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

On October 26<sup>th</sup>, 2020, the Emergency Ordinance no.181 on certain fiscal-budgetary measures, for amending and supplementing regulatory acts and for the extension of certain deadlines ("EGO 181/2020") was published in Official Gazette No. 988/26.10.2020.

Among the most important issues covered by EGO 181/2020 are the following:

- New provisions on payment facilitation (payment rescheduling) for budgetary obligations due from the date of the declaration of the state of emergency (March 16<sup>th</sup> 2020), administered by the central fiscal body;
- Exemption for the specific HoReCa tax due until December 31, 2020;
- Extension of the deadline by which the public authorities may grant reductions and / or exemptions regarding the tax on buildings;
- Suspension of the application of the fine for not connecting the electronic cash registers with the computer system of the National Agency of Fiscal Administration ("NAFA");
- Extension of the term regarding the restructuring of the tax obligations provided by GO 6/2019;
- Favourable tax treatment applicable to COVID-19 tests;
- Extension of some legal deadlines, in order to continue the package of measures adopted due of the pandemic effects on the economy.

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

Among the most important issues covered by the EGO 181/2020 the following can be found:

- **New provisions on payment facilitation (payment rescheduling) for budgetary obligations due from the date of the declaration of the state of emergency (16.03.2020), administered by the central fiscal body**

EGO no. 181/2020 regulates a simplified procedure for granting payment rescheduling for a period of no more than 12 months, without the need to provide warranties, for the main and ancillary tax obligations whose maturity/term of payment has been fulfilled after the date of the declaration of the state of emergency (March 16<sup>th</sup> 2020) and not extinguishing until the date of issuance of the tax certificate, administered by the central tax body.

The conditions to be met by the taxpayer who wishes to benefit from the payment facility are as follows:

- ❖ submit a formal request to the tax authority, the deadline for submission **being December 15<sup>th</sup> 2020**. Upon request, the debtor may attach the rescheduling graph containing the proposed amount of the rescheduled rates, which can be equal or differentiated;
- ❖ not be in bankruptcy or dissolution proceedings;
- ❖ not to record any outstanding tax obligations on the date of the declaration of the state of emergency and that are not extinguished on the date of issue of the certificate of tax attestation;
- ❖ not to record any liability under insolvency and/ liability law, as provided for in Article 25 and 26 of the Tax Procedure Code. By way of exception, if the acts establishing liability are final in the administrative and judicial remedies system and the amount for which liability has been brought has been extinguished, the condition shall be deemed to have been fulfilled.

In addition to all the conditions listed above, the debtor must have filed all the tax returns, according to the tax vector, not later than the date of issue of the certificate of tax attestation.

The beneficiaries of the facility are all taxpayers, regardless of the form of organization, including those who have a payment facilitation under way according to the Tax Procedure Code and who do not have outstanding tax obligations at the time of the declaration of the state of emergency.

During the period for which payment instalments have been granted, starting from **December 26, 2020**, for the rescheduled tax liabilities, interest shall be due and calculated at the level of 0.01% per day of delay.

Furthermore, the taxpayer has the possibility to request that the rescheduled instalment be changed in order to include the tax obligations arising after the payment facility has been granted.

This measure aims, on the one hand, to support payment compliance for taxpayers in difficulty due to a lack of financial liquidity as a result of the crisis caused by the COVID-19 pandemic, and, on the other hand, from the State's perspective, to ensure the receipt of certain and periodic amounts to the consolidated general budget

- **Exemption for the specific HoReCa tax due until December 31<sup>st</sup> 2020;**

Taxpayers subject to the specific HoReCa tax will not owe this tax for the period between the date of entry into force of this EGO (October 26<sup>th</sup>, 2020) and (including) **December 31<sup>st</sup>, 2020**. Unlike the facilities introduced in the past, the new exemption introduced by EGO 181/2020 is not conditioned by the fulfilment of other additional conditions.

For the purpose of determining the above-mentioned exemption, the facilities already regulated by previously adopted laws shall also be taken into account, as follows:

- ❖ Exemption from the payment of the specific tax for a period of 90 days, during the year 2020, according to the Emergency Ordinance no. 99/2020, and
- ❖ Exemption from the payment of the specific tax due during the emergency period of 60 days, according to the Emergency Ordinance no. 48/2020.

If the taxpayers have already submitted (by the date of entry into force of EGO 181/2020) the specific tax return for the first semester of 2020, they will apply the provisions of EGO 181/2020 by submitting a rectifying return.

