



NEWSFLASH

Deadline for submission of statements regarding the beneficial owner

Dear Ladies and Gentlemen,

Due to the latest developments, please find hereinafter a special edition of our newsletter, informing you about recent legal changes with impact on the statements regarding the beneficial owner (UBO).

As already announced, companies, foundations and associations have to **disclose their UBO** due to Romania's new anti-money laundering legislation (Money Laundering Act No. 129/2019). The notification form for this purpose was published in October 2019.

The Romanian Commercial Register recently published a practice-related circular which raises questions regarding the deadline for the first filing in 2020.

On the one hand, for many companies, this means need for action sooner than expected. On the other hand, confidentiality problems might occur.

1. Submission Deadline

Basically, companies need to submit statements on the UBO

- i. upon incorporation,
- ii. annually (15 days after approval of the annual financial statements), and
- iii. within 15 days after any change of the UBO.

A special regulation was introduced for companies that already existed when the Money Laundering Act came into force (July 2019). According to this, the deadline expires on July 21, 2020.

The above mentioned circular published by the Romanian Commercial Register is controversial because of its unclear wording. More specifically it allows an interpretation according to which the first declaration to be submitted in 2020 was not due by July 2020, but already within 15 days after the approval of the annual financial statements. Late submission is sanctioned with fines between RON 5,000 and 10,000 and, in the worst case, with the dissolution of the company after a grace period of 30 days.

Representatives of the Commercial Register unofficially stated there would be no sanctions for late filing this year; however, a different interpretation has been published by such authority, and the Commercial Register is not even responsible for imposing the sanctions.

2. Confidentiality

Besides, we have encountered cases in practice where unauthorized persons received copies of the statements on UBOs of companies when they requested copies of other documents from the commercial register file (a simple application is sufficient). Even if certain data, such as address and the ID, were anonymized, the names and participations within the company groups were visible. Therefore, there is a certain risk of unwanted disclosure of the identity of the UBO of a Romanian company.

3. Recommendation

Since most companies are currently finalizing their annual financial statements, we currently recommend **to prepare the UBO statement as soon as possible** and

- i. *either to wait with the approval of the annual financial statement as long as legally possible,*
- ii. *or, should the annual financial statement be already approved, to submit the UBO statement within 15 days calculated from the approval.*

We are in contact with the National Commercial Register and the Money Laundering Authority in order to clarify the deadlines and will keep you updated.

We will be happy to answer any questions you may have.

Sincerely,
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