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The authorities intend to implement certain tax measures in order to help the taxpayers get through the problems caused by the COVID-19 pandemic

As mentioned by the representatives of the authorities, as well as following the press releases after the Government meeting from May 7, 2020, the Romanian Government intends to implement several measures aimed to provide certain tax facilities for taxpayers, in order to combat the problems caused by the COVID-19 pandemic.

Among the most relevant aspects, we mention the following:

- Granting tax benefits for annual income tax, social insurance contribution and health insurance contribution due by individuals;
- Extending the deadline for submitting the Unique Form on income tax and social contributions due by individuals, the deadline for submitting Form 230, as well as the deadline for payment of the income tax and mandatory social contributions due by individuals **until June 30, 2020 (inclusively)**;
- Granting tax benefits regarding the annual building tax and the monthly building tax;
- Annulment of certain ancillary liabilities.

The authorities intend to implement certain tax measures in order to help the taxpayers get through the problems caused by the COVID-19 pandemic

1. Considered amendments from an income tax and social security perspective

- a) **Extension up to June 30, 2020 inclusive for the following legal deadlines:**
- Submission of the Unique statement regarding income tax and social security contributions due by individuals (the annual tax return);
 - Payment of the income tax and mandatory social security contributions due by individuals, arising in connection with the annual tax return;
 - Submission of form 230, „Request regarding the destination of the amount representing 2% or 3.5% of the annual income tax for salary income and pensions”/„Request regarding the destination of the amount representing up to 3.5% of the due annual income tax”;
- b) **Awarding of certain bonuses from the annual fiscal liabilities due by individuals for the income/earnings that must be reported via the annual tax return:**
- For income/earnings obtained in 2019:
 - **5% of the income tax, pension contribution (CAS) and health insurance contribution (CASS) if all these liabilities are settled via payment or compensation (offsetting) in their entirety by June 30, 2020 inclusive;**
 - **5% of the income tax, pension contribution (CAS) and health insurance contribution (CASS) for the electronic submission of the annual tax return by June 30, 2020.** This bonus is applicable only if the 2019 fiscal obligations are also settled by June 30, 2020;
 - The bonuses will be completed by the taxpayer in the annual tax return (adjusted annual tax return, if submitted already) and a new form is expected to be published by the tax authorities;
 - **Starting with 2021 – introduction of the possibility to award a bonus of up to 10% of the income tax, pension contribution (CAS) and health insurance contribution (CASS) due by individuals in accordance with the provisions of the Tax Code for income that must be reported via the annual tax return;**
- c) **Introduction of a new category of taxpayers/income payers to the health insurance system:**
- Legal persons - employers or that are assimilated to employers - which, according to law, owe health insurance contribution (CASS) for the individuals who perform activities based on an employment agreement, on a work report, or on a special legal status, for the period that the individuals have been suspended from their job, as provided by the law;
- d) **Introduction of certain tax facilities for the stimulus packages/bonuses granted by employers during the state of emergency period to employees whose activity implies direct contact with citizens and who are subjected to a risk of infection with SARS-CoV-2:**
- Introduction of an **exemption from mandatory social security contributions due – pension contribution (CAS), health insurance contribution (CASS), work insurance contribution (CAM) – for the stimulus packages/bonuses granted under the above-mentioned conditions and paid by June 30, 2020 inclusive;**

2. Granting tax benefits regarding the annual building tax and the monthly building tax

- The reduction of the annual building tax, for non-residential buildings used in the economic activity or rented, if the owners or the tenants of the buildings were forced to completely interrupt their economic activity.

- Exemption from the payment of the monthly building fee, if the users of the buildings were forced to completely interrupt their economic activity.
- The conditions that should be met in order to benefit from the reduction of the annual building tax are as follows:
 - there was an obligation to totally interrupt the activity, based on a legislative provision; or,
 - the rent was reduced with at least 50% and at least 50% of the total area was not used, due to the fact that the tenants were forced to interrupt their economic activity.
- The exemption from the payment of the monthly building fee may be accessed following the submission of an application and an affidavit, mentioning the legal provisions based on which the economic activity had to be totally interrupted.

3. Annulment of certain ancillary liabilities

- The following categories of **taxpayers** who have outstanding main budgetary liabilities as at 31st March 2020 can **benefit** from this fiscal facility, namely: legal entities, individuals or entities without legal personality, administrative-territorial units or territorial administrative subdivisions of Bucharest or public institutions;
- This Draft Ordinance does not provide **any limitation regarding the amount of the outstanding budgetary liabilities** at March 31, 2020;
- The draft Ordinance stipulates that the fiscal facility would apply to the ancillary liabilities related to **(i)** the budgetary liabilities for which the due date or deadline for payment has expired by 31 March 2020 inclusive, **(ii)** the differences of main budgetary liabilities established by tax assessment decisions or tax returns, corresponding to the fiscal period up to 31 March 2020, and **(iii)** individualized payment liabilities existing in enforceable titles issued in order to be recovered, corresponding to the fiscal period up to 31 March 2020;
- In order to benefit from the fiscal facility for the annulment of ancillary payment liabilities related to the outstanding budget liabilities as at 31st March 2020, taxpayers must **cumulatively** meet the following **general** conditions:
 - (i)** **pay** all outstanding main budgetary liabilities due until 31st March 2020 inclusive,
 - (ii)** **pay** all main and ancillary budgetary liabilities due between 1st April 2020 and the date of submission of annulment claim of the ancillary liabilities
 - (iii)** the debtor must have **submitted** all the fiscal declarations, according to the fiscal vector until the date of submitting the annulment claim of the ancillary liabilities;
- In addition to the general conditions above, the Draft Ordinance also provided a number of special conditions for each case regulated by the Ordinance;
- The annulment claim s be submitted **until 15 December 2020** or within **90 days from the communication date of the tax assessment decision** in case of annulment of ancillary liabilities related to main budgetary liabilities with maturities prior to 31st March 2020 and individualized in tax assessment decisions;

- Regarding the annulment procedure of the ancillary liabilities, the Draft Ordinance stipulates that the Minister of Public Finance should approve it by order **within 30 days from the date of entry into force of the Ordinance.**

For further questions regarding the aspects mentioned in this alert, please contact us.



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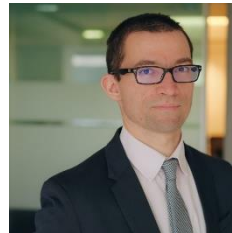
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