

12 October 2018

Fiscal Bulletin



Summary:

1. **Emergency Ordinance No. 89/2018 for amending and completing certain normative acts, as well as for the approval of fiscal-budgetary measures (“Emergency Ordinance 89/2018”);**
2. **Order No. 2323/2018 for the approval of the issuing/transmission term of the tax decisions establishing social security contributions due by individuals for the years 2016 and 2017 (“Order 2323/2018”).**

Normative acts amending the Fiscal Code

Emergency Ordinance 89/2018, as well as Order 2323/2018 were published in the Official Gazette No. 854/09.10.2018, regulating certain fiscal aspects and amending the provisions of Law No. 227/2015 regarding the Fiscal Code (the “Fiscal Code”).

Below we present the main amendments covered by the above-mentioned normative acts:

1. Fiscal treatment applicable to specific operations carried out as a result of the application of IFRS 9 “Financial Instruments”

When computing the fiscal result deriving from sale/assignment of participation titles, the taxpayers applying IFRS who record the fair value of such participation titles as other items of comprehensive income, will consider the evaluation/revaluation differences that are registered in the debit/credit balance of reserves accounts, as deemed expenses/income, if at the date of sale/assignment, such amounts are not considered non-taxable income.

2. The obligation to pay health insurance contribution of taxpayers who estimate cumulative annual revenues below the threshold of RON 22,800 for which a tax decision was issued

Taxpayers who estimate cumulative annual earnings below the threshold of RON 22,800 may express their option to pay health insurance contribution by submitting the Single Tax Return or by submitting a notification in this regard to the tax authority.

The tax decision issued for such individuals apply by the date of submission of the Single Tax Return. Termination of the health insurance contribution payment obligations established through the tax decision is made by declaring the revenues in the Single Tax Return.

3. Tax decisions issued for finalizing the annual income tax, as well as for the health insurance contribution and the social security contribution for period 2014-2017

Order 2323/2018 stipulates that tax authorities will establish the annual social security contribution payment obligations due by individuals for fiscal years 2016 and 2017 and will issue annual tax decisions for these obligations by 30 October 2018.

For the annual tax decisions issued for finalizing the income tax due for 2017, as well as for finalizing the social security contribution due for period 2016-2017, which are issued after the entry into force of Emergency Ordinance 89/2018, the payment deadline for the amounts established by these decisions is 30 June 2019.

If the amounts established by the tax decisions are fully paid up to 15 December 2018 inclusive, a 10% bonification of the payable amount will be granted.

For the annual tax decisions issued for finalizing the health insurance contribution due for period 2014-2017, which are issued after the entry into force of Emergency Ordinance 89/2018, the payment deadline for the amounts established by these decisions is 30 June 2019.

If the amounts established by the tax decisions are fully paid up to 31 March 2019 inclusive, a 10% bonification of the payable amount will be granted.

4. Amendments of the reduced VAT rate applicable to certain services

According to the amendments brought by Emergency Ordinance 89/2018, both for accommodation services in the hotel sector or sectors having a similar function, including the rental of camping grounds, as well as for restaurant and catering services, except for alcoholic beverages other than beer falling within CN code 22 03 00 10, the applicable rate will be 5% starting 1 November 2018.

5. Introduction of new services that benefit from a reduced VAT rate

Starting 1 November 2018, the scope of services subject to the 5% reduced VAT rate will include access to fairs, amusement parks and recreational parks whose activities are classified under NACE codes 9321 and 9329.

The right to use sports facilities whose activities are classified under NACE 9311 and 9313 for the purpose of practicing sport and physical education will benefit of the reduced VAT rate of 5%.

Editors

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