



In this number:

I. New Labour Code provisions on the suspension or temporary reduction of the employer's activity, introduced by Law no. 298/2020

On December 24, 2020, Law no. 298 supplementing Law no. 53/2003 – the Labour Code was published in the Official Gazette no. 1293/24.12.2020.

II. The Government has extended the applicability of some support measures granted in the context of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus

On December 31, 2020 Emergency Ordinance no. 220/2020 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 was published in the Official Gazette no. 1326/31.12.2020.

III. The work permits quota for foreign workers admitted to the labor market in 2021 was established

On December 31, 2020 Decision no. 1133/2020 on establishing the work permits quota in 2021 was published in the Official Gazette no. 1326/31.12.2020.

IV. New fiscal provisions brought by the Emergency Ordinance no. 226/2020

On December 31, 2020 Emergency Ordinance no. 226/2020 on certain fiscal - budgetary measures and for amending and supplementing certain normative acts, as well as for the extension of certain deadlines was published in the Official Gazette no. 1332/31.12.2020.

I. New Labour Code provisions on the suspension or temporary reduction of the employer's activity, introduced by Law no. 298/2020

- Law no. 298/2020 introduces important new provisions on the suspension of individual employment contracts in the event of temporary interruption or reduction of the employer's activity (technical unemployment), as follows:
 - ✓ A distinct case of suspension of the individual employment contract at the employer's initiative is introduced, namely in case of **temporary suspension and/or reduction of activity** following the declaration of **state of siege or state of emergency**;
 - ✓ Employees impacted as per the above will benefit from an **allowance granted from the unemployment insurance state budget** throughout the declared state of siege or state of emergency, namely 75% of the base salary corresponding to the position held by the employee, but no more than 75% of the average gross salary income;
 - ✓ The above allowance will not be granted to employees having more than one individual employment contract, if at least one full-time employment contract is active during the state of siege or state of emergency;
 - ✓ Details on the **tax regime of the allowance**, as well as the **procedure and deadlines for the accessing the allowance** from the unemployment insurance state budget and for payment to employees impacted by the reduced or suspended activity, whose individual employment contracts are suspended;
 - ✓ **Employer's possibility to supplement the allowance** with the difference up to at least 75% of the base salary corresponding to the position held by the employee;
 - ✓ **Employer's possibility to gradually apply other measures to reduce or suspend its activity**, as well as the employer's possibility to suspend the individual employment contract in order to replace, totally or partially, the measure of reducing the weekly work schedule from 5 to 4 days for temporary reduction of activity for economic, technological, structural or similar reasons for periods exceeding 30 working days;
 - ✓ **Prohibition to close (suppress) the job positions occupied by persons whose individual employment contracts have been suspended** for temporary suspension or reduction of activity for economic, technological, structural or similar reasons or as a result of the decreed state of siege or state of emergency. The prohibition shall apply to the employer for a period at least equal to the suspension period for which the impacted employees received the allowance paid from the unemployment insurance state budget. **Failure to observe the prohibition is an administrative offence** and will be penalized by refunding the amounts received as allowance for the closed job positions.

II. The Government has extended the applicability of some support measures granted in the context of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus

- The deadline for granting the following support measures was extended until 30.06.2021:
 - ✓ The indemnity granted for the employment contracts concluded for a determined period of up to 3 months, representing a part of the gross salary in the maximum amount of 41.5% of the average gross salary;
 - ✓ The indemnity granted to the daily workers (for a period of up to 3 months, under certain conditions) performing activities in one or more specific fields, representing 35% of the remuneration due to the working day for day;
 - ✓ Granting days off for parents in order to supervise their children in case by the order of the Ministry of Education is established the suspension of activities that require the physical presence of children in schools and the continuation of online teaching activities.
- Similar with the benefit granted to employers last year by GEO no. 92/2020, under certain conditions, employers may benefit again on a monthly basis, for a period of 12 months, from an amount representing 50% of the employee's salary (but not more than RON 2,500) for the following categories of individuals employed during January - September 2021, for an undetermined period:

- ✓ Individuals over 50 years old whose employment relationships has ceased for reasons which are not attributable to them, during the state of emergency/alert, registered as unemployed in the records of unemployment agencies;
- ✓ Individuals aged between 16 and 29 years old registered as unemployed in the records of employment agencies.

