

# 2021

## Deadlines for setting up the consolidated tax group and applying the tax facilities for recapitalization



*NOA Tax Advisors*

NOA Group

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# Deadlines for the setting-up the consolidated tax group and for the application of tax reductions for recapitalized companies

## Warnings presented in brief:

We remind you that the deadline is approaching until which companies can still communicate to the competent authorities the option to implement the system on fiscal consolidation from a profit tax perspective, starting with the fiscal year 2022.



We would also like to draw your attention to the fact that in order to benefit from reductions in the payment of profit tax, micro-enterprise income tax or activity-specific tax, due for 2021, companies planning to recapitalize, must take measures to increase the shareholders' equity until the end of the year.

## Table of contents

Aspects regarding the consolidated fiscal group and the term of notification of the intention to apply the fiscal consolidation system starting with 2022..... 2

Reductions from the payment of the tax due for 2021 to improve the level of capitalization .....2





### Warnings explained in more detail:

<p><b>Key words:</b></p> <ul style="list-style-type: none"><li>• Fiscal consolidation in the field of profit tax</li><li>• Deadline for submitting the application</li><li>• Notification of the option to apply for fiscal consolidation</li></ul>	<p><b>Aspects regarding the consolidated fiscal group and the deadline for notifying the intention to apply the fiscal consolidation system starting with 2022</b></p> <ul style="list-style-type: none"><li>❖ Starting with January 1<sup>st</sup>, 2022, Romanian legal entities/ legal entities with registered office in Romania established according to European legislation, corporate income tax payers, may be constituted in a tax group, to accumulate their individual tax results and pay tax on profit based on the consolidated tax result, within direct or indirect holding conditions of at least 75%.</li><li>❖ Given that the option of establishing the consolidated tax group must be notified to the tax authorities at least 60 days before the beginning of the period for which the application of tax consolidation is requested, in order to apply the tax consolidation system starting with 1<sup>st</sup> January 2022, <b>the application must be submitted by the end of this month (i.e., October 2021).</b></li><li>❖ The option to apply for this type of system is communicated to the competent tax authority by submitting form <b>173 "Application for the tax group in the profit tax area"</b> by the legal representative of the responsible legal entity, signed by the legal representatives of all group members.</li><li>❖ The certificate of incorporation with certified facts issued by the trade registry office and/ or other supporting documents proving the fulfilment of the holding condition shall be attached to the application.</li><li>❖ More details regarding the fiscal consolidation in the profit tax area can be found in the informative material prepared by us, which can be accessed at: <a href="https://noagroup.ro/aprobarea-procedurii-de-implementare-si-de-administrare-a-grupului-fiscal-in-domeniul-impozitului-pe-profit/">https://noagroup.ro/aprobarea-procedurii-de-implementare-si-de-administrare-a-grupului-fiscal-in-domeniul-impozitului-pe-profit/</a></li></ul>
<p><b>Key words:</b></p> <ul style="list-style-type: none"><li>• Reductions from the tax due</li></ul>	<p><b>Reductions from the payment of the tax due for 2021 to improve the level of capitalization</b></p> <ul style="list-style-type: none"><li>❖ We remind you that the Emergency Ordinance no. 153/2020 for the establishment of fiscal measures to stimulate the maintenance / increase of equity, as well as for the completion of some normative acts have established a measure by which taxpayers can benefit from a reduction of their annual profit tax, income tax of micro-enterprises, but also the activity-specific tax,</li></ul>



- Conditions in order to benefit from tax reductions

- Adjusted shareholders' equity

applicable starting with the tax due for 2021, if they improve their level of capitalization.

- ❖ We draw attention to the fact that, in the case of the tax due for the year 2021, the following incentives are available:
  - ✓ **2% reduction**, if in 2021 the accounting shareholders' equity is positive and has a value at least equal to half of the subscribed share capital;
  - ✓ **an additional reduction between 5% - 10%** in case there is an increase in the adjusted shareholders' equity of 2021 compared to the adjusted shareholders' equity registered in 2020, simultaneously with the fulfilment of the aforementioned conditions.
- ❖ If both above reductions are applicable, the corresponding percentages are added to determine the amount of the reduction.
- ❖ Please note that the formula for computing the adjusted shareholders' equity used to determine the additional reduction does not include revaluation reserves and the current year profit/loss.
- ❖ Therefore, in order to be able to benefit from the reductions on the payment of the tax due for the year 2021, please bear in mind that the necessary measures must be taken to improve the shareholders' equity by the end of the current year (i.e. the year 2021).



## How we may help you:

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.

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

Best regards,  
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*"It's not just about the nicely packed advices, we've added the practical, the tailored and the client experience."*