

EXCISES

Harmonized excisable goods: alcohol and alcoholic beverages, processed tobacco, energy products (e.g. leaded and unleaded gasoline, diesel, kerosene, liquefied petroleum gas, natural gas etc.) and electricity. Production of excisable goods is subject to fiscal warehouse authorisation. No retail sales are allowed in the fiscal warehouse for production (except for the cases provided by law). Establishment of storage tax warehouses is possible for energy products, processed tobacco as well as for ethyl alcohol and alcoholic beverages.

In addition to the harmonised excise duties mentioned above, Romania also applies excise duties on liquids containing nicotine for inhalation by means of an electronic device ("electronic cigarettes") and heated tobacco products which, by heat, release an aerosol that can be inhaled, without the combustion of tobacco blend. Excise duties are generally payable by the 25th of the month following that when they become chargeable. However, the supply of energy products like diesel gas, gasoline, kerosene and liquefied petroleum gas can only be made if the supplier holds a document confirming the payment by the buyer, on the supplier's behalf, of the excise duties related to the goods that will be dispatched.

Exemptions from excise duties are available for specific excisable products intended for particular uses, for instance energy products used in mineralogical processes or used to produce, in cogeneration, combined heat and electricity etc.

CUSTOMS DUTIES

There are no customs controls and no customs charges inside the EU, so Community goods may be moved freely between Romania and other EU Member States. As an EU member state, Romania applies Community Customs Legislation, as well as the Common Customs Tariff and the EU commercial measures on imports and exports. Except for certain agricultural products, for which specific duties apply, customs duties are established as a percentage, generally ranging between 0 and 22%.

The customs value is determined according to the principles set out in the Community Regulations, the main method used being the "transaction value method" (i.e. the price paid or payable for the goods). The economic customs regimes applied within the European Union (such as inward processing relief, processing under customs control, outward processing or temporary importation) are also available in Romania. From 1 May 2016, The EU Customs Code will become applicable (Regulation (EU) No 952/2013 of the European Parliament and of the Council) along with two related acts: the Implementing Act and the Delegated Act of the EU Customs Code, the existing customs legislation being repealed.

The most important amendments made by the EU Customs Code include the following:

- Introducing new concepts and definitions such as permanent establishment, holder of the goods, self-assessment procedure consisting of the possibility for the customs authorities to transfer some of their attributions to importers or exporters, for example certain verifications/checks or the calculation of customs duties.
- The customs regimes will be restructured as follows: release for free circulation, export and special regimes such as transit, storage (bonded warehouse and free zone), special usage (temporary admission and end use) and processing (inward processing and outward processing).
- Some customs destinations such as free zones type 2 and destroying of goods under customs supervision, as well as some customs regimes with economic impact such as bonded warehouse type D, inward processing – drawback system and processing under customs control will no longer be available.
- Communication between importers/exporters and customs authorities, including the submission of documents and declarations, will be made exclusively by electronic means.
- Even though AEO authorisation is not mandatory, the EU Customs Code provides some situations in which the fulfilment of the criteria/conditions for obtaining AEO authorisation, or even holding AEO certification, are needed; for instance to obtain authorisation to apply simplified customs clearance procedures;
- New criteria and requirements will be imposed for obtaining AEO authorisation, i.e. on practical standards of competence and professional qualifications.

PROPERTY TAXES - Local taxes

The most common property taxes payable to the local authorities are on buildings, land and vehicles. These are assessed annually for assets held as at 31 December of the previous year and must be paid in two equal instalments per year, by 31 March and 30 September. If paid in advance before 31 March, a reduction of up to 10% may be granted on the annual tax payable (the exact percentage is established by each local council).

Tax on buildings (for legal entities)	<ul style="list-style-type: none">• Residential buildings - 0.08% - 0.2% of the taxable value.• Non-residential buildings -0.2%-1.3%, of the taxable value.• Mixed use – sum of the tax calculated for the area that is used for residential purposes and the tax calculated for the area used for non-residential buildings. For buildings used in agriculture, the tax rate is 0.4% of the taxable value. The taxable value is generally determined by valuation for tax purposes (carried out by an authorised valuator, at the owner's expense). If the taxable value of buildings has not been updated in the 3 previous years, the building tax rate is 5%.
Tax on land	Fixed amount per sqm, depending on land's area and its use, importance of the municipality and the location of the land within it.
Tax on vehicles	Taxed on a rising scale for every 200cc with varying rates depending on the vehicle type.

