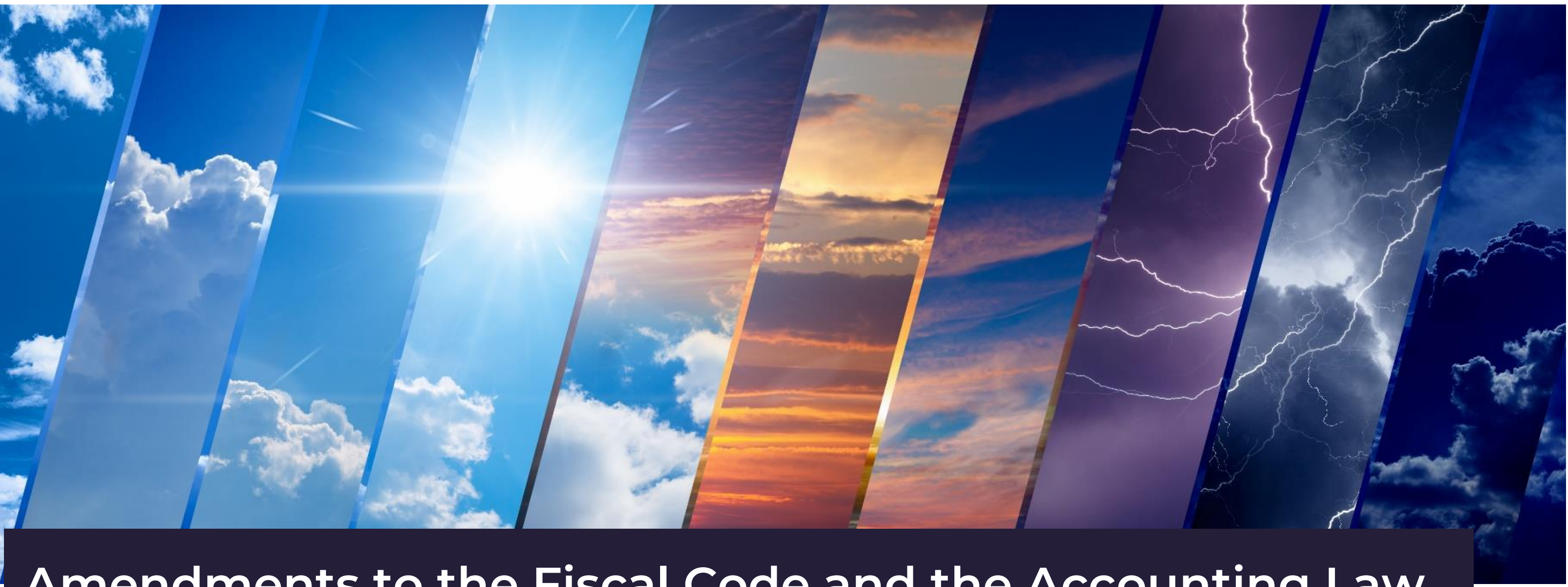
2021

Legislative News

NOA Tax Advisors

NOA Group

3/4/2021



Amendments to the Fiscal Code and the Accounting Law

Amendments presented in brief:

On February 26, 2021, the Emergency Ordinance no. 13 of February 24, 2021 for the amendment and completion of Law no. 227/2015 regarding the Fiscal Code and the Accounting Law no. 82/1991 was published in the Official Gazette no. 197.

The amendments concern provisions on corporate income tax, income tax, social security contributions, VAT. Thus, a series of changes were made regarding the deductibility of the expenses incurred, the taxation of the benefits granted to the employees, the threshold for the VAT cash accounting system, etc. At the same time, a series of changes were brought regarding the bookkeeping of permanent establishments and of persons having the place of effective management in Romania, the interim financial statements, the term for keeping the accounting records, etc.

Content

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Amendments explained in more detail:

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Key words:

- Deductible expenses
- Annex II (Turcia)

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Amendments to the Fiscal Code

Corporate income tax

- Expenses incurred as a result of transactions with a person located in a state that is included in Annex II of the EU List of non-cooperating jurisdictions for tax purposes (i.e. Turkey, Australia, Morocco, Thailand, etc.) are no longer classified as non-deductible. Expenses recorded as a result of transactions with persons located in states from Annex II represent deductible expenses from the beginning of 2021.
- In respect of transactions with a person in an Annex I state, the non-deductibility shall apply to transactions carried out from 1 January 2021 onwards and only if the expenses are incurred as a result of transactions without economic purpose.

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Key words:

- Benefits granted to employees
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- Individual employment contract and / or the internal regulations
- Term for submission of annual income statement

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Income tax and social security contributions

- Funeral aid, aid for serious and incurable diseases, aid for medical devices, aid for childbirth / adoption, aid for losses incurred in one's own household as a result of natural disasters, income as gifts in cash and / or in kind, including gift vouchers, offered to employees are considered non-taxable and are not included in the basis for calculating social security contributions, if they are granted according to the individual employment contract and / or the internal regulations. In case of gifts in cash and / or in kind, including gift vouchers, the limit of 150 lei applies, if they are offered by employers for the special occasions provided by the Fiscal Code.
- Tourist and / or treatment services, including transport, during the annual leave, for their own employees and their family members provided by the employer within the annual limit of an average gross wage, for each employee, are non-taxable and are not included in the basis for calculating social security contributions, if they are provided for in the employment contract or the internal regulations.
- In case of taxpayers who earn income from agricultural activities imposed on the basis of income norms in an association without legal personality, the deadline for submitting the annual income tax return for associations without legal personality and entities subject to tax

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transparency, by the partner responsible for fulfilling obligations association to public authorities, is until the last day of February of the current year, inclusively.

