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Fiscal measures in order to stimulate the maintenance / increase of equity, as well as for the completion of certain normative acts

Throughout Friday, 4th of September 2020, it was published in the Official Gazette no. 817, the Government Emergency Ordinance (“GEO”) no. 153/2020 for the establishment of certain fiscal measures in order to stimulate the maintenance / increase of equity, as well as for the completion of certain normative acts.

According to the GEO, it is targeted the reduction of corporate income tax/ microenterprise tax/ specific tax depending on the level of equity/ annual increase of equity. Moreover, certain completions are brought to the Government Emergency Ordinance no. 33/2020 regarding certain fiscal measures in relation to allowances granted for the year 2020 towards taxpayers subject to corporate income tax.

Fiscal measures in order to stimulate the maintenance / increase of equity, as well as for the completion of certain normative acts

- ❖ The reduction of corporate income tax/ microenterprise tax/ specific tax depending on the level of equity/ annual increase of equity
 - Taxpayers paying corporate income tax, regardless of the declaration and payment system, taxpayers paying microenterprise tax, as well as taxpayers who pay specific tax, benefit from reductions of the corporate income tax / microenterprise tax / specific tax as follows:
 - **2%** if the accounting value of the equity is positive and it is at least equal to half of the subscribed share capital;
 - between **5% - 10%** if the adjusted equity has increased compared to the adjusted equity of the previous year based on the percentage growth (between 5% - over 25%) provided that the level of equity from the point above is also met;
 - **3%** for 2022-2025 depending on the percentage increase of the equity compared to the adjusted level of equity registered in 2020 - this reduction applies starting with 2022 provided that the level of equity from the first point above is also met.
 - In order to determine the total reduction of tax, the above percentages are cumulated and the resulting value is applied to the corporate income tax / microenterprise tax / specific tax.
 - Also, the GEO provides details for determining the adjusted equity level, including in the case of reorganizations.
 - At the same time, it is specified that, during the application of these provisions, the deadlines for submitting the tax returns and paying the annual corporate income tax / microenterprise tax for quarter IV / specific tax for the second trimester are **June 25 of the following year**, respectively **25 of the sixth month following the end of the modified fiscal year** for the corporate income tax payers applying a modified tax year.
 - These provisions are not applicable to the taxpayers applying accounting regulations issued by NBR/FSA.
- ❖ Completions of GEO 33/2020 regarding certain fiscal measures
 - GEO provides clarifications for the allowances granted during 2020 for corporate income tax payments performed in due time, as follows:
 - if the allowance exceeds the value of the corporate income tax related to the entire fiscal year, the allowance is **limited to the corporate income tax value**;
 - for taxpayers with a different fiscal year, the difference of the corporate income tax due determined after performing the year-end computation is **considered to be related to the last quarter**. The bonus for this period is applied if the payment is performed during the period September 26, 2020 – February 25, 2021;
 - taxpayers applying a different fiscal year who have already submitted the annual corporate income tax return without applying the allowances, can benefit from them **by submitting a rectifying return**;
 - the allowance is also granted for the corporate income tax due quarterly / quarterly prepayment, **which is settled** with the corporate income tax to be recovered from the previous fiscal years.

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



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