Tax on constructions

Until 31 December 2016, in addition to local taxes, a property tax is payable to the state budget by companies owning constructions, other than buildings for which local taxes are due (the tax will be eliminated from 1 January 2017).

For 2016, the tax rate is 1% and applies to the book value of constructions as at 31 December of the previous year. The tax must be calculated and declared no later than 25 May for the year to which it is related and the payment must be made in two equal instalments, no later than 25 May and 25 September.

Transfer duties

According to Romanian legislation, transfer of real estate properties (e.g. land and buildings) is not subject to transfer taxes, except for notary fees and taxes for registration with the Real Estate Book. These fees are approximately 1% of the value of the property.

ENVIRONMENTAL TAXES

The most common environmental taxes due in Romania are in relation to:

- Packaging materials and tyres placed on the Romanian market (i.e. produced, imported or acquired from another EU Member State), for the difference between the quantities collected/recycled and the collection/recycling targets set by law.
- Oil introduced on to the Romanian market (0.3 RON per Kg).
- Emissions of pollutants from fixed sources (e.g. factories, energy plants), which depend on the type of pollutant.
- Carrier bags made of non-biodegradable materials, supplied to customers (0.1 RON per bag).
- Hazardous substances (2% of the value of the hazardous substances placed on the Romanian market). Companies placing EEE (electrical and electronic equipment), batteries and accumulators on the Romanian market are required to finance collection and recovery of the related waste.

TAX INCENTIVES FOR COMPANIES

Corporate tax relief on reinvested profit	<ul style="list-style-type: none">• Corporate tax relief is available for profit reinvested in technical equipment (subgroup 2.1 or class 2.2.9 of the Catalogue of the Classification and the Normal Useful Life of Fixed Assets) produced/acquired and commissioned in the period 1 July 2014 – 31 December 2016.• The accelerated depreciation method cannot be applied for these assets. Equipment must also be kept for at least half its normal useful economic life in accordance with the applicable accounting rules, but for no more than 5 years. Otherwise, corporate tax is recalculated accordingly and late payment interest and penalties are imposed.
R&D costs	<ul style="list-style-type: none">• 50% additional CIT deduction for all eligible R&D costs. The deduction is available even if fiscal loss is recorded.• Accelerated depreciation for equipment used in R&D activity.
Sponsorship & private scholarships	Corporate income tax credit for sponsorship expenses (including private scholarships) may be granted, up to the lesser of: <ul style="list-style-type: none">• 0.5% of net turnover; or• 20% of the corporate income tax due. When sponsorship expenses exceed these limits, the unused tax credit can be carried forward over the next 7 consecutive years and recovered under the same conditions.
Newly established micro-enterprises	Newly established micro-enterprises may benefit from a reduced 1% tax rate in the first 24 months, subject to certain conditions, such as: <ul style="list-style-type: none">• Shareholders have not previously owned shares in other companies.• The company has at least one full-time employee.• The company functions for a period of at least 48 months, during which none of the following events occur: liquidation, dissolution, inactivity, contributions to share capital by new shareholders or transfer of shares.
Software development income	Personal income tax exemption for software development employees. The incentive is granted subject to the fulfilment of certain conditions imposed by law.
Gifts, Gift tickets	Personal income tax and social security contributions exemption for gifts and gift tickets offered by employers to their employees and to their minor children for the Easter holidays, 1 June, Christmas, as well as gifts and gift tickets offered to female employees on 8 March, up to RON 150 for each individual and occasion.
Meal tickets, holiday vouchers and nursery vouchers	Personal income tax and social security contributions exemption for meal tickets, holiday vouchers and nursery vouchers granted in accordance with the specific legislation.
Employment	Unemployment contribution incentives for hiring unemployed people; specific incentives for hiring unemployed people from certain social categories (e.g. recent graduates, single parents, older people, disabled people and students hired during summer vacations). The incentives are granted subject to the fulfilment of certain conditions imposed by law.
Local tax	Exemption from the payment of land and building tax can be granted by local councils, subject to state aid legislation.

