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# COVID-19 Legal Alert



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## Business stimulus measures taken by Romania in the context of the COVID-19 crisis

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In the context of the global health crisis, the Romanian State took several measures dealing with the economic, financial and social consequences of the spread of COVID-19, including a series of stimulus measures, mostly temporary, to protect the business environment.

Of particular interest is Decree No. 195/2020 of the President of Romania (the “**Decree**”), which declared the state of emergency and announced that the Government is empowered to take measures of support for all economic agents affected by COVID-19 crisis. Among others, the Decree provided that the affected economic agents may apply for “state of emergency certificates”, that the Government may adopt exceptional measures to support employers as well as employees etc.

Following the Decree, the Government adopted a number of regulations in the commercial, banking, social security and taxation fields. We note, for instance, that a “technical unemployment” indemnity for the employees whose labour contracts were temporarily suspended against the background of the COVID-19 crisis will be paid from the State budget; that payment of the instalments for bank loans, including financial leasing contracts, may be suspended upon request; that no interest and penalties will accrue or be charged for the late payment of certain tax obligations. The Government also enacted several measures applicable for the SMEs badly hit by the crisis.

This material is meant to offer you a synthetic view on the most important regulations establishing stimulus measures relevant for the business environment, issued since the beginning of the state of emergency in Romania. Many of these regulations have already been amended and may be further amended or supplemented. This material is an update of the prior version, published on 9 April 2020. We will keep updating it with any significant amendments.

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## Commercial

STIMULUS MEASURES	ENACTMENT	BENEFICIARIES	PERIOD/TERM	REQUIREMENTS (INCLUDING RELEVANT DETAILS)	ȚUCA ZBÂRCEA & ASOCIAȚII NEWS AND REVIEWS (LINK)
State of emergency certificates (SEC) issued for the renegotiation of contractual relationships/ applying for certain stimulus measures	Order 791/2020 of the Ministry of Economy, as amended by Order 822/2020 and Order 827/2020 of the same	Economic operators affected by the COVID-19 epidemic	During the state of emergency	<ul style="list-style-type: none"> <li>SEC1 (blue) - economic operators affected by the measures taken by the competent authorities in the context of the state of emergency, which suspended their operations in full or in part as a result of such measures.</li> <li>SEC2 (yellow) - economic operators whose revenues or receipts dropped in March 2020 by at least 25% compared to the average of the months January and February 2020.</li> </ul> <p>The “economic operators” which may apply for a SEC also include:</p> <ul style="list-style-type: none"> <li>applicants that are not registered with the Trade Registry;</li> <li>NGOs performing economic activities which are subject to taxation.</li> </ul>	See Țuca Zbârcea & Asociații’s newsletter of 26 March 2020 - <a href="#">here</a>
Payment deferral for utilities and rent	GEO 29/2020 (GD 281/2020, GD 312/2020)	<ul style="list-style-type: none"> <li>SMEs;</li> <li>Some liberal professions (lawyers, notaries, court bailiffs);</li> <li>Family medicine and dental practices;</li> <li>National sports federations and sports clubs with a sports identity certificate.</li> </ul>	During the state of emergency	<p>Requirements to be met by the SME:</p> <ul style="list-style-type: none"> <li>It has suspended its operations in full or in part based on the public authorities’ decisions; and</li> <li>It has a state of emergency certificate (the type of SEC is not stipulated, it could be SEC1).</li> </ul> <p>Requirements to be met by the other categories of beneficiaries:</p> <ul style="list-style-type: none"> <li>They were directly affected;</li> <li>The criteria for determining the beneficiaries of this measure are to be provided in a Government decision. (By now, the criteria for some liberal professions were approved by GD 281/2020, and the criteria for the national sports federations and sports clubs with a sports identity certificate were approved by GD 312/2020.)</li> </ul>	See Țuca Zbârcea & Asociații’s newsletter of 23 March 2020 - <a href="#">here</a>
Relief from payment of contractual penalties	GEO 29/2020	SMEs	During the state of emergency	<p>The stimulus measure refers to late penalties for delays in the performance of obligations arising from contracts concluded by SMEs with public authorities.</p> <p>The requirements to be met by the SMEs are the same as for payment deferral for utilities and rent (see above).</p>	See Țuca Zbârcea & Asociații’s newsletter of 23 March 2020 - <a href="#">here</a>

