

# TAX HOT TOPICS

27 October 2015

## Tax concessions relating to late payment interest and penalties

Government Emergency Ordinance no. 44/2015 published in the Official Gazette no. 785 of 21 October 2015

- ❖ The late payment penalties and a 54.2% share of interest, related to the principal tax liabilities owed to the general state budget (accessories), unpaid as at **30 September 2015**, are cancelled in case the following conditions are cumulatively met:
  - ❖ all principal tax liabilities owed to the general state budget and outstanding as at 30 September 2015, inclusively, are paid no later than **31 March 2016**, inclusively;
  - ❖ a 45.8% share of the interest related to the aforementioned unpaid tax liabilities, established through tax decisions communicated to taxpayers before the settlement of the principal tax liabilities, is paid no later than **30 June 2016**, inclusively;
  - ❖ a 45.8% share of the interest due up to the date of settlement of the above mentioned principal tax liabilities, established through tax decisions issued to taxpayers after the payment of the principal tax liabilities, is paid according to art. 111, para. (2) of Ordinance no. 92/2003 regarding the Fiscal Procedure Code;
- ❖ all principal tax liabilities due between 1 October 2015 and 31 March 2016, are paid no later than the date **the request for cancellation of accessories is submitted**;
- ❖ all tax returns, due in accordance with the taxpayers' fiscal vector, are submitted no later than the date the request for cancellation of accessories is submitted;
- ❖ the request for cancellation of accessories is submitted by **30 June 2016**, inclusively.
- ❖ According to the Ordinance, the late payment penalties and a 54.2% share of interest, related to additional tax liabilities declared through **rectifying tax returns** concerning tax liabilities due by 30 September 2015, inclusively, are also cancelled, under the same conditions and to the extent that:
  - ❖ the rectifying tax return is submitted no later than **31 March 2016**, inclusively;
  - ❖ all principal tax liabilities declared through the rectifying tax return are paid by **31 March 2016**.



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These provisions are also applicable, in case of corrections of VAT return errors, performed according to the law.

- ❖ The unpaid accessories related to principal tax liabilities due by 30 September 2015 and settled by this date, are also cancelled in case certain conditions are cumulatively met.
- ❖ The late payment penalties and a 54.2% share of interest, related to principal tax liabilities due up to 30 September 2015, established through tax decisions issued following **tax inspections in progress at the date of effective entry into force of the Ordinance**, are also cancelled in case certain conditions are cumulatively met. In this case, the request for cancellation of accessories must be submitted within 90 days of receipt of the tax decision.
- ❖ In case of **tax audits beginning after the entry into force of this Ordinance**, for the cancellation of accessories, the tax authorities will take into consideration the rectifying tax returns submitted within 10 days of the date of entry into force of the Ordinance.
- ❖ Taxpayers may also **notify the tax authorities** of their intention to benefit from the cancellation of accessories in advance of actually submitting the cancellation request. In this case, the accessories are deferred for cancellation and the enforcement proceedings do not start or are suspended, depending on the case.
- ❖ The cancellation also applies in regards to a **77.1% share of the late payment liabilities** owed by taxpayers up to the effective date of entry into force of Emergency Ordinance no. 39/2010.
- ❖ Taxpayers that, as at 30 September 2015, benefit from the **rescheduling of tax liabilities** and meet the requirements imposed by the Ordinance, may also benefit from the cancellation of accessories, as well as a 54.2% share of the rescheduled interest unsettled as at 30 September 2015.
- ❖ In case of the **tax liabilities owed to local budgets**, the application of the Ordinance is subject to the local council approval. In this case, the cancellation concerns a 73.3% share of the late payment liabilities owed to the local budget up to the effective date of entry into force of Emergency Ordinance no. 39/2010
- ❖ **The procedure for the application** of the Ordinance will be approved within 30 days of the date of entry into force of the Ordinance.

