



## Tax & Legal Newsletter December 2019

### 1. VAT split mechanism

The VAT split payment mechanism is to be eliminated as of 1 February 2020. Within 10 days of the date of elimination of the VAT split payment mechanism, the State Treasury will automatically transfer the existing available VAT amounts to the accounts of holders who previously applied said mechanism.

Taxpayers who do not hold an account with the State Treasury should communicate their bank account details to the authorities. Where this does not occur, the authorities will themselves request this information from the taxpayers.

*Source: Emergency Ordinance no. 78/2019 regarding the modification of normative acts and the establishment of measures in the field of agriculture, and for the approval of fiscal budgetary measures, published in the Official Gazette, Part I, no. 1031, of 23 December 2019.*

### 2. Increase to the minimum gross wage

Starting with 1 January 2020, the minimum gross wage for a normal working schedule is to rise to RON 2,230 per month (up from 2,080).

For staff who have been working for more than one year and are employed in positions requiring higher education, the minimum gross salary is RON 2,350 per month.

*Source: Decision No. 935/2019 of 13 December 2019 establishing the national minimum gross wage, published in the Official Gazette, Part I, no. 1010, of 16 December 2019.*

### 3. Part-time contracts

The higher level of social contribution payments paid on part-time employment contracts has been eliminated as of January 2020. Consequently, the legislation returns to calculating the taxes relating to part-time contracts based on the taxation of gross income (and not the minimum gross wage).

*Source: Law no. 263 amending Law no. 227/2015 regarding the Fiscal Code, published in the Official Gazette, Part I, no. 1054, of 30 December 2019.*

### 4. Intrastat thresholds

The ceilings for 2020 in terms of the collection of statistical data on the intra-EU trade in goods are RON 900,000 for both intra-EU deliveries and intra-EU acquisitions of goods.

*Source: Order no. 1827/2019 regarding Intrastat value thresholds for the collection of statistical information on the intra-EU trade in goods in 2020, published in the Official Gazette, Part I, no. 940, of 22 November 2019.*



## Tax & Legal Newsletter December 2019

### 5. Changes in the area of VAT as from January 2020 (“Quick fixes”)

Starting with 1 January 2020, a series of measures which address cross-border supplies of goods have entered into force at European level (EU Directive 2018/1910 and EU Regulation 2018/1912). These measures refer to:

- i) the harmonisation of the documents required for intra-community supplies, with rules being implemented in order to apply the VAT exemption;
- ii) the treatment applicable to chain supplies, where the VAT exempt supply would be the one made to the intermediary (as a general rule);
- iii) harmonisation of the simplification measures applied across all Member States for call-off stock arrangements.

*EU Directive 2018/1910 amending Directive 2006/112/EC as regards the harmonisation and simplification of certain rules in the value added tax system for the taxation of trade between Member States* is still to be transposed into national legislation and a draft law has been published by the tax authorities in this respect.

*EU Regulation 2018/1912 amending Implementing Regulation (EU) No 282/2011 as regards certain exemptions for intra-Community transactions* is already directly applicable.

As these changes regarding VAT may have a significant impact on taxpayers' activities, our tax team is available to provide required assistance.

### 6. Draft Law: New legal amendments applicable to sole shareholder in limited liability company (SRL)

Under proposed changes to legislation in the field of corporate law, i.e. Law no. 31/1990 (the Company Law), natural and legal persons will be able to act as sole shareholders in an unlimited number of limited liability companies, as opposed to a single such company as is currently the case.

The proposed changes involve amending the Company Law by entirely repealing art. 14, which only allows an individual or legal person to be the sole shareholder in a single SRL, and by prohibiting limited liability companies from having as their sole shareholder other limited liability companies which are, in turn, held by single shareholders.

Therefore, under the proposed new law, a person would be able to act as the sole shareholder in two or more limited liability companies.



## Tax & Legal Newsletter December 2019

The purpose of the change is to increase the number of companies and entrepreneurial initiatives operating on the Romanian business market.

If promulgated by the Romanian President, the law will enter into force 60 days after the date of its publication in the Official Gazette of Romania.

*Source: Draft law amending and supplementing Law no. 31/1990*

### 7. Important changes for the authorisation of construction works

The amendments introduced to Law no. 50/1991 (on the authorisation of construction works) through Law no. 7/2020 will have a significant impact, increasing the efficiency and simplifying the process of obtaining the necessary permits for the issuance of building permits.

