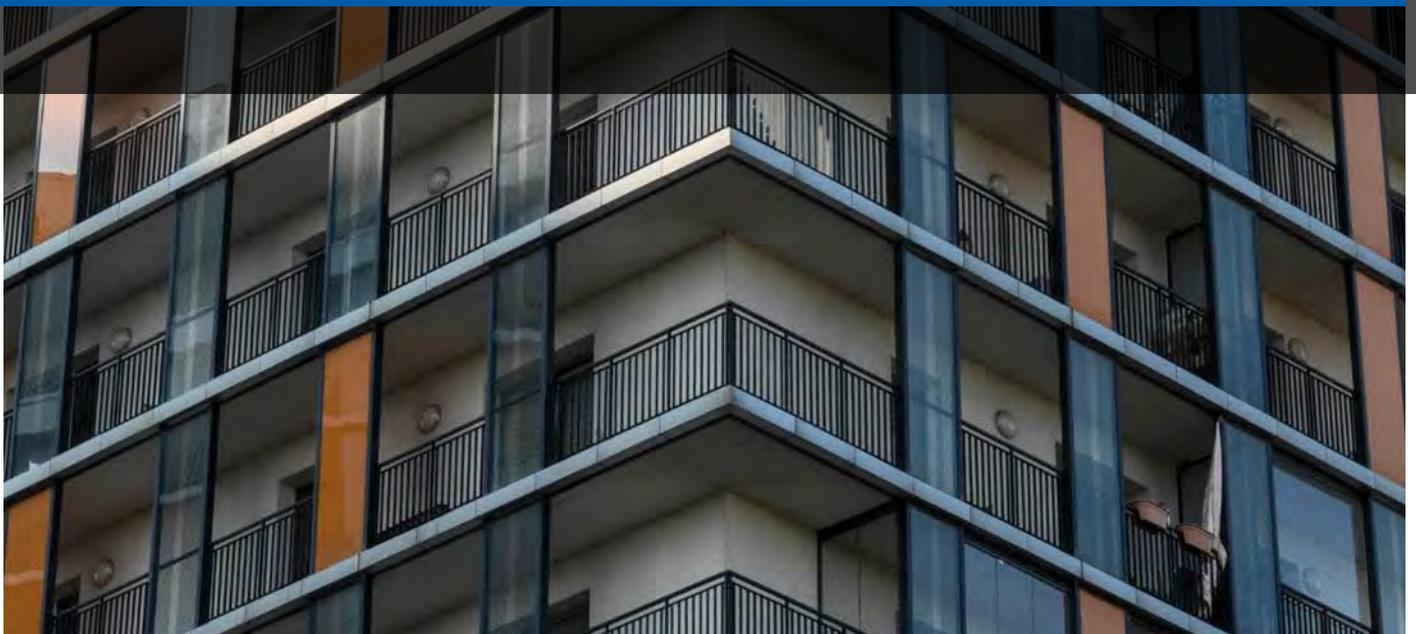


# Company formation in Romania



**accace**

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# LEGAL FORMS OF BUSINESS, MINIMUM CAPITAL, CONTRIBUTIONS

The type of business forms available in Romania are summarized below with their specific information: the minimum share capital, the liability of the shareholders/stockholders, the minimum number of shareholders/stockholders.

The most common forms of business used in Romania are the **Limited Liability Company** along with the **Joint Stock Company** and **Branches**.

## General Partnership (Societate in nume colectiv | S.N.C.)



- There is no minimum share capital required.
- A General Partnership must have 2 or more shareholders.
- The shareholders have unlimited and joint liability for social contributions.

## Limited Partnership (Societate in comandita simpla | S.C.S.)



- There is no minimum share capital required.
- The Limited Partnership must have at least one limited partner and at least one general partner.
- The limited partners have no management authority and they are not responsible for the debts of the partnership. They respond in the limit of the subscribed shares.
- The general partners have management control and they have joint and several liabilities.

