



## COVID-19: Simplification and extension of technical unemployment, deferred loan repayments and tax discounts

Amendments to recently adopted normative acts as well as new measures to support the business environment during the state of emergency declared in the context of Covid-19 were published in the Official Gazette on 30 March 2020. A brief description is provided below.

### 1. Extension of technical unemployment and simplified procedure

Emergency Ordinance no. 32/2020 amending Emergency Ordinance no. 30/2020 stipulates the following with respect to technical unemployment during the state of emergency.

#### Beneficiaries

Under the new provisions, employers who temporarily reduce or interrupt their activity during the state of emergency may request payment from the state budget of 75% of the value of the basic salaries corresponding to the positions occupied by their employees, regardless of whether they are directly or indirectly affected by the measures taken by the authorities pursuant to the declaration of the state of emergency.

Consequently, the obligation on the employer to obtain a state of emergency certificate is waived together with the conditions that previously had to be met by employers, such as demonstrating a decrease of at least 25% in collections and in their financial capacity to pay the salaries of all their employees, as well as the limit placed on the number of employees for whom employers can benefit from the payment of allowances from the state budget.

Other categories of person who can benefit from the compensation paid for from the state budget have also been added, on the condition that they interrupt their activity during the period of the state of emergency. These are: professionals regulated by law (those who run an enterprise), persons who have concluded individual conventions of work according to the *Law of cooperation*, persons stipulated under *Law no. 69/2000 on physical education and sport*, natural persons who derive income exclusively from copyright and related rights, and staff employed by another legally regulated means other than individual employment contracts.

For the aforementioned categories of beneficiaries, the indemnity paid out from the state budget will be equal to 75% of the gross average wage as provided for by *Law no. 6/2020 on the state social insurance budget*.

#### Amendment to list of required documentation

The procedure for obtaining allowances from the state budget has been simplified, with the employer now being required to submit the following documents by email to the employment agency for the county in which they have their registered offices:

- an **application** signed and dated by the legal representative
- an **affidavit** signed by the legal representative
- a **list of the persons who will benefit from the allowances**, undertaken by the legal representative of the employer, in keeping with the template approved by Order of the Minister for Labour and Social Protection and published in the Official Gazette of Romania

Documents submitted during the current month pertain to payment of the previous month's allowances.

#### When and by whom the payment of allowances is made

The payment of these allowances from the state budget into the employer's bank accounts will be made no later than 15 days from the date of submission of the required documents, with employers then being obliged to pay the corresponding allowances to their employees within a maximum of 3 working days from the date on which they received the sums in question.



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These allowances will be paid out of the state budget for the period beginning with the date of entry into force of *Decree no. 195/2020*, i.e. 16 March, and ending on the date when the state of emergency is declared over. These allowances are subject to income tax and social contributions, but not insurance contributions for work (2.25%).

### Other amendments

Emergency Ordinance no. 32/2020 also provides various clarifications regarding individual employment contracts and the regulation of exceptional situations, as follows:

- an employee with several individual employment contracts, and at least one full-time contract being in force during the period of the state of emergency, **will not benefit from the aforementioned allowances;**
- an employee with several individual employment contracts, all of which are suspended as a consequence of the state of emergency, **will benefit from the abovementioned allowances pertaining to the individual employment contract with the most advantageous salary rights.**

*Source: Emergency Ordinance no. 32/2020 on the modification and completion of the Emergency Ordinance no. 30/2020 for the modification and completion of some normative acts, as well as for establishing measures in the field of social protection in the context of the epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus and for establishing additional social protection measures, published in the Official Gazette no. 260 on March 30 2020.*

### 2. Childcare allowance and insertion incentives

Persons in receipt of child-raising allowance or insertion incentives will continue to benefit from these provisions under the conditions provided for under Emergency Ordinance no. 32/2020.

*Source: Emergency Ordinance no. 32/2020 on the modification and completion of the Emergency Ordinance no. 30/2020 for the modification and completion of some normative acts, as well as for establishing measures in the field of social protection in the context of the epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus and for establishing additional social protection measures, published in the Official Gazette no. 260 on March 30 2020.*

### 3. Electronic issuing of holiday tickets and extension of validity

Holiday tickets for 2020 will only be issued electronically, and the period of validity of holiday tickets issued between March 2019 and December 2019 has been extended until 31 May 2021.

