

TAX HOT TOPICS

Single-entry bookkeeping system

Order of the Minister of Public Finance no. 170/2015, published in the Official Gazette no. 139 of 24 February 2015

- ❖ The present Order which sets out the single-entry bookkeeping system enters into force as of 1 March 2015.
- ❖ The new accounting regulations regarding the single-entry bookkeeping shall be applied by the following categories of taxpayers:
 - ❖ individuals and associations without legal personality whose income is subject to income tax and whose annual net income is determined in real system on the basis of accounting data and is obtained from:
 - independent activities;
 - assignment of usufruct;
 - agricultural activities, forestry and fish rearing and breeding;
 - ❖ entities, except for non-profit legal entities and individuals that under legislation act on establishment, under special laws or other legislative acts are required to prepare and maintain their accounting records in the single-entry bookkeeping system.
- ❖ The new provisions of this Order provide the possibility for authorized individuals to organise and maintain their accounting records in the double-entry bookkeeping system, provided that there is no legislative act in force to forbid such possibility or to impose them a single-entry bookkeeping system.
- ❖ Hence, the individuals who organise and maintain their accounting records in the single-entry bookkeeping system shall be allowed to switch to double-entry bookkeeping system from the beginning of the financial year

following the one in which such shift was decided.

- ❖ Those who are founded after the entry into force of the present legislative act, may opt since the incorporation date, either for single or double-entry bookkeeping system.
- ❖ Moreover, the above mentioned entities/individuals who shall opt to organise and maintain their accounting records in the double-entry bookkeeping system shall organise and apply the regulations in force applicable to economic operators up to the trial balance level, without being required to prepare financial statements.
- ❖ The transition from the single-entry bookkeeping system to the

double-entry bookkeeping system is performed based on the inventory of items including information regarding the receivables and liabilities of the individual, the initial balance of the opening accounts being recorded through account 455 “Amounts owed to shareholders”.

- ❖ The new provisions also amend the content of the mandatory ledgers which should be prepared and maintained by individuals applying single-entry bookkeeping system, as follows:
 - ❖ Purchase and sale ledgers, which shall include, in a chronological order, all the payments and receipts, settled in cash or through bank transfers and the cumulated amounts at month end.

- ❖ Inventory ledger – containing the receivables and liabilities identified at the level of the individual.
- ❖ Additionally, the new provisions remove the signature obligation of the National Agency of Fiscal Administration for the two mandatory ledgers.
- ❖ With respect to the legal term of keeping the justifying documents used by the individuals who apply the single-entry bookkeeping system, such term shall be reduced from 10 to 5 years, except for the pay slips which shall be kept for 50 years.

The application of the value added tax exemption

Order of the Minister of Public Finance no. 138/2015, published in the Official Gazette no. 113 of 12 February 2015

- ❖ The present Order amends and supplements the Norms regarding the application of VAT exemption for the deliveries to embassies, international organizations recognized as such and NATO forces, as they are provided under the art. 143 para. (1) let. j), j¹), k), l) si m) of the Law no. 571/2003 regarding the Fiscal code and art. X and XI of the Agreement between Romanian and United States of America regarding the forces of the latter in Romania.
- ❖ Thus, for the rent or leasing of immovable property, the entities which are exempt according to the above mentioned provisions, established in Romania, may benefit from the direct VAT exemption based on the notice regarding the fulfillment of the reciprocity conditions, which is valid for a period of 12 consecutive months since the date it was issued.
- ❖ Hence, the suppliers rendering rental or leasing of immovable properties services, may apply the VAT exemption with deduction right as long as they have a valid notice as mentioned above.

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- ❖ Otherwise, if a valid notice is not made available, the suppliers shall apply either the VAT exemption without deduction right or the taxation regime for the rental/leasing operations carried out.
- ❖ The notice regarding the fulfillment of the reciprocity conditions shall be requested to the Department of Protocol of the Ministry of Foreign Affairs, and a copy of such notice shall be transmitted to the suppliers in order to justify the direct VAT exemption which they are entitled to apply.
- ❖ In order to obtain the VAT refund, the applicants must also present copies of tax receipts with values below 100 euro. When this value is exceeded, the applicants must present copies of related invoices.

Order of the Minister of Public Finance no. 193/2015, published in the Official Gazette no. 148 of 27 February 2015

- ❖ The present Order amends the Order no. 2222/2006 regarding the approval of the Instructions for the application of VAT exemption.
- ❖ Thus, the airlines established in Romania shall justify the fact that their main activity consists of international transport of passengers and/or goods based on a certificate issued by the competent department of the Ministry of Transport.
- ❖ Moreover, in case of startup airlines, such certificate shall be issued based on a business plan presented to the competent department of the Ministry of Transport.

Order of the President of the National Agency for Fiscal Administration no. 320/2015, published in the Official Gazette no. 114 of 12 February 2015

- ❖ The present Order amends the procedure for applying the provisions of art. 78¹ of the Fiscal Procedure Code, regarding the Register of inactive/reactivated taxpayers.
- ❖ Thus, with respect to the inactive taxpayers who evade the tax inspection by declaring certain information on the domicile for tax purposes which cannot be identified by the tax authorities, an invitation shall be sent by the tax authorities to the declared domicile address and to the registered office of the taxpayers as well, requiring their presence at the fiscal body office.
- ❖ With respect to the verification procedure of the taxpayers who are not operating at their declared fiscal domicile, a representative of the taxpayer shall present himself at the fiscal body office at the written request of the competent authority. The written request of the fiscal body shall be sent to the registered office, to the declared fiscal domicile of the taxpayer and to other secondary locations, as the case may be.

