

18 May 2020

COVID-19 Fiscal Insights



Summary:

1. **Emergency Ordinance No. 69/2020 for amending and supplementing Law No. 227/2015 regarding the Fiscal Code as well as for implementing certain fiscal measures**
2. **Law No. 54/2020 for the approval of the Government Emergency Ordinance No. 33/2020 on certain fiscal measures and the amendment of certain normative acts**

Tax measures in the context of the economic difficulties caused by COVID-19

In the context of the economic and financial difficulties caused by the spread of the COVID-19 virus, the Government of Romania adopted the Emergency Ordinance No. 69/2020 for amending and supplementing Law No. 227/2015 regarding the Fiscal Code as well as for implementing certain fiscal measures (“**GEO 69/2020**”), published in the Official Gazette No. 393/14.04.2020.

Also, the Government Emergency Ordinance No. 33/2020 on certain fiscal measures and the amendment of certain normative acts was implemented through Law No. 54/2020 (“**Law 54/2020**”), published in the Official Gazette No. 396/15.05.2020.

Below, we present to you the main aspects included in the above-mentioned normative acts:

1. **Extension of the deadline for submitting the Single Tax Return for 2019 income and grant of related bonuses**

The deadline for submitting the Single Tax Return for income/gains obtained by individuals in 2019 has been extended until June 30. In addition, taxpayers earning income from independent activities, intellectual property rights, rents, capital gains and other forms of income will receive bonuses of up to 10% if they entirely pay the related income tax and social security contributions until the new submission term of the Single Tax Return.

More specifically, two categories of bonuses will be granted, as follows:

- Bonus of 5% of the income tax, social security contribution and health insurance contribution, representing annual tax obligations for 2019, if the related obligations are extinguished in whole by payment or compensation in full until June 30, 2020 inclusive;
- Bonus of 5% of the income tax, social security contribution and health insurance contribution, for submitting the Single Tax Return by electronic means until June 30, 2020 inclusive (this bonus is granted only if the related tax obligations are extinguished until this date).

Moreover, GEO 69/2020 also regulates the situation of taxpayers who have already submitted the Single Tax Return and/or have already paid the related tax obligations. Such taxpayers can benefit from the bonus by submitting a rectifying Tax Return until June 30, 2020 inclusive.

If the payment of the annual tax obligations due for 2019 has already been performed, the related amounts will be taken into account for granting the bonuses and the supplementary amounts will be settled through compensation or refund.

2. Cancellation of ancillary obligations

Taxpayers having outstanding debts as at March 31, 2020 will benefit from the cancellation of interest, penalties and all accessories related to the main budgetary obligations, if the following conditions are cumulatively met:

- Payment of outstanding main budgetary obligations as at March 31, 2020;
- Payment of current obligations (those born after March 31, 2020);
- Submit all tax returns as well as the application for cancellation of accessories by December 15, 2020.

Moreover, GEO 69/2020 provides for the possibility to cancel the related ancillary obligations also in the case of the following main budgetary obligations:

- Declared by the taxpayer through a rectifying tax return, having the due date prior to March 31, 2020 inclusive;
- Outstanding late payment penalties and interest related to extinguished main budgetary obligations due prior to March 31, 2020 inclusive;
- Amounts additionally established by the tax authorities during ongoing tax inspections, if such obligations are settled by the payment deadline in the tax decision and if taxpayers submit the request for the cancellation of ancillary obligations within 90 days from the date of the decision.

3. Tax facilities for granting incentives/bonuses to employees

For amounts paid until June 30, 2020, representing incentives/bonuses granted to employees, as a result of carrying out activities that involve direct contact with citizens and exposure to the risk of infection with SARS-CoV-2, the social insurance contribution, the health insurance contribution and the work insurance contribution are not due.

The employers establish by decision the beneficiaries of said incentives/bonuses and the issued decision represents a justifying document.

4. Granting certain facilities with respect to the building tax

In connection with the state of emergency, local councils may adopt decisions until 14 August 2020 for diminishing the annual building tax by a rate of up to 50%, for non-residential buildings owned by individuals or companies, used for their own economic activity or rented to other taxpayers in order to carry out economic activities.

This reduction is granted under certain conditions, if during the period for which the state of emergency was established, the owners or users of the buildings were obliged, according to the law, to interrupt their economic activity totally or have the emergency certificate attesting the partial interruption of the economic activity.

5. Granting facilities for the payment of the rent and the tax due for the occupation of the public domain

Starting with 15 May 2020 and until 31 August 2020, the computation and payment of the rent and the tax due for the occupation of the public domain with panels, will only be performed for the period in which the panels were actually decorated with commercial advertising.

Local councils may adopt decisions until 14 August 2020, providing exemptions from payment of tax for the temporary use of public places, by users which entirely interrupted their economic activity or have the emergency certificate attesting the partial interruption of the economic activity.

6. Bonuses granted to corporate income tax payers and microenterprise tax payers correspondent to second and third quarters of 2020

According to Law 54/2020, a 10% bonus from the tax due is granted to taxpayers which entirely pay the corresponding tax (i.e. profit tax or microenterprise tax) by the due dates representing July 25, 2020 inclusive for the second quarter and October 25, 2020 inclusive for the third quarter.

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