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Amendments and completions regarding the regulation of some accounting aspects and for the approval of the Accounting Reporting System at June 30, 2021.

The order 762/2021 was published in the Official Gazette of Romania, Part I, no. 697 from 14.07.2021 which provides details related to the regulation of some statutory accounting aspects. It modifies and completes the order of the Minister of Public Finance, no. 1802/2014, published in the Official Gazette of Romania, Part I, no. 963 of December 30, 2014, with subsequent amendments and completions, which extends the area of applicability of the statutory accounting regulations and establishes requirements for the first year of application of the accounting regulations, as well as thereafter for foreign legal entities that have the place of exercise of effective leadership in Romania.

In the Official Gazette of Romania, Part I, no. 699 of 15.07.2021, the order 763/2021 was published for the approval of the Accounting Reporting System on June 30, 2021 which applies to the economic operators who are incidents accounting regulations approved by Order OMFP no. 1802 / 2014 and by OMFP no. 2844 / 2016 and which in the previous financial year recorded a net turnover at least equal to the RON equivalent of EUR 1,000,000.

The Government adopted Order 762/2021 for amending few accounting topics

- **The area of applicability of accounting standards approved by Order 1802/2014 is extended for:**
 - permanent establishments in Romania belonging to legal entities from abroad;
 - foreign legal entities that have the place of effective management in Romania.
- **Specific provisions are introduced for operations carried out by foreign legal entities that have the place of effective management in Romania, as follows:**
 - the Information reported by these entities correspond to the entire activity carried out by them, both in Romania and abroad;
 - information relating to the **current period shall be reported only in the first financial year** implementing these Regulations;
 - companies which have chosen a financial year different from the calendar year will draw up annual financial statements corresponding to the first financial year, which shall begin after the **1 January 2021**;
 - foreign legal entities that have the place of effective management in Romania report and reflect the information determined **according to the accounting regulations applicable in the state where they were established, in the first financial year**, using the exchange rate communicated by the National Bank of Romania;
 - the balance sheet items shall be converted at the **exchange rate** communicated by the National Bank of Romania, **valid at the end of the financial year** of the current period. **The rate from the date of the transaction** shall be used to convert the **movements** corresponding to the transactions carried out during the financial year and, if it cannot be applied, **the average rate** shall be used;
 - **it is not considered the first year of application** of regulations in those cases when foreign legal entities that have had the place of effective management in Romania, and after a period of interruption less than 12 consecutive months have again the place of effective management in Romania;
 - **it is considered the first year of application** of regulations for foreign legal persons who have had the place of effective leadership in Romania, and after a period of interruption longer is 12 consecutive months have again the place of effective management in Romania;
 - starting with the second reporting financial year onwards, all **transactions shall be accounted for in accordance with Order 1802/2014**;
 - the annual financial statements for these entities have special purpose and are accompanied by **significant accounting policy**;
 - for these entities, the provisions regarding the audit obligation and those regarding the preparation of the consolidated annual financial statements, included in these regulations, **does not apply**.

The Government adopted Order 763/2021 for approving the accounting reporting system ended 30 June 2021

The accounting reporting system ended 30 June 2021 is applied for the:

- entities which applies the Accounting Regulations approved by the Order of the Ministry of Public Finance No 1802/2014, as amended and supplemented, and which in the previous financial year registered a **net turnover greater than the equivalent in RON of EUR 1,000,00**;
- entities which apply the Accounting Regulations in accordance with the International Financial Reporting Standards, approved by order of the Minister of Public Finance No. 2844/2016, with subsequent amendments and additions, and which in the previous financial year recorded a **net turnover greater than the equivalent in RON of EUR 1,000,000**;
- economic operators whose financial year is different from the calendar year.

The classification in the turnover criteria shall be made based on the indicators determined in the financial statements of the previous financial year (2020), i.e. the trial balance ended of the previous

financial year, using the exchange rate communicated by the National Bank of Romania, valid at the end of the previous financial year (RON/EUR 4.8694). The same provisions apply to the entities that have opted for the financial year different from the calendar year.

The indicators: total assets, net turnover and average number of employees, according to which the applicable forms for accounting reporting are determined, shall be calculated based on the financial statements of the previous financial year.

Foreign legal persons having the place of effective management in Romania are not subject to accounting reporting on 30 June 2021.

Filing of Accounting Reports

The entities shall submit accounting reports to the territorial units of the Ministry of Finance, in hard copy and electronic format, or only in electronic form, on the portal www.e-government.ro, signed with qualified digital certificate.

The deadline for the submission of accounting reports on 30 June 2021 is 16 August 2021.

Accounting reports as at 30 June 2021 shall be signed by the persons in law, including their clear names. Accounting reports shall also be signed by the administrator or person responsible for the management of the entity.

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



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