

Romanian government passes special tax measures in response to pandemic

On March 21, Romania's government put in place special measures to support business during the coronavirus crisis, which include Government Emergency Ordinance no.29/2020 regarding economic and fiscal measures (GEO 29/2020) and Government Emergency Ordinance no. 30/2020 for establishing measures for social protection (GEO 30/2020).

Both measures are currently in force and contain the following changes to fiscal legislation.

Extension of payment deadline for local taxes

The deadline for payment of the first instalment of building, land and vehicle taxes has been postponed from March 31 to June 30. Payments performed before the new deadline still benefit from up to a 10% bonification if the whole year tax is paid.

Amendment on tax debt restructuring programme

GEO 29/2020 amends the 2019 tax debt-restructuring programme by extending the deadlines for notification to tax authorities about intentions to restructure tax liabilities. Hence, taxpayers that intend to restructure their tax liabilities now have until 31 July 2020 to notify the relevant authorities. Moreover, taxpayers should submit requests for debt restructuring by 30 October 2020. (More comprehensive information on tax debt restructuring and cancelling tax liabilities can be found [here](#).)

Due tax liabilities and enforcement proceedings

No late payment interest and penalties will be calculated or due for the outstanding tax liabilities of any taxpayer during the period from 21 March 2020 until 30 days after the state of emergency ceases, which for the time being is 16 April 2020. Also, any outstanding tax liabilities will not be considered due during this time.

During the same period, enforcement proceedings are suspended, except for the enforcement proceedings for amounts established through rulings in criminal cases. The suspension of enforcement proceedings is realised de iure without other formalities to be performed by the tax authorities.

Payment of corporate income tax

A simplified procedure has been introduced for taxpayers declaring corporate income tax annually with advance payments on a quarterly basis. The advance quarterly payments for 2020 will be the corporate income tax computed per quarter.

For taxpayers with a fiscal year different from the calendar year, the above change will apply for fiscal year quarters ending in 2020, and quarters related to the fiscal year starting in 2020 and comprising the 2020 calendar year.

Compensation for labour-agreement suspensions

Through GEO 30/2020, employees whose labour agreements were suspended due to their employer's initiatives in response to the pandemic will receive 75% from the base salary corresponding to their position, but no more than 75% of the average gross salary for the emergency period. The compensation will be paid from the unemployment insurance budget.

In order to be eligible, employers must fulfil one of the following conditions:

- Business activity must cease totally or partially as a result of the state of emergency and each employer must hold a certificate for emergency situations.
- Business activity diminishes as a result of the COVID-19 pandemic with the employer lacking financial capacity to pay salaries. The employer can receive compensation for at most 75% of its employees with labour agreements in place at the time GEO 30/2020 went into force.

For the second category on diminished business activity, the indemnity will be paid based on an affidavit. This affidavit must prove that the employer experienced at least a 25% decrease in cashed receipts from the month prior to the one in which the affidavit was submitted compared to January and February 2020, and that the employer does not have the financial capacity to pay salaries to all its employees.

The indemnity is subject to income tax of 10% and social contributions, which the employer will compute and pay from amounts received from the unemployment agency. The labour insurance contribution is not due. The related tax declaration and payment should be performed by the 25th of each month.

For more information on how the above tax changes will affect you, contact local CMS experts Roxana Popel and Andrei Tercu or your regular CMS advisor.