- In 2021, the deadline for submitting the annual income tax return for associations without legal personality and entities subject to the tax transparency regime is until April 15, 2021, inclusively.

Key words:

- Threshold VAT cash accounting system
- Notification of application / exit from the VAT cash accounting system
- VAT cash accounting system 1st of January 2021

Value added tax

- All references in the Fiscal Code to the turnover threshold for the application of the VAT cash accounting system, was amended to accommodate the new threshold of 4,500,000 lei.
- The notification regarding the option to apply the VAT cash accounting system shall be submitted until the 20th of the month prior to the beginning of the fiscal period from which the VAT cash accounting system will be applied.
- The notification regarding the exit from the VAT cash accounting system shall be submitted until the 20th of the month following the fiscal period in which the threshold of 4,500,000 lei was exceeded.
- Any taxable person who has opted for the application of the VAT cash accounting system and who does not exceed the threshold of 4,500,000 lei during a year may renounce the application of that system at any time during the year, by submitting a notification to the competent tax authority between 1 and 20 of the month, except for the first year in which he opted.
- It is clarified that the taxable persons who apply the VAT cash accounting system and who exceeded during January 2021 the threshold of 2,250,000 lei, but did not exceed the threshold of 4,500,000 lei, will not be removed from the Register of taxable persons applying the VAT cash accounting system.
- The provision according to which taxable persons who register for VAT purposes and who opt for the application of the VAT cash accounting system is supplemented in the sense that the option may be exercised either from the date of registration for VAT purposes or later during the year of registration.

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Key words:	Amendments to the Accounting Law:
• Permanent establishments • The place of effective management • Transformation • Interim financial statements • Contraventions	❖ The scope of application of the Accounting Law also includes foreign legal entities that carry out activity through one or more permanent establishments in Romania, as well as foreign legal entities having the place of effective management in Romania. ❖ The obligation to carry out the general inventory, to prepare the annual financial statements, to audit them, as well as to submit them, also occurs in case of a transformation. ❖ The annual financial statements shall be accompanied by the directors' report, the audit report or the report of the Board of Auditors, as the case may be, and the report on payments to governments, if any, and the proposal to distribute the profit or cover the loss. accountant. The consolidated annual financial statements will be accompanied by the consolidated report of the directors, the audit report, as well as the consolidated report on payments to governments, if there is an obligation to prepare it. ❖ The financial statements and accounting reports shall be kept for 10 years. ❖ The list of deeds that constitute contravention, subject to a fine, will include the non-compliance with the obligation to prepare, audit and duly submit the interim financial statements, as well as the obligation to prepare and duly submit the reports accompanying the individual and consolidated annual financial statements.

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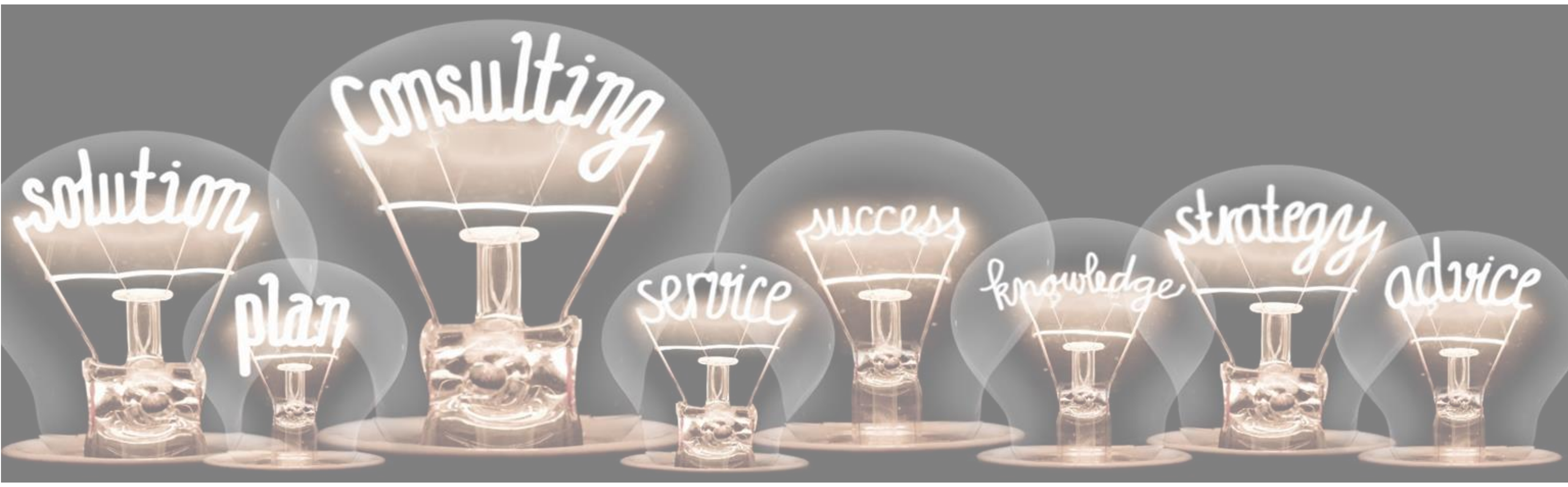

How we may help you:

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

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

Best regards,

NOA Team

Otilia Pețu
Managing Partner
otilia.petu@noagroup.ro

Mircea Dumitrașcu
Partner
mircea.dumitrascu@noagroup.ro

Lidia Terzea
Associate Director
lidia.terzea@noagroup.ro

Maria Pascu
Senior Tax Manager
maria.pascu@noagroup.ro

"We work shoulder to shoulder with any company that is in a continuous development and reinvention and we focus on making sure that the experience we offer to our clients makes them feel secure and confident."

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