Order of the President of the National Agency for Fiscal Administration no. 360/2015 published in the Official Gazette no. 120 of 16 February 2015

- ❖ The present Order amends the procedure for the issue and transmission of certain administrative acts for the debtors who record debts below a certain limit.
- ❖ The present Order regulates the cases where notices and enforceable titles are not issued, namely below 40 RON limit of outstanding debts. By way of exception, such notices/enforceable titles may be issued upon taxpayer's request or in other situations provided by the law.

*Order of the Public Finance Minister no. 161/2015, published in the Official Gazette
no. 130 of 20 February 2015*

- ❖ The legislative act amends and supplements the procedure of communication by electronic means of remote transmission between the National Agency for Fiscal Administration and individuals, approved by the Order of the Public Finance Minister no. 1.154/2014. Hence, the “Virtual private space” service shall include additional functionalities including the option for downloads of documents, the monitoring function of the access history and other actions provided under art. 14 para. (2).
- ❖ The order also approves the annex on the documents that can be communicated via “Virtual private space” service.

*Order of the Public Finance Minister no. 150/2015 published in the Official Gazette no. 136
of 23 February 2015*

- ❖ The present Order amends and supplements the Accounting Regulations in line with International Financial Reporting Standards, applicable to companies the securities of which are admitted to trading on a regulated market.

Amendments and completions to certain tax forms and procedures

*Order of the Public Finance Minister no. 159/2015, published in the Official Gazette no.
131 of 20 February 2015*

- ❖ The Order regulates the form and content of the customer alert notice regarding the economic agents’ compliance obligation of using fiscal electronic cash registers (according

to the provisions of Government Emergency Ordinance no. 28/1999).

- ❖ Thus, starting with 1st March 2015, the economic agents who have the obligation of using the fiscal electronic cash registers, shall display the alert notice at the location of the fiscal electronic cash registers, so

that it can be easily noticed by the customers.

- ❖ The economic agents operating in restaurant units, pubs, clubs shall print the alert notice on the first page of the menu in order to ensure the customers' awareness.

Order of the President of the National Agency for Fiscal Administration no. 410/2015 published in the Official Gazette no. 133 of 23 February 2015

- ❖ The Order approves the form and content of the Form 089 – Solemn declaration for the fulfillment of the condition provided under art. 160, para. (2), letter e) point 2 of the Fiscal Code on the simplification measures applied to the supply of energy.

- ❖ The present Order regulates the new form and content of 089 Form, the filing instructions and the administration procedure as well.

Order of the Public Finance Minister no. 218/2015 published in the Official Gazette no. 149 of 27 February 2015

- ❖ The Order approves the procedure of sealing the economic agent's operating unit during the suspension of its activity, according to the provisions of the Government Emergency Ordinance no. 28/1999

regarding the economic agent's obligation to use fiscal electronic cash registers.

- ❖ According to the normative act, in case the competent tax authority order the suspension of the economic

operations carried out by the agent at the working point, the agent's unit shall be sealed as well.

- ❖ All customers' access entries in the economic agent's unit shall be sealed accordingly.

- ❖ At the date of suspension of the economic agent's operating activity, the tax authorities shall conclude a sealing/unsealing minute.

Tax on income from agricultural activities

Order of the Public Finance Minister no. 197/2015, published in the Official Gazette no. 139 of 24 February 2015

- ❖ The Order relates to the Procedure of cancellation the tax on income from agricultural activities due under art. 74 of the Law 571/2003 regarding the Fiscal Code, subsequently amended, for the fiscal year 2013 and the ancillary tax obligations thereto.
- ❖ Thus, the taxpayers who carried out agricultural activities individually or in association may benefit from the cancellation of the income tax for 2013 proportionally to the extent of the agricultural production disaster,

provided that the following conditions are simultaneously fulfilled:

- ❖ The income tax was established based on income norms;
- ❖ The agricultural production was not covered by any insurance policy;
- ❖ Over 30% of the total production related to each vegetable and animal product group was affected by natural disaster.

Fiscal receipts lottery

Order of the Public Finance Minister no. 106/2015, published in the Official Gazette no. 91 of 3 February 2015

- ❖ The Order provides the organisation of an occasional Fiscal receipts lottery on 13 April 2015, with the participation of the fiscal receipts issued between 2 February – 28 March 2015, and a prize worth of 1.000.000 lei.

Reference Interest Rate published by National Bank of Romania

Circular letter of the National Bank of Romania no. 5/2015, published in the Official Gazette no. 95 of 5 February 2015

- ❖ As of 5 February 2015, the reference interest rate of the National Bank of Romania is 2.25% per year.

New level of the specific excise duty for cigarettes

Order of the Public Finance Minister no. 166/2015, published in the Official Gazette no. 129 of 19 February 2015

- ❖ The Order approves the level of the excise duty for cigarettes. Thus, for the period 1 April 2015 – 31 March 2016 (inclusive), the level of the specific excise duty is 314.68 lei/1000 cigarettes.