



## In this issue:

### I. Amendments to the legislation for the introduction of measures to restructure the outstanding budgetary obligations and certain fiscal facilities

On May 29, 2020 Emergency Ordinance no. 90/2020 for the amendment of Government Ordinance no. 6/2019 on the establishment of fiscal facilities, as well as for the amendment of other normative acts was published in the Official Gazette no. 459/29.05.2020.

### II. The Government has adopted new support measures for employees and employers in the context of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus

On May 29, 2020 Emergency Ordinance no. 92/2020 for the establishment of certain 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 for the amendment of some normative acts (hereinafter "GEO 92/2020") was published in the Official Gazette no. 459/29.05.2020.

Among the most important aspects regulated by GEO 92/2020 are the following:

- The employers may benefit, under certain conditions, for a period of 3 months starting with June 1, 2020, **from the reimbursement of a part of the gross salary of employees who have had their employment contracts temporarily suspended** during the state of emergency and/or alert.
- Employers may benefit under certain conditions, on a monthly basis, for a period of 12 months, from an amount representing **50% of the employee's salary (but not more than 2,500 lei) for each person employed for an indefinite period of time as follows:**
  - For **individuals over 50 years old** whose employment has ceased for reasons which are not attributable to them during the state of emergency/alert, registered as unemployed in the records of unemployment agencies, who are employed during June 1, 2020 – December 31, 2020 period;
  - For **individuals aged between 16 and 29 years old**, registered as unemployed in the records of unemployment agencies, employed no later than December 31, 2020;

- The above-mentioned facilities shall also be applicable **for Romanian citizens whose employment relationships with foreign employers, carried out on the territory of other states, have ceased**, for reasons not attributable to them, by dismissal.
- **The technical unemployment indemnity will continue to be granted after May 31, 2020 for all fields of activity in which restrictions are maintained** until these restrictions are lifted.

**III. Order issued by Romanian tax authorities for approval of the annual tax return due by individuals and other changes regarding the declaration of private income.**

On June 3, 2020, the Order 1.107/2020 regarding the amending and completion of the Order no. 139/2020 of the President of the National Agency for Fiscal Administration regarding the approval of the model, content, method of submission of the annual tax return on income tax and social contributions due by individuals was published in the Official Gazette no. 468.

**IV. Law no. 62/2020 regarding the implementation of rent payment facilities during the state of emergency period.**

**I. Amendments to the legislation for the introduction of measures to restructure the outstanding budgetary obligations and certain fiscal facilities**

## **Emergency Ordinance no. 90/2020 for the amendment of Government Ordinance no. 6/2019 on the establishment of fiscal facilities, as well as for the amendment of other normative acts**

The following amendments have been brought by GEO 90/2020:

- Debtors, legal entities under public or private law, with the exception of public institutions, in financial difficulty and the ones that present a risk of insolvency, may restructure their main budgetary obligations outstanding as of **March 31, 2020** and unpaid until the date of issuance of their tax clearance certificate, together with any related ancillary budgetary obligations;
- Also, there are considered outstanding budgetary obligations as of **March 31, 2020**, the budgetary obligations declared by the debtor or established by the competent tax authorities through decision after **April 1, 2020**, related to tax periods prior to **March 31, 2020**;
- **There are also considered outstanding budgetary obligations within the meaning of GO 6/2019 the main fiscal obligations due in the period between the date of entry into force of GEO 29/2020 for establishing certain economic and fiscal-budgetary measures (i.e., March 21, 2020) and March 31, 2020;**
- Debtors wishing to apply for this facility are required to notify the competent tax authority between February, 1 - **September 30, 2020**, and must consult an independent expert in order to prepare the restructuring plan and the prudent private creditor test;
- The restructuring request should be submitted until **December 15, 2020**;
- Separately, the date until no ancillary obligation are computed for not paying the fiscal obligations due starting with the date of entry into force of GEO 29/2020 for establishing certain economic and fiscal-budgetary measures has been extended to **June 25, 2020**.

## **II. The Government has adopted new support measures for employees and employers in the context of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus**

### **The Government has adopted new support measures for employees and employers in the context of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus**

The main support measures implemented by GEO 92/2020, with an impact on employees and employers in the context of the situation determined by COVID-19 are the following:

#### **1. The reimbursement of a part of the salary for each employee who has been under technical unemployment**

**Who may benefit from this reimbursement and under which limits:**

- Employers whose employees have benefited from the technical unemployment indemnity granted during the state of emergency and/or alert<sup>1</sup>, as well as employers whose employees have not benefited from the aforementioned technical unemployment indemnity but have had their employment contracts temporarily suspended at the initiative of the employer<sup>2</sup>, will be able to benefit from **the reimbursement of a part of the gross salary of these employees for a period of three months, starting with June 1, 2020**;
- This reimbursement will be borne from the unemployment insurance budget, within the approved budgetary limit, and will amount to **41.5% of the gross base salary corresponding to the occupied job, but not more than 41.5% of the average gross salary used to substantiate the state social insurance budget for 2020 (i.e. RON 5,429)**.

**Specific conditions to be fulfilled in order to benefit from this reimbursement:**

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<sup>1</sup> According to art. XI of GEO 30/2020.

<sup>2</sup> According to art. 51, para. (1), letter c) from Law no. 53/2003 – the Labor Code.

- The employees must have had their employment contracts suspended at the initiative of the employer for a **period of at least 15 days** during the state of emergency/alert;
- The employment relations must be **maintained by employers until December 31, 2020**, except for seasonal workers, or in case the employment contract is terminated for reasons which are not attributable to the employer;
- **The employers with more than one object of activity** of which one falls within the areas in which the authorities have established restrictions must choose either to benefit from this facility (the reimbursement of 41.5% from the salary income according to GEO 92/2020), or to continue granting the technical unemployment indemnity<sup>3</sup>, until the date that the restrictions are lifted by the competent authorities.

