

Meeting between Coalitia pentru Dezvoltarea Romaniei

and Minister of Public Finance, Eugen Teodorovici

December 14, 2018

1. Amendments to tax legislation this autumn

a. The Tax Code and the Fiscal Procedure Code

The Ministry of Finance has worked together with the Budget and Finance Committee of the Chamber of Deputies in order to amend the Fiscal Code with some of the things that have also been discussed with the business environment in general but also with CDR. The way this will be done is with the law for approving OuG 25/2018. The Committee has already discussed and approved a series of amendments which are likely to be adopted by the Plenum of the Parliament on 18 December.

b. Fiscal consolidation

The Minister considers this discussion finalized. The minor technical details that are still under discussion should be finalized until the beginning of January. The Government plan to prepare and issue for public consultation a draft law implementing fiscal consolidation in Romania. After the consultation period the Government will decide if it will send the law to the Parliament or if it will adopt it itself.

c. ATAD

The debt deductibility ceiling for ATAD will be amended in the sense that it will become 1 million euro with an EBIDTA of 30% as discussed and agreed also with CDR. This has been formulated as an amendment to OuG 25/2018 and it will likely be approved by the Parliament on 18 December. In order for the ATAD regime to be applicable in 2018 the new law has to be published the latest on 28 December in the Official Journal. Considering that the President has 20 days to sign a bill into law and that it comes right before the Christmas holidays it's not clear if the law will be promulgated until the end of the year. If not, the new ATAD regime will be applicable starting 2019.

d. Transfer of contributions - adoption of the OuG 79 in the Parliament

The Minister has requested his party to adopt this OuG with a law in the Parliament. For the time being the decisions is not to do it.

e. ANAF Order 1960/2018

ANAF will abrogate the old order which will create many problems and is working on drafting a new one. ANAF will discuss this new order with the professional associations but will also share with CDR in the week 17-21 December.

f. Implementation of Directive 2014/40/EU

In order to fully implement this Directive Romania needs to appoint an institution that will generate the special identification number (UID) that needs to be printed on all tobacco products starting with

20 May 2019. MFP said that this entity will be the National Printing House and the Government Decision appointing it will be adopted before the end of the year.

2. Presidency of the EU Council - Priorities in Taxation Area for Romania

On the presidency MFP has the same priorities outlined during the last meeting. CDR has offered its technical support especially during the six months Romania is going to hold the rotating presidency.

- a. Discussions on the harmonization of VAT rates
- b. Taxation of the digital economy
- c. At the CCCTB level, the continuity of technical discussions to try to reach a consensus on:
R&D facilities, providing facilities for capital investment, harmonizing the tax depreciation regime

3. MFP legislation planned before the end of the year

CDR enquired with the Ministry if there are any other new taxes or provisions it is working on before the end of the year. CDR mentioned rumours that are going about that the Government will institute new taxes in order to support next year's budget. The Minister of Finance replied that no new taxes are being planned. MFP is indeed working on an OuG that will correct several things in the banking sector but he would not give any further details. CDR then enquired about a turnover tax that is rumoured for certain sectors. Again, the Minister of Finance denied that MFP is planning anything of the like.