TRANSFER PRICING

- The criteria for companies to be considered related parties under Romanian legislation is a minimum 25% direct or indirect shareholding and/or economic control.
- Transactions which take place between related parties (including those between domestic group companies) are required to be carried out on arm's length (i.e. market) terms.
- Starting January 2016, large taxpayers which carry out transactions with related parties over certain significance thresholds are required to prepare their transfer pricing documentation files on an annual basis, no later than the legal deadline for submitting the annual corporate tax return, for each fiscal year. In this case, the deadline provided by the law for presenting the transfer pricing documentation file to the Romanian tax authorities is of maximum 10 days. Large taxpayers carrying out transactions with related parties below the thresholds mentioned above, and all other taxpayers which carry out transactions with related parties over certain (different) significance thresholds, are required to provide their transfer pricing documentation files to the Romanian tax authorities in the event of a tax audit. In this case, the deadline for presenting the transfer pricing documentation file to the Romanian tax authorities is between 30 and 60 days, with the possibility of extending it by a maximum of another 30 days.
- Even though Romania is not part of the OECD yet, the OECD Transfer Pricing Guidelines are, in principle, recognised by Romanian transfer pricing legislation. Nevertheless, the Romanian legislation also contains a number of specific national elements related to transfer pricing, which prevail and which are carefully verified by the tax authorities during transfer pricing tax audits.
- In terms of documentation, the EU Masterfile and Countryfile concept has been basically implemented into Romanian law.
- Advance Pricing Agreements (APAs) and the Mutual Agreement Procedure (MAP) are also possible under Romanian legislation. These aim to reduce the risk of transfer pricing adjustments. However, their implementation in practice is quite difficult.

FISCAL PROCEDURES / ADMINISTRATION

Rulings

The legal deadline for obtaining a non-binding ruling from the Romanian tax authorities is within 45 days of the submission of documentation. This term can be extended to up to 6 months in special situations. Advance tax rulings (ATRs) and advance pricing agreements (APAs) are also available. The legal deadline for issuing an ATR is 3 months from the date of application, while the deadline for issuing an APA is 12 months for unilateral APAs and 18 months for bilateral or multilateral APAs.

Statute of limitations

The statute of limitations period is 5 years, starting from 1 July of the year following that to which the tax obligation is related. However, in the case of fraud, the statute of limitations can be extended to 10 years, starting from the date when the criminal offence occurred. The statute of limitations is suspended during a fiscal inspection period.

Interest and late-payment penalties

A combined system of late-payment interest and penalties is currently applicable:

- Interest of 0.02% per day of late-payment.
- Penalties of 0.01% per day of late-payment.

For tax obligations arising as from 1 January 2016, undeclared or under-declared by taxpayers and imposed by a decision resulting from a tax audit, non-compliance penalties of 0.08% per day are due, instead of the 0.01% late payment penalties and the potential fines for failure to file tax returns (does not eliminate late payment interest of 0.02% per day).

Certification of tax returns

Certification of tax returns by a certified tax consultant (a member of the Romanian Chamber of Fiscal Consultants) is optional. However, certification could present some advantages for businesses, as it constitutes a criterion in the risk analysis performed by the tax authorities when they select taxpayers for tax audits.

ACCOUNTING REGULATIONS

Romanian accounting regulations are compliant with the EU accounting and audit directives. New regulations became applicable as from 1 January 2015, following the implementation of Directive 2013/34/EU. Romanian GAAP draws many of its principles and rules from International Financial Reporting Standards (IFRS). However, differences remain and their impact on the financial statements of companies varies from one industry to another. Credit institutions carrying out activities in Romania, including Romanian branches of foreign credit institutions and foreign branches of Romanian credit institutions, as well as listed companies, are required to apply International Financial Reporting Standards (IFRS) as a basis for accounting and reporting of financial statements.

The financial year generally corresponds to the calendar year. However, both Romanian entities and branches of a foreign company (except for credit institutions, non-banking financial institutions, as well as entities operating under the supervision of the Authority for Financial Supervision) may opt for a different financial year. Companies are required to have their financial statements audited (statutory audit) if they meet at least two of the three size criteria below for two consecutive years:

- Total assets > RON 16,000,000 (the equivalent of EUR 3,650,000).
- Net turnover > RON 32,000,000 (the equivalent of EUR 7,300,000).
- Average number of employees during the financial year > 50.



Romanian Tax Card



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This card was prepared based on tax legislation applicable as at **1 March 2016**, as a quick-reference tool for the most common tax rates and rules.