The most important changes introduced under the new law include:

- The town planning certificate will now be issued within 15 working days (as opposed to 30 working days previously) of the date of registration of the application (which can also be submitted in digital format), while building permits for the execution of the preliminary works and those relating to the organisation of works, including connection to the water and sewer systems, will be issued no later than 30 days after the date of submission of the relevant documentation.
- In cases where works were either not started or not finished, a re-authorisation can be obtained without the need to issue a new town planning certificate by re-submitting the original documentation; this re-authorisation will be valid for a period equal to that of the original authorisation (in the case of works not started on time) or for a period equal to the original timeframe for completion of the works (where the interruption was not longer than the initial timeframe for completion of the works and the works begun but not completed were not subject to conservation measures).
- Natural persons with responsibility for the verification of the documentation and the drawing up/issuing of building permits are materially and/ or legally responsible for not complying with the terms provided in law, as well as for any ungrounded refusal to issue an authorisation for construction/ demolition works and/or a town planning certificate within the legal timeframe and on the basis of the correct documentation.
- The possibility of registration in the land book, based on a licence/ certificate relating to the erection of a building for which the construction works were carried out without authorisation, and where the 3-year limitation period for legal liability has been respected and the building meets the basic building quality requirements.
- In order to regularise construction works it is no longer necessary to obtain a building permit for the purposes of legalisation, but only the express order for the retention of the works, as issued by the public authority responsible for issuing the building permit, or the licence/ certificate pertaining to the construction of the building, which is issued based on a technical survey of the quality of the building works performed.



## Tax & Legal Newsletter December 2019

- If the desire is to demolish a building and build another in its place, then it is sufficient to obtain a single authorisation covering both the demolition and construction.
- Construction and demolition authorisations issued in violation of the legal provisions can be repealed by the administrative courts and the prefect pursuant to verification by the State Inspectorate for Constructions.

All of these changes can only help developers to begin the process of carrying out construction works as well as legalising structures built without a building permit.

*Source: Law no. 7/2020 amending and supplementing Law no. 10/1995 on the quality of construction works and amending and supplementing Law no. 50/1991 on the authorisation of construction works, with entry into force on 11 January 2020.*

This newsletter is a service of TPA.

Kind regards

**Your TPA Team**

### **Contact:**

#### **TPA Romania**

Str. Grigore Cobălcescu 46, 010196 Bucharest

Tel.: +40 21 310 06-69

Fax: +40 21 310 06-68

<http://www.tpa-group.ro>

<http://www.tpa-group.com>



## Tax & Legal Newsletter December 2019

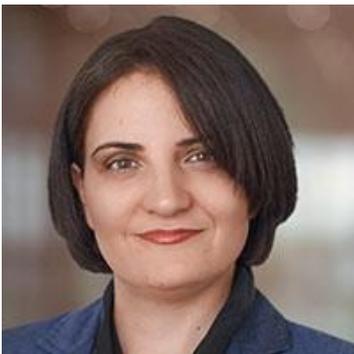
To receive regular updates from TPA Romania, please sign up for our [newsletter](#).



**Claudia Stanciu Stănciulescu**  
Tax Advisor, Partner

email: [claudia.stanciu@tpa-group.ro](mailto:claudia.stanciu@tpa-group.ro)

[www.tpa-group.ro](http://www.tpa-group.ro)  
[www.tpa-group.com](http://www.tpa-group.com)



**Cristina Gheorghită**  
Legal Partner

email: [cristina.gheorghita@tpa-group.ro](mailto:cristina.gheorghita@tpa-group.ro)

[www.tpa-group.ro](http://www.tpa-group.ro)  
[www.tpa-group.com](http://www.tpa-group.com)

**IMPRINT** Information update: End of December 2019. This information has been simplified and is not a substitute for individual advice. Responsibility for the content lies with [Claudia Stanciu-Stănciulescu, Tax partner, and Cristina Gheorghită, Legal Partner](#), of TPA Romania, Str. Grigore Cobălcescu 46, 010196 Bucharest, Romania. TPA Romania is an independent member of the Baker Tilly Europe Alliance. Tel: +40 21 3100669. Homepage: [www.tpa-group.ro](http://www.tpa-group.ro); Concept and design: TPA Romania  
Copyright ©2019 TPA Romania, Str. Grigore Cobălcescu 46, 010196 Bucharest, Romania