

GMS Flash Alert

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Romania - Tax Relief Measures to Help Taxpayers Affected by COVID-19 Crisis

In response to the challenges for taxpayers created by the COVID-19 epidemic, two key tax measures have been adopted by the Romanian government and enacted through Government Emergency Ordinance (GEO) 29/2020.¹

1. All tax obligations that have their due date after 21 March 2020, and which are unpaid, will not be considered overdue, and therefore they are not subject to late payment interest and penalties.
2. All tax-related foreclosure procedures involving garnishments are suspended by law.

Both measures will cease to be effective 30 days from the end of the state of emergency situation declared by the Romanian government as of 16 March 2020.

The same ordinance provides for deferral of the payment deadline related to local taxes such as property taxes for buildings, land, and vehicles from 31 March 2020 to 30 June 2020.

WHY THIS MATTERS

The deadline delay for certain tax payments and the suspension of tax-related foreclosures give taxpayers some very welcome breathing room to preserve their cash-flow in these trying financial times.

Tax Measures – Key Points

By derogation from the Romanian Fiscal Code and Fiscal Procedure Code, GEO 29/2020 introduces the tax measures described below.

Tax obligations with a due date after 21 March 2020 that are unpaid are exempted from the late payment interest and penalties which are normally imposed – The ordinance provides that for any tax obligations with a due date after 21 March 2020, and which are not paid for up to 30 days after the end of the state of emergency period, eligible taxpayers will not be liable to pay late payment interest and penalties. Since such obligations will not be considered overdue/outstanding, none of the related legal consequences (such as restriction of access to public acquisition tenders) will be applicable.

KPMG NOTE

On 16 March 2020, the date of introduction of the state of emergency in Romania, the Romanian tax administration (ANAF) announced publicly a measure that would defer the deadline for tax obligations due on 25 March 2020 to 25 April 2020.² This measure ended up not being adopted by the government. However, in a press release issued on 21 March 2020, the Ministry of Finance and ANAF assured taxpayers that in any exceptional cases where persuasive arguments are presented, a delay in filing declarations will be treated with the clemency allowed by law.³

Tax foreclosure procedures involving garnishments are suspended or will not be initiated – This provision excludes procedures on tax receivables mandated via decisions in criminal proceedings. All foreclosure proceedings involving garnishments are suspended by the law, and credit institutions as well as other parties required to enforce such procedures will apply the suspension directly, with no other formalities being necessary from the tax administration.

This suspension measure ceases to be effective after 30 days from the end of the state of emergency situation declared by the Romanian government.

Local taxes enjoy deferral of payment deadline until 30 June 2020 – For the year 2020, the deadline for payment of the first of the two equal installments for property tax on buildings, land, and vehicles, which would normally have been due on 31 March 2020, has been deferred to 30 June 2020. If a full payment is made on this date, the reduction of up to 10 percent that is granted by local councils to taxpayers who pay the whole amount due in one installment by the earlier deadline is still applicable.

FOOTNOTES:

1 Government Emergency Ordinance no. 29/2020 on economic and fiscal measures (GEO no 29/2020) was published in the Official Journal of Romania (*Monitorul Oficial*) no.230 of 21 March 2020, and entered into force as of that day. The *Monitorul Oficial* can be found at: <http://www.monitoruloficial.ro> .

2 See the press release (*Comunicat de presă*) from the *Agenția Națională de Administrare Fiscală* (ANAF) at: https://static.anaf.ro/static/3/Anaf/20200321081515_comunicat_presa_21032020.pdf .

3 Ibid.

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