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CORPORATE INCOME TAX

Corporate income tax rate	16%
Fiscal year	The fiscal year generally follows the calendar year. Taxpayers which have opted for a financial year that is different from the calendar year, according to accounting legislation, may also choose to have a tax year which corresponds to the financial year.
Returns / payment	<ul style="list-style-type: none">Quarterly (for quarters I-III) – by the 25th of the month following the relevant quarter. Annually – by the 25th of the third month after the end of the tax year (25 March of the following year, if the fiscal year follows the calendar year).
Advance payments	<ul style="list-style-type: none">Banks are required to make quarterly advance payments based on the previous year's results. For regular taxpayers, the advance payment system is optional.
Tax losses	<ul style="list-style-type: none">Losses may be carried forward for 7 years. There is no carry back of losses. Changes in ownership do not affect carrying forward tax losses. Tax losses recorded by taxpayers which cease to exist as a result of reorganisations are transferred to the taxpayers which are the beneficiaries of these reorganisations.

Deductibility of expenses As a general rule, expenses are deductible only if they are incurred for the purpose of carrying out economic activity. Certain types of expenses are specifically provided under the Fiscal Code as being non-deductible or having limited deductibility.

Depreciation and amortisation

Calculation methods	<ul style="list-style-type: none">Straight-line. Reducing-balance. Accelerated depreciation (up to 50% in the first year).
Tangible assets	<ul style="list-style-type: none">Buildings – only the straight-line method. Technological equipment and computers – accelerated, straight-line or reducing-balance method. Any other fixed asset – straight-line or reducing-balance method. Deductibility of depreciation expenses incurred for vehicles with a maximum of 9 seats, which are not used exclusively for business purposes, is limited to 1,500 lei/month.

Intangible assets

- Intangible assets (e.g. patents, licenses, copyrights, trademarks) – straight-line method over the period of the contract or the period of use, as appropriate.
- Patents may be amortised through the accelerated or the reducing-balance method.
- Software acquisition or production – straight-line method, over a period of 3 years.
- Goodwill is not a depreciable asset (amortisation is not tax deductible).

Thin capitalisation rules

Interest expenses for loans from financial institutions	<ul style="list-style-type: none">Fully deductible.
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Interest expenses for loans from non-financial institutions

- Interest rate limitation – 4% for loans denominated in foreign currency / the reference interest rate published by the National Bank of Romania for loans denominated in RON. Interest expenses exceeding these limits are permanently non-deductible.
- Debt-to equity limitation – if the debt-to-equity ratio is greater than 3:1 or equity is negative – interest expenses and net foreign exchange losses related to loans are non-deductible, but can be carried forward indefinitely and deducted when the conditions are met.

Participation exemption rules

The following types of income are non-taxable for corporate tax purposes:

- Dividends** received from a Romanian company.
- Dividends** received from foreign subsidiaries which are subject to corporate income tax or a similar tax, located in a state with which Romania has concluded Double Tax Treaties, provided that the receiving company has a minimum holding of 10% in the share capital of the distributing company, for an uninterrupted period of at least 1 year.
- Income from valuation/revaluation/sale/transfer of shares and liquidation proceeds**, whether the legal entities in which the company holds shares are Romanian or foreign entities from states with which Romania has concluded Double Tax Treaties (including those outside the EU). In order for this income to be non-taxable, the company receiving the income must have owned at least 10% of the share capital of the company in which a participation is held, for an uninterrupted period of 1 year on the date of the valuation/revaluation/sale/transfer or on the date when the liquidation process starts.

Note: Dividends may be paid only out of profits reflected in annual financial statements, which must be approved by shareholders (no interim dividends may be paid by Romanian companies).

MICRO-ENTERPRISES

Turnover tax is compulsory, instead of corporate income tax, for Romanian legal entities with a turnover of maximum 100,000 EUR and income from consultancy and management of maximum 20% of turnover ("micro-enterprises").

Companies carrying out banking, insurance and reassurance, capital markets, gambling or upstream oil & gas activities do not apply the tax on micro-enterprises, and must pay normal corporate income tax in all cases.

Depending on the number of employees, tax rates are:

- 3% for companies with no employees.
- 2% for companies that have one employee.
- 1% for companies that have at least 2 employees.

