



COVID-19: Extension of deadlines, VAT reimbursement and other measures

Various new measures aimed at supporting the business environment during the state of emergency have recently been introduced. Some of these are described below:

1. Sponsorship by microenterprises

Microenterprises which sponsor public institutions or other bodies of the public authorities may deduct the corresponding amounts from their tax bills, within the legal limitations, even if the beneficiary does not feature on the Register of entities/religious organisations for which tax deductions can be granted.

2. Tax on specific activities (HoReCa)

Taxpayers (in possession of a state of emergency certificate and not subject to insolvency procedures) which suspend their business activity either totally or partially during the state of emergency are exempt from the tax on specific activities (HoReCa).

3. Taxation of technical unemployment and childcare allowances

Throughout the state of emergency, the allowances for technical unemployment and for childcare relating to periods when schools are closed are not subject to the tax incentives provided for under the Fiscal Code.

This means, for example, that the salary income tax exemption specific to the construction sector, programming and research & development is no longer available. In addition, exemptions from health insurance contributions and the reduction in pension insurance contributions are no longer granted to employees working in the construction sector.

This applies to allowances paid out of the unemployment budget or the state budget as of April 2020.

4. Deadline for submission of 2019 annual financial statements extended to 31 July 2020

5. Reimbursement of VAT with subsequent tax audits

During the state of emergency and for a further 30 days after it comes to an end, VAT is to be reimbursed by the authorities with the subsequent performance of tax audits based on risk assessments. There are, however, certain circumstances in which this measure does not apply, as follows:

- Tax audits were initiated prior to 16 April 2020 further to the filing of a VAT reimbursement request by the taxpayer
- The taxpayer's tax records include actions punishable as crimes
- The tax authorities believe there is a risk of VAT being unduly refunded
- Voluntary liquidation or insolvency procedures were initiated (with the exception of cases where a reorganisation plan has been approved)
- Taxpayers (other than large and medium taxpayers) are requesting either (i) a refund of VAT deriving from a period of more than 12 months; or (ii) a refund of VAT based on their first VAT return filed after registering for VAT purposes.



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6. Measures relating to the rescheduling of tax liabilities

With respect to rescheduled tax obligations, late payment interest and penalties will not be due and the conditions for maintaining the validity of tax instalments are suspended until 30 days after the state of emergency comes to an end.

7. Enforced collection

The enforced collection of budgetary receivables, performed by summons and by sale of goods at auction, is suspended until 30 days after the state of emergency comes to an end.

8. Suspension of statute of limitation period

The statute of limitation period is suspended or not begun until 30 days after the end of the state of emergency with respect to (i) the rights of the tax authorities to impose taxes and to request the enforced collection of taxes; and (ii) the right of taxpayers to request the reimbursement of tax receivables

9. Tax exemptions for certain benefits in kind

Benefits in kind awarded to individuals who obtain income from salaries as a result of occupying positions essential to the performance of their employer's field of activity and who are in preventive isolation at work are not subject to income tax and social contributions.

10. The list of products for which VAT is not paid in customs has been extended

The list of products for which VAT is no longer paid in customs, as initially approved by GEO no. 33/2020, has been extended to include: (i) denatured ethanol used in the production of disinfectants and imported by importers in possession of end-used authorisations; and (ii) machines used in the manufacture of protective masks.

Separately, holders of fiscal warehouses authorised to produce alcoholic beverages are now allowed to denature ethanol. This is valid for a period ending 15 days after the end of the state of emergency and provided certain conditions are met (e.g. submission of an application to the customs authority).

11. Measures relating to gambling

Payment obligations relating to traditional gambling licenses are suspended for the duration of the state of emergency. If payment is made within 30 working days of the end date of the state of emergency, no penalties will be incurred. In addition, applications for a re-authorisation of activity should be submitted within 90 days of the end date of the state of emergency.

Source: Government Emergency Ordinance no. 48/2020 regarding various financial and fiscal measures, published in the Official Gazette no. 319 on 16 April 2020



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This newsletter is a service of TPA.

Kind regards,
Your TPA Team

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