

TAX ALERT



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2010 State Budget Law and 2010 Social Security Budget Law

- Important for business entities: social security contribution rates applicable from January 2010 on
- Value of the pension point
- Average salary per the economy

ANAF Orders regarding:

- Registration of microenterprises as profit tax payers starting 2010
- New forms of VAT Returns: Declarations 300, 301, 390
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2010 State Budget Law and 2010 Social Security Budget Law

1. *Monitorul Oficial al Romaniei* No. 60 / 27 January 2010 has published Law 11 / 2010, regarding the State Budget in 2010.

The rates of the contributions which should be made to the National Social Health Insurance Fund, applicable since January 2010, are the following:

- ▶▶ **5.5%** - **employee's contribution**
- ▶▶ **5.2%** - **employer's contribution**
- ▶▶ **10.7%** - contribution which should be made by individuals who have opted for facultative insurance
- ▶▶ **5.5%** - contribution which should be paid by individuals who are not employed but must have health insurance in compliance with Law No. 95 / 2006 (as amended and supplemented), being also obligated to notify the chosen Health Insurance Agency of their income on the basis of their insurance contract
- ▶▶ **5.5%** - monthly contribution which should be paid by migrant workers who maintain their domicile or residence in Romania; such rate is applied to the income obtained by these workers under contracts concluded with the foreign employer
- ▶▶ **5.5%** - monthly contribution which should be paid by individuals who have the obligation to get insured, other than those specified by Art. 257 and Art. 259 (9) of Law No. 95 / 2006, and do not fall within the category of individuals benefiting from health insurance without paying any contribution; this contribution is calculated by applying the 5.5% rate to the amount representing the all-country gross base salary.

2. *Monitorul Oficial al Romaniei* No. 61 / 27 January 2010 has published Law 12 / 2010, regarding the Social Security Budget in 2010, issued by the Romanian Parliament.

The social security contribution rates applicable from January 2010 on are the following:

- ▶▶ **20.8%** in the case of employer **plus 10.5%** in the case of employee, involving normal working conditions
- ▶▶ **25.8%** in the case of employer **plus 10.5%** in the case of employee, involving hard working conditions
- ▶▶ **30.8%** in the case of employer **plus 10.5%** in the case of employee, involving special working conditions.

The individual social security contribution mentioned hereinabove also includes the **2.5%** contribution payable to the private pension fund provided under Law No. 411 / 2004 referring to this fund (as republished and amended):

- ▶▶ **0.5%** contribution which should be paid by employer to the unemployment fund
- ▶▶ **0.5%** employee's contribution to the unemployment fund
- ▶▶ **0.25%** contribution which should be paid by employer to the fund securing payment of salary-related debts
- ▶▶ **0.15%-to-0.85%** employer's contribution to the occupational disease and accident insurance fund, such rates being applicable to the monthly gross income.

Other useful information items:

- ▶ The value of the pension point is **RON 732.8**, applicable as of 1 January 2010.
- ▶ The gross average salary which represents the basis for the substantiation of the 2010 Social Security Budget is **RON 1,836**.
- ▶ The death benefit amount in the case of a deceased pensioner or the death of an insured is **RON 1,836**, while in the case of death of a family member of the insured or pensioner is **RON 918**.

Orders of the National Tax Agency

1. **Monitorul Oficial al Romaniei No.59 / 26 January 2010 has published Order No.75 / 21 January 2010 of the President of the National Tax Agency [ANAF], approving the model and content of Form 301 – Special Value Added Tax Return.**

The Order which approves Form 301 contains instructions for the completion and submission of this Form.

2. **Monitorul Oficial al Romaniei No.65 / 28 January 2010 has published Order No.101 / 28 January 2010 of ANAF President, regarding the ex officio change in the tax band for microenterprises which were registered on 31 December 2009 as taxpayers of income.**

This Order stipulates that:

- ▶ Starting **1 February 2010**, the tax band for microenterprises which were registered on 31 December 2009 as taxpayers of income is modified *ex officio* by the competent tax authority.
- ▶ The aforesaid taxpayers that must declare, by **25 February 2010**, their payment obligations related to January 2010 shall be registered as payers of profit tax.
- ▶ Starting with the payment obligations related to January 2010, which should be declared by **25 February 2010**, the calendar month is recorded *ex officio* as the fiscal period for the payment of salary-related taxes and contributions.

This Order was issued shortly after the Ministry of Finance had transmitted a press release on 27 January which specified that the taxation system applicable to microenterprises had been limited in time, having been valid only until 31 December 2009.

3. **Monitorul Oficial al Romaniei No. 67 / 29 January 2010 has published the following legislative acts:**

- ▶ Order No.76 / 21 January 2010 approving the model and content of Form **390** – Recapitulative Statement on intra-Community supplies / acquisitions / services
- ▶ Order No.77 / 21 January 2010 approving the model and content of Form **300** – Value Added Tax Return.

These Orders regulate the model and content of the two Forms referring to VAT, and contain instructions for the manner in which they should be filled out.

4. **Monitorul Oficial al Romaniei No. 83 / 8 February 2010 has published ANAF President's Order No.1430 / 3 February 2010 which amends the same President's Order No.101 / 2008 approving the model and content of the forms used for the declaration of taxes and contributions that are determined by self assessment or are withheld at source.**

This amending Order regulates the model and content of Form 100 – Declaration on Payment Obligations to the State Treasury, and contains the instructions for filling it out.

Tax Alert contains a selection of the major latest issues occurred in the Romanian legislative framework, is intended only to provide information and, hence, shall not be deemed to provide professional advice or consultancy.

Therefore, we assume no responsibility in this respect.

Should you require any information related to the foregoing, please do not hesitate to contact us.

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