## Banking

STIMULUS MEASURES	ENACTMENT	BENEFICIARIES	PERIOD/TERM	REQUIREMENTS (INCLUDING RELEVANT DETAILS)	ȚUCA ZBÂRCEA & ASOCIAȚII NEWS AND REVIEWS (LINK)
Guarantee of investment loans and working capital loans by the State, through the Ministry of Public Finance	GEO 29/2020 GEO 110/2017 (GD 282/2020 - Methodological Rules)	SMEs	<ul style="list-style-type: none"> <li>By 31 March 2021</li> <li>It may be extended by 2 years if the forecasted economic growth is lower than in 2020</li> </ul>	The eligible SMEs are those meeting the criteria on the IMM INVEST ROMÂNIA Program for the support of small and medium enterprises, provided by GEO 110/2017 as modified by GEO 29/2020.	See Țuca Zbârcea & Asociații's newsletter of 25 March 2020 - <a href="#">here</a>
Suspension of instalment payment for loans granted by credit institutions and non-bank financial institutions	GEO 37/2020  (GD 270/2020 - Rules of Implementation)	<ul style="list-style-type: none"> <li>Debtors - natural persons</li> <li>Debtors - legal persons, authorized natural persons, individual businesses and family businesses, except for credit institutions</li> </ul>	At least 1 month and no more than 9 months (but no later than 31 December 2020)	<p>General requirements:</p> <ul style="list-style-type: none"> <li>Debtor's revenues have been directly or indirectly affected by the serious situation generated by the COVID-19 pandemic;</li> <li>The loan was granted before GEO 37/2020 came into force, it did not reach maturity and the creditor has not initiated the acceleration of the loan;</li> <li>The debtor owes no overdue payments for these loans until 16 March 2020 (<i>i.e.</i>, the date when the state of emergency was declared in Romania) or, if it does, it pays such overdue amounts before applying for suspension;</li> <li>The debtor should apply for suspension within no more than 45 days as of the date when GEO 37/2020 comes into force.</li> </ul> <p>Specific requirements for corporate debtors:</p> <ul style="list-style-type: none"> <li>They have the state of emergency certificate certifying that (1) they suspended their operations in full or in part as an effect of the decisions issued by the competent public authorities (SEC1), or (2) their revenue dropped by at least 25% in March 2020 compared to their average revenue in January and February 2020 (SEC2), and</li> <li>They are not in insolvency when applying for the suspension of the loan repayment.</li> </ul>	<p>See Țuca Zbârcea &amp; Asociații's newsletter of 31 March 2020 - <a href="#">here</a></p> <p>See Țuca Zbârcea &amp; Asociații newsletter of 8 April 2020 - <a href="#">here</a></p>

## Social Protection

STIMULUS MEASURES	ENACTMENT	BENEFICIARIES	PERIOD/TERM	REQUIREMENTS (INCLUDING RELEVANT DETAILS)	ȚUCA ZBÂRCEA & ASOCIAȚII NEWS AND REVIEWS (LINK)
Streamlining of formalities for the implementation of work from home / telework	Decree 195/2020 of the President of Romania		During the state of emergency	By way of derogation from the existing legal framework which requires the execution of addenda to the individual employment contracts, such measures may be implemented unilaterally by the employer through a decision.	See Țuca Zbârcea & Asociații's newsletter of 20 March 2020 - <a href="#">here</a>
Suspension of inspections from territorial labour inspectorates	Decree 195/2020 of the President of Romania	Employers	During the state of emergency		See Țuca Zbârcea & Asociații's newsletter of 20 March 2020 - <a href="#">here</a>
Payment of "technical unemployment" indemnity from the unemployment insurance budget/state budget	GEO 30/2020, as amended by GEO 32/2020 and GEO 53/2020	<ul style="list-style-type: none"> <li>Employers (/employees);</li> <li>Other professionals (as defined at Article 3(2) of the Civil Code);</li> <li>Lawyers;</li> <li>Individuals earning income only from copyrights and related rights;</li> <li>Persons who entered into individual employment conventions under Law 1/2005;</li> <li>Sportspersons, trainers, physicians, medical assistants, masseurs, physical therapists and researchers in the sports sector.</li> </ul>	During the state of emergency	<p>For employers - if employment contracts are suspended due to temporary business interruption/slowdown (i.e., technical unemployment).</p> <p>Requirements:</p> <ul style="list-style-type: none"> <li>Full or partial business interruption during the state of emergency;</li> <li>Business slowdown (i.e., reduction of activity) due to the COVID-19 epidemic.</li> </ul> <p>For the other categories of beneficiaries - the requirement is that the business would be interrupted / suspended as an effect of the COVID-19 epidemic (except for lawyers, for whom the following requirements are applicable: (i) business slowdown due to the COVID-19 epidemic, and (ii) the receipts for the month for which they request the indemnity are at least 25% lower than the monthly average for year 2019).</p>	See Țuca Zbârcea & Asociații's newsletter of 1 April 2020 - <a href="#">here</a>
Payment of days-off allowance for child supervision from the Fund guaranteeing the payment of salary claims	Law 19/2020, as amended by GEO 41/2020	Employers (/employees)	During the state of emergency	<p>In the event courses are suspended or educational institutions are temporarily closed as a result of extreme situations declared by the competent authorities.</p> <p>Cumulative requirements - the incentive is granted for employees:</p> <ul style="list-style-type: none"> <li>Having children up to 12 years old or, as to disabled children, up to the age of 18, enrolled in an educational institution;</li> <li>Parent's workplace is not compatible with work from home or telework.</li> </ul>	See Țuca Zbârcea & Asociații's newsletter of 24 March 2020 - <a href="#">here</a>
Relief from the payment of social security contributions and income tax for the advantages in kind granted to certain categories of persons	Law 227/2015 on the Tax Code, as amended by GEO 48/2020	Employers (/employees)	For a term established by the employer/employee, if the state of siege or emergency is declared, under the law	<p>The relief is granted to individuals earning income from salaries and income considered similar to salaries, who:</p> <ul style="list-style-type: none"> <li>are deemed by the employer/payer to be key employees for the performance of the operations; and</li> <li>are in preventive isolation at the workplace or in designated areas to which no outsiders have access, for a period determined by the employer/payer.</li> </ul>	