III. The work permit quota for foreign workers admitted to the labor market in 2021 was established

For 2021, a contingent of 25,000 newly work permits admitting foreign workers is established on the labor market in Romania.

IV. New fiscal provisions brought by the Emergency Ordinance no. 226/2020

[Main amendments on GEO no. 69/2020 for the amendment and completion of the Law no. 227/2015 on Fiscal Code, as well as for the adoption of certain fiscal measures](#)

- An additional period during which the taxpayer may file the request for annulment of the ancillary budget liabilities related to the principal liabilities outstanding as at 31 March 2020, inclusive, has been established – the debtor may submit the request for granting fiscal facilities between 1 January 2021 and 31 March 2021 inclusive.
- Debtors who notified the fiscal authority, but did not submit the request for the annulment of the ancillary budget liabilities until 15 December 2020 inclusive may submit the request by 31 March 2021 inclusive, if the tax authority did **not** issue the decision on the loss of validity for the deferral of ancillary obligation between 16 December 2020 and 31 December 2020.
- Debtors which notified the fiscal authority, but did not filed the request for the annulment of the ancillary budget liabilities by 15 December 2020 inclusive may submit a new notification and a new request for granting the facilities provided by GEO no. 69/2020 if the tax authority issued the decision on the loss of validity for the deferral of ancillary obligations between 16 December 2020 and 31 December 2020.
- Debtors who notified the tax authority and filed the request for the annulment of the ancillary liabilities between 16 December 2020 and 31 December 2020, for which the tax authority did **not** issue the decision on rejection of the application, may withdraw the request and file a new one by 31 March 2021 inclusive.

[Amendments on GEO no. 181/2020 on certain fiscal-budgetary measures, for amending and supplementing certain normative acts and for the extension of certain deadlines](#)

- An additional period during which the taxpayer may submit the request for payment in instalments of both principal and ancillary budget liabilities whose due date was reached after the state of emergency was declared and which have not been extinguished by the date of issuance of the tax attestation certificate has been established – the debtor may file the request for payment in instalments between **1 January 2020 and 31 March 2020**.

[Main amendments on GO no. 6/2019 providing certain fiscal facilities](#)

- Prolongation of the period during which the legal entities that experienced financial difficulties and are at risk of being subject to insolvency proceedings may benefit from restructuring of the principal and ancillary tax liabilities overdue as at 31 December 2020 and that have not been extinguished by the date of issuance of the tax attestation certificate. Previously, this period was set to last until 31 July 2020.
- Debtors who have filed a request for restructuring the tax liabilities under GO 6/2019, which are pending on the date of entry into force of this emergency government ordinance, may choose to amend the restructuring plan of the tax liabilities outstanding on 31 December 2020 and to submit a new application by 30 June 2021.
- Introduction of the exemption for 90 days from the specific tax due by the HoReCa sector for the year 2021.

[Amendments on GEO 48/2020 regarding certain financial-fiscal measures](#)

- The deadline by which certain provisions shall apply has been extended, i.e. until 31 March 2021. Among these, we note the provisions relating to:
 - ✓ Requests for value added tax (VAT) refunds will be solved with subsequent tax audit.
 - ✓ Late payment of the instalments in the rescheduled instalments unpaid by 31 March 2021 for which no interest is calculated or due.
 - ✓ The suspension of the statute of limitation for the right of the tax authority to establish tax deeds and to request garnishment, as well as of the taxpayer to request the refund of tax claims operates until 31 March 2021.

