

NEWSFLASH

COVID 19: The second package of crisis measures

Dear Ladies and Gentlemen,

please find hereinafter a special edition of our newsletter, informing you about the new tax related measures in context of the COVID-19 pandemic.

On 16.04.2020, the Romanian government published the Emergency Ordinance (“EO”) no. 48/ 2020. This EO includes tax related measures of the state for supporting against the economic effects of COVID-19. The following rules are relevant:

- **Sponsorship:**

Micro-companies are allowed to deduct sponsorship amounts, which they pay to state institutions and authorities according to the sponsorship law No. 32/1994, up to 20% of the due micro-company tax.

- **Benefits of kind**

Benefits in kind for employees whose positions are essential for performing the employer’s activity will not be subject to tax and social security contributions, in case the aforementioned employees find themselves in preventive isolation.

- **Tax and social security benefits for the compensations borne by the state**

During the state of emergency the employees are entitled to receive compensations for the special leave due to school closures and for the “technical unemployment” (*somaj tehnic*). The EO clarifies that such compensations will not be subject to any tax benefits. The employees for which normally tax and social security benefits are regulated (i.e. in the construction, IT and research and development sectors, as well as for seasonal workers in the Horeca industry) shall pay taxes and social security contributions for the compensations borne by the state during the state of emergency.

- **VAT refunds**

VAT refunds will take place 30 days after the state of emergency ceases, with subsequent verifications, i.e. the VAT return will firstly take place and only afterwards the verifications, based on a risk assessment.

- **Deferral of the tax debts**

Tax payers who received a deferral of their tax debts and are not able to pay their rates

according to the deferral plan in the present economic context, may benefit from extensions and suspensions. The abovementioned measures will also end 30 days after the state of emergency ceases.

- **Support for production of disinfecting agents**

30 days after the state of emergency ceases, no import VAT will be paid for imports of completely denatured ethanol used for the production of disinfecting agents.

- **Deadline extension for submitting the financial statements**

The deadline for submitting the financial statements and the financial reports for the fiscal year ended on 31.12.2019 has been extended until 31.07.2020.

- **Lottery**

The monthly lottery of the sales receipts will be also suspended as of the entry into force of the EO; it will start again within 90 days following the cessation of the state of emergency.

- **Horeca**

Tax payers subject to the specific tax applicable to the Horeca industry (Law 170/2016) will not have to pay this tax in 2020 for periods in which their activity has been fully or partly suspended due to official measures.

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

Sincerely,
STALFORT Legal. Tax. Audit.

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