## Tax

STIMULUS MEASURES	ENACTMENT	BENEFICIARIES	PERIOD/TERM	REQUIREMENTS (INCLUDING RELEVANT DETAILS)	ȚUCA ZBÂRCEA & ASOCIAȚII NEWS AND REVIEWS (LINK)
Postponement of deadline for the payment of local taxes while the 10% bonuses are maintained	GEO 29/2020	Natural and legal persons	30 June 2020 (initially, 31 March 2020)		See Țuca Zbârcea & Asociații's newsletter of 21 March 2020 - <a href="#">here</a>
Stimulus measures for taxpayers applying the advance payments system for corporate income tax	GEO 29/2020	Legal persons	Year 2020	Taxpayers which are subject to corporate income tax and which apply the annual declaration and payment system, with quarterly advance payments, may pay the corporate income tax for the first quarter of 2020 at the level resulting from the calculation of the current quarterly income tax. The same calculation method will be applicable for all quarters of year 2020.	See Țuca Zbârcea & Asociații's newsletter of 21 March 2020 - <a href="#">here</a>
No interest and penalties to accrue or be charged for the late payment of certain tax obligations	GEO 29/2020	Natural and legal persons	21 March 2020 - 30 days after cessation of the state of emergency	Tax obligations due and unpaid as of 21 March 2020.	See Țuca Zbârcea & Asociații's newsletter of 21 March 2020 - <a href="#">here</a>
Extension of deadline for submitting the request for the restructuring of tax obligations	GEO 29/2020	Legal persons	30 October 2020 (formerly, 31 July 2020)		See Țuca Zbârcea & Asociații's newsletter of 21 March 2020 - <a href="#">here</a>
Extension of period for the notification of the fiscal body regarding the debtor's intention to restructure budgetary obligations	GEO 29/2020	Legal persons	31 July 2020 (formerly, 31 March 2020)		See Țuca Zbârcea & Asociații's newsletter of 21 March 2020 - <a href="#">here</a>
5% and 10% bonuses for taxpayers paying on time the tax due on 25 April 2020	GEO 33/2020	<ul style="list-style-type: none"> <li>• Taxpayers subject to corporate income tax;</li> <li>• Companies falling within the scope of Law 170/2016;</li> <li>• Taxpayers subject to micro-enterprise income tax.</li> </ul>		The provisions shall apply accordingly to the taxpayers that opted for a fiscal year different from the calendar year, if they pay the tax due quarterly until the deadline falling due within the period 25 April - 25 June 2020.	See Țuca Zbârcea & Asociații's newsletter of 31 March 2020 - <a href="#">here</a>
Extension of applicability for reverse taxation (VAT) for imports for the prevention and fight against COVID-19	GEO 33/2020, as amended by GEO 48/2020	Importers	During the state of emergency and for the next 30 days after cessation of the state of emergency	The stimulus measure is available for imports of medicines, protection equipment, machines for manufacturing protection masks, other devices or medical equipment and sanitary materials which can be used for the prevention, limitation, treatment and fight against COVID-19.	See Țuca Zbârcea & Asociații's newsletter of 31 March 2020 - <a href="#">here</a>