WITHHOLDING TAX

Withholding tax is generally applicable on income derived by non-residents from Romania, such as: dividends / interest / royalties / commission fees / management or consulting fees (irrespective of where the services are supplied) / income derived from the supply of professional services (e.g. by lawyers, engineers, doctors, dentists, architects, auditors) on Romanian territory / income derived from sports or entertainment activities carried out in Romania¹ / prizes granted as a result of competitions organized in Romania / gambling income

Tax rates

Standard tax rate	16%
Dividends	5%
Taxes for gambling income, with certain exceptions	1%
Special tax rate	50% ²

The Interest & Royalties and the Parent-Subsidiary EU Directives are fully applicable in Romania:

Dividends	Exempt under the EU Parent-Subsidiary Directive, subject to the condition of ownership of at least 10% for an uninterrupted period of at least 1 year
Interest / Royalties	Exempt under the EU Interest and Royalties Directive, subject to the condition of direct ownership of at least 25% for an uninterrupted period of at least 2 years.

^[1] Non-residents (companies or individuals) deriving income from sports or entertainment activities carried out in Romania have the option of registering for corporate income tax purposes in Romania and paying tax on a net basis, by deducting expenses related to the performance of activities; otherwise, withholding tax is applicable on the gross income from these activities.

^[2] If the income is paid in a state with which Romania has not concluded a treaty for the exchange of information and the payment is deemed to be related to an artificial transaction.

TAX TREATIES

A wide network of Double Taxation Avoidance Treaties concluded by Romania may allow non-residents to be taxed at a reduced rate, or to be exempt, subject to certain conditions being fulfilled (e.g. presenting a certificate of tax residence). The following countries have concluded tax treaties with Romania.

Albania	France	Macedonia	Slovenia
Algeria	Georgia	Malaysia	South Africa
Armenia	Germany	Malta	Spain
Australia	Greece	Mexico	Sri Lanka
Austria	Hungary	Moldova	Sudan
Azerbaijan	Iceland	Montenegro ⁴	Sweden
Bangladesh	India	Morocco	Switzerland
Belarus	Indonesia	Namibia	Syria
Belgium	Iran	Netherlands	Tajikistan
Bosnia-Herzegovina ³	Ireland	Nigeria	Thailand
Bulgaria	Israel	Norway	Tunisia
Canada	Italy	Pakistan	Turkey
China	Japan	Philippines	Turkmenistan
Croatia	Jordan	Poland	Ukraine
Cyprus	Kazakhstan	Portugal	United Arab Emirates
Czech Republic	North Korea	Qatar	United Kingdom
Denmark	South Korea	Russian Federation	United States
Ecuador	Kuwait	San Marino	Uruguay
Egypt	Latvia	Saudi Arabia	Uzbekistan
Ethiopia	Lebanon	Serbia ⁵	Vietnam
Finland	Lithuania	Singapore	Zambia
	Luxembourg	Slovakia	

PERSONAL INCOME TAX

Tax rates

- 16% - the standard tax rate, applicable for salaries, income from independent activities, rental income, investment income (except for dividends), pensions, income from agriculture (agricultural activities, forestry and fishing), prizes and other income.
- 5% for dividends
- Income from transfer of immovable property (real estate)

If sold < 3 years < RON 200,000	3% of sale price
If sold > 3 years < RON 200,000	2% of sale price
If sold < 3 years > RON 200,000	RON 6,000+2%*(sale price – 200,000)
If sold > 3 years > RON 200,000	RON 4,000+1% * (sale price – 200,000)

• For gambling income:	
Up to 66,750 RON	1%
66,750 RON – 445.000 RON	667.5 RON + 16% for the amount exceeding 66,750 RON
Over 445,000 RON	61,187.5 RON + 25% for the amount exceeding 445,000 RON

Taxable base

Depending on the type of income, certain amounts can be deducted from the gross income, such as:

Salary income	<ul style="list-style-type: none">Individual mandatory social security contributions Personal deduction⁵ Union contributions Contributions to optional pension funds, up to EUR 400 per year Voluntary health insurance premiums, up to EUR 400 per year
Income from independent activities	Expenses incurred for the purpose of carrying out independent activity, as supported by documents, can be deducted from the gross income. Certain specified types of expenses are non-deductible or have limited deductibility.
Rental income	A notional deduction of 40% of the gross income.
Income from intellectual property rights	A notional deduction of 40% of the gross income.
Prizes	A non-taxable amount of up to 600 lei for each prize.

