

TAX ALERT



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Preparation of Annual Financial Statements by Entities That Have Chosen a Period of Account Differing from the Calendar Year, According to Accounting Law No. 82 / 1991

Monitorul Oficial al Romaniei No. 461 / 6 July 2010 has published **Order No. 1878 / 22 June 2010**, regarding the preparation of annual financial statements by entities that have chosen a period of account differing from the calendar year, according to Art. 27 of Accounting Law No. 82 / 1991 (the "Order").

The Order has in view the branches established in Romania by foreign legal entities, the subsidiaries of foreign companies or the subsidiaries of subsidiaries pertaining to foreign parent companies (jointly referred to as the "entities") which have opted for a period of account differing from the calendar year.

The main provisions of the Order relate to the following:

- ▶▶ the obligations of the aforesaid entities: preparation and submission of the annual financial statements and written notification of the territorial unit of the Ministry of Public Finance with regard to the period of account chosen by such entities;
- ▶▶ the definition of "size criteria" in consideration of:
 - total active: EUR 3,650,000
 - net turnover: EUR 7,300,000
 - average number of employees during the fiscal year: 50
- ▶▶ the method for the application of size criteria to the submission of annual financial statements and the type of such statements (with three or with five component elements);
- ▶▶ the structure of balance sheet forms, abridged balance sheets and profit and loss account;
- ▶▶ the procedure for the submission of the annual financial statements in the case of newly established entities.

The Order has come into full force and effect as of **6 July 2010**.

Note: The fact that the abovementioned entities may choose a different period of account does not permit such entities to modify the fiscal year when they are obligated to prepare and submit their tax returns, which is the legal fiscal year in Romania, i.e. 1 January – 31 December.

Tax Alert contains a selection of the latest major 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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