

## Tax & Legal Weekly Alert

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On December 18, 2019, the legislative proposal for the amendment of Company law no. 31/1990 to repeal Art. 14, amendment of para. (3), repeal of para. (4) and introduction of a new para. (6) under Art. 17 of the Company Law no. 31/1990 was adopted by the Chambers of Deputies, after previously being rejected by the Senate in 2017. The law amending Company Law no. 31/1990 was submitted for promulgation on December 30, 2019.



## The Government Decision regarding the quota for work authorizations that can be issued for foreigners, for the year 2020, was published

On December 23, 2019, the quota for work authorizations that can be issued for foreigners during 2020 has been established to 30.000. Similar to last year, there is no individual quota for each type of work authorization provided by the law, as these are released based on the requests received.

The work authorizations are mandatory for foreign citizens (other than those from the EU/EEA member states or Switzerland) for working purposes, as per the provisions of Ordinance no. 25/2014 regarding the employment and assignment of foreign individuals on the Romanian territory.

## Amendments brought to the Tax Code regarding the mandatory social security contributions due by individuals

Law no. 263/2019 published in the Official Gazette no. 1054 of 30.12.2019 repeals the provisions regarding the minimum amount of the social security and health insurance contributions, which could not be lower than the corresponding amounts due for the minimum gross salary per country, in accordance to the number of working days from the respective month in which the employment contract was active. These provisions apply for the individuals obtaining salary income and salary-assimilated income based on a full-time or part-time employment contract, beginning with the income obtained in January 2020.

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



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## Law on the amendment of Company Law no. 31/1990 regarding the sole shareholder of a limited liability company (in Romanian "societate cu răspundere limitată" or "S.R.L.") and registered office – subject to promulgation

The legislative proposal (the "**Proposal**") regarding the amendment of Company Law no. 31/1990 (the "**Company law**") concerns the repeal, in full, of Art. 14, which provides the interdictions of an individual or a legal entity to have the capacity of sole shareholder in more than one limited liability company ("**S.R.L.**"), as well as the interdiction of a S.R.L. with a sole shareholder to be the sole shareholder of another S.R.L.

As a result of the repeal of article 14, is it allowed both for **an individual or legal entity to be sole shareholder in more than one S.R.L. as well as for a limited liability company with sole shareholder to have the capacity of sole shareholder in another S.R.L.**

The proposal also provides the following amendments regarding Art. 17 of the Company law:

1. The amendment of para. (3) of Art. 17 by the elimination of letters b) and c). Thus, upon registration of the company and upon change of a company's registered office, only the document attesting the right of use over the space where the registered office shall be located would be required. The document attesting the right of use over the space where the registered office shall be located should be registered with the competent fiscal body of the National Agency for Fiscal Administration, as per the applicable legislation.

In the legislator's view, it is no longer necessary to prove that within that space, no other offices are registered, and no affidavit, in authentic form, regarding compliance with the conditions on the registered office, as provided in the current form of the law, under para. (4), will be required.

2. The repeal of para. (4) under Art. 17. - As a result of the elimination of this paragraph, **several companies will be able to operate in the same space** and it will no longer be necessary to divide the space.
3. The introduction of a new para. (6) under Art. 17, which provides that the approval (in Romanian "aviz") on change of destination of collective buildings with housing regime, specified by Law no. 230/2007 on the establishment, organization and functioning of associations of owners, **is not necessary when the director** or, as the case may be, the directors, **execute an affidavit stating that no activity is carried out at the respective registered office.**

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