



COVID - 19: Active support measures for employees and employers; Extension of dates

A. LEGAL FLASH

Through Emergency Ordinance no. 92/2020, the Government of Romania has established certain active support measures for employees and employers. Although already in force as of 29 May 2020, the granting of these facilities will effectively take place in keeping with rules to be established by order of the president of the National Agency for Employment.

1. Facilities available to employers whose employees have had their employment contracts suspended

As of 1 June 2020, employers whose employees had their employment contracts suspended due to temporary interruption or reduction of activity (technical unemployment) during the state of emergency or the state of alert, regardless of whether or not they benefited from subsidised technical unemployment allowance during this period, may, for a period of three months, benefit from a facility whereby part of their salary costs are reimbursed from the unemployment insurance budget at a rate of 41.5% of the gross basic salary corresponding to the employment positions in question, but not more than 41.5% of the average gross earnings provided for under Law no. 6/2020 on the state social insurance budget for 2020 with its subsequent amendments.

Employers benefit from the reimbursement of the mentioned amounts only for those employees who had their employment contracts suspended for at least 15 days during the state of emergency or alert.

Employers are obliged to maintain employment relations with their employees until 31 December 2020, except in the case of seasonal workers or in cases where termination of the individual employment contract occurs for reasons not attributable to the employer.

Under the procedure for this facility, employers first pay their employees' salaries in full before submitting monthly applications for reimbursement by the 25th day of the month following the end of the reporting period.

Templates of the necessary documents will be approved over the following days by order of the president of the National Agency for Employment.

2. Facilities available to employers who employ certain categories of unemployed persons

Employers who, during the period 1 June 2020-31 December 2020, employ, on a full-time basis and for an indefinite period of time, persons over the age of 50 who became unemployed for reasons not attributable to them during either the state of emergency or the state of alert and who are registered as unemployed with the county employment agency or that of the Municipality of Bucharest, will receive, monthly, for a period of 12 months, 50% of the salary, but not more than RON 2,500, corresponding to each person employed from this category.

Similarly, employers who, during the same period, employ, on a full-time basis and for an indefinite period of time, persons aged between 16 and 29 who are registered as unemployed with the county employment agency or that of the Municipality of Bucharest, will receive monthly, for a period of 12 months, 50% of the salary, but not more than RON 2,500, corresponding to each person employed from this category.

The amounts received by the employers under the above conditions may not be cumulated with other subsidies granted by the county employment agencies, respectively by the Bucharest municipality.



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The aforementioned 12-month period will be calculated with reference to the date of employment, with employers having the obligation to maintain employment relations for a period of at least 24 months starting with the date of employment. Where this condition is not respected, the amounts received are to be refunded to the employment agency in question, together with the related interest.

The procedure for granting the amounts described above will be approved over the following days by order of the president of the National Agency for Employment.

Source: GEO no. 92/2020 on the establishment of active support measures for employees and employers in the context of the epidemiological situation caused by the spread of the SARS-CoV-2 coronavirus, as well as on the amendment of various normative acts, as published in the Official Gazette no. 459 on 29 May 2020.

B. TAX FLASH

The dates regarding restructuring & holiday of tax liabilities and VAT reimbursements with subsequent tax audit have been extended. Also, the DAC 6 reporting form has been implemented by the authorities.

1. Measures for the restructuring of budgetary liabilities

Taxpayers may benefit from a restructuring of the following principal tax liabilities:

- Liabilities outstanding as at 31 March 2020
- liabilities declared by taxpayers or imposed by the tax authorities after 1 April 2020 and relating to tax periods ending prior to 31 March 2020
- liabilities with payment deadlines between 21 March and 31 March 2020

Restructuring is also available with respect to (i) any principal budgetary liabilities and late payment interest charges and fines imposed by authorities other than the tax authorities; and (ii) to fines of any kind referred to the tax authorities for collection after 1 April 2020.

The new deadline for submissions of notifications of intention to restructure is 30 September 2020, while the deadline for submissions of applications for restructuring is 15 December 2020.

In order to take advantage of this facility, taxpayers must have settled any budgetary liabilities arising between 1 April 2020 and the date of submission of their application for restructuring.

Source: GEO no. 90/2020 for modifying GEO no. 6/2019 regarding tax facilities and for updating other pieces of legislation

2. Extension of late payment interest and penalty holiday

The date up to which late payment interest and penalties are not charged (for tax obligations due as of 21 March 2020) has been extended to 25 June 2020.

Source: GEO no. 90/2020 for modifying GEO no. 6/2019 regarding tax facilities and for updating other pieces of legislation



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3. VAT reimbursements with subsequent tax audit

The new date by which the tax authorities will carry out taxpayer-requested VAT reimbursements with a subsequent tax audit is 25 June 2020.

Source: GEO no. 90/2020 for modifying GEO no. 6/2019 regarding tax facilities and for updating other pieces of legislation

4. Form for use in reporting reportable cross-border arrangements

Intermediaries or relevant taxpayers, as appropriate, are to report information relating to cross-border arrangements using the form published by the tax authorities.

According to the instructions for filling out the form, the role of the intermediary can be one of the following:

- promoter: any person who designs, markets, organises, makes available for implementation or manages the implementation of a cross-border reporting arrangement
- service provider: any person who knows or could be reasonably expected to know that he/she has undertaken to provide assistance with a reportable cross-border arrangement"

Relevant taxpayers should fill out the form if:

- the intermediary invokes the obligation to maintain professional secrecy
- the intermediary's tax residence is located in a third country other than the EU Member States
- the reportable cross-border arrangement is not marketable and/or there is no intermediary who has the reporting obligation ("in-house" designed arrangement).

The instructions for filling out the form recapitulate the main "hallmarks" or signs with respect to reportable cross-border arrangements as contained in the Fiscal Procedure Code:

- Generic signs relating to the main benefit test
- Specific distinctive signs relating to the main benefit test
- Specific distinctive signs relating to cross-border transactions
- Specific distinctive signs relating to the automatic exchange of information and the real beneficiaries
- Specific distinctive signs relating to transfer pricing

We still await the publication by the Romanian tax authorities of a guide clarifying how these reporting requirements are to be implemented.

Source: Order no. 1029/2020 to approve the form used by intermediaries or relevant taxpayers, as appropriate, for the reporting of information relating to reportable cross-border arrangements

This newsletter is a service of TPA.

Kind regards

Your TPA Team



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