

Far-reaching digitalisation in the tax sector in Romania

by Adina Zdru, Tax advisor

The Romanian Tax Administration (ANAF) recently caused a stir once again with legislative amendments. A few days after the publication of various amendments in the area of e-invoicing, e-transport and the introduction of e-TVA with implications for numerous economic operators, the ANAF published further legal norms which, among other things, contain further amendments to the above-mentioned regulations. This approach has generated general dissatisfaction.

The measures represent an extension of the procedures for the electronic control of economic operators; they can be summarised as follows:

E-invoicing also in B2C (business-to-consumer) business:

From January 1st 2025, economic operators will also be obliged to send invoices issued to non-entrepreneurs as xml files via the e-invoicing system. Invoices to institutions and other entrepreneurs are already subject to the e-invoicing system; invoices to non-entrepreneurs can optionally be sent via the new e-invoicing system by next year.

By way of derogation, the following are not subject to the e-invoicing system:

- Invoices to diplomatic missions, consular offices, international organisations, etc.
- Invoices to/from non-commercial organisations and natural persons working in agriculture who make use of the special VAT regulations for this purpose; in the period from July 1st 2024 to June 30th 2025.
- Invoices for business activities that are not subject to VAT and/or are not included in the basis of assessment for VAT (e.g. contractual penalties).

The fines for the not transmitting invoices via the e-invoicing system have been extended to B2C transactions from 1 July 2025. They continue to depend on the size of the taxpayer and range between RON 1,000 and RON 10,000.

Pre-completed VAT returns

A separate emergency ordinance will introduce the so-called **E-VAT system**, which will affect all VAT-registered taxable persons. The system was originally intended to affect all business activities carried out from July 1st 2024 and be implemented from August 1st 2024. However, this implementation was postponed one week later to July 1st 2025.

The E-VAT system has the following features:

- The taxable person continues to submit VAT returns and recapitulative statements. The deadline for submitting the recapitulative statement and, if applicable, the other VAT returns can be changed/brought forward by the tax authorities.
- The tax authority also provides the taxable person with a VAT return that has already been completed. The information available to ANAF from the following systems is used for this: e-invoicing, e-transport, e-seal, e-SAFT, e-cash register devices, customs system, the

Ministry of Finance's own IT systems. The deadline ends on the 5th of the month following the expiry of the statutory submission deadline for the VAT return.

- The tax authority checks and identifies differences between the VAT return submitted by the taxable person and the self-completed VAT return.
- In the event of significant differences, the taxpayer is requested to clarify the discrepancies in writing by electronic means. Differences that cumulatively exceed 20% and a value of RON 5,000 are considered significant.
- The taxpayer is obliged to comment on the notification received within 20 days.

No response or partial response to the received written request to clarify the differences between one's own VAT return and the completed VAT return received from the tax administration is considered an indication of a tax risk that may lead to audits. In addition, fines of RON 1,000 - 10,000 may be imposed, depending on the size of the taxpayer.

Conclusion

The efforts to combat tax evasion and reduce the VAT deficit are commendable. However, this does not apply to the haste with which changes are published. The inadequate preparation, lack of consultation and exchange of information with the business community prior to the introduction of such measures cause numerous practical problems in connection with the implementation afterwards.

The tax administration has also recognised the existing difficulties, including those relating to the use of its own systems, and, as already mentioned, has postponed the implementation of the E-TVA system until next year.

Unfortunately, there is still a general impression that such measures can represent an additional administrative burden for the correct taxpayers.

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