

Tax & Legal Weekly Alert

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Amendments to Tax Code, proposed draft: VAT rate decreased to 5% for certain services

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Amendments to Tax Code, proposed draft: VAT rate decreased to 5% for certain services

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Corporate Income Tax

Specific provisions for taxpayers applying IFRS standards are introduced, such as:

- the tax treatment applicable to reserves from the valuation of participation at their fair value, at the moment when the respective titles are sold/ transferred (following the application of IFRS 9 – Financial instruments).

Value added tax (VAT)

5% VAT rate was proposed for the following categories:

- accommodation in the hotel or in similar facilities, including rental of camping sites [currently taxable with 9%];
- restaurant and catering services, with the exception of alcoholic beverages (other than beer) [currently taxable with 9%];
- the right of usage of sporting facilities (activities classified under NACE 9311 and 9313), for the purpose of performing sports and physical education (other than those already exempted);
- services consisting in allowing access to fairs, amusement and recreational parks (activities classified under NACE codes 9321 and 9329).

The proposal envisages boosting tourism in Romania, reducing tax evasion, increasing internal consumption and stimulating economic growth, according to the draft. Measures regarding VAT would enter in force starting with 1st of November 2018.

Income tax

The deadline for submitting the individual annual tax returns by electronic means for which a 5% income tax deduction can be granted is modified from 31st of July 2018 to 15th of July 2018.

The method of applying the deduction is clarified – the annual income tax to be paid is to be diminished (and not the “income tax paid”). In other words, the authorities will apply the deductions within the final tax decision.

Other fiscal-budgetary measures proposed

A deduction of 10% will be granted for the full payment of the following, due as per tax decisions:

- income tax due for the year 2017;
- social security contributions due for the period 2016-2017,

if paid by 15th of December 2018, the legal deadline being 15th of March 2019.

- health insurance contributions due for the period 2014-2017, if paid by 31st of March 2019, the legal deadline being 30th June 2019.

For further questions regarding the aspects mentioned in this alert,
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