## Limited Liability Company (Societate cu raspundere limitata | S.R.L.)



- The share capital is divided into equal shares and, according to Law no. 31/1990, it cannot be less than 1 RON.
- A Limited Liability Company in Romania may have between 1 and 50 shareholders.
- The shareholders are liable in the limit of the contribution to the share capital.



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## Joint Stock Company (Societate pe actiuni | S.A.)



- The minimum capital cannot be less than the RON equivalent of EUR 25,000.
- The Joint Stock Company must have 2 or more stockholders.
- The stockholders are liable in the limit of the subscribed shares.

## Company Limited by Shares (Societate in comandita pe actiuni | S.C.A.)



- The required minimum capital cannot be less than the RON equivalent of EUR 25,000.
- The Company Limited by Shares must have a minimum of 2 stockholders.
- The limited partners have no management authority and they are not responsible for the debts of the partnership. They are liable in the limit of the subscribed stocks.
- The general partners have management control and they have joint and several liability.

## Branch (Sucursala)



- There is no share capital or shareholders required for establishing a Branch in Romania.
- The Parent Company is liable for its branch.

## Sole Entrepreneur (Persoana Fizica Autorizata)



- There is no share capital required for registering as a Sole Entrepreneur.
- The Sole Entrepreneur is also the sole responsible.



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# MINIMUM DOCUMENTATION

Companies can be incorporated by natural persons or legal entities and must register to the territorial Trade Register. Certain activities need **prior authorization** (e.g. credit institutions, insurance brokers, companies which produce, sell firearms and ammunition, pension entities). Certain activities need to be **authorized after the registration** of the company (e.g. work agent, transportation).

The main document needed for incorporating a company is the **articles of incorporation**. This document must specify the following:

-  company form and name and its registered seat
-  the identification data of the shareholders, and in the Limited Partnership will be indicated also the shareholders limited
-  the company's business (main) activities (certain activities require special permits)
-  the amount of the equity capital, the method and date of its availability
-  representation of the company, the method of signing in the name of the company
-  shareholders representing and managing the company or non-associated directors, their identification data, the duration of the mandate, the powers conferred on them and whether they are to exercise them jointly or separately
-  details identifying the beneficial owners and how the company control is exercised, if applicable
-  the duration of the company, if founded for a fixed period of time
-  all other items relevant to the given form of business as required by the applicable laws in force

**The types of documents requested by the Trade Register for the company establishment are:**

- Proof of verification of company name availability and its reservation thereof
- articles of incorporation for the incorporated company
- excerpts issued by the Trade Register where the shareholders are incorporated- legal entities
- the identity document of the shareholders natural persons
- passport or ID of the future director of the Romanian company
- the document attesting the right of use over the space with destination of registered office ( e.g. lease agreement) and the ownership property documents
- standard application form(s)

On the incorporation, **the company is registered with the Romanian Fiscal Authorities by submitting the registration request with the Trade Register. However, in order to choose the appropriate tax regime, subsequent formalities with the tax authorities are necessary to be performed.**

# REGISTRATION PROCESS AND REGISTRATION TIME



The incorporation procedure of a Romanian company consists mainly in:

- reserving the name of the company
- drafting the relevant documents (mainly articles of incorporation of the company and shareholders and directors' statements)
- filling the registration application within the Trade Register

**The registration of a company is mandatory in Romania.**

- The incorporation procedure must be initiated by request.
- The registration request must be filed with the competent Trade Register Office.
- Company registration request may be submitted with qualified electronic signature via the Trade Register portal or at any of the Trade Register offices.



After submitting the complete file to the Trade Register, the request is usually processed within one working day from the date of registration of the application. Sometimes, the approval of the file may be delayed, because additional documents/information are requested by the registrar who will handle the request.

The same term applies also for approval of mentions (e.g. update of the Articles of Incorporation, revocation of directors, appointing of directors, relocation of headquarter).

A newly registered company must also register with the **Social Security Authorities** and **Labour Authorities** (in case it has employees).



In order **to voluntarily liquidate and dissolve a company with the Trade Register**, the procedure will take longer than the registration of the company, respectively up to 3 months.