[Amendments on GEO 30/2020 and GEO 132/2020 regarding some support measures](#)

- The indemnities granted in accordance with these ordinances for certain categories of professionals, lawyers, individuals who realize income from sports activities, copyrights and related rights do not constitute income from carrying out the specific activity and are subject to the following rules:
 - ✓ Should not be taken into consideration when establishing certain thresholds (e.g., for the social insurance contribution, for the social health insurance contribution) or for granting certain tax incentives;
 - ✓ The calculation of income tax and mandatory social charges will be done separately from the income derived from the specific activity;
 - ✓ The individuals insured in their own pension systems, who do not have the obligation to insure in the public pension system, will owe the contribution for the specific indemnities to their own pension system according to the Fiscal Code.
- Certain clarifications are introduced for the indemnities granted in case of temporary reduction of business activity caused by the establishment of the state of emergency / alert / siege, as well as in the case of the indemnities for certain days off for parents granted in order to supervise the children, in case of limitation or suspension of teaching activities. In case of such indemnities, starting with the January 2021 income, no other tax incentives will be granted.

[Temporary measures adopted in the field of VAT as a response to COVID-19 pandemic](#)

- In order to align with the European provisions, namely with a view to respect the firm recommendation of the European Commission, it is provided that **until 31 December 2022**,
 - ✓ the supplies of (i) **COVID-19 in vitro diagnostic medical devices** and of (ii) **COVID-19 vaccines** and
 - ✓ the related **vaccination and testing services**benefit of the **VAT exemption with deduction right**.
Both devices and vaccines must comply with certain European requirements / must be authorised by the European Union or by Member States.
- Also, until 31 December 2022, the **intra-Community acquisitions of Remdesivir** will benefit of the **VAT exemption**.

[Amendments to Law no. 227/2015 on the Tax code](#)

- It is provided that the VAT identification number of Greece can be "EL" and that the VAT identification number of Northern Ireland will be "XI".
- In order to avoid blockages at the import of waste (due to lack of a tariff classification depending on the technical characteristics), it is **removed the measure of VAT payment through reverse charge mechanism for imports of such goods** (ferrous and non-ferrous waste, residues and other recyclable materials made of ferrous and non-ferrous metals, waste of recyclable materials and recyclable materials consisting of paper, paperboard, textiles, cables, rubber, plastics, shards of glass and glass).

[Main amendments on GO 27/2011 on road transport, as well as on amending and supplementing GEO 28/1999 on the obligation of economic operators to use electronic fiscal cash registers](#)

- Until **31 December 2021**, economic operators that make deliveries of goods or services through vending machines that operate on card payments basis, as well as banknote or coin acceptors, as the case may be, **have the obligation to equip vending machines with fiscal electronic cash registers** as provided in art. 3 para. (2) of GEO 28/1999;
- The applicability of sanctions, as mentioned in art. 10 lit. ff) and art.11 par. (1) lit. j) of GEO 28/1999, for non-compliance with the obligation by the economic operators to ensure the remote connection of the fiscal electronic cash registers, in order to transmit data to NAFA is **suspended until 31 March 2021**.

[Amendments on Law no.296 for the amendment and supplementing of Law no.227/2015 regarding the Fiscal Code](#)

- Full deductibility in the case of adjustments for the depreciation of receivables as per. art.26, par (1), point c) is **postponed until 1 January 2022**.
- It is also **postponed until 1 January 2022** the increase of the threshold to **EUR 140,000** (exclusive VAT) for the supply of homes with a **usable area of up to 120 m2** to individuals with a reduced VAT rate of 5%. Therefore, for FY2021, the old threshold of RON 450,000 RON will be applied.

For any questions regarding this alert, do not hesitate to contact us.



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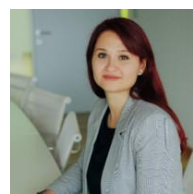
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