Crisis measures in the tax field

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On the 16th of March, the Romanian Tax Administration ANAF announced a series of measures for supporting tax payers in the difficult economic context caused by the COVID-19 virus.

The legal act on the implementation of these measures was eagerly awaited; on 21st of March 2020 it was published as the Emergency Ordinance ("**EO**") No. 29/2020. The EO introduces economic, tax and budget-related measures; the previously announced measures were partly changed.

Declaration and Payment of Tax Liabilities

The awaited postponement of the submission deadline for tax returns did not come about. **Tax returns are still supposed to be submitted till the 25th of March**. However, tax liabilities that were due on the 25th of March but not paid will not generate any interests or late payment penalties for a period of time starting on the day the EO came into force and ending 30 days after the expiry the state of emergency; these amounts will not be deemed "outstanding".

ANAF guarantees in a press release that "*all extraordinary and justified delay cases regarding the submission of tax returns will be handled with the openness provided by the law and utmost forbearance*". In our opinion, this statement must be cautiously interpreted, since such cases will be subjectively assessed by the competent tax authorities.

Facilities regarding Taxes on Land, Buildings and Vehicles

As a facilitation measure, the deadline for the payment of the yearly tax on land, buildings and vehicles to the local City Hall, initially due on the 31st of March, 2020, was extended until the 30th of June, 2020. For the same period of time, a 10% reduction for the early payment of the abovementioned taxes was established.

Suspension of Enforcement Measures

The announced suspension of the enforcement of tax liabilities was implemented by the EO. According to the legal act, overdue notices and seizure decisions will no longer be issued unless the amounts are based on court judgements resulting from criminal proceedings. Credit institutions or third-party debtors of claims attached by ANAF also have to apply, by law, the suspension measures regarding the amounts to be seized, no other formalities being required.

Benefits upon Restructuring of Tax Liabilities

According to the Regulation 6/2019, tax payers with outstanding tax liabilities can claim certain tax benefits upon restructuring of these liabilities. The intention of such restructuring must be communicated to the Tax Administration ANAF within a certain period of time; an extension of this period had already been introduced at the beginning of the year. The new deadline for the communication of such intention was extended by the EO until the 31st of July 2020;

subsequently, the request for restructuring of the tax liabilities has to be filed until the 31st of October. The previous requirements and procedures for obtaining the extension are still valid.

Further Regulations

As another measure, securities and interest subsidies upon financing small-sized companies that participate in the IMM INVEST ROMANIA program for supporting small and medium-sized companies are granted (under observance of the regulations applicable in the field of State Aid).

For as long as the emergency state lasts, small and medium-sized companies must also be granted a postponement of the payment to providers (energy, gas, water, telecommunication, internet, rent for the registered offices and the secondary ones), if their activity has been fully or partly suspended due to official instructions and they received the "state of emergency certificate" from the Ministry of Economy. The regulations apply accordingly to certain professions that provide services of public interest, such as public notaries, attorneys at law, bailiffs, medical and dental practices and so on. The criteria for determining the beneficiaries must be set forth through Government resolution.

Open issues

Some of the measures previously announced are not mentioned in the EO. They include, among others, the suspension of tax inspections, deadlines for accelerating the payment of outstanding reimbursement amounts and the implementation of an efficient mechanism for the VAT refund.

There are also other awaited measures that are not regulated, such as reductions upon the timely and full payment of tax liabilities, the deductibility of expenses/ grants/ donations for the support of the employees affected or for combating the pandemic.

Given the pressure of the situation, the above-mentioned immediate measures have a rather small effect. Further support measures are awaited in the context of the difficult economic situation.

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