

23 April 2020

COVID-19 Fiscal Insights



Summary:

1. **Emergency Government Ordinance No. 48/2020 regarding new fiscal - budgetary measures**
2. **Order No. 935/2020 regarding the amendment of the Order No. 587/2016 for the approval of the model and content of the forms used for declaring taxes withheld at source**

Emergency Government Ordinance No. 48/2020 regarding new fiscal - budgetary measures

In the context of the economic and financial difficulties caused by the COVID-19 epidemic, in the Official Gazette No. 319/16.04.2020 was published the Government Emergency Ordinance No. 48/2020 regarding new fiscal - budgetary measures (“EOG 48/2020”).

EOG 48/2020 provides the following fiscal measures, in force from 16 April 2020:

1. **Deduction of sponsorship amounts by micro-enterprise taxpayers**

Microenterprises can sponsor institutions, public authorities as well as specialised departments of the public administration. From a fiscal point of view, microenterprises will be able to deduct such amounts from the income tax due (within the legal limits) and the beneficiaries of sponsorships are no longer required to be registered in the Register of entities/cult units for which tax deductions are granted.

2. **The exemption of certain benefits in kind from the payment of income tax and social security contributions**

The benefits in kind granted by the employer to the employees occupying essential positions for the business, who are in preventive isolation at the workplace or in specially dedicated areas in which no outside persons have access for a period established by the employer are exempt from income tax and social security contributions during the state of emergency.

3. **Additional provisions regarding the taxation of the technical unemployment indemnities, as well as the indemnities for days off granted to parents performing activities in certain domains of activity**

During the state of emergency, the technical unemployment indemnities and allowances for days off granted to parents, borne from the unemployment insurance budget, respectively from the state budget, are subject to income tax even if they are received by employees who benefit from salary tax exemption (i.e. individuals with disabilities, employees activating in the following sectors: IT, research and development, construction or those activating in the “HoReCa” industry, employed for a period of 12 months for developing seasonal activities).

Moreover, the individuals activating in the construction sector will no longer benefit from the reduction of the social security contribution quota or the exemption from the health insurance contribution.

This provision applies to allowances granted starting with April 2020.

4. Specific tax

Taxpayers paying specific tax for certain activities according to Law No. 170/2016 are exempt from such specific tax for the period in which they interrupt the activity wholly or partially during the state of emergency, if they cumulatively meet the following conditions:

- They interrupt the activity wholly or partially and hold the certificate for emergency situations issued by the Ministry of Economy, Energy and Business Environment;
- They are not insolvent according to the information available on the website of the National Trade Register Office.

5. Extension of the deadline for submission of financial statements

The deadline for submitting the annual financial statements for the financial year 2019, respectively the annual accounting reports completed on 31 December 2019, is extended until 31 July 2020, inclusive.

6. Extension of the applicability of reverse charge

The application of the reverse charge mechanism has been extended so as to cover the imports of ethyl alcohol which is completely denatured and used for producing sanitisers, and imports of equipment used for producing protection masks. In order to benefit from this facility, the importers of completely denatured ethyl alcohol and used for producing sanitisers must hold an end user authorisation.

Order No. 935/2020 regarding the amendment of the Order No. 587/2016 for the approval of the model and

content of the forms used for declaring taxes withheld at source

In the Official Gazette No. 325/21.04.2020 was published the Order No. 935/2020 on amending and supplementing Order of the President of the National Agency for Tax Administration No. 587/2016 for the approval of the model and content of the forms used for the declaration of self-imposed or withholding tax (“Order 935/2020”).

As such, Order 935/2020 amends Form 100 and Form 710, in force from 21 April 2020. Basically, Forms 100 (i.e. Form regarding the payment obligations to the state budget) and 710 (i.e. Rectifying form regarding the payment obligations to the state budget) were modified for comprising the bonifications granted to companies in the context of COVID-19 (i.e. for the payment of profit tax and microenterprise tax until the deadline of 25 April 2020).

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Editors

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