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**Additions to accounting regulations applicable to economic entities license holders, providers of electricity and natural gas transport and distribution services**

The Order of the Minister of Finance no. 3.900/2022, published in the Official Gazette of Romania from 20.10.2022, completes **the measures applicable to final customers of electricity and natural gas for the period April 1, 2022, to March 31, 2023, and the accounting treatment of the capitalization of additional costs with the purchase of electricity and natural gas, realized between January 1, 2022, and August 31, 2023.**

**Additions to accounting regulations applicable to economic entities license holders, providers of electricity and natural gas transport and distribution services**

The adding of a new article in the Order of the Minister of Public Finance no. 1.802/2014, respectively in the Order of the Minister of Public Finance no. 2.844/2016 which includes information on the method of booking and the depreciation of the capitalized amounts regarding the additional costs of the purchase of electricity and natural gas, realized between January 1, 2022, and August 31, 2023

- Government Emergency Ordinance no. 119/2022 regarding the measures applicable to final customers of electricity and natural gas for the period April 1, 2022, to March 31, 2023, provides for the **quarterly capitalization of additional costs with the purchase of electricity and natural gas**, realized between January 1, 2022, and August 31, 2023, in order to cover own technological consumption and, respectively, technological consumption, compared to the costs included in the regulated rates.
- The quarterly capitalization of additional costs with the purchase of electricity and natural gas realized between January 1, 2022, and August 31, 2023, will be booked in the accounting evidence, using the Romanian account 208 „Other intangible assets” and the offsetting Romanian account 721 „Capitalized costs of intangible non-current assets”, taking into consideration the following periods:
  - on **September 30, 2022**, for the amounts corresponding to the period January 1, 2022 – September 30, 2022;
  - on **December 31, 2022**, for the amounts corresponding to the period October 1, 2022 – December 31, 2022;
  - on **March 31, 2023**, for the amounts corresponding to the period January 1, 2023 – March 31, 2023;
  - on **June 30, 2023**, for the amounts corresponding to the period April 1, 2023 – June 30, 2023;
  - on **August 31, 2023**, for the amounts corresponding to the period July 1, 2023 – August 31, 2023.
- The capitalized costs will be recognized in the regulated rates in compliance with the cost recognition criteria provided in the methodologies of the Romanian Energy Regulatory Authority
- The capitalized amounts will be determined in compliance with the legislation specific to economic entities license holders, providers of electricity and natural gas transport and distribution services
- For assets recognized in the category of intangible assets, depreciation will be recognized for a period of **5 years** from the date of capitalization, starting on the 1st of the month following each of the periods mentioned above
- The amounts capitalized and recognized as a distinct component will be remunerated with **50% of the regulated/licensed rate of return** approved by the Romanian Energy Regulatory Authority, applicable during the depreciation period of the respective costs
- The accounting treatment regulated by this order does not add changes to the accounting policies of the economic operators related to the previous financial years.

These provisions were applicable starting the 20th of October 2022 and apply for the period provided by the Government Emergency Ordinance no. 119/2022, with subsequent additions.

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



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