This procedure consists in 2 steps. First, the General Shareholder Meeting resolution will be published in the Official Gazette in order to be brought to the attention of the public and, afterwards, the interested parties may submit an opposition to the liquidation request.

# STOCKHOLDERS/SHAREHOLDERS (COMPANY BOARD)



Regarding the shareholders of different forms of companies in Romania:

- The shareholders of General Partnership or stockholders of the Joint Stock Company are severally liable for the social obligations.
- In the LLC's case, the number of shareholders cannot be higher than 50 and the shareholders are liable only up to the subscribed share capital.



The Joint Stock Company is managed by one or more directors. Joint stock companies, whose annual financial statements are subject to audit legal obligations, are managed at least by three directors.



The Limited Liability Company is managed by one or more directors, appointed by the Articles of incorporation or by General Meeting of Shareholders.



As a general rule, the role of the director is performed by a natural person. In its current form, Law no. 31/1990 establishes that a legal person can be appointed as director, but it is required to appoint also a natural person, as representative.



Need assistance with ultimate beneficial owner registration? Get it sorted easily

# GENERAL OVERVIEW OF CORPORATE TAXES



## Tax rates

**16%** is the standard corporate income tax rate in Romania

**19%** is the standard VAT rate

Romanian taxpayers that are carrying on activities such as **gambling and nightclubs** are either subject of 5% rate from the revenues obtained from such activities or 16% of the taxable profit, depending on which is higher.

Besides the VAT 19% rate, the following reduced rates would apply:

**9%** for restaurant and catering services, hotel accommodation, water, food, medical treatments, prosthesis etc.

**5%** for social housing under certain conditions and to schoolbooks, newspapers, magazines, admission fees to castles, museums, sport events etc.

## Struggling with corporate taxes? Get them all sorted:

- Tax registrations, compliance and filings
- Tax advisory and transactions
- Employee taxation, non-resident tax and global mobility services

Sit back and let your problems get solved

## Registration requirements

**VAT registration for taxable persons having the place of business activity in Romania should be performed when the annual turnover of EUR 88,500 (RON 300,000) is exceeded.**

Voluntary VAT registration before the threshold is exceeded is also possible. The VAT registration procedure is complex, and several types of documents are required. Non-resident taxable persons established in Romania through fixed establishments and non-residents having no actual presence in Romania can register without observing the above threshold. However, a VAT number must be in place before the commencement of the economic activity.

A taxable person not registered for normal VAT purposes in Romania and not required to register is liable to request **the special VAT registration** in the following situations:

- purchase of services from persons established outside Romania having the place of supply in Romania
- supply of services with place of supply in another EU Member State
- intra-community acquisitions of goods from another EU Member State cumulatively exceeding the annual threshold of EUR 10,000 (RON 34,000)



Tackle VAT registration with ease – order it through our eShop.

## FEES AND PENALTIES



**The incorporation of the company, the mentions or the liquidations are tax free as per Law no. 265/2022.**

Amounts for publishing the documents (e.g. resolutions, Articles of incorporation) in the Romanian Official Gazette will apply.

**Stay away from penalties – get all the legal support you need:**

- Corporate law
- Labour law and employment support
- Administrative and tax law
- Commercial and civil law

**Stay compliant with the latest legislation**

# INVESTMENT INCENTIVES



## Special taxation of micro-enterprises

Starting with 2023 the microenterprise regime **is mandatory for all companies obtaining revenues below the threshold of EUR 500,000** computed at the NBR exchange rate valid for the last day of the financial year and met several other criteria.

The microenterprise tax rate applicable is 1%.

## Income tax exemption for programmers

### Main conditions

A company that conducts creative activities of computer programs for trading purpose can benefit of (salary) income tax exemption for its employees engaged in such activities, under certain conditions provided by law. The tax exemption is granted only for Romanian entities that perform the creation of computer programs to achieve a final product or a component of the final product for trading purposes.

Starting with February 1<sup>st</sup>, 2018, tax exemption in the IT industry is also granted to those employees who do not have a bachelor's degree at all but are enrolled at a university (not necessarily on the IT area), as well as to those who have graduated superior education programs with a short duration. The main condition is that these employees perform one of the activities stipulated in the local legislation, otherwise they cannot benefit from the tax exemption.



