

Year-end closing – necessary tasks

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While the end of the calendar year is generally associated with relaxation and celebrations, the end of the fiscal year brings with it a multitude of activities for finance and accounting departments.

Deadline

Romanian companies are required to prepare annual financial statements and submit them to the tax authorities no later than 150 days after the end of each fiscal year, i.e., generally by May 30 of each year.

Although a five-month deadline is generous, many Romanian companies must also prepare reporting packages for the groups to which they belong and therefore work with significantly shorter deadlines.

Basic rules

All Romanian companies must organize their accounting in accordance with relatively strict Romanian legislation and not in accordance with group guidelines, unless the latter comply with Romanian regulations. This compliance implies the use of the Romanian chart of accounts, the Romanian accounting and financial reporting framework, the Accounting Act, and the Romanian Tax and Tax Procedure Act.

In preparation for closing the 2025 fiscal year, several important provisions and aspects are summarized below.

Preparation and submission of the annual financial statements

In the event of non-compliance with the applicable regulations on:

- Use and storage of accounting records;
- Preparation and use of receipts and accounting documents for all transactions, recording of these transactions in the accounting system for the correct period, storage and archiving of these documents, and restoration of lost, stolen, or destroyed documents;
- Recording and valuation of assets;
- Preparation and auditing of the annual financial statements;
- Submission of annual financial statements to the Ministry of Finance;
- Preparation and submission of the required periodic financial or accounting reports;
- Publication of the annual financial statements in accordance with legal requirements;
- Obligations of members of administrative, management, and supervisory bodies to prepare and publish annual financial statements;

companies face fines of varying amounts; for example, if they fail to prepare their annual financial statements and exceed the submission deadline by more than 30 working days, the total fine is RON 13,000.

Mandatory registers and reports

The annual inventory list must be used by companies in connection with the annual inventory of assets (assets, liabilities, equity) to document the results of the annual inventory and valuation of assets.

Many companies only comply with this legal obligation by organizing the inventory and fail to formally document the complete asset valuation and draw up the inventory list (*Registrul Inventar*) in accordance with the law. Failure to carry out the annual inventory and asset valuation is punishable by a fine of up to RON 5,000.

An inventory of a company's assets must be carried out at least once a year. This does not necessarily have to be done at the end of the year; the law allows the inventory to be carried out at another time, provided that the results are recorded and included in the financial statements for the respective financial year. If the inventory is taken during the year, the inventory list must contain the value of the quantities actually counted and recorded in the inventory lists, updated to reflect additions and disposals of goods in the period between the inventory and the end of the fiscal year.

Organization and administration of accounting

Although financial and accounting activities are carried out by the accounting departments, the management is responsible for the proper organization of the accounting department and activities as well as for inventory activities. Not all managers are aware of this responsibility, especially if these activities are outside their area of expertise or focus.

Conclusion

Romanian accounting and financial reporting regulations contain a large number of mandatory provisions concerning documents and their content, mandatory activities, deadlines, etc.

These regulations affect not only the finance and accounting departments in companies, but all employees involved in the document flow. Proactive updating of roles within the annual financial statement process and good planning of the activities required by law are key to a smooth financial reporting process.

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