

# Tax & Legal Weekly Alert

11 – 15 July 2016

## In this issue:

### **Elimination or reduction of the tariff duties on certain codes of the Combined Nomenclature**

Starting 1<sup>st</sup> July 2016, the Combined Nomenclature was amended in order to implement the elimination or reduction of customs duties provided by the Agreement on information technology. To benefit from the reduction / exemption from customs duties, you should classify your product at the new additional tariff codes.

### **Customs guarantee treatment for special customs procedures or free zones**

New national orders regarding the national implementation of the new Customs Code of the Union were published last week in the Official Gazette. The most important provision refers to customs guarantees. In case of special regimes a guarantee will be needed to cover only customs duties and tariff measures. Under free zone regime, it is not necessary to establish a guarantee.

### **A new tax incentive**

Through Emergency Government Ordinance no. 32/2016 for amending Law no. 227/2015 regarding the Fiscal Code and regulating certain financial-fiscal measures a new salary income tax exemption will apply to individuals working in research and development fields.

## Elimination or reduction of the tariff duties on certain codes of the Combined Nomenclature

By signing the Agreement on Information Technology ("ATI"), the European Union granted tariff concessions for products used in the Information Technology industry.

By the EU Decision no. 971/2016, ATI agreement has been extended to a wider range of products. In this regard, the Combined Nomenclature ("CN") was amended in order to create new tariff codes (8 digits) or additional codes (10 digits) for products for which customs duties have been reduced / eliminated.

Through the amendments on the CN, we mention:

- Inks (3215);
- Adhesives (3506);
- Chemical preparations (3701, 3707, 3907);
- Plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated (3919 90 00);
- Textile products and articles, for technical uses (5911 90 90)
- Products from Chapter 84 (vacuum pumps, fans, centrifugal machines, machines for manufacture of semiconductor devices or electronic integrated circuits etc.);
- Photographic or cinematographic goods (Chapter 37);
- Products from Chapter 85 (telescopic antennas, microphones, speakers, headphones and amplifiers, television cameras, digital cameras and camcorders, cameras, navigation appliances, arrays, signal generators, brazing or welding machines and apparatus);
- Products from Chapter 90 (optical elements, equipment for medical, surgical, dental or veterinary radiography or radiotherapy apparatus, density meters, thermometers, barometers, hygrometers and psychrometers etc.).

### **What does it mean for you?**

If you import goods from IT area, you should classify your products to the correct additional code in order to benefit from reduction / exemption of customs duties.

To avoid administrative and operational inconvenience (e.g. delays in customs clearance), we recommend you to analyse in advance the tariff classification of your products.



## Customs guarantee treatment for special customs procedures or free zones

Amongst the new orders which transpose the provisions of the new Customs Code of the Union ( "CVU") in the national legislation, we mention:

- Technical norms for the authorization of special regimes;
- Technical norms on the use of simplified customs declarations and entry in the declarant's records;
- Technical norms on authorization for the simplification of the determination of the customs value of goods;
- Technical norms regarding the use and completion of customs declarations and explanatory notes on codes used in the customs declarations;
- Technical norms regarding the registration for customs purposes of economic operators and other persons.

In terms of the new orders, the most important provision is the one regarding the customs guarantee. In case of special customs regimes (e.g. bonded warehouse, inward processing) will guarantee the customs duties and the tariff measures.

If an authorisation for the special customs regime will involve more Member States, is necessary to constitute a guarantee covering both import duties, and other taxes payable relating to the importation of goods - VAT, anti-dumping, etc.

Most customs facilities are conditioned by obtaining the AEO authorization or by fulfillment of the AEO criteria.

### **What does it mean for you?**

It is important to analyse the specific impact of the new national orders on your company to benefit from the new facilities and comply with the new requirements.

You should pay particular attention to these national provisions, in particular when using special procedures (temporary storage, customs warehousing, inward, outward processing, transit, etc.) or simplified customs procedures.

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

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## A new tax incentive

Individuals working in the fields of applied research and development and/or technological development who derive salary related income from such activities can benefit of income tax exemption starting with the salary income for the month of August 2016. This exemption was introduced under art. 60, pt. 3 from Law no. 227/2015 regarding the Fiscal Code.

The criteria that must be fulfilled both by the individual and his employer for qualifying for this income tax exemption will be published through a joint Order of the involved Ministries.

Nevertheless, until the publication of the joint Order the Ministry of National Education and Scientific Research, through its subordinate structures published a press release which covers:

- The definitions of the terms applied research and development and technological development;
- The list of activities which will not be eligible for the salary income tax exemption;
- Criteria to be fulfilled by employees and employers.

The joint Order of the involved Ministries, which will represent the legislative framework for applying this income tax exemption must be approved until 1 August 2016.

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

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