



COVID-19: Emergency state and recent updates

A. LEGAL FLASH

The Decree of the President of Romania regarding the declaration of a state of emergency in Romania was published in the Official Gazette, Part I, no. 212, of 16 March 2020. The **state of emergency** will involve some exceptional measures with effects for political life, the economy and public order that will apply either throughout the country or targeted in certain areas.

A brief description of the emergency measures with direct applicability for the business environment is provided below.

I. **Economy**

Upon request, the Ministry of Economy, Energy and the Business Environment will issue economic operators whose activity is affected by COVID-19 with **state of emergency certificates** that can be used to justify the impossibility of performing their contractual obligations. However, economic operators will first need to check carefully any contractual clauses regarding the invocation of force majeure and to demonstrate the existence of a direct link between the declaration of the state of emergency and the non-performance of contractual obligations.

As regards documents issued by public authorities due to expire during the period of the state of emergency, the validity thereof will be extended.

II. **Labour and social protection**

Where possible, companies may issue a unilateral decision instructing their employees to work from home or to practice distance working during the period of the state of emergency.

During the state of emergency, all ITM inspections are to be suspended, with the exception of those ordered by the Minister of Labour and Social Protection, those ordered by the Labour Inspectorate to implement the decisions of the National Committee for Special Emergency Situations and those required in order to respond to reports of the committing of acts with a high degree of social danger and in the investigation of work accidents.

The validity of collective labour contracts and collective agreements is extended, and the declaration, triggering or conduct of collective labour conflicts is prohibited within those entities stipulated in the Decree (e.g. health and social care, telecommunications, rail transport, public transport, local sanitation, domestic gas, electricity, heat and water supply).

III. **Justice**

During the state of emergency, the courts will only judge cases of special urgency, as determined by the governing body of the High Court of Cassation and Justice and by the governing bodies of the Courts of Appeal. As regards cases for which settlement is non-urgent, judgment is suspended by law, without the need for further procedural documentation, and is to be resumed ex officio.



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Parties will be able to request judgment of their cases if they are in self-isolation, quarantined or hospitalised as part of the COVID-19 pandemic, while the deadlines for exercising remedies in cases pending at the time of the declaration of the state of emergency will be interrupted and assigned new deadlines, of the same duration as before, starting from the date on which the state of emergency is declared over.

Prescription periods and deadlines of any kind will not be commenced, or where they have started to run they will be suspended for the entire period of the state of emergency, while foreclosures will only continue in cases where it is possible to comply with the sanitary discipline rules established by the decisions of the Committee National on Special Emergency Situations.

As regards the activity of the National Trade Register Office and the trade register offices of the courts, these will continue recording entries with respect to legal persons and natural persons registered with the Trade Register by electronic means.

Depending on how events evolve, these measures may be extended for a further 30 days or certain measures may be waived.

B. TAX FLASH

Romania has announced a series of fiscal measures to support the business environment, but their official publication is still awaited. These measures are to be applied throughout the period while the emergency situation is declared in Romania, as well as for 30 days after this situation ends, and include:

- Suspension (or non-commencement) of enforced collection of taxes, meaning that payment notices would not be issued and cash / income / goods would not be seized;
- VAT corresponding to already approved refund claims is to be paid in March 2020;
- A new VAT refund mechanism is to be implemented as from April 2020, targeting a swift settlement of VAT refund requests;
- Suspension of fiscal audits (or anti-fraud audits), except for controls that may be performed remotely and for tax evasion cases (where evidence exists in this respect);
- Suspension of specific anti-fraud controls and activities at the Romania – Bulgaria and Romania – Hungary borders.

Also, the deadline for filing of tax returns is to be postponed from 25 March to 25 April 2020. Currently, there is no clear indication as to whether the payment deadlines would also be postponed.

Note that this is just a press release, which does not have any legal effect (being issued for information purposes).



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In addition, a **draft legislation** was issued that prolongs the payment deadline up to 25 July 2020 (or a date which will be subsequently communicated) for the following tax obligations:

- Corporate tax related to 2019 and first quarter of 2020;
- Microenterprise tax related to the first quarter of 2020;
- Income tax related to the period February – April 2020;
- Social security, health and work insurance contributions related to February – April 2020;
- VAT related to February – April 2020.

These prolongations would be applicable for certain taxpayers, which perform economic activities based on specific NACE codes, such as the following: 4619, 4719, 5510, 5610 etc.

Updates to the above will follow once these measures will be implemented.

This newsletter is a service of TPA.

Kind regards

Your TPA Team

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