

News Flash

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**Summary of the main changes to the
Norms to the Fiscal Code in Romania**

Summary of the main changes to the Norms to the Fiscal Code brought by Government Decision no. 159/2016

Government Decision no. 159/2016 for the modification of the methodological norms for the application of the new Tax Code has been published in the Official Gazette no. 208 on 21 March 2016.

We have summarized below the main amendments and clarifications introduced by the Norms, organized as the titles of the Fiscal Code.

Taxation on revenue of small and medium enterprises (SME)

Taxation quota for SME will be determined according to the number of employees recorded in the last month of the quarter in which the tax is due, in case the number of employees changes.

Income tax

Incomes from salaries and assimilated to salaries

- Clarification is brought in respect of certain expenses recorded by taxpayers in relation to salaries which are particularly exempted from income tax. Thus, for the use of company cars for non-business purposes, it is provided that are not taxable which income tax at the employer level any expenses deducted in a quota of 50% at corporate income tax computation in relation to those company cars.
- The framing of working conditions for which protection alimentation and sanitation materials for employees difficult and harmful working conditions granted for free was amended.

VAT

Supply of goods

Example on tooling contracts was amended in order to include also subcontractors who deliver goods not only for the providers of processing services.

Chargeability event

Amendments were introduced regarding the VAT treatment of multi-purpose vouchers. Thus, for multi-purpose vouchers VAT chargeability occurs upon effective delivery/ provision. Certain exceptions are applicable for prepaid phone cards dealers which are unable to track the use of credit, situation in which the VAT chargeability occurs at the sale of the prepaid phone cards.

Taxable base

In situations where the consideration for the supply is determined by law, auction, court decision or other similar situations without making any mention relating to VAT, VAT is considered to be included in the consideration.

Simplification measures

- Applicability of reverse charge for mobile phones, integrated circuit devices, game consoles, PC tablets and laptops was amended also in order to include also goods falling within NC code 8542 of the Combined Nomenclature established by CEE Regulation no. 2658/87.
- Moreover, if other goods and/or services are included on the invoice, their value will not be taken into account when computing the reverse charge threshold of 22,500 RON.

Excise duties

- The circumstances in which a tax warehouse can deliver bulk denatured ethyl alcohol under the direct and indirect exemption from excise duty were clarified.
- The new methodological norms set also the documentation which economic operators must provide in order to qualify for a refund of excise duty for which indirect exemption is applicable.
- Domestic producers of liquid containing nicotine and tobacco used for devices with heated tobacco will be required to obtain an authorization from the National Customs Authority.

Local taxes

Tax on buildings

- The taxable value of buildings for non-residential use is the one resulting from the evaluation report attached to the declaration of local taxes and fees, even if the building was completed or acquired in the past 5 years for individuals or 3 years for legal entities.
- Clarifications are introduced with respect to the tax on buildings due by individuals in respect of buildings with mixed use (residential and non-residential).

Tax on buildings with mixed purposes owned by individuals where a tax domicile is registered in which economic activities are performed and areas used for residential and non-residential cannot be separated, is determined according to the rules of residential buildings where utility

costs are not recorded by the person carrying out economic activity. Utility expenses are defined as real estate common expenses such as electricity, gas, water and sewage.

- The transitional provisions offer additional clarification regarding the obligation of taxpayers to submit declarations for local taxes for 2016, as well as on the documentation to be submitted.
- In order to reflect the value of the building, legal entities may submit together with the statement regarding the use of the building, one of the following documents: (i) evaluation report which reflects the value of the building as of 31.12.2015, (ii) reception protocol, in case the building was finalized in the last 3 years, (iii) the contract proving the ownership of the building in the last 3 years.
- For legal entities that do not submit the statement of the building use, the buildings will be considered non-residential buildings and the taxable value will be "the last value recorded by the fiscal authorities.

Land tax / fee

Clarifications regarding the tax on land were introduced, if a taxpayer owns more than one plot of land in urban areas, registered with the agricultural register within other categories than land for buildings.

The fee for the use of public advertising and publicity

Clarifications on the obligation of advertising and publicity customers to submit the tax decisions for the tax service advertising and publicity, based on the situation received from provider of advertising and publicity services.

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