

Taxes 2018: Practical guidance

By Adina Zdru, Accounting and Taxation Services

A recurrent habit of the Romanian legislators is to put numerous changes in the tax field into place at the end of the year; for instance, the intensely debated changes regarding social contributions and Split VAT have now been enforced. These and other less high-profile measures for 2018 are explained below.

Split VAT System

The Split VAT System initially adopted through an Emergency Ordinance was changed and amended through an authorisation law. Now, the only tax payers who have to create separate VAT accounts are the ones showing outstanding VAT liabilities over a certain amount, or who have gone bankrupt. There is also the possibility to opt for the split VAT system, of one's free will, with the purpose of benefiting from tax facilities.

Nevertheless, taxpayers not applying the system have to make payments to taxpayers applying the system on a split basis (the net amount and the VAT have to be paid by separate payments, whereby the VAT has to be paid in the separate VAT-account). Thus, all taxpayers have to check if their suppliers are applying the system, in which case they must be paid on a split basis. As before, there are penalties if VAT payments to companies using the Split VAT System are not made to their separate VAT account.

Taxpayers using the Split VAT System are registered by the Tax Authority ANAF on the following register: <http://www.anaf.ro/RegPlataDefalcataTVA/>

Social security contributions

The controversial measure that transfers to the employee the responsibility to pay almost all social security contributions will be applied (from a practical point of view) in February 2018; the registration and payment of salary taxes for the previous month, ie January, will take place on 25th February. Before then, the payroll systems and the form for tax declaration 112 must be updated accordingly.

The Romanian Tax Authority has already announced that taxpayers don't need to submit the form for changing the appropriate fiscal entry file. This will be carried out by the Tax Authority ex officio. This, at least, is a welcome help to all employers concerned, as they face significant extra effort in preparation to adapt gross salaries and their registration in the electronic employee record REVISAL. To register in REVISAL, the deadline has been extended to 31st March 2018.

Micro-companies

Starting in 2018, important changes for micro-companies will be put in place. Currently, all private companies with turnover below 1 million EUR are subject to micro-company tax. The tax rate is 1% if the company has at least one employee, otherwise it is 3% of all income.

The micro-company tax is also applied to companies that were excluded from the regulation up until 2017 (eg. banks, insurance, gambling, oil and natural gas extraction, hotels and restaurants, consultancy companies) or those that could opt for corporate tax.

The change of the fiscal entry file following the shift to micro-company tax in 2018 is not carried out ex officio, but it must be reported by the taxpayer before 31st March 2018.

Tax declarations

Starting in 2018 all tax declarations must be submitted online only, by means of an electronic signature and a digital certificate. This concerns not only VAT forms, corporate or micro-company income tax, salary tax or similar to be submitted regularly, but also the abovementioned form for the change of the fiscal entry file.

Representative offices

For representative offices, the annual tax amounts to 18,000 RON as from 2018. It must be paid every fiscal year before the last day of February. Up till now, tax on representative offices was the RON equivalent of 4,000 EUR and had to be paid in two tranches, on 25th June and 25th December.

Cash registers

In 2018 the repeatedly postponed connection of all cash registers to the Romanian Tax Authority is to take place. Large and medium-sized taxpayers must replace their cash registers to prepare

digital records rather than printed records, before 1st June 2018. Small taxpayers have until 1st August for registers to be replaced. These records must be transmitted to the Tax Authority online.

Conclusion

Despite some help with the change of the fiscal entry file and electronic submission, the conclusion is that the Romanian legislators have stuck with the tradition of bringing taxpayers a large extra administrative burden as a New Year gift in 2018.

Contact and further Information:



STALFORT Legal. Tax. Audit.

Bucharest – Bistrița – Sibiu

Bucharest Office:

T.: +40 – 21 – 301 03 53

F: +40 – 21 – 315 78 36

M: bukarest@stalfort.ro

www.stalfort.ro