## OTHER ASPECTS

### Opening a bank account

For a Romanian company it is mandatory to have a bank account. **For opening a bank account, the legal representatives' personal presence is mandatory at the opening. In the previous years, the banks also accepted a special notarized Power of attorney for another individual, but this practice changed and usually, at the opening, they request the presence of the administrator of the company.**

### Subsequent modifications in the statute of the company

#### 15 days

All modifications regarding the statutory information of the companies (change of registered seat, mandate of directors, change of the shareholders or directors etc.) need to be registered at the Trade Register in 15 days as of the amending deed.

### Unique European identifier (EUID)

**All Romanian companies receive, beside the unique registration number and the Trade Register identification number, the unique European identifier (EUID).**

Through the system of interconnection of the Trade Register institutions in Europe, documents and information relating to the professionals registered in the Trade Register of each country are made available to the public. It will be possible to obtain information on identification and status of a company in the European Union and to obtain copies of certificates of electronic documents.

#### Disclaimer

Please note that our publications have been prepared for general guidance on the matter and do not represent a customized professional advice. Furthermore, because the legislation is changing continuously, some of the information may have been modified after the publication has been released. Accace does not take any responsibility and is not liable for any potential risks or damages caused by taking actions based on the information provided herein.

# COMPLEX CORPORATE AND SECRETARIAL SERVICES IN ROMANIA

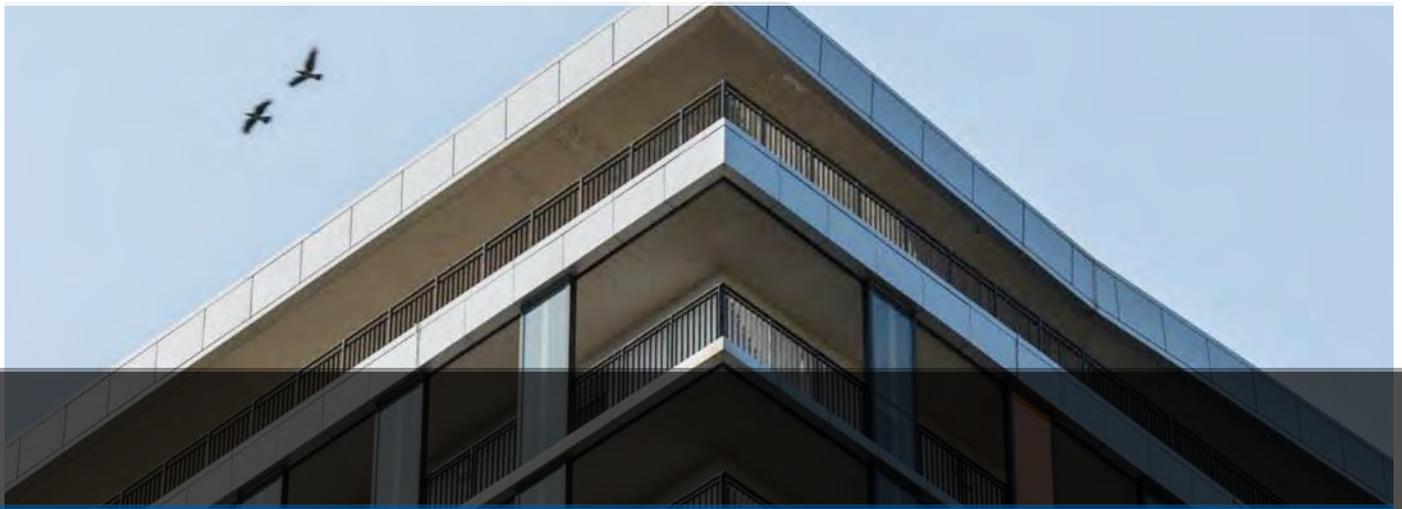


In order to help companies that are new to the Romanian market, we have developed a wide range of services, covering the go-to-market research, tailored incorporation and necessary administrative support for the business launch, followed by a full package of accounting, tax, payroll outsourcing and consultancy services.

