Tax Agenda Romania

October 2023

EY
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No.	Fact	Action
1	**Tax cuts up to 15% applicable for years up to 2025** Tax cuts up to 15% of the corporate income tax and microenterprise income tax, applicable depending on the level and movement of equity throughout the relevant period, are applicable for the period 2021-2025	Analyze the equity position and impact of these rules.
2	**SAF-T reporting starting in 2023 for medium taxpayers** SAF-T was implemented starting from 2022 for large taxpayers and 2023 for medium taxpayers . First SAF-T report is due in February 2023 for medium taxpayers, with a grace period of six months. This will enable electronic exchange of accounting and tax data from organizations to the tax authorities.	Get up to speed with the technical and business requirements, to be able to timely update your ERP systems and implement a technical solution which allows to export the accounting and tax data into the required standardized xml format.
3	**Tax consolidation for CIT is applicable starting from 2022** Tax consolidation for profits tax purposes is applicable starting from 2022. This permits the offset between taxable profits and tax losses incurred by different group companies.	Check if it is possible to benefit the from tax consolidation rules. Preparation work might be necessary to be able to apply, application should be done with more than two months before the start of the tax year for which the implementation is intended.

Oct Nov Dec Jan

Use text boxes above the timeline to plan your actions for coming months

Compliance *Risk management* *Cash-flow and ETR impact*

No.	Fact	Action
4	**DAC6 reporting due within 30 days** DAC6 reporting deadlines in Romania started in 2021. All reportable transactions carried out starting from 1 January 2021 should be reported within 30 days.	Analyze and identify DAC6 obligations in Romania. Make sure appropriate procedures have been implemented and persons responsible for DAC6 appointed. If needed, report by applicable deadlines.
5	**MLI ratified by Romania** In January 2022, Romania ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) and on 28 February 2022 has deposited the ratification instrument and deposited the notification confirming completion of its internal procedures for the entry into effect of the MLI provisions on 6 March 2023 . Therefore, the MLI entered into force and will produce effects with respect to: • withholding taxes on amounts paid or credited to non-residents, if the event giving rise to such taxes occurred on or after 1 January 2024; and • all other taxes imposed by a contracting state on taxes imposed in respect of tax periods beginning on or after 5 October 2023. The MLI will impact most of the double-tax treaties entered into by Romania.	Analyze the impact of MLI over the relevant double-tax treaties, in order to assess the Romanian tax consequences this might have on the transactions carried out by the group.
6	**Dividend withholding tax increased to 8%** The domestic withholding tax rate for dividends distributed starting with 1 January 2023 increased to 8% (from 5% previously). This is applicable for dividends distributed by Romanian companies, unless a reduced rate or exemption is applicable (e.g., under a double-tax treaty or EU Parent-Subsidiary Directive).	Analyze if this has an impact on the dividends received from Romania.
7	**DAC7 implemented by Romania** DAC7 was transposed in February 2023 in the Romanian tax law. This introduces a new reporting obligation for companies operating online market-places used by merchants to sell goods or to provide personal services, property rental services or rental services for means of transport. As part of the due diligence process, operators will be required to collect extensive information from the merchants and to validate it. The deadline for finalizing the due diligence is 31 December of the relevant reporting year. The first annual DAC7 report is due by 31 January 2024 for activities carried out in 2023.	Analyze the potential DAC7 obligations in Romania. Make sure appropriate procedures have been implemented and persons responsible for DAC7 appointed. If needed, report by applicable deadlines.
8	**Application of available tax incentives in order to reduce ETR** Romania offers tax incentives (e.g., R&D-related tax incentives, tax exemption for reinvested profits in various categories of assets), which have broad applicability and may be available in various circumstances. A new R&D tax incentive procedure is applicable starting 2023 and additional assets are eligible for the reinvested profits incentive starting 2023.	Check if all incentives available were identified and applied (possible also with respect to previous periods, up to five years back).

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9	**Cash flow improvement possibilities** Cash flow improvement possibilities exist, such as recovery of receivables from tax office which are not applied for or are refunded with delay (e.g., excess input VAT, contribution for sick leave and medical leave benefits to be refunded by the National Health Insurance House), as well as late payment interest (i.e., 7-8% per annum) to be requested.	Identify any outstanding receivables from the tax authorities and apply for refund or take action for delayed refunds to get completed and late payment interest be claimed.
10	**E-Invoice system mandatory for certain types of transactions** Starting 1 July 2022, companies which perform B2B supplies of high fiscal risk goods (e.g., vegetables, fruits, alcoholic beverages, new constructions, mineral products, footwear and clothing) or B2G transactions are required to issue the invoices through e-Invoice system. It is expected that mandatory B2B e-invoicing will be introduced in 2024 for operators established in Romania (no legislation in place yet).	Adapt the invoicing flows and systems so as to observe the new requirements of the law to issue the e-invoices for the impacted transactions.
11	**RO- E-Transport** The Ro e-transport system became mandatory in Romania starting 1 July 2022, sanctions being applicable starting January 2023. The system was established to monitor in real-time the transportation of high fiscal risk goods on the Romanian territory.	Understand the requirements and adapt processes and ERP systems in order to be able to report information in the required standardized xml format.
12	**Early implementation of public CbCR reporting in Romania** The public CbCR Directive was implemented in the local law that entered into force on 1 January 2023. The first publication will take place within 12 months from the date of the balance sheet of the first FY (e.g., no later than 31 December 2024, for an aligned financial year ended 31 December 2023). The requirement to file the public CbCR applies to qualifying Romanian subsidiaries or branches of MNEs with total consolidated revenue of more than 3,700 million lei (approx. EUR 747 million) in each of the last two consecutive financial years.	Assess whether there is a CbCR public reporting obligation in Romania.
13	**Envisaged changes to the Tax Code** The Government announced several amendments to be brought to the Romanian Tax Code. Among others, changes would refer to: introduction of a minimum tax payable in case the profitability of the company is below a certain level or for companies in a tax loss position, reduction of thresholds to qualify as microenterprise tax payers instead of corporate income tax payers, elimination of personal income tax exemption for software developers with gross salary above RON 10,000, change of several VAT rates. No final bill is available at this stage, therefore proposed amendments may further change.	Monitor proposed changes and assess how these may impact the Romanian activities.

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