

NACE rev 3 - Update of the companies' objects of activity

by Paula Cimpoca, Avocat (Attorney at Law RO)

It is generally known that the so-called NACE codes must be used for any economic activity in Romania. We take a recent amendment to the legislation in this area as an opportunity to describe the essential rules and backgrounds.

Significance

NACE is the acronym for the national statistical classification of economic activities in Romania. This classification corresponds to the NACE classification, which stands for "Nomenclature statistique des activités économiques dans la Communauté européenne".

This classification was issued by the Romanian Statistical Office in order to allow the grouping of data relating to "statistical units" according to homogeneity criteria, such as an establishment or a group of establishments forming an economic unit, an enterprise. From a practical point of view, the NACE classification is important because all Romanian companies must define their business purpose using the corresponding codes .

New regulation

On 25.04.2024, Ordinance no. 377 of 17th of April 2024 on the update of the classification of economic activities of the national economy - NACE Rev. 3 - was published in the Official Gazette of Romania no. 385, which will enter into force on 1st of January 2025.

Although the classification rules established in the current NACE rev. 2 (Ordinance 337/2007) remain unchanged, the NACE rev 3 classification will include several changes. Thus, some NACE codes will have the same name but a different number, while others will have the same number but a different name. The Statistical Office of the European Union has prepared the correlation tables between the two classifications, NACE rev. 2 (the current Romanian NACE rev. 2) and NACE rev. 2.1 (the future Romanian NACE rev. 3). These are available here: <https://ec.europa.eu/eurostat/web/nace/correspondence-tables>.

Significance in practice: Authorised activities and procedures

Every certificate of incorporation of a Romanian company must precisely state the company's corporate purpose with reference to the corresponding codes from the NACE classification. It is recommended that the object of the company be defined precisely so that all activities requiring authorisation or relevant for tax purposes are included. The scope of activities can be expanded or changed at any time by amending the articles of incorporation.

When the company is founded, the authorisation of the NACE codes required for the company's activities is applied for, among other things. Until December 2022, it was possible to authorise only some of the NACE codes provided for in the certificate of incorporation, but this is no longer permitted. This should lead to companies making a decision at the time of formation about the scope of the activities that they will actually carry out in practice, so that large parts of the official classification are not listed in the company object across the board.

The activities are listed in a declaration standardised by the commercial register, which must state exactly which activities are carried out at the registered office, at the permanent establishments or outside, i.e. with third parties or business partners. This declaration must be submitted to the commercial register when the company is founded and each time the registered office is relocated or a permanent establishment is set up.

On the basis of this declaration, the Commercial Register issues a certificate authorising the company to carry out the activities in question.

Obligation for companies

Adaptation to the new legal provisions regarding the new NACE classification will be mandatory from 1st of January 2025. It is expected that further implementing regulations will be issued for the realisation of this obligation.

It is currently unclear whether all companies will be obliged to apply for an update of their object of activity in accordance with NACE Rev. 3 after 1st of January 2025, or whether the Romanian Commercial Register will automatically convert the current NACE codes to NACE rev. 3.

Conclusion

In view of the experience with the previous amendment to the NACE or NACE classification (rev 2 version), in which the adjustment of the companies' incorporation documents represented a bureaucratically complex process that could take several months, the current amendment is likely to pose similar challenges for companies.

Contact and further information:



STALFORT Legal. Tax. Audit.
Bucharest – Bistrița – Sibiu

Office Bucharest:

T.: +40 – 21 – 301 03 53

F: +40 – 21 – 315 78 36

M: bukarest@stalfort.ro

www.stalfort.ro