*Source: Emergency Ordinance no. 35/2020 regarding issuing method and extension of validity for holiday tickets, in the context of the epidemiological situation determined by the spread of COVID-19, published in the Official Gazette no. 260 on March 30 2020.*

### 4. Deferment of loan repayments for 9 months

Emergency Ordinance no. 37/2020 stipulates the following regarding loans granted by financial institutions: The obligation to make repayments (including interest and commission) on loans granted to borrowers prior to 30 March 2020 (the date of entry into force of Emergency Ordinance no. 37/2020) may be suspended, upon request by the debtor, for a period of up to 9 months, albeit without exceeding the date of 31 December 2020.



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This facility is available to debtors (natural persons, self-employed, small and medium-sized enterprises, etc.) whose loans have not matured and for which the creditor has not provided an expected maturity date by 30 March 2020.

It will be granted in the case of (i) loans that did not have any arrears on the date the state of emergency was declared; and (ii) borrowers whose incomes have been directly or indirectly affected by the Covid-19 pandemic.

The amount of interest due and deferred by debtors will be capitalised on the balance of credit remaining at the end of the deferment period.

SMEs can benefit from this facility provided (i) they interrupt or reduce their activity and do not have the financial capacity to pay their employees' wages (in accordance with Emergency Ordinance no. 30/2020); and (ii) they are not insolvent as at the date on which they apply for deferment.

The rules of implementation for the aforementioned provisions will be drawn up within 15 days of their entry into force.

*Source: Emergency Ordinance no. 37/2020 regarding the granting of facilities for loans granted by credit institutions and non-bank financial institutions to certain categories of debtors, published in the Official Gazette no. 261 on 30 March 2020.*

### 5. Incentives for payment of corporate tax and microenterprise tax

Taxpayers subject to the corporate tax regime will benefit from reductions in the amount of tax due for the first quarter of the year, provided they pay by 25 April 2020, as follows:

- 5% for large taxpayers
- 10% for small and medium-sized taxpayers

This incentive is also available to: (i) taxpayers whose tax year differs from the calendar year, provided they pay their tax by the deadline falling during the period 25 April-25 June 2020; and (ii) taxpayers who pay tax on specific activities, for activities that generate corporate tax pertaining to the first quarter of 2020.

Taxpayers subject to the microenterprise tax will benefit from a 10% reduction in the amount of tax due for the first quarter, provided it is paid within the legal deadline (i.e. by 25 April 2020).

*Source: Emergency Ordinance no. 33/2020 regarding various fiscal measures and modification of various normative acts, published in the Official Gazette no. 260 on March 30 2020.*

### 6. Payment of VAT at customs on sanitary equipment

Taxpayers performing imports of sanitary goods related to Covid-19 during the state of emergency, as well as for a period of 30 days after it is declared over, will not pay VAT at customs.

The tax will be included in the VAT return as both input and output VAT.

*Source: Emergency Ordinance no. 33/2020 regarding various fiscal measures and modification of various normative acts, published in the Official Gazette no. 260 on March 30 2020.*

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### 7. Increase in maximum value of meal vouchers

Starting 1 April 2020, the maximum value of meal vouchers will be increased from RON 15.18 to RON 20.

*Source: Law no. 24/2020 for the modification of art. 14 of the Law no. 165/2018 regarding the granting of tickets, published in the Official Gazette no. 229 on March 20 2020.*

Kind regards,  
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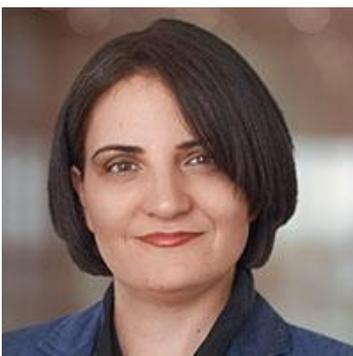
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