SOCIAL SECURITY CONTRIBUTIONS

Contribution Type	EMPLOYEE	EMPLOYER
Social security	10.5% ⁶	15.8% ⁷
Social health insurance	5.2%	5.2%
Unemployment fund	0.5%	0.5%
Medical leave and allowances insurance	-	0.85% ⁸
Salaries guarantee fund	-	0.25%
Accidents at work and professional disease insurance	-	0.15% - 0.85% ⁹

^[1] Treaty concluded with F.S.R. Yugoslavia, in force since 1989, applies to Bosnia-Herzegovina.

^[2] Treaty concluded with F.R. Yugoslavia, in force since 1998, applies to Serbia and Montenegro.

^[3] The personal deduction is granted to individuals with a gross monthly salary of up to 1,500 lei, depending on the number of dependents (between 300 lei if they have no dependents, and 800 lei for four or more dependents). If monthly gross salary income is between 1,501 lei and 3,000 lei, personal deductions are established, on a decreasing basis, by order of the Ministry of Public Finance.

^[4] Capped at 5 times the average gross salary (RON 2,681 for 2016); it includes a 5% contribution to the private pension fund chosen by the employee.

^[5] For employers, the monthly base for calculating the social security contribution is represented by the sum of gross monthly incomes realized by employees and cannot exceed the average gross salary (RON 2,681 for 2016) multiplied by the number of employees.

^[6] Cannot exceed the number of insured persons multiplied by 12 times the value of the national minimum gross wage (RON 1,250 as from 1 May 2016).

^[7] Depending on the Romanian CAEN Code.

VALUE ADDED TAX

VAT rates	<ul style="list-style-type: none">20% - the standard VAT rate (19% from 1 January 2017). 9% reduced VAT rate for certain goods and services, e.g. accommodation, foodstuffs, restaurant and catering services, water, orthopaedic products, medicines suitable to both human and animal use. 5% reduced VAT rate for school books, magazines, admission to shows, theatres, circuses, fairs, concerts, museums, zoos, cinemas, exhibitions and similar cultural events and facilities, sale of real estate, as part of social policy¹⁰, under certain conditions.
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Filing of VAT return	<ul style="list-style-type: none">Monthly, if annual turnover > EUR 100,000¹¹. Quarterly, if annual turnover < EUR 100,000, with no intra-Community acquisitions of goods. Bi-annually/annually, under certain conditions (approval of relevant tax authorities is required).
Filing of Recapitulative Statements	Monthly, by 25th of the month following the month in which eligible transactions took place.
Filing of Informative Statement	Monthly/quarterly (similar to the VAT return), by 25th of the month following the period in which the invoices were issued.
Filing of Intrastat return	Monthly, by 15th of the month following the month when the movement of goods took place. The submission is required only if the volume of intra-Community arrivals of goods is > RON 500,000 and/or the volume of intra-Community dispatches of goods is > RON 900,000.
Small enterprises	Annual turnover threshold < EUR 65,000 (i.e. RON 220,000).
Distance selling	Annual threshold = EUR 35,000 (i.e. RON 118,000).
Non-taxable legal entities, businesses which perform VAT exempt without credit operations, small businesses	Volume of intra-Community acquisitions of goods > EUR 10,000 (VAT registration required).
Limited VAT deduction right for vehicle expenditure	The VAT deduction right is limited to 50% for expenditure related to acquisition, functioning, maintenance and repairs of vehicles (including leasing and rental), if the vehicles are not used exclusively for business purposes.
Non-deductible VAT	Alcohol and tobacco products.
VAT cash accounting system	Resident companies which obtain a turnover lower than RON 2,250,000 during the calendar year may opt for the application of the VAT cash accounting system (i.e. deduction/collection of input/output VAT at the time of payment/cashing of consideration to/from suppliers/customers).
Invoicing	Council Directive 2010/45/EC on invoicing rules has been transposed into Romanian VAT law. This states that any documents or messages on paper or in electronic format, if in compliance with Art. 319 of the Fiscal Code, are to be considered invoices.

Other aspects to be taken into account:

Transfer of business as a going concern	Transfers of assets as part of spin-offs/mergers, fall outside the scope of VAT without being subject to the restrictions specific to transfers of assets as part of transactions other than spin-offs/mergers. The recipient of the assets must also be established in Romania. In the case of spin-offs, payable/refundable VAT amounts or the related VAT refund right are taken over, as per the quotas allocated from the divided entity's assets and liabilities.
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Deduction right
If during a tax audit of suppliers, tax inspectors rule that additional VAT must be collected, customers are entitled to deduct the corresponding input VAT within one year of the date of receipt of the correction invoices issued by suppliers.