#### Mechanism for reimbursement:

- Initially, the **employers will bear the full amount** of the employees' gross salaries;
- Afterwards, during the **period 1 - 25 of the month following the reporting period** for which the salary income is paid, the **employers must submit**, by electronic means, to the unemployment agency where their registered office is, a request signed and dated by the legal representative, accompanied by an affidavit and the list of individuals whom will benefit from the reimbursement of part of the salary. The Order no. 457/2020 of the president of the National Employment Agency clarifies the model and content of the aforementioned documents;
- The reimbursement of the amounts is performed **within a maximum of 10 days** from the date that the employers fulfil the reporting and payment obligations related to the salary income for the reporting period for which the request is made.

## 2. Granting an amount representing 50% of the salary of each new employed individual

#### Who can benefit from such amounts and under which limits:

- Employers can benefit on a monthly basis, **for a period of 12 months**, from an amount **representing 50% of the employee's salary (but not more than RON 2,500)** for each person that it employs from the following categories:
  - Individuals over 50 years old whose employment relation has ceased for reasons which are not attributable to them, during the state of emergency/alert, registered as unemployed in the records of unemployment agencies;
  - Individuals aged between 16 and 29 years old registered as unemployed in the records of unemployment agencies;
  - Romanian citizens, whose employment contracts signed with foreign employers and carried out on the territory of other states were terminated for reasons not attributable to them, by dismissal.

#### Specific conditions which must be met in order to benefit from the respective amounts:

- The individuals from the above categories must be **employed until December 31, 2020** inclusively, **for an indefinite period of time**, on a full time basis;
- The employment relationship must be maintained for a period of at least 12 months after the 12 month period during which the amounts are granted ends (i.e., for a period of at least 24 months from the employment date).

#### Mechanism for granting the amounts:

- The amounts related to the above-mentioned situations are granted from the unemployment insurance budget, at the request of the employer, submitted by electronic means to the unemployment agencies within the area in which they have their registered office;

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<sup>3</sup> According to the provisions of art. XI of GEO 30/2020.

- The amounts are granted for the payment of the salary, proportionally to the actual time worked by the employee;
- The procedure for granting such amounts was approved by Order no. 456/2020 of the president of the National Employment Agency.

**General conditions to be met in order to benefit from the aforementioned facilities:**

- In case of non-compliance with the condition of maintaining the employment relationship, the employers have the obligation to return these amounts (in full, plus the NBR reference interest rate applicable at the date of termination of individual employment contracts) to the unemployment agencies;
- At the date that the request for reimbursement is formulated, the employers must not be in bankruptcy, dissolution, liquidation or have their activities suspended or restricted for reasons other than those caused by the spread of the SARS-CoV-2 coronavirus;
- The granted amounts cannot be cumulated with the subsidies granted for the employees for whom the employers have concluded agreements with the unemployment agencies based on certain provisions of Law no. 76/2002 regarding the unemployment insurance system and work force employment stimulation (i.e. employment of graduates, employment of unemployed individuals over 45 years old etc.).

**3. Extension of period during which the technical unemployment indemnity is granted after May 31, 2020 for the sectors of activity in which restrictions are maintained**

- The indemnity representing 75% of the base salary corresponding to the job occupied (but not more than 75% of the average gross salary used to substantiate the state social insurance budget for 2020) will continue to be granted after May 31, 2020, for all sectors of activity in which restrictions are maintained<sup>4</sup>, until these restrictions are lifted by the competent authorities<sup>5</sup>;
- The abovementioned provisions are applicable for both employees and other professionals<sup>6</sup>.

**III. Order issued by Romanian tax authorities for approval of the annual tax return due by individuals and other changes regarding the declaration of private income**

**Main amendments are as follows:**

- Special fields have been introduced in the new form for applying the tax bonuses applicable for 2019 and already adopted by the authorities (details on the applicable tax bonuses can be found in our [tax and legal alert published on May 26, 2020](#));
- Individuals who already submitted the annual tax return prior to enacting of this Order and wish to benefit from the tax bonuses, will have to submit an amended tax return by ticking the letter B (Chapter I) and Subsection 1 (Section 5);
- Additionally, the individuals who opted in 2019 for the advance payment of the pension contribution and health insurance contribution can also apply now for the tax bonuses;
- The new electronic form of the annual tax return is also published on the tax authorities' website.

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<sup>4</sup> According to Law no. 55/2020 regarding certain measures to prevent and combat the effects of the COVID-19 pandemic.

<sup>5</sup> Under the conditions of art. 24 of Law 55/2020 regarding certain measures to prevent and combat the effects of the COVID-19 pandemic, the provisions of GEO 30/2020 (an implicitly those based on which the technical unemployment indemnity is granted) apply to all areas of activity in which restrictions are maintained, **but not later than December 31, 2020**.

<sup>6</sup> According to art. XI and art. XV of GEO 30/2020.

#### IV. Law no. 62/2020 regarding the implementation of rent payment facilities during the state of emergency period.

Main amendments are as follows:

- If the rental income, established in cash and/or nature, according to the contract concluded between the parties has been reduced with at least 30% compared to the rental value from February 2020, the income is excepted from paying income tax and also does not have to be taken into account when calculating the threshold for the health contribution base during the period for which the reduction was applied, but not further than December 31, 2020;
- This exemption applies also for the individuals that in 2019 have obtain rental income for more than 5 rental contracts and starting with 2020 have qualified this type of income in the independent activities category, if they respect the same above mentioned conditions.

For further questions regarding the aspects mentioned in this alert, please contact us.



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