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Extension of applicability for reverse taxation (VAT) for imports of completely denatured ethyl alcohol which is used for producing sanitizers	GEO 33/2020, as amended by GEO 48/2020	Importers	During the state of emergency and for the next 30 days after cessation of the state of emergency	Importers must hold an end user authorization (under GD 1/2016 for the approval of the Methodological Rules for the application of the Tax Code)	See Țuca Zbârcea & Asociații's newsletter of 23 April 2020 - <a href="#">here</a>
Relief from the payment of the tax specific for certain activities	GEO 48/2020	Romanian legal persons performing certain activities (as defined by Law 170/2016 - mostly HORECA activities)	During the state of emergency	The stimulus measure is granted for the period when the taxpayers interrupted their business in full or in part during the declared state of emergency, subject to cumulatively meeting the following requirements: <ul style="list-style-type: none"> <li>they interrupt their business in full or in part and they hold the state of emergency certificate issued by the Ministry of Economy, Energy and Business Environment;</li> <li>they are not in insolvency according to the information available on the website of the National Trade Register Office.</li> </ul>	See Țuca Zbârcea & Asociații's newsletter of 23 April 2020 - <a href="#">here</a>
Possibility of deducting, from the income tax, the sponsorships granted to institutions and public authorities, including the specialized bodies of the public administration	Law 227/2015 on the Tax Code, as amended by GEO 48/2020	Micro-enterprises		The deduction is applicable for up to 20% of the micro-enterprise income tax owed for the quarter when such expenses were registered.  The deduction is applied on the basis of the sponsorship agreement, and there is no obligation to enter the beneficiaries in the Register of entities/places of worship for which tax deductions are granted.	See Țuca Zbârcea & Asociații's newsletter of 23 April 2020 - <a href="#">here</a>
Suspension of enforcement measures of budgetary claims, by summons and capitalization of the goods by auction	GEO 48/2020	Natural and legal persons	During the state of emergency and for the next 30 days after cessation of the state of emergency	Enforcements for the recovery of budgetary claims established by final judgments rendered on criminal matters, arising from the perpetration of criminal offenses, shall not be suspended.	
Suspension of requirements for maintaining the validity of payment schedules granted under the law	GEO 48/2020	Natural and legal persons	During the state of emergency and for the next 30 days after cessation of the state of emergency		
Relief from the payment of interest and penalties for the late payment of instalments	GEO 48/2020	Natural and legal persons	During the state of emergency and for the next 30 days after	Until the first payment term after expiry of the period for the granting of the stimulus, the competent fiscal body, <i>ex officio</i> , modifies the payment schedule in line with the approved	

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under the unpaid payment schedules			cessation of the state of emergency	payment schedule period. The new payment schedule is communicated to the debtor under a decision of the fiscal body.	
Suspension of enforcement by garnishment of the budgetary, fiscal, financial and commercial claims which are applied to the monthly entitlements paid through the territorial or sectorial pension houses	GEO 32/2020, as amended by GEO 53/2020	Legal persons	During the state of emergency		
Suspension of enforcement by garnishment for the indemnities provided at Articles XI and XV of GEO 30/2020	GEO 53/2020	Natural and legal persons	During the state of emergency and for the next 60 days after cessation of the state of emergency		

## Gambling

STIMULUS MEASURES	ENACTMENT	BENEFICIARIES	PERIOD/TERM	REQUIREMENTS (INCLUDING RELEVANT DETAILS)	ȚUCA ZBÂRCEA & ASOCIAȚII NEWS AND REVIEWS (LINK)
Extension of the term for the submission of applications for the reauthorization of the activity if the license expires	GEO 48/2020	The gambling operators provided by GEO 77/2009	90 days after cessation of the state of emergency		
Extension of the term for the submission of reauthorization applications if the gambling exploitation authorization expires	GEO 48/2020	The gambling operators provided by GEO 77/2009	90 days after cessation of the state of emergency		
Suspension of payment obligations related to traditional gambling exploitation authorizations	GEO 48/2020	The gambling operators provided by GEO 77/2009	During the state of emergency	The penalties provided by GEO 77/2009 are not applicable to the operators if they pay the fees for the gambling exploitation authorization within 30 days as of the cessation of the state of emergency.	
Relief from the payment of fees for the gambling exploitation authorizations	GEO 48/2020	The gambling operators provided by GEO 77/2009	During the state of emergency		



## Editors

**COVID-19 - Legal Insights** is our response to the COVID-19 outbreak. We shall keep you informed on the various legal challenges posed by the coronavirus, thanks to a dedicated practice group comprising lawyers with different backgrounds, such as compliance/regulatory, corporate and commercial, insurance, labour and employment, litigation and arbitration, insolvency, public procurement, data privacy, tax and customs. In addition, our taskforce offers strategic advice on crisis-specific matters: corporate restructuring, review and (re)negotiation of agreements (including collective bargaining agreements and individual employment contracts), performance of the contracts which are affected by force majeure and hardship, unblocking pre-litigation relationships, etc. To be up to date with the news in these matters, you may access the resources available at the following link: <http://www.tuca.ro/covid-19/>



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