Our service portfolio offers:

- Go-to-market services: Market research, risk analysis and solution-defining consultancy
- Consultancy on legal frameworks and local compliance risk exposure
- Support by evaluation of business start-up costs
- Company establishment and registration in Romania
- Corporate and administrative services for a new-to-market company, consultancy on the operational structure
- Due diligence on acquisitions and mergers, other transactions
- Research and definition of potential incentives and statutory framework
- Arrangement of required licences, opening of bank accounts and nominee services
- Work and residency permits
- Accounting and payroll services
- Tax registrations, tax compliance and filings, tax advisory and transaction services
- Domiciliation services: provision of registered address in Romania, professional reception desk, short term lease of fully equipped office premises
- Processing changes in the legal status of companies
- Maintenance of all statutory records
- Organisation of executive meetings
- Communication with third parties
- Representation in front of the Romanian statutory authorities
- Liquidation of Romanian legal entities

**Get all your company needs sorted**



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## About Accace Romania

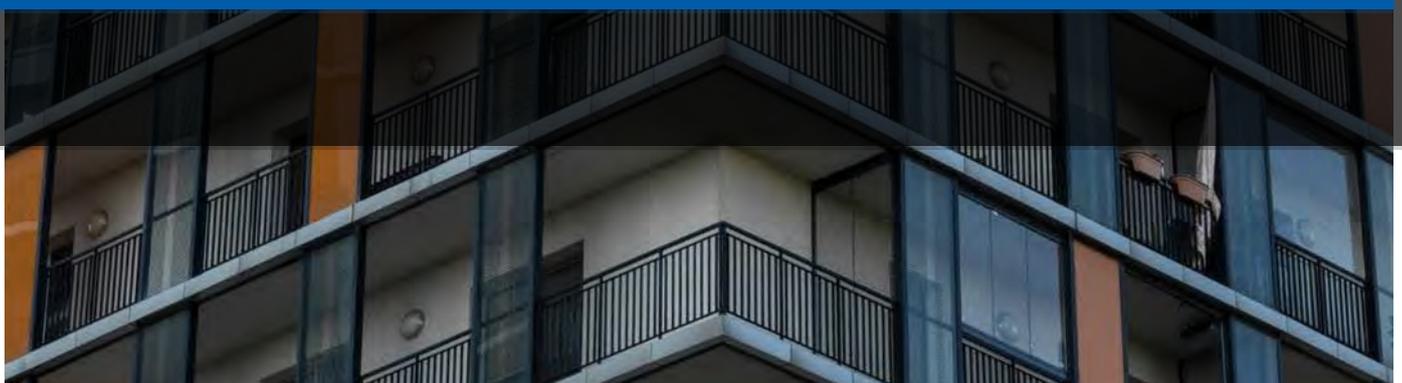
Accace Romania was founded in Bucharest in 2007. Understanding the needs of our clients to have all internal processes managed under one umbrella, we have developed into a proactive consultancy and outsourcing partner who bridges the gap between needs and solutions, by combining smart and streamlined technology with a holistic approach. Today, we offer accounting, reporting, payroll, HR administration services, tax and corporate advisory and legal consultancy through an affiliated law firm. At international level, we are engaging over 800 specialists who have vast experience in handling small to large scale multi-country BPO projects for over 2,000 clients from various industries.

## About Accace Group

Accace is a proactive consultancy and outsourcing partner who bridges the gap between needs and solutions. Combining smart and streamlined technology with a holistic approach, we provide an all-round care to clients and consider their matters as our own. With over 800 experts and more than 2,000 customers, we have vast experience with facilitating the smooth operation and growth of small to large-scale, global businesses.

Accace operates internationally as Accace Circle, a co-created business community of like-minded BPO providers and advisors who deliver outstanding services with elevated customer experience and erase the borders of service delivery. Covering over 50 jurisdictions with nearly 2,500 professionals, we support more than 15,000 customers, mostly mid-size and international Fortune 500 companies from various sectors, and process at least 200,000 pay slips globally.

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