No payment of VAT on import of goods	Generally, VAT on imports must be paid to the customs authorities ¹² , and then recovered via a VAT return. However, in certain conditions, no VAT is paid to the customs authorities, which can help improve the company's VAT cash flow. <ul style="list-style-type: none">By having obtained an AEO certificate. By having obtained an on-site customs clearance procedure authorisation. By making imports of goods from non-EU countries with a value of more than RON 100 million.
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VAT groups
VAT grouping system rules do not exclude from the scope of VAT (or exempt) transactions carried out between the members of the group. Instead, the system simply allows the consolidation of the VAT returns of all members, possibly leading to a reduction in the amount of any VAT payable.

VAT registration	The VAT registration process has become more complicated for taxpayers established in Romania. They must submit additional documents to the relevant tax office (i.e. appendix to the amendments registration form under which the taxpayer's intention and ability to carry out economic activities is assessed, notarised copies of the identity documents of the taxpayer's directors etc.). Moreover, Romanian VAT payers carrying out intra-Community transactions are also required to register in the Registry of Intra-Community Operators (RIO). A non-resident taxable person may opt to request a VAT registration if it carries out one of the following operations in Romania: import of goods, rental and leasing of immovable property, with certain exceptions, if the taxpayer has chosen to tax these operations and supplies of buildings / parts of buildings and the land they are built on, if the taxpayer has chosen to tax these operations.
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Cancellation of VAT registration
In specific situations, the tax authorities may cancel VAT registrations, e.g. if the VAT returns filed for 6 consecutive months during a six month period (for taxpayers that have the calendar month as their VAT period), or for two consecutive quarters (for taxpayers that have the calendar quarter as their VAT period) submitted by the taxpayer, did not include any acquisitions / supplies of goods / services, i.e. if the taxpayer did not carry out taxable transactions during the reporting periods.

Taxpayers entitled to claim interest for late VAT refunds	If a VAT refund is delayed by the tax authorities, taxpayers may request late payment interest.
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Reverse charge	For supplies of goods or services made by a taxable person which is neither established in Romania nor registered for VAT purposes in Romania, to a taxable person or non-taxable legal entity whether or not it is established in Romania, but registered for VAT purposes in Romania, irrespective of whether it is registered via a fiscal representative or directly, the beneficiary must account for the related VAT in Romania via the reverse charge mechanism.
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Simplification measures	Simplification measures (the reverse charge mechanism) will also apply to supplies of: <ul style="list-style-type: none">Buildings, parts thereof and any type of land, if taxable, either by law or by option. Investment gold, if taxable by option. Temporary simplification measures (until 31 December 2018) will also apply to supplies of: <ul style="list-style-type: none">Mobile phones. Integrated circuit devices. Games consoles, PC tablets and laptops.
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Constructions qualifying as new constructions
In order for constructions to qualify as new constructions (to apply the VAT exemption for supplies of constructions), for taxable persons required to keep accounting records and that do not apply the IFRS cost based valuation method, the value of improvements to the construction will be compared with the accounting value of the immovable goods; for other taxable persons and/or where only parts of constructions are supplied and the value thereof and of improvements thereof cannot be determined based on accounting information, comparison will be made with the value determined by a valuation report.

Constructions qualifying as new constructions

- The adjustment of the VAT taxable base will also be allowed in the case of non-payment as a consequence of initiating a reorganisation plan, admitted and confirmed by a court ruling, according to which the creditor's receivables are modified or eliminated.
- For events determining the adjustment of the VAT taxable base, where suppliers fail to issue invoices within the legal deadline, purchasers will be required to issue self-invoices for this purpose (to reflect VAT deduction right adjustments).
- VAT taxable base adjustments will also be included for pro rata calculation purposes, for taxable persons under this system.

^[10] The threshold for applying the reduced 5% VAT rate for supplies of social housing is 450,000 lei (previously 360,000 lei).

^[11] The equivalent in lei is determined on the basis of the exchange rate communicated by the NBR as valid on 31 December of the previous year.

^[12] Order of the Minister of Public Finance no. 4121/2015 for approving the Norms concerning the procedure for granting the certificate for deferment of VAT payment in customs and for issuing the guarantee for imports of goods.