➤ **Extension of the deadline by which public authorities may grant reductions and / or exemptions regarding the tax on buildings**

The deadlines by which the local public authorities may adopt decisions on the reduction of the annual building tax (in Romanian “impozit pe clădiri”) or exemption from the payment of the monthly building tax (in Romanian “taxa pe clădiri”) are extended. More precisely, EGO 181/2020 establishes:

- ❖ The deadline of **December 2, 2020**, until which the local public authorities can adopt decisions regarding:
  - reduction of the annual building tax by up to 50% for non-residential buildings, owned by legal entities or natural persons who use these buildings in their own economic activity or which are rented/leased for the economic activity of other natural persons / legal entities; or
  - exemption from the payment of the monthly building tax due by concessionaires, tenants, holders of the right to administer or use a building that is in public or private property of the state;

These reductions / exemptions are applicable only to taxpayers that, during the state of emergency / alert, had to fully / partially interrupt their economic activity (with the presentation of the certificate for emergency situations issued by the Ministry of Economy in case of partial interruption).

- ❖ The term of **December 21, 2020**, until which the owners of the buildings, respectively the concessionaires, tenants, holders of the right to administer or use a public or private property of the state or of the administrative-territorial units, as the case may be, have the obligation to submit to the local public authorities a request for the granting of these facilities. The request will be accompanied by an affidavit regarding the total / partial interruption of the economic activity, according to the legal provisions.

Taxpayers who apply for the abovementioned facilities and who have paid the annual/monthly building tax within the legal deadline, can request the refund of the amounts corresponding to these facilities, according to the provisions of the Tax Procedure Code

➤ **Suspension of the applicability of the fine for failure to connect the electronic cash registers to the IT system of NAFA**

The applicability of the fine provided by EGO 28/1999 for non-compliance with the obligation of economic operators to ensure the connection of fiscal electronic cash registers to the IT system of NAFA is suspended until **December 31, 2020**.

Please note that the deadlines for ensuring the connection of the fiscal electronic cash registers to the IT system of ANAF remained the same (September 30<sup>th</sup>, 2020 for large taxpayers and January 31<sup>st</sup>, 2021 for small and medium taxpayers).

➤ **Extension of the term regarding the restructuring of the tax obligations provided by GO 6/2019;**

The deadline by which the taxpayers who want to restructure their budgetary obligations (according to the provisions of GO 6/2019) can notify the competent tax authority about their intention has been extended until **March 31, 2021**.

At the same time, the deadline for submission of the restructuring request according to GO 6/2019 has been extended until **June 30, 2021**. After this date, the taxpayers will no longer have the right to apply for the restructuring of the budgetary obligations under GO 6/2019 provisions.

➤ **Favourable fiscal treatment applicable to expenses with COVID-19 tests**

The value of the expenses incurred by the employer/payer with medical tests for diagnosing COVID-19 infection for employees, performed during the state of emergency or alert, are not subject of salary income tax and social security contributions due by the employee and employer, under certain conditions:

- ❖ The costs of medical tests performed to diagnose COVID-19 infection are borne by the employer/payer, on his own initiative;
  - ❖ The purpose of performing these tests is to detect and prevent the spread of SARS-CoV-2 coronavirus, to ensure the continuance of the activity in safety and health conditions at work
- **Extension of some legal deadlines, in order to continue the package of measures adopted due of the pandemic effects on the economy**

EGO 181/2020 regulates the extension to **December 25, 2020** (previously, this term was October 25h, 2020) of the:

- ❖ period until which no interest and penalties are charged on outstanding tax obligations, the maturity of which has been fulfilled after the onset of the state of emergency;
- ❖ the term up until the enforcement is suspended or not started, by summons and by capitalization of the goods at auction, of the budgetary receivables, except for the enforcement that is applied for the recovery of the budgetary receivables established by final court decisions granted in criminal matters, as well as State aid whose recovery has been ordered by a decision of the European Commission / State aid provider or a national court;
- ❖ the term until which the statute of limitation is either suspended or does not start of the right of the fiscal body to establish fiscal obligations and to request the enforcement, as well as that of the taxpayer to request the restitution of fiscal receivables.

Additionally, the deadline for settling the VAT reimbursement requests with subsequent tax audit is extended until **January 25, 2021**, inclusive, under specific conditions provided by law.

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



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