

Tax & Legal Weekly Alert

1 – 5 August 2016

In this issue:

Starting 1 August 2016, the reduced 9% VAT rate is applicable for specific goods /services used in the agricultural industry

Order no. 1155/868/2016

Starting with the reporting period for July 2016 (submission deadline 25 August 2016) Form 394 (the local sales and purchases list) is amended

Order no. 2.264/2016

New order on individuals' tax residency in Romania

Order no. 1099/2016

Starting 1 August 2016, the reduced 9% VAT rate is applicable for specific goods /services used in the agricultural industry

Under Order 1155/ 868/2016, the reduced 9% VAT rate applies for the following categories of goods:

- Fertilizers;
- Pesticides;
- Seeds and other agricultural products for seeding or planting.

The Order specifically includes the NC codes for each of these goods.

The exhaustive list of services benefiting from the 9% VAT reduced rate is included in the Annex to Order 1155/ 868/2016. The services refer both to activities related to agriculture and farming.



Starting with the reporting period for July 2016 (submission deadline 25 August 2016) Form 394 (the local sales and purchases list) is amended

A new version of the Form 394 is applicable starting with the reporting obligations for July 2016 (submission deadline 25 August 2016).

As a transitory measure, for the reporting period of July – September 2016, solely the local transactions with Romanian VAT registered taxable persons should be reported. In this regard, for these periods, only the sections A – C from the Form 394 should be filled-in.

Starting with October 2016 (submission deadline 25 November), Form 394 should be submitted by the Romanian VAT registered taxable persons for all transactions performed on the national territory, irrespective of the taxable person status / registered for VAT purposes of the beneficiary/ supplier. All the sections of the form would need to be filled-in.

In addition, as of October 2016 the following changes will become effective:

- Transactions with mobile phones, microprocessors, gaming consoles, PC tables and laptops having an invoiced value of less than RON 22,500 should no longer be reported distinctively;
- Taxpayers applying the VAT cash accounting system should not report transactions subject to special regimes (e.g. travel agency special scheme);
- VAT on supplies of goods subject to reverse-charge should not be reported (only the taxable base);
- Self-supply invoices would need to be reported (with certain exceptions).

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

Vlad Boeriu
Partner
+40 (21) 2075 341
vboeriu@deloittece.com

New order on individuals' tax residency in Romania

The order on regulating certain aspects of individuals' tax residency in Romania includes the new forms to be used for assessing tax residency status in Romania as well as several changes to the provisions of the former order.

The main changes brought by the new order include:

- The Questionnaires for assessing individuals' tax residency upon leaving /entering Romania can be submitted also via remote electronic means;
- If the tax residency status is broken during the calendar year the individuals should have a full tax liability in Romania only for the period of the fiscal year when they are considered Romanian tax residents;
- The new provisions state that after the Questionnaire on assessing an individual's tax residency status upon departure from Romania is submitted, the tax authorities will issue a notification on whether the individual would be removed or maintained from/in the tax authorities' records;
- Individuals who have arrived in Romania before 1 January 2014 and require a tax residency certificate must submit the arrival questionnaire and must provide proof of paying tax on any derived income for the period when they would have been considered Romanian tax residents.

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

Dan Bădin

Partner
+40 (21) 2075 392
dbadin@deloittece.com

Monica Țariuc

Manager
+40 (21) 2079 818
mtariuc@deloittece.com



This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, any of its member firms or any of the foregoing's affiliates (collectively the "Deloitte Network") are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/ro/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Reff & Associates SCA is a law firm member of Bucharest Bar, independent in accordance with the Bar rules and represents Deloitte Legal in Romania. Deloitte Legal means the legal practices of Deloitte Touche Tohmatsu Limited member firms or their affiliates that provide legal services. Visit the global Deloitte Legal website <http://www.deloitte.com/deloittelegal> to see which services Deloitte Legal offers in a particular country.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 225,000 professionals are committed to making an impact that matters.