

Tax & Legal Weekly Alert

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Update of the VAT return

The main changes refer to an update of the VAT rate and the insertion of new fields related to the special regime for farmers as well as to the invoices issued during the time when the taxpayer had the VAT number cancelled.

Update of the statement 390

The statement now includes a special field for intra-Community supplies performed by the farmers that apply the special regime.

New Order concerning VAT registration and the ex officio VAT registration cancellation

After form 088 was repealed, on 1 February 2017 the President of the National Agency for Fiscal Administration (NAFA) has issued a new order related to the VAT registration procedure and the procedure for ex officio VAT registration cancellation.

Decision to set quota for work permits that can be issued to foreigners during 2017

On Monday, January 30, 2017 it was published the decision establishing the work permits quota for year 2017 that can be issued to foreign citizens.

Update of the VAT return

The new form will apply starting with the reporting period of January 2017. The main amendments are:

- The VAT rate of 20% was replaced with the 19% rate;
- The new VAT return will contain the acquisitions of agricultural goods and services from suppliers that apply the special regime for farmers, as well as the adjustments concerning these acquisitions;
- A new section in which the taxpayer must report the invoices issued during the time when it had its VAT number cancelled was included.

Order no. 591/2017 was published in the Official Gazette no. 94 of 1 February 2017.

Update of the form 390

By the new order, new amendments were brought to the form (390 VIES) "Summary statement regarding the intra-community deliveries/ procurements/ supplies". Starting with the statement for January 2017, the farmers who apply the special regime will include the intra-Community supplies of goods performed.

The Order no 592/2017 was published in the Official Gazette no. 88 of 31 January 2017.

New Order concerning VAT registration and the ex officio VAT registration cancellation

Starting with 1 February 2017, new provisions are applicable concerning the VAT registration and the ex officio VAT registration cancellation.

Taxable persons who applied for VAT registration before the 1st of February, based on the 088 form, must apply the old provisions valid before this new order.

The new order does not clearly describe how the tax authorities will assess the intention and capacity to conduct economic activities. However, according to an official press release published by NAFA, the NAFA president, Mr. Bogdan-Nicolae Stan, mentions that the assessment will be performed using the "internal data obtained from third parties, based on the information exchange protocols".

Additionally, the NAFA president declared "for clarification purposes, we will only request the strictly necessary documents, generated by the information and data subsequent to the application". Therefore, the tax authority will not request "business plans and other irrelevant data" from now on.

Amendments of the conditions for VAT registration:

- All the references to the 088 form were removed, while all the other previous criteria remained the same (the submission of the statements of the taxable person, of the administrators and/or of the associates and the assessment based on the analysis performed by the tax authorities of the intention and capacity to conduct economic activities);
- The taxpayer can submit appeal against the decision issued for the VAT registration in 45 days from the date when the decision was communicated.

Amendments to the ex officio VAT registration cancellation

- The tax authority will perform a monthly selection of the taxable persons presenting fiscal risk, based on a computer application using certain criteria established by the central tax authority;
- The selected taxable persons will receive an invitation to meet with the tax authorities with the purpose of assessing the intention and capacity to conduct economic activities;

In case the legal representative of the taxable person provides the correct and complete set of requested information and data, NAFA will propose the

preservation of the VAT registration number. The taxpayer will have to justify its intention and capacity to conduct economic activities in the VAT scope.

The Order no 605/2017 was published in the Official Gazette no. 93 of 1 February 2017.

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

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Decision to set quota for work permits that can be issued to foreigners during 2017

The quota for the work permits that can be issued during 2017 to foreign citizens on the labour market in Romania has been set to 5,500.

Of the total 5,500 work permits, 3,000 will be granted to permanent workers, 500 to the highly skilled workers and 700 to posted workers. A new category of work permits has been introduced, covering the individuals assigned to a Company within the same group of Companies – ICT. The quota set for this category is of 700 work permits and is applicable to certain categories of foreigners that can have a 3-year assignment in Romania, within the same company. The remaining work permits are allocated to different categories like trainees, seasonal or cross border workers.

Please note that work permits are compulsory only for foreigners who wish to perform work activities in Romania and who are third countries nationals (other countries than the EU/EEA or Switzerland), as per the provisions of Ordinance no. 25/2014 regarding the employment and secondment of foreigners in Romania.

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

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