



Amendments to Companies Law, economic recovery plan for Romania and postponement of submission deadlines for DAC 6

A. TAX FLASH

The reporting deadlines for cross-border arrangements subject to reporting under the DAC 6 Directive have been extended as follows:

- 28 February 2021 – for cross-border arrangements relating to the period 25 June 2018-30 June 2020
- 30 days from latest 1 January 2021 – for cross-border arrangements relating to the period 1 July 2020-31 December 2020
- 30 April 2021 – for the preparation by intermediaries of the first report on marketable arrangements

Source: Emergency Ordinance no. 107/2020 for modifying art. II of Government Ordinance no. 5/020 on modifying and supplementing Law no. 207/2015 regarding Tax Procedure Code and for extension of certain deadlines.

B. LEGAL FLASH

1. **On 2 July 2020, the President of Romania promulgated a legislative proposal to amend Law no. 31/1990 (Companies Law).** The most important changes to the law are as follows:

I. **Abolition** of the ban on natural and legal persons being **sole shareholders** in more than one limited liability company

Until now, the law prohibited a natural or legal person from simultaneously being the sole shareholder of two LLCs, or for an LLC with a sole shareholder to become the sole shareholder of another LLC.

II. **Abolition** of the ban on having more than one registered office in a given space

Currently, upon registering or changing the registered office of a company, a document certifying the right of use over the space in which the registered office is to be or is already established must also be submitted to the Trade Register.

Where several assignments of the right of use exist in respect of a given space, it is mandatory to submit to the Trade Register a certified statement stating that the building in which the registered office will be or is already established allows, in terms of structure and usable area, for the operation of several companies in different rooms or in clearly partitioned spaces.

This limitation, as well as the requirement to submit a certified statement, are removed by the amending legislation. Consequently, the submission of a certified statement and the creation of clearly partitioned spaces are no longer necessary, and an unlimited number of registered offices may therefore now exist within a single space.

III. **Elimination of the requirement to obtain the agreement of neighbours** in order to establish a registered office in an apartment where no commercial activity takes place

Under the new regulations, it is no longer necessary to obtain the consent of neighbours as regards a change in the use of a space within a collective residential building where the administrator or administrators declare on their own responsibility that no activity will take place at the registered office in question.

Source: Legislative Proposal no. 440/2017 on the amendment of Law no. 31/1990 (Companies Law).



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2. On 1 July 2020, the Romanian Government published an economic recovery plan intended to support economic operators whose activity has been affected by the pandemic, to be implemented through a series of regulations.

The most important measures contained in the economic recovery plan are as follows:

I. FINANCING

- **Support Grants, in the amount of EUR 2,000 for micro-enterprises (LLCs) without employees**, regardless of the field of activity, for the payment of inventory costs, debts to suppliers, rents and utilities.
- **The financing of rents** for the period in which the performance of commercial activity or services was affected during the state of emergency or alert, for a period of 3 months.
- **Working capital** for use in restarting the economic activity of **SMEs**, up to a maximum value of EUR 125,000, for SMEs operating in the **hospitality (HoReCa), tourism, transport and events** sectors, for the payment of stock-related expenses, debts to suppliers and equipment costs.
- **Grants for investment and the economic reconversion of SMEs** operating in the sanitary, pharmaceuticals, food, automotive, IT, energy, construction, transport, tourism and clothing sectors, as well as for expenses relating to production and the purchase of equipment, machinery and technology, of between EUR 50,000 and EUR 200,000.
- **Non-reimbursable financing for SMEs**, through the Regional Operational Programme, for investments (maximum EUR 200,000), to increase competitiveness (EUR 200,000-1 million) and for development (EUR 2-6 million).
- **Grants for innovative entrepreneurial initiatives and the digitisation of SMEs**, of between 30,000-100,000 EUR, for expenses relating to IT equipment, the automation of industrial equipment and the automation of technology flows.

In addition, a new Start-Up Programme is to be implemented: **Star-Tech Innovation**. The new programme will finance innovative start-ups through grants with an estimated value of EUR 42,000.

II. WARRANTY PROGRAMMES

- **Working capital loan and investment guarantee programmes for SMEs** (80% or 90% state-guaranteed loans and 100% subsidy of interest charges) and companies with a turnover of more than RON 20 million (guarantees of up to 90%, in the name and on behalf of the state, on new loans or loans already granted by commercial banks).



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- **Guarantee programmes to ensure the liquidity of companies**, the aim of which is to increase the risk exposure of insurers and facilitate the access of companies to commercial credit insurance. In event of a loss, the Ministry of Public Finance will cover 80% of the amount not collected/recovered by the insurer. In addition, it is proposed that programmes be implemented that guarantee **factoring-type financing** (maximum value per assigned debtor RON 500,000), as well as to **guarantee the leasing of equipment and machinery** (up to RON 5,000,000 per beneficiary).
- **Bonuses for the payment of corporate income tax** pursuant to a maintaining and/or increase of positive equity over a given period of time.

III. EMPLOYMENT

- **Support for flexible working hours (Kurzarbeit)** by sharing wage costs between companies whose turnover has decreased by at least 10% compared with the same month during the previous year and the state.
More specifically, the Government will pay allowances amounting to 75% of the difference between the gross salary of an employee stipulated in his/her individual employment contract prior to the reduction of the working schedule and the gross salary corresponding to the hours actually worked subsequent to the reduction of the working schedule.
- **Stimulating the resumption of economic activities and employment** by paying the equivalent of 41.5% of the gross salary of an employee returning from technical unemployment (maximum 41.5% of national average gross earnings) for a period of 3 months.
- **Support grant** covering 50% of an employee's gross salary (and not more than RON 2,500) for employers who employ young people aged between 16 and 29, people over the age of 50 who became unemployed during the state of emergency, and Romanian citizens whose employment with foreign employers ceased for reasons not attributable to them.
- **Encouraging the adoption of teleworking** by providing 500 euros per employee for the purchase of IT equipment for employees who carry out telework activities during the state of emergency/alert.

The authorities have announced that all draft normative acts will be drawn up and submitted for approval by the ministries via the established procedures, such that within a maximum of one month all the necessary tools for the implementation of the investment and economic recovery programme are in place.



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Kind regards
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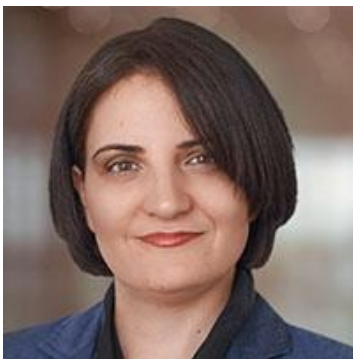
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