



## ECONOMIC AND FISCAL-BUDGETARY MEASURES

Dear Partners,

Considering the evolution of the international epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus, according to the Decree of the President of Romania no. 195/2020, a state of emergency was established in the territory of Romania for a duration of 30 days, respectively 16 March – 14 April 2020.

I present you in this newsletter information on economic and fiscal-budgetary measures regulated in this respect pursuant to the Government Emergency Ordinances no. 29/2020 and no. 30/2020.

### SUMMARY

- **Unemployment allowance.** During the period of state of emergency, for the period of temporary suspension of the individual employment contract, at the initiative of the employer, as a result of the effects produced by the SARS-CoV-2 coronavirus, the allowances that the employees receive are set at 75% of the basic salary corresponding to the occupied place of work and is supported from the unemployment insurance budget, but not more than 75% of the average gross gain in 2020: 5,429 lei. Thus, the unemployment allowance cannot exceed 4,072 lei (5,429 lei x 75%).
- **Social health insurance holidays and allowances**
  - ✚ Persons insured for sick leave and social insurance benefits are entitled to holiday and allowance for temporary incapacity for work, without fulfilling the condition of insurance period, in the case of medical-surgical emergencies, tuberculosis, infectious diseases of group A, neoplasms and AIDS.
  - ✚ To prevent illnesses, persons insured for holidays and health insurance benefits have the right to holiday and allowance for quarantine, without fulfilling the condition regarding the insurance period.
- **In 2020, the payment deadline of 31 March 2020 for the building tax, the land tax and the tax on means of transport, is extended until 30 June 2020 inclusive.** Until the first payment deadline of the building tax – 30 June 2020, taxpayers shall submit the valuation reports of buildings in case of taxpayers that perform valuation of buildings.
- **For tax obligations due starting 21 March 2020 and not paid until 14 May 2020, interest and late payment penalties are not calculated.**



- **During the period 21 March – 14 May 2020, the measures of forced execution by seizure of budgetary debts are suspended or not started**, except for the forced executions that are applied for the recovery of the budgetary debts established by judicial decisions given in criminal matters.
- **Taxpayers applying the annual profit tax with quarterly advance payments, can make quarterly advance payments for 2020, at the level of the current quarterly profit tax amount.** The calculation method is maintained for all quarters of fiscal year 2020.
- During the state of emergency, small and medium-sized enterprises, which have discontinued their activity in whole or in part based on the decisions issued by the competent public authorities during the state of emergency and who hold the emergency situation certificate issued by the Ministry of Economy, Energy and the Business Environment, benefits from the deferred payment for the utilities services, as well as the deferred payment of the rent for the building destined for corporate headquarters and secondary offices.

From these provisions also benefit:

- ✚ Professions that perform services of public interest.
  - ✚ Family doctors' offices and the dental offices in which operate, in any form, at most 20 people.
  - ✚ National sports federations and sports clubs.
- **The deadline for submitting the declaration regarding the real beneficiary is extended by 3 months from the date of cessation of the state of emergency, and during the state of emergency the submission of this declaration is suspended.**

## NEWS IN DETAIL

### Unemployment allowance

- **During the period of state of emergency, for the period of temporary suspension of the individual employment contract, at the initiative of the employer, as a result of the effects produced by the SARS-CoV-2 coronavirus, the allowances that the employees receive are set at 75% of the basic salary corresponding to the occupied place of work and is supported from the unemployment insurance budget, but not more than 75% of the average gross gain in 2020.**

The individual employment contract may be suspended at the initiative of the employer in case of temporary interruption or reduction of the activity, without ceasing the employment relationship, for economic, technological, structural or similar reasons, according to art. 52 paragraph (1) lit. c) of the Labour Code.

- From these provisions benefit employees of the employers who meet one of the following conditions:
  - a) **They discontinue the activity in whole or in part** based on the decisions issued by the competent public authorities, during the period of emergency state decreed, and hold the certificate of emergency situations issued by the Ministry of Economy, Energy and Business Environment.
  - b) **They reduce the activity** as a result of the effects of the COVID-19 epidemic and they do not have the financial capacity to pay all the salaries of their employees. Employers can benefit from the payment of the respective allowance for up to 75% of the employees who have individual labour contracts active at 21 March 2020.

For these employers the payment of the allowance will be made based on a declaration on their own responsibility, stating that the employer records a decrease in the revenues from the month preceding the submission of this declaration, **with at least 25%** compared to the average of the incomes from January – February 2020, and that do not have the financial capacity to pay all employees.

- The allowance is taxable with salary tax, social security contribution and health insurance contribution.
- Computation, withholding and payment of the salary tax and contributions is made by the employer from the allowances effectively cashed from the unemployment budget.
- To determine the salary tax the computation rules for income obtained in other case apply: by applying the 10% tax over the taxable amount computed as the difference between the gross income and mandatory contributions related to a month.

- The employer shall report the salary tax and contribution by submitting the tax return 112
- Deadline for payment and reporting of the tax obligations is 25<sup>th</sup> inclusive of the month following that in which the payment of the allowances is made from the unemployment budget.
- For the unemployment allowance the work insurance contribution is not due.

### *The way of granting the amounts*

- To grant the necessary amounts for the payment of the allowances the employers submit, by electronic mail, to the agencies for employment, in the radius of which they have their registered office, the following documents:
  - ✚ A request signed and dated by the legal representative, drawn up according to standard models.
  - ✚ List of persons who will benefit from this allowance, assumed by the legal representative of the employer, drawn up according to a standard model.
- Payment of the amount is made based on the application signed and dated by the legal representative, submitted by electronic mail, to the employment agencies, within the radius of which they have their registered office.
- **The documents are submitted in the current month for the payment of the previous month's allowance.**
- **Payment from the unemployment budget of the allowances is made within 30 days from the submission of documents.**
- The model of the declaration on its own responsibility is established by common order of the Minister of Labour and Social Protection and of the Minister of European Funds.
- Other professionals, as regulated by the Civil Code, who do not have the capacity of employers and interrupt the activity totally or partially based on the decisions issued by the competent public authorities, during the state of emergency, benefit from the general budget consolidated by an allowance equal with the minimum gross basic salary for 2020. The respective allowance is subject to taxation and payment of contributions.

### **Holidays and social health insurance allowances**

- Persons insured for holidays and social health insurance allowances are entitled to holiday and allowance for temporary incapacity for work, without fulfilling the condition of insurance period, in the case of medical-surgical emergencies, tuberculosis, infectious diseases in group A, neoplasms and AIDS.  
The list comprising the medical-surgical emergencies, as well as the infectious diseases of group A is established by Government decision.

- To prevent illnesses, the persons insured for holidays and social health insurance allowances are entitled to leave and allowance for quarantine, without fulfilling the condition regarding the insurance period.
- Certificates of medical leave, which include the 91 day or exceed 183 days, granted during in the period of state of emergency established by the Decree no. 195/2020 regarding the establishment of a state of emergency in the territory of Romania, is issued and settled without the approval of the expert doctor of social insurance.

#### **Deferment of payment term for building tax, land tax and the tax on means of transport**

- **In 2020, the payment deadline of 31 March 2020 for the building tax, the land tax and the tax on means of transport, is extended until 30 June 2020 inclusive.** Until the first payment deadline of the building tax – 30 June 2020, taxpayers shall submit the valuation reports of buildings in case of taxpayers that perform valuation of buildings.
- In 2020, the deadline of 31 March, including for the respective taxes, for granting the bonus established by the local council, is extended until 30 June inclusive.

#### **Restructuring of budgetary obligations**

- The debtor who wants to restructure his budgetary obligations, according to the cap. I "Establishing measures to restructure the outstanding budgetary obligations at 31 December 2018 in the case of debtors who have debts in an amount greater or equal to the amount of one million lei" from the Government Ordinance no. 6/2019 on the establishment of fiscal facilities, has the obligation to notify the competent fiscal body regarding its intention during the period August 8 – 31 October 2019, as well as during the period 1 February – 31 July 2020, subject to the sanction of the lapse of the right to benefit from the restructuring of the budgetary obligations, and it is addressed to an independent expert in order to draw up a restructuring plan and the test of the prudent private creditor.
- The restructuring request can be submitted until 30 October 2020, under the sanction of decay.

#### **Non-payment of interest and late penalties for due tax obligations**

- **For tax obligations due starting 21 March 2020 and not paid until 14 May 2020, interest and late payment penalties are not calculated.**
- These tax obligations are not considered outstanding tax obligations.



- **During the period 21 March – 14 May 2020, the measures of forced execution by seizure of budgetary debts are suspended or not started, except for the forced executions that are applied for the recovery of the budgetary debts established by judicial decisions given in criminal matters.**

The measures to suspend the forced execution by seizure on the pursuable amounts representing income and money availability are applied, through the effect of the law, by the credit institutions or third parties, without other formalities from the tax authorities.

- The respective fiscal measures cease within 30 days from the cessation of the state of emergency, respectively on 14 May 2020.

### **Profit tax**

- **Taxpayers applying the annual profit tax with quarterly advance payments, can make quarterly advance payments for 2020, at the level of the current quarterly profit tax amount.** The calculation method is maintained for all quarters of fiscal year 2020.
- For taxpayers who have opted for the fiscal year and accounting year other than the calendar year, the above provisions apply for advance payments due for the remaining quarters of the modified year ending in 2020, as well as for the calculation of those related to the quarters from the amended fiscal year that starts in 2020 and included in the calendar year 2020.

### **Deferment of payment of utilities and rent for small and medium-sized enterprises and for professions performing public interest services**

- During the state of emergency, small and medium-sized enterprises, as defined by the Law no. 346/2004 on stimulating the setting up and development of small and medium-sized enterprises, which have interrupted their activity in whole or in part based on the decisions issued by the competent public authorities during the state of emergency decreed and hold the emergency situation certificate issued by the Ministry of Economy, Energy and the Business Environment, benefit from the deferred payment for utilities services - electricity, natural gas, water, telephone and Internet services, as well as the deferred payment of the rent for the building for social headquarters and secondary offices.
- The above provisions are applicable, properly, also for the following professions that perform services of public interest: public notaries, lawyers and judicial executors, whose activity is directly affected by the measures taken by the public authorities, for the prevention and control of the pandemic caused by the infection with the COVID-19 coronavirus. The criteria based on which the beneficiaries of these measures are established are established by Government decision.

- ✚ The members of the respective professions are obliged, during the period of the establishment of the state of emergency, to take, with observing the rules of sanitary discipline and of the other measures of protection and prevention established by the competent authorities following the establishment of the state of emergency, the necessary measures to ensure the continuity of the activity. Failure to comply with this obligation constitutes a disciplinary violation that is sanctioned by the exclusion from the profession, under the conditions and the procedure established by the legislation in force, applicable to each profession.
  - ✚ Employees of those professions that refuse to perform the service tasks assumed by the individual employment contract and for this reason it is not possible to ensure the optimal conditions of the activity, respectively the continuation of the activity within professions will not have access to the benefits of social assistance or other facilities that will be granted during the state of emergency.
  - ✚ The management bodies of the respective professions will take the necessary measures to coordinate the activity of the members of the profession during the establishment of the state of emergency, they will verify the compliance with the above obligations and they will impose the measures provided by the legislation in force.
- **From the above provisions benefit the offices of family doctors and the dental offices in which they carry out their activity, in any form, at most 20 persons** and whose activity is directly affected by the measures ordered by the public authorities, for the prevention and control of the pandemic determined by COVID-19 coronavirus infection. The criteria based on which the beneficiaries of these measures are established are provided by Government decision.
  - From the above provisions benefit the national sports federations and sports clubs that hold a certificate of sports identity and whose activity is directly affected by the measures provided by the public authorities for the prevention and control of the pandemic caused by the infection with the COVID-19 coronavirus. The criteria based on which the beneficiaries of these measures are established are provided by Government decision.
  - In the ongoing contracts, other than those regarding the utilities and rents concluded by the small or medium-sized enterprises, the force majeure may be invoked against them only after the attempt, proven by documents communicated between the parties by any means, including by electronic means, for renegotiating the contract, to adapt their clauses taking into account the exceptional conditions generated by the state of emergency.

- It is presumed to be unforeseeable, absolutely invincible and inevitable circumstance referred to in art. 1,351 paragraph (2) of the Civil Code, which results from an action of the authorities in the application of the measures imposed by the prevention and control of the pandemic caused by the infection with the COVID-19 coronavirus, which affected the activity of the small and medium-sized enterprise, an impact attested by the emergency situation certificate. The presumption may be overturned by the interested party by any means of evidence. The unpredictable character refers to the time of the birth of the affected legal report. The measures taken by the authorities in accordance with the normative act establishing the state of emergency will not be unpredictable.
- The penalties stipulated for delays in the execution of the obligations arising from the contracts concluded with the public authorities by the small and medium enterprises are not due for the duration of the state of emergency.

### **The deadline for submitting the declaration regarding the real beneficiary**

- I remind you that, according to Law no. 129/2019 to prevent and combat money laundering and terrorist financing, the statement regarding the real beneficiary had to be submitted to the trade register:
  - 🇷🇴 Within 15 days from the approval of the annual financial statements.
  - 🇷🇴 Within 12 months of the enforcement date of this law – 20 July 2020.
- It is provided that the deadline for submitting the declaration regarding the real beneficiary is extended by 3 months from the date of cessation of the state of emergency established by the Decree no. 195/2020 regarding the establishment of the state of emergency on the territory of Romania, and during the state of emergency the submission of this declaration